BELL

STRONG RELIABLE MACHINES
STRONG RELIABLE SUPPORT

2019

BELL EQUIPMENT LIMITED
INTEGRATED ANNUAL REPORT

Contents

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 2019 to 31 December 2019.

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 independent 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 IIRC'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:

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

The six capitals

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.

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 the independent external auditor, 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 publicly 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 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 26 May 2020.

GW Bell
Non-executive chairman

L Goosen
Chief executive

26 May 2020

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

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OR VISIT OUR WEBSITE
www.bellir.co.za

Available on the App Store

Available on android

Who we are

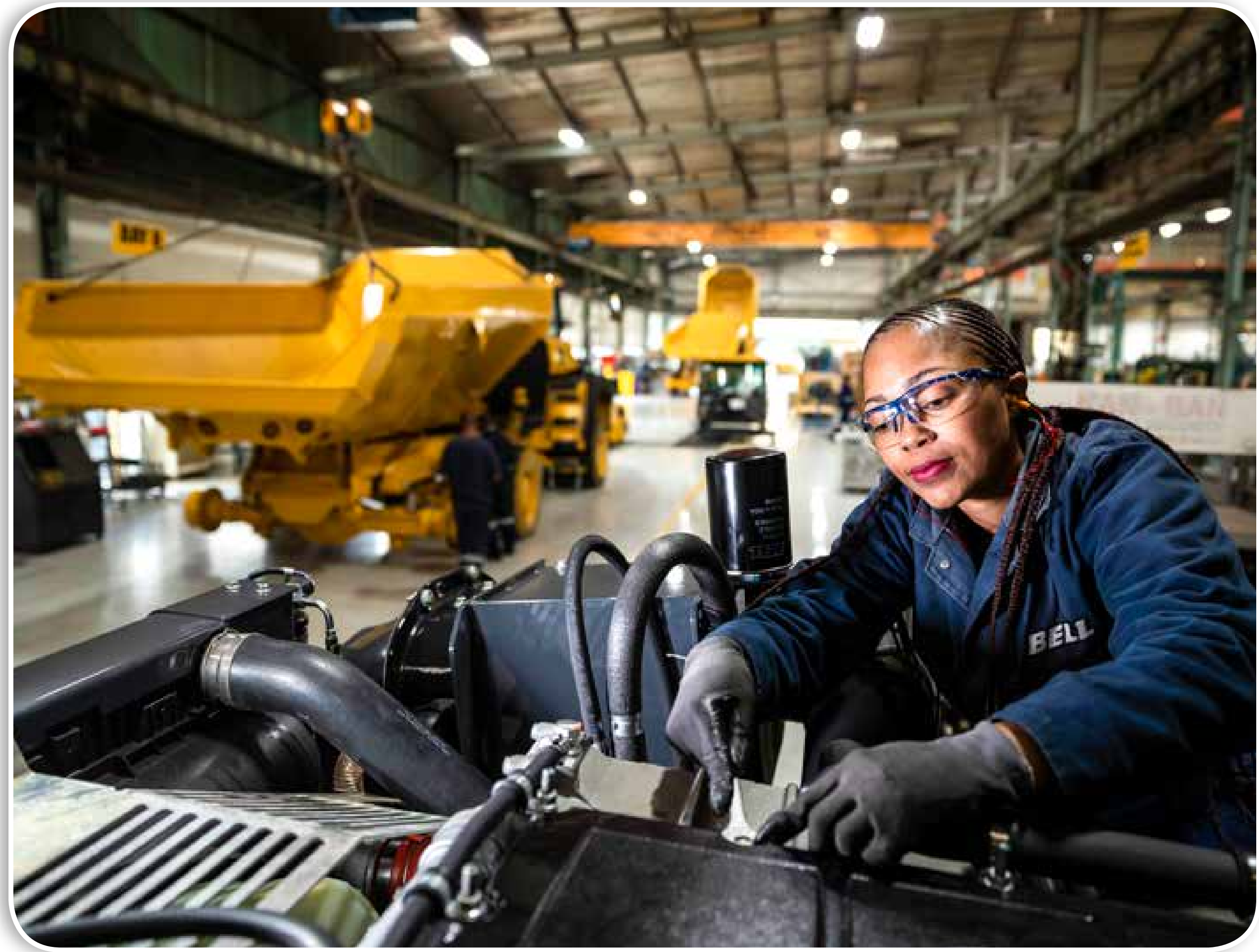
Bell Equipment is a leading global manufacturer, distributor and exporter of a wide range of heavy equipment for the construction, mining, quarrying, sugar, forestry and waste handling industries worldwide.

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.

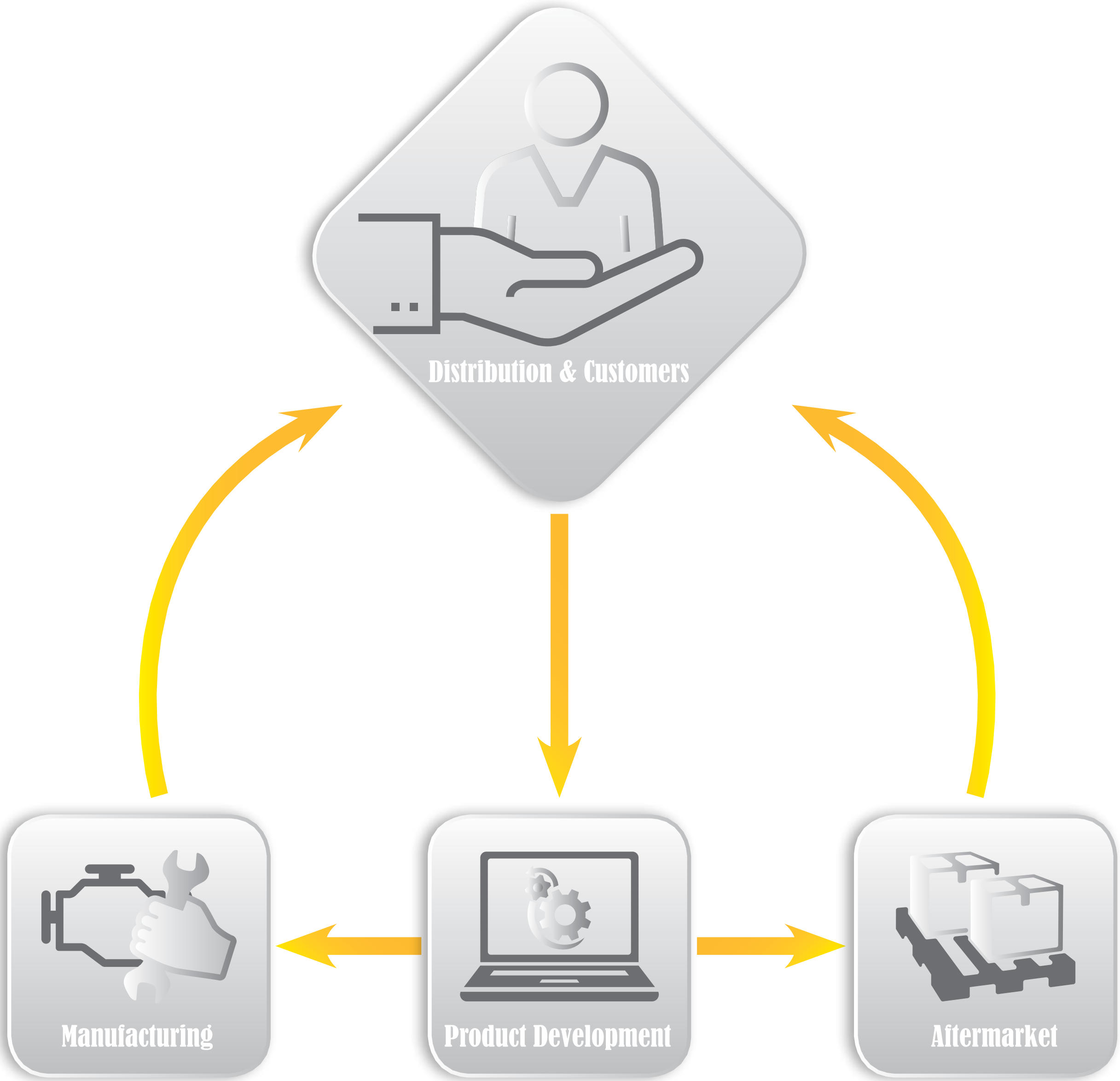
As a South African company that employs locally, Bell Equipment is an integral part of the communities in which it operates and takes its responsibilities as a corporate citizen seriously. The group purchases from local suppliers wherever possible and invests in meaningful outreach opportunities with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

1954
Founder Irvine Bell establishes the company. A self-loading sugarcane trailer is among his early inventions.

1964
Irvine Bell invents the revolutionary tri-wheeler loading machine.

1977
Bell introduces the world's first heavy duty Africa haulage tractor.

1982
Applying the hauler's strong, simple design philosophy, Bell enters the wheeled loader market.

1984
From the new production facility in Richards Bay South Africa, the first ADT enters service.

1989
Bell targets heavy duty mining applications with the launch of the B40 ADT.

1998
The Bell C-series ADT and wheeled loader ranges are launched.

2001
Bell releases Series II haulage tractors into the market. A new standard of excellence is set with the launch of the D-series ADTs.

2002
Bell unveils the world's largest ADT, the B50D.

2003
Truck assembly operations commence in Europe.

2008
The GLC is commissioned in Jet Park, Johannesburg.

2009

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

2010

Series III haulage tractors make their entry.

2011

Bell Equipment establishes beachhead in Russian market.

2012

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

2013

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.

2014

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.

2015

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.

2016

Large E-series ADT released to the market.

2017

In southern Africa Bell adds Kobelco excavators to its range.
Expansion of ELC and German and Central European sales and distribution departments completed.
BESSA becomes 30% black women owned following an empowerment transaction with SIBI Capital and the Bell Equipment Foundation.

2018

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.

2019

BECSA and BESSA conclude a BBBEE transaction and become 51% black owned as at 1 January 2020.
Expansion of the Eisenach-Kindel Factory sees Bell become a global manufacturer.

Where we are

Bell manufactures and operates globally with machines in over 80 different countries worldwide. The company values its global support network, which supplies equipment solutions, ancillary products and after sales 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 group globally.

North America & Canada

- Independent dealer network supported by a Bell operation in the USA
- Full range of Bell ADTs supplied from German assembly plant and Bell Tracked Carrier supplied from South Africa
- Dealer parts stocking supported from logistics hubs in USA, Europe and Africa

Sub Saharan Africa

- Dealer network supported by Bell owned operations in South Africa, Zambia and Zimbabwe
- Full range of Bell manufactured products throughout Africa
- Full range of Deere, Bomag, Finlay and Kobelco partner products in southern Africa
- Dealer parts stocking supported from logistics hubs in Europe and Africa

South America

- Independent dealer network supported from the South African factory
- Full range of Bell manufactured products supplied from South Africa
- Dealer parts stocking supported from logistics hubs in USA and Africa

Key

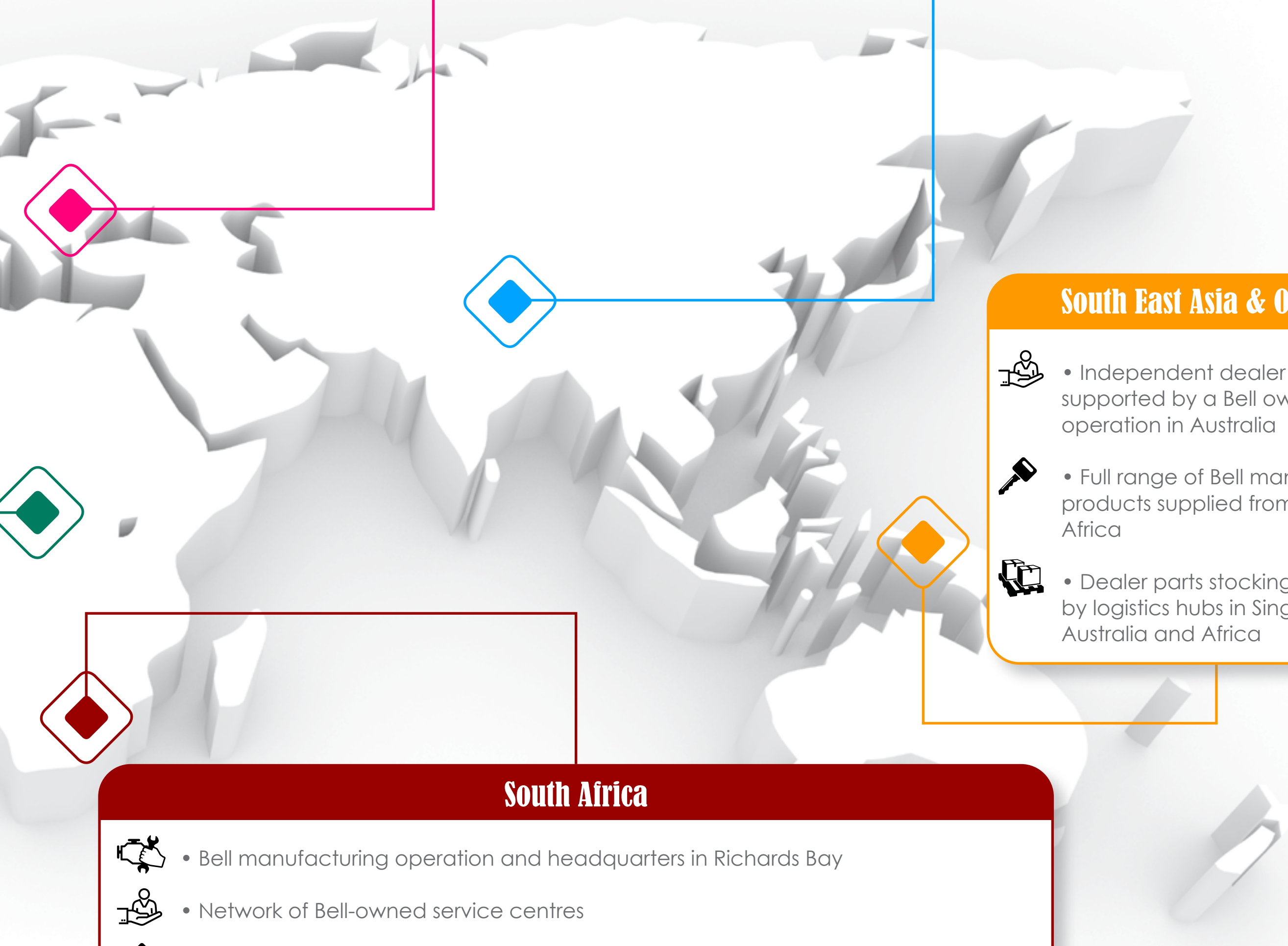
- Manufacturing
- Distribution
- Products
- Aftermarket

Europe & 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 German assembly plant
- Dealer parts stocking supported from logistics hubs in Europe and Africa

Asia

- Independent dealer network supported by a Bell owned operation in Russia
- Full range of Bell ADTs supplied from South African assembly plant
- Dealer parts stocking supported from logistics hubs in Europe and Africa



South East Asia & Oceania

- Independent dealer network supported by a Bell owned operation in Australia
- Full range of Bell 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 manufactured products supplied from South Africa
- Full range of Deere, Bomag, Finlay and Kobelco partner products
- Dealer parts stocking supported from logistics hubs in Europe and Africa


B30E
BELL


TC7A
BELL

Our business model and products

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

1 Global ADT specialist and innovation pioneer

2 Southern Africa's full range material handling distributor

3 Cost-effective agriculture and forestry solutions provider

4 Provider of aftermarket services

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.

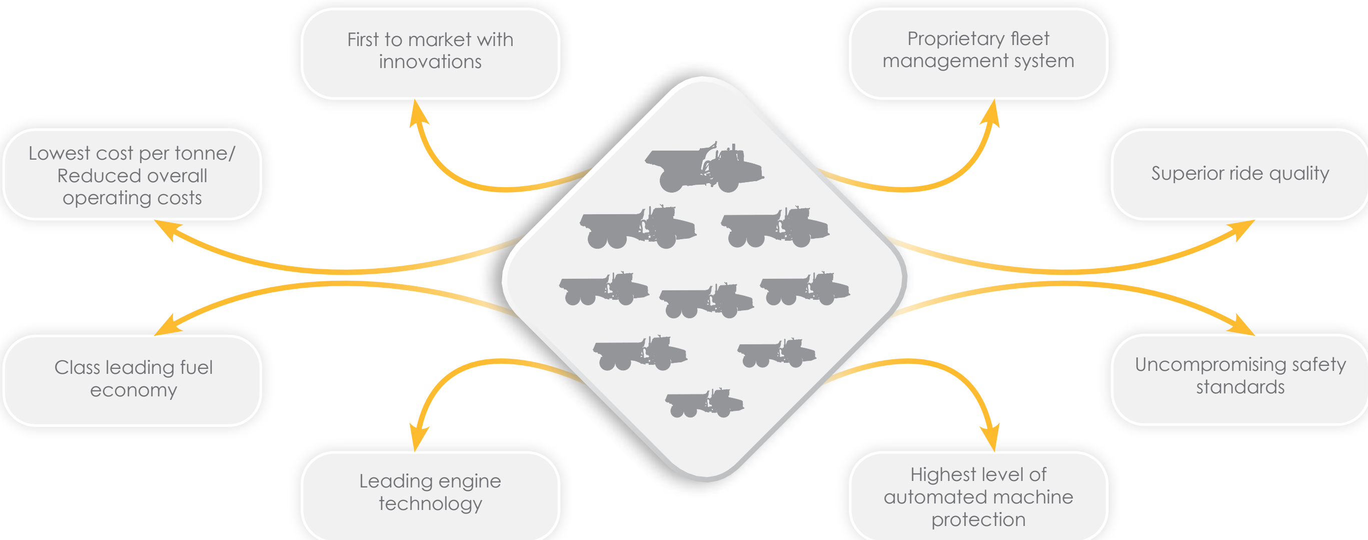
Bell Equipment has been manufacturing ADTs since the 1980s and has emerged as a global ADT specialist due to its policy in design and manufacture of simplicity, overdesign, interchangeability of componentry and ruggedness.

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.

With the largest range on the market, Bell offers customers traditional 6x6 ADTs along with a niche offering of 4x4 ADT crossover trucks that offer significant cost advantages to customers not needing 6x6 off road capability. These trucks still provide sound all weather characteristics on undulating haul roads and light terrain.

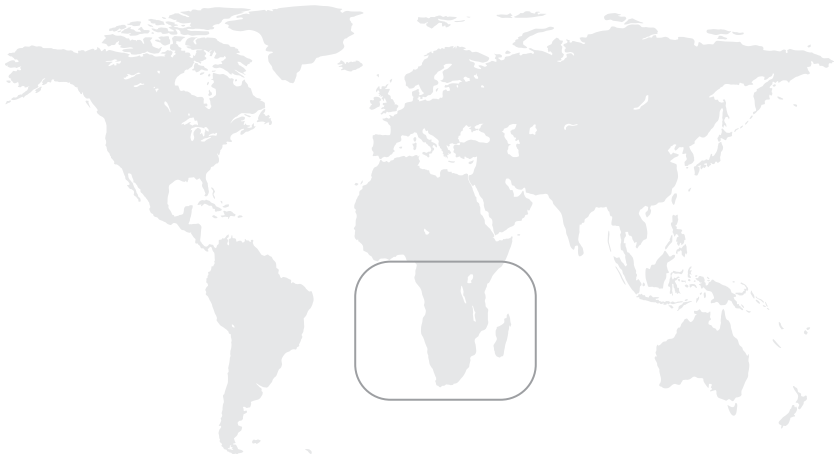
Across the range the ADT product's versatility is further enhanced through the Bell Versatruck programme that uses the ADT platform as a base for tailor made solutions. An ADT's ability to be easily adapted to various roles such as a water or fuel tanker, or a service truck, is a growing trend in South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

Bell Equipment's strategy is to focus on manufacturing efficiencies to ensure world class quality and durability across the range.




B60E
BELL
BELL
B50E
B30E
BELL

Bell as southern Africa's full range materials handling distributor



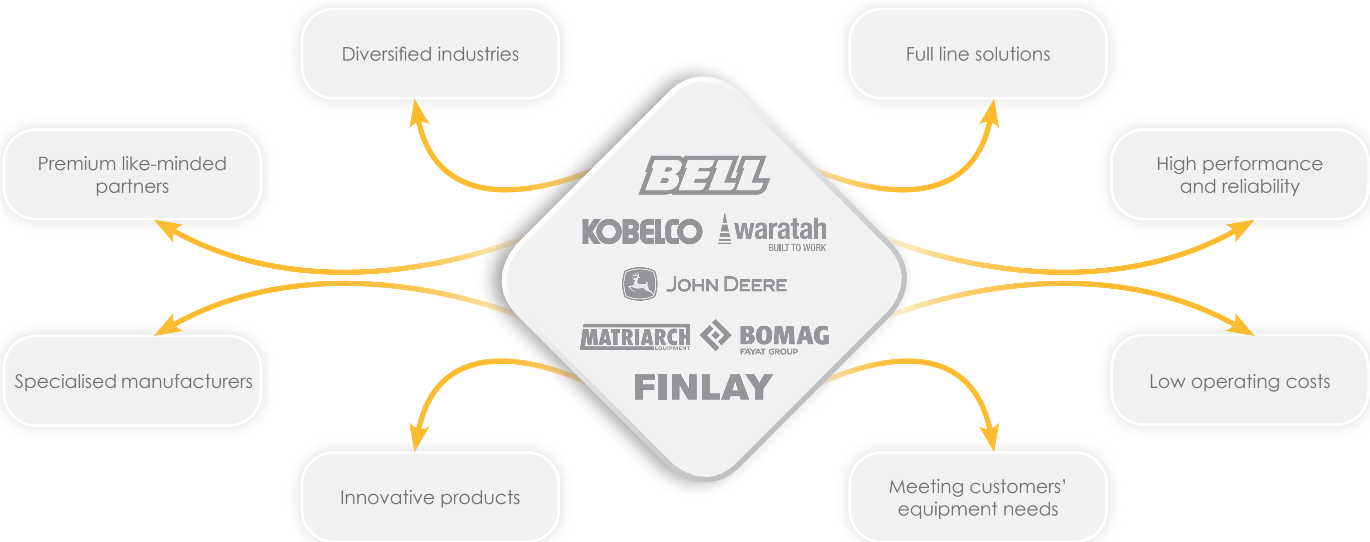
Due to the Bell group owning its distribution network in southern Africa there has been a dedicated focus on building the product range in this region to offer customers a full range of equipment solutions across all industries. This has largely been achieved through strategic partnerships with like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

The strategy going forward is to consolidate these product ranges to improve the group's ability to stock and support machines that are popular in the market.

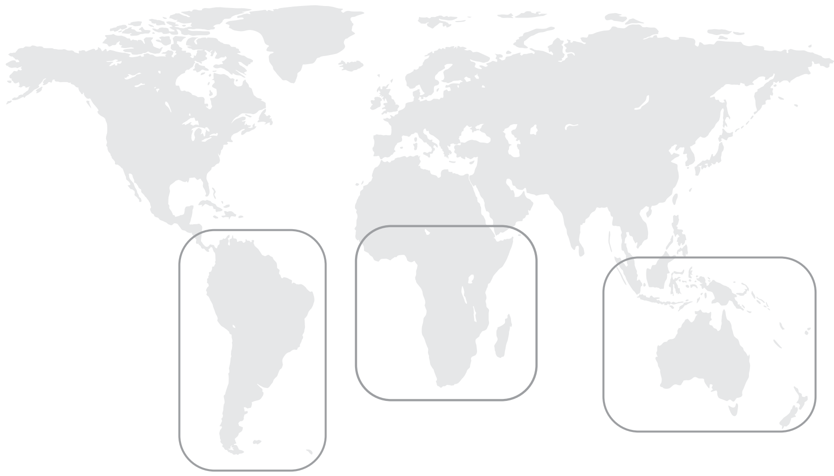
Combined, Bell Equipment's five partnerships enable the group to meaningfully augment its own manufactured products, thereby providing the full spectrum of equipment for mining, quarrying, construction, roads and rehabilitation as well as the government and waste management sectors.

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 FINLAY
BELL
KOBELCO

Bell as a cost effective agriculture and forestry solutions provider



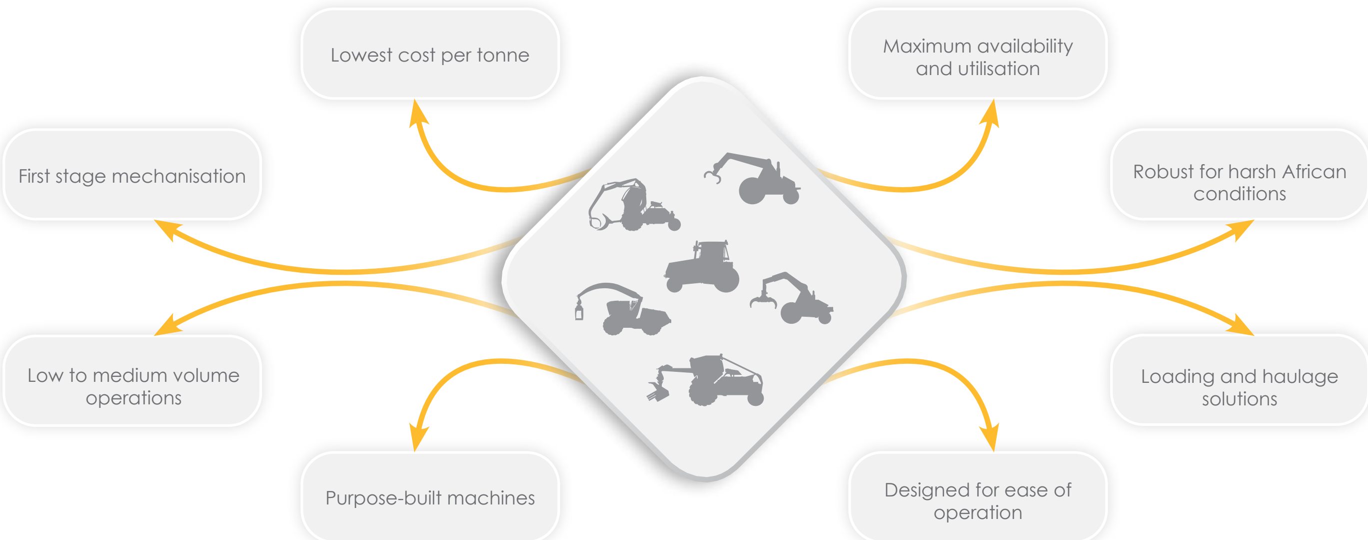
The agriculture and forestry industries were the cornerstone of Bell in its formative years and the group sees long term value in strengthening and growing this important aspect of its business.

Today the group services agriculture and forestry with a carefully selected combination of products that have been designed to meet customers' needs as they moved 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.

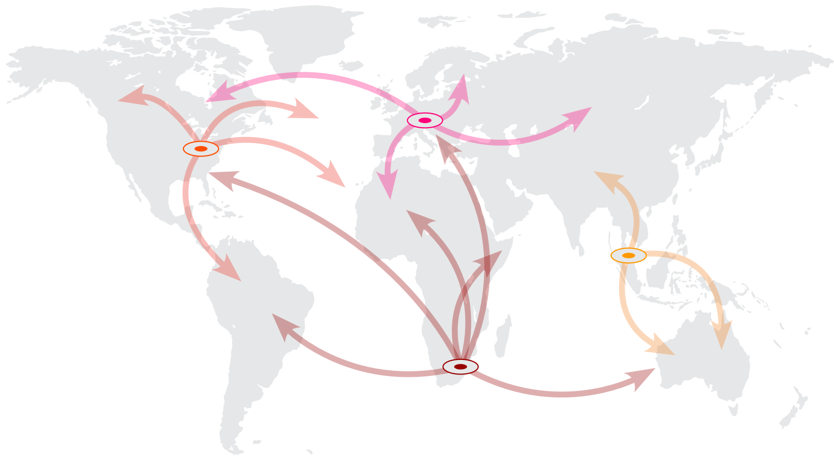
Through our own brand Matriarch Equipment we have reaffirmed our commitment to offer agriculture and forestry customers specialised niche products. Two slew loaders are aimed at sugarcane farmers wanting to embark on controlled traffic practices while for the forestry industry there is the Skogger timber extraction and loading machines, the FASTfell felling and bunching machine and the LogPro loading 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 a wide variety of forestry applications. This includes conversions to fully functioning forestry processors as well as wheeled timber handling units.




BELL
MATRIARCH
UltEco6

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 and the group continues to invest in this support structure.

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.


BELL


BELL
Extended Warranty


51.25%:
61.6 %: 99.19
104.19

Strategic overview and risk management

OUR VISION

Bell Equipment's vision is to be the global ADT specialist and a leader in the heavy 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 contribution
- Product and product support costs
- Increased intellectual property (new products)
- Human capital
- Transformation
- Strategic alliances
- Enhanced technology

CUSTOMER
If we help our customers succeed, so will we

QUALITY
Make a commitment and stick to it

TEAM
We all share the same goal

EFFICIENCY
Focusing on what counts

SAFETY
See you back tomorrow

1-BELL

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 solutions 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

The six capitals

HUMAN | INTELLECTUAL | SOCIAL AND RELATIONSHIP | MANUFACTURED | ENVIRONMENTAL | FINANCIAL

Strategic focus areas	Measurement	Risks	Capitals
Global ADT volumes	• Revenue growth • Market share • Aftermarket contribution • NPAT • ROE • Product attributes • Dealer management • 'EYE' contact experience	• Pro-longed global economic crisis as a result of the COVID-19 pandemic • Competitor risk • Currency risk • Supply chain risk • Regulatory risks • Political risk • Cyclical nature of construction and mining equipment industry	
Aftermarket contribution	• 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	• Pro-longed global economic crisis as a result of the COVID-19 pandemic • Competitor risk • Currency risk • Supply chain risk • Regulatory risks • Alternate parts suppliers • Skills development • IT system risks	
Product and product support costs	• NPAT • ROE	• Competitor risk • Currency risk • Supply chain risk • Regulatory risks • Political risk • Cyclical nature of construction and mining equipment industry	
Increased intellectual property (new products)	• Research and development investment • Attraction and retention of top engineering skills	• Regulatory risk • Loss of skills	
Empowerment, transformation and human capital	• Enhanced BBBEE ownership and BBBEE across all South African entities • Enhanced BBBEE recognition levels • Work place surveys • Leadership • Apprenticeships • Study assistance • Staff turnover • Internal promotions • Union interactions	• Skill pool • Staff turnover • Loss of key skills • Health and safety risks	
Strategic alliances	**Product** • Product market shares • Brand recognition • 'EYE' contact experience **Components** • Value (warranty, cost, availability) • Brand recognition **All** • Regular evaluation of all strategic alliance partners	• Alliance partner product risks • Currency risks • Competitor risks	
Enhanced technology	• Enterprise resource planning systems integrations • Digital platforms • Internet of things capabilities	• Cybersecurity • Regulatory risks • Return on investment • Skills • User acceptance	

Strategic overview and risk management *continued*

Inherent risks	Risk mitigation factors
Business continuity risk due to COVID-19	
The global pandemic of coronavirus disease 2019 (COVID-19) was first reported on 31 December 2019 by the World Health Organisation country office following a cluster of pneumonia cases in Wuhan City, Hubei Province of China. Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) has been confirmed as the causative virus of COVID-19. To date, COVID-19 has become a global pandemic and it is continuing to spread across the globe. Besides the health and mortality impact on human life, the lockdowns instituted by governments worldwide to curb the spread of COVID-19 have had a devastating impact on the global economy. The risk mitigation strategy to the pandemic therefore needs to be multi-faceted.	• Bell Equipment takes this pandemic very seriously and is working continuously to minimise the risk it poses to the health and safety of our employees and customers, as well as long term business sustainability. • Formation of a global crisis response team to identify key risks facing the group, and to consider, monitor and implement the required responses to the COVID-19 impact on the business on an ongoing basis. • All international travel has been suspended and business travel limited. • Virtual communication channels have been enabled and promoted as the preferred communication channels. • Infection control strategies have been implemented, based on hazard exposure, using appropriate combinations of engineering and administrative controls, safe work practices, and personal protective equipment (PPE) to prevent employee exposures. • Training sessions have been provided to employees to ensure the measures are effectively implemented and maintained at a high standard. • Processes have been implemented to monitor supply chains to ensure minimal disruption. • Various scenario plans are being developed and considered as the pandemic and lockdown rules emerge. • Cash management processes have been elevated. • Regular interactions with stakeholders have been undertaken to communicate the impact of the pandemic on the group and the effect on the stakeholders. • Investigation of the opportunity to fast track certain technology enabled solutions for customers.
Competitor risk	
The risk that the Bell Equipment group's competitors' actions have a significant negative influence on the group's business and shareholders' value.	• 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 has commenced to investigate the viability of offshore manufacturing 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 manufacturing certain components at the Kindel factory for the northern hemisphere markets

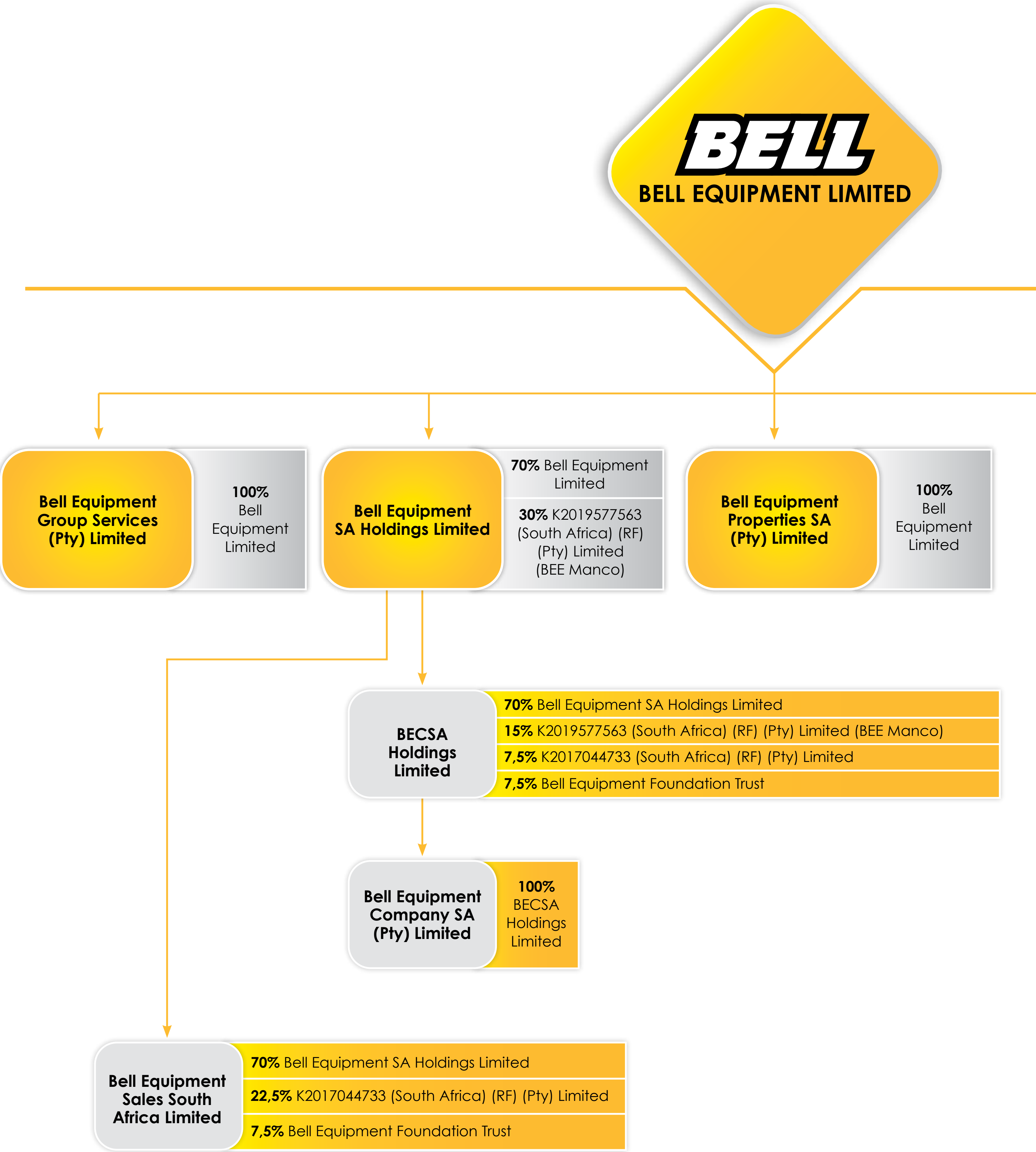
Inherent risks	Risk mitigation factors
Currency risk	
Currency volatility, not only in the Rand but also in other major currencies that the group is exposed to, is a significant risk because the group trades in different currencies and has operations in many countries. The group is also exposed to operational 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. Significant Rand fluctuations as a result of the COVID-19 induced financial crisis and South Africa's credit rating downgrades.	• A group treasury policy is in place. • 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	
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.	• Supply chain reliance and supplier sustainablilty as a result of a pro-longed global economic crisis as a result of the COVID-19 pandemic. • 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.
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 wellbeing 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.

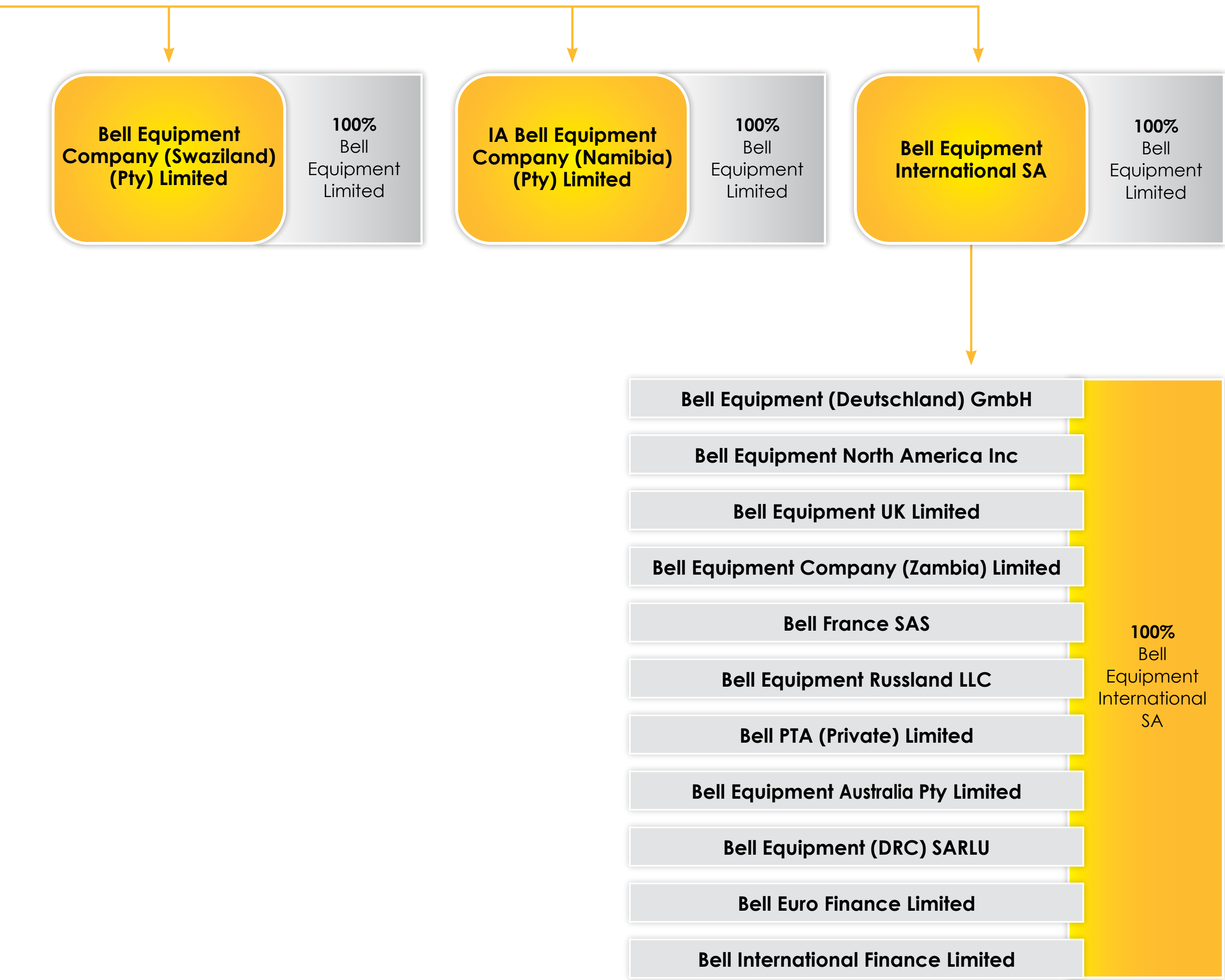
Strategic overview and risk management *continued*

Inherent risks	Risk mitigation factors
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 cyclicality 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.
Human capital	
Bell Equipment group recognises that human capital is vital to its success. Human capital risks manifest under the following themes: • 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.	• 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 practised 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.

Inherent risks	Risk mitigation factors
Global competitiveness	
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.	• 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	
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.	• Grow diversified revenue streams that leverage the Bell Equipment distribution network and manufacturing capabilities. • Expand product portfolio.
Information Security and Digital disruption	
The speed of information technology development is driving companies to invest in the latest technology to remain competitive, while at the same time protecting themselves against cyber-attacks. There are significant opportunities for business transformation through technology improvements. However, this connected environment increases the threat of cyber attacks and operational disruption.	• Various action plans are in place to improve cyber security and adherence to Data Protection legislation. • Redesign of enterprise architecture to provide agile, integrated system landscape. • Replace and upgrade legacy systems. • Deployment of customer focussed digital strategy.
Business Continuity due to power supply	
The inability of government to resolve the leadership crisis at the country's troubled electricity utility Eskom and the possible long term implementation of extended load shedding could have a devastating effect on not just our business but also on the domestic industry.	• All our strategic operations and the factory in South Africa have been equipped with back up power generators that will alleviate most of the risk of business continuity due to power interruptions. • Most of our critical suppliers have back up generators to ensure uninterrupted production and supply of strategic parts. • Dual supply from international service providers on production critical and strategic parts.

Global corporate structure





Bell Equipment Company (Swaziland) (Pty) Limited
100% Bell Equipment Limited
IA Bell Equipment Company (Namibia) (Pty) Limited
100% Bell Equipment Limited
Bell Equipment International SA
100% Bell Equipment Limited
Bell Equipment (Deutschland) GmbH
Bell Equipment North America Inc
Bell Equipment UK Limited
Bell Equipment Company (Zambia) Limited
Bell France SAS
Bell Equipment Russland LLC
Bell PTA (Private) Limited
Bell Equipment Australia Pty Limited
Bell Equipment (DRC) SARLU
Bell Euro Finance Limited
Bell International Finance Limited
100% Bell Equipment International SA

Board of directors

Gary Bell (67)

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.

John Barton (72)

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 was the chairman of Foskor (Pty) Ltd and CBL Ltd.

Leon Goosen (47)

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.

Karen van Haght (53)

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.

Derek Lawrance (73)

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 Ltd, which together comprise all the note and bond holding companies of SA Homeloans Ltd.
* Expand a Sign International Pty Ltd.

Hennie van der Merwe (72)

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.

After practicing as a commercial and corporate attorney for twelve years, Hennie 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 Trencor Ltd;
· Non-executive director of Textainer Group Holdings Ltd, listed on the New York Stock Exchange;
· Non-executive director and chairman of the board of Master Drilling Group Ltd.

Rajendran Naidu (47)

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 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.

Mamokete Ramathe (40)

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.

Ashley Bell (37)

*Non - executive director**

BCom (Marketing) (UNISA)

Appointed to the board: 2015

Risk and sustainability committee member;
Social, ethics and transformation committee member.

Ashley has eleven years engineering and marketing experience in co-founding an OEM servicing the forestry and agricultural sectors.

*effective 1 December 2019.

Avishkar Goordeen (40)

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.

Group executive committee

The GEC is empowered and responsible for implementing the board approved strategies 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 (47)
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 (40)
Chief Strategy Officer

BCompt (Hons) (UNISA)
CA (SA)

Appointed as an employee in 2006

Diana McIlrath (46)
Group Company Secretary and Legal

BCom (UKZN)
LLB (UKZN)

Appointed as an employee in 2016

Hennie van der Walt (45)
Director: Group Aftermarket and Logistics

B Eng (Mech) (NWU)
Masters in Business Administration (UNISA)

Appointed as an employee in 2016

Johan van Wyngaardt (51)
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 (53)
Group Finance Director

BCompt (Hons) (UNISA)
CA (SA)

Appointed as an employee in 2000

Dominic Chinnappen (51)
Director: Group Manufacturing and Sales and Operations Planning

BCom (Hons) (Logistics) (UNISA)
CPIM (Apics)

Appointed as an employee in 1987

Douglas Morris (46)
Managing Director: Europe, Middle East and Africa

BCompt (UNISA)

Appointed as an employee in 2018

Duncan Mashika (40)
Managing Director: Bell Equipment Sales South Africa Limited

BCom (Wits); HDip Acc (Wits)
CA (SA)

Appointed as an employee in 2018

Leon Goosen (47)
Group Chief Executive

BAcc (Stellenbosch); BCompt (Hons)
CTA (UOFS); CA (SA)

Appointed as an employee in 2007

Neville Paynter (55)
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 (49)
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

2019 has been a tale of two halves for the Bell Equipment Group where respectable results and short-lived optimism at mid-year were followed by very tough global trading conditions, reduced margins and a number of extraordinary expenses during the second half of the year, resulting in below par performance for the full period. This was all overshadowed by the impact of the outbreak of the COVID-19 pandemic in the period subsequent to year end, leading up to the date of this report.

In South Africa, Bell Equipment managed to grow its share of a smaller market during the first half due to several of our new partner product lines gaining good market acceptance. However, by the third quarter funding requirements needed by the market made it increasingly difficult to stay competitive and impacted on Bell not achieving the same gains as earlier in the year. We continue to work on plans to provide our customers with funding solutions.

Business and investor confidence continued to decline in the face of uncertainty regarding property rights, mining rights and the sustainability of state-owned enterprises.

Actions to reduce factory production to deal with high levels of inventory, and high borrowings in response to weakening market conditions, have also impacted the results and this will continue into 2020.

In addition, throughout 2019 we continued to face difficulties on the back of our E-series large truck implementation due to unforeseen challenges with component parts and higher than anticipated warranty costs. We are comfortable that we are resolving these issues along with our suppliers.

Although our major markets of North America and Europe benefited from another good year in 2019, a slowdown became apparent late in the year due to Brexit and China trade wars and the COVID-19 pandemic then struck globally.

Australia and New Zealand showed good growth in 2019 stimulated by infrastructure development in those countries while a stronger demand for commodities in Indonesia impacted favourably on the uptake of product in the SEA and Oceanic region.

The South American market remains relatively small and challenging but there was an overall increase in the total market and we increased our presence in the region.

Our less than satisfactory financial results are tempered by several achievements. In May Bell Equipment won 'Exporter of the Year' award (large category; turnover >R200 million) and was runner-up in the 'Exporter of the Year Africa' award (turnover >R100 million) at the inaugural Exporter of the Year Awards for capital equipment manufacturers.

An award for 'Major Contributor to Innovation and Technological Advancement in KZN' and Bell being named as a finalist in the 'KZN Investor with a Global Footprint' category followed in September at the inaugural KwaZulu-Natal Investor Awards. Hosted by the KZN Economic Development, Tourism and Environmental Affairs Department and its agency, Trade and Investment KZN, the awards acknowledge the ongoing commitment that investors and businesses have shown to the province through their significant economic contributions and job creation efforts.

Financial

Tough market conditions and lower than forecast sales resulted in excess inventory and consequently higher than planned borrowings and interest costs in 2019. Revenue increased by a modest 4% to R7,8 billion from R7,5 billion in 2018. Profit after tax reduced from R276,4 million in 2018 to just R61,0 million for 2019, following profit after tax reported for the 2019 half year of R152,3 million. Markets contracted in the second half of 2019, the pressure on sales margins increased and a number of once off costs, particularly the very substantial upfront IFRS 2 share based payment charges of R82,3 million and related professional services charges of approximately R10 million on the BBBEE transaction concluded in December 2019, were incurred in the second half of the year. Headline earnings reduced from 278 cents per share in 2018 to 80 cents per share in 2019.

Operations

To accommodate the empowerment transaction detailed further in this report, it was necessary to restructure the organisation. Current Bell executives, the Bell Foundation and the group's long term BBBEE partners, Sibi Capital, participate in the structures that position our South African operations very favourably in terms of Government's programme of historical redress.

During the third quarter we commenced production of our Mark 3 Bell E-series ADTs, which are fitted with the relevant Stage 5 emissions regulated engines in European markets. Included in the global upgrade are the new features and technologies to improve safety and fuel economy, thereby keeping Bell at the forefront in these critical areas. We now anticipate a relatively stable year from a product perspective with all emission projects now behind us. Furthermore, the favourable market acceptance of our range of Kobelco excavators has ensured that we are better positioned to provide customers with a full load and haul package, and we have seen growing interest from the Southern African mining sector in our large Kobelco excavators, which are well matched to our B45, B50 and B60 ADT units.

The acquisition of Matriarch Equipment the previous year has enabled the sharing of the manufacturing load and engineering skills for increased machine throughput of Matriarch and other low volume products. Together with the market acceptance of our Kobelco excavators in the forestry industry, it has also given impetus to forestry industry sales.

Our partnership with Kamaz has not been as successful as the group had envisioned as heavy-duty tipper trucks have proven not to be a strategic fit for our operations. In most cases tipper trucks have a different customer base to that of Bell Equipment's traditional ADT customers, therefore requiring a different sales and support model to what we currently offer. Sales volumes in the current economic climate does not merit investment in a knock down manufacturing facility which was a part of the longer-term opportunity. Bell is committed to supporting the current machine park and our customers but we are working with Kamaz to appoint a dealer more aligned with this market.

To drive efficiencies and consolidation going forward, we reviewed our footprint as well as our service and product offerings. Towards the end of the year BESSA was re-structured from three regions into two, namely Central and Coastal, of which the latter combines the Cape and KwaZulu-Natal. This effectively allows BESSA to share overheads related to sales and general management to achieve greater efficiency.

European production has improved the group's lead times providing greater flexibility and better response to dealers and customers. Efficiency in freight and working capital costs are being targeted by eliminating the shipping of raw material from Europe to South Africa and then shipping the bulky components back to the northern hemisphere for consumption in those markets.

The American Logistics Centre (ALC), which was commissioned over a year ago to support our growing machine population with parts, is proving to be a valuable addition to Bell Equipment's business for both the USA and Canadian distribution companies and customers and has capacity to support growth in the dealer network.

Bell has a strong dealer network in the US that covers over 70% of that country's ADT sales market. A strategic objective is to appoint additional dealers in targeted regions to enable coverage of over 90%. Bell has focused additional resources on Canada and the USA as we continue to develop this market.

Sustainability

We appreciate the importance of being a sustainable business and the risks associated with not continuously pursuing this as a goal. The board therefore directly participates in our strategic planning process, which addresses the risks associated with the sustainability of the group.

Following the expansion of the group's European Logistics Centre (ELC) in Germany in 2017 and the establishment of the ALC the following year, the long-term project to expand our Eisenach-Kindel assembly facility in Germany was completed in the latter half of 2019 at a cost of 13 million Euros.

This project accommodates the fabrication of ADT components for the northern hemisphere thereby evolving Bell from a global supplier to a global supplier and global manufacturer. This is a progression of our sustainable growth strategy to bring the Bell ADT range closer to our customers in the major markets while driving improved flexibility and reduced operational and product costs.

The group continues to evaluate ways in which to improve sustainability and believes that continuous improvement across all aspects of the business is key. For this reason, adequate investment has been allocated to production-orientated equipment and maintenance at our South African and German manufacturing operations to ensure ongoing sustainability.

Respect for the environment is important to our sustainability and during 2019 the group initiated several projects aimed at lessening our environmental footprint in terms of water and power usage as well as waste to landfill.

Product development projects continue with the clean sheet design of our new tracked carrier units, a niche solution for select markets, and the development of a system of small timber units under the Matriarch brand.

Joint report by the chairman and chief executive *continued*

Internet of Things and the Fourth Industrial Revolution are areas receiving more focus going forward as the group understands that there is significant scope to grow the business with better adoption of these technologies.

Corporate Governance

Our commitment to be 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 relations report, as we continue to measure and mitigate these risks.

Bell is committed to the highest standards of corporate governances. 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

At the end of 2019 the group successfully concluded a BBBEE transaction, which took effect on 1 January 2020. Through this transaction our South African manufacturing subsidiary, BECSA, has been empowered and the South African sales and distribution subsidiary, BESSA, has been further empowered following a transaction in April 2017.

BECSA and BESSA are now 51% black owned and aligned with Government's economic transformation policies, which improves the BEE scorecards of both entities and positions the Group more competitively in the local market.

BECSA, which is estimated to achieve a Level 2 BBBEE recognition, will benefit from continued access to Automotive Production and Development Programme (APDP) funding, the ability to increase manufacturing throughput and encourage the drive for greater industrialisation.

The transformation is advantageous to Bell customers as BESSA is now a 51% black owned and 30% black women owned entity, with an estimated Level 1 BBBEE recognition, allowing customers to maximise the benefit of their procurement spend from BESSA. An improved BBBEE level, coupled with local manufacturing, is aligned with the goals of the 2018 Mining Charter and SANRAL's transformation goals.

This transaction reflects the group's commitment to South Africa and optimally positions the Bell entities to continue to deliver our premium product range and comprehensive support for the benefit of our local customers.

Outlook

The 35 day nationwide lockdown implemented by the South African government at midnight on 26 March 2020 to contain the COVID-19 pandemic, and the subsequent gradual phasing out approach of the lockdown based on five phases from 1 May 2020, has significantly impacted the group's operations.

JSE listed companies with inter alia 31 December year ends were granted a blanket authority by the JSE, through the Financial Sector Conduct Authority, to extend the compliance period relating to the publication of year end results by an additional two months. The group made use of the extension for the board of directors to further consider the impact of the COVID-19 pandemic on the group's results and delayed the release of its results to 29 May 2020.

Measures were implemented by the group prior to the South African lockdown to prevent and minimise potential infections and transmissions of the virus within its operations globally. The group's employees received and continue to receive ongoing education and communication on the COVID-19 pandemic and the appropriate preventative measures to be taken.

The current economic challenges arising from COVID-19 induced lockdowns across the world which have been unprecedented and resulted in uncertainty and reduced demand across all our key markets. South Africa has been particularly hard hit as the lockdown coincided with further downgrades by both Moody's and Fitch in 2020, to align with the Standard & Poor's downgrade in prior years. Our suppliers have also been impacted and we anticipate significant supply chain disruption as business resumes. The combination of these factors has meant that our sales and production plans have been reduced across the group.

Significant short term decisions have therefore been taken by the group to mitigate some of the impact of the virus as the situation develops. These include the undesirable but unavoidable step of implementing 20% short time across the global operations, starting in May 2020 for an initial three-month period; the group executive committee has committed to a 25% salary reduction for the corresponding period and the non-executive directors of the Bell Equipment Limited board have committed to a 30% reduction in their directors meeting fees for a six month period.

In addition to these measures, and in order to deal with the immediate loss of trading as well as the expected reduction in sales and income in months to come, action has been taken to delay capex, halt any unnecessary expenses and restructure supplier payments where possible. The real impact of COVID-19 pandemic on the business during 2020 is currently difficult to assess and the group is continuing to focus on ensuring that business continuity plans are relevant and that we are able to deal with major issues out of our control as best as possible. At this stage we believe that any external government support is critical for the stability of the global economy.

Actions to reduce factory production to deal with high levels of inventory and high borrowings in response to weakening market conditions will continue to impact the results into the new year. Margins in various territories will also continue to face pressure as the market gets smaller.

We anticipate another difficult year in 2020 characterised by ongoing uncertainty in the major markets. Commodities are also expected to face pressure due to a slowdown in demand from China brought on by the COVID-19 pandemic.

As the most significant local manufacturer of goods in South Africa, and a significant employer, we continue to lobby government with regards to levelling the playing field between ourselves and our major foreign competitors. Our competitors are significantly larger offshore multinationals which enjoy a number of associated benefits that make it harder for us to compete.

Construction and mining are tipped as the key players to realising the projected economic growth in South Africa. Pledges made at the President's 2019 Investment Summit suggest investment in infrastructure is on the cards and SANRAL is expected to kickstart the momentum by allocating a significant number of projects.

However, a steady flow of projects is needed in the medium to long term to drive meaningful recovery, investment and equipment purchases in South Africa. This seems unlikely due to a lack of clear, decisive leadership by Government, the increased cost of doing business due to ongoing power cuts by Eskom and the diminishing attractiveness of South African commodities.

After a stringent design and testing phase, Bell showcased a new machine, the Bell tracked carrier, at ConExpo in Las Vegas in March 2020, which was well received. The machine, geared for short hauls, is designed to provide a niche solution to the US pipelaying industry and production is planned for later in 2020.

A portion of the main administration building in Richards Bay was destroyed by fire on 5 January 2020, which has necessitated the temporary relocation of the Marketing, Strategic Sourcing and Supplier Quality departments to available offices on site. The building will be rebuilt to its original state, however in light of the lockdown as a result of the COVID-19 pandemic, the work on this project will be delayed. All documentation was backed up on servers and in the cloud, which ensured that business could resume as normal when employees returned after the annual shutdown.

Dividends

In the current difficult economic circumstances and the global uncertainty caused by the COVID-19 pandemic, the board of directors has resolved not to declare a final dividend for the year. An interim dividend of 20 cents per share was paid.

Board Changes

Ashley Bell resigned from the employ of the Bell Equipment group and his board status changed from executive to non-executive director, effective 1 December 2019.

Appreciation

We are grateful to our executive management for their hard work and dedication as well as for their hands-on leadership and motivation of our Bell employees during a trying year. Challenging times are a character test and our 1-Bell team is also to be commended for the resilience, determination and teamwork displayed.

Our appreciation goes to our fellow board members for their guidance and commitment as well as to all of our stakeholders for their continued support and confidence in the group.

We wish all our stakeholders, employees, customers and suppliers a safe period going forward as we navigate through this difficult and uncertain time and we look forward to improved business when we rebound from the COVID-19 pandemic.

A special thanks to our extended family of customers and dealers across the globe who continue to invest in the group and our products and entrust us with the ongoing support of their Bell machines.

Finance director's report

REVENUE	EXPENSES	NPAT	HEPS	TOTAL DIVIDEND
R7,8 billion	R1,418 billion	R61,0 million	80 cents	20 cents
+3,8%	+15,7%	-78,0%	-71,2%	-55,6%
(2018: R7,5 billion)	(2018: R1,226 billion)	(2018: R276,4 million)	(2018: 278 cents)	(2018: 45 cents)

At the time of writing this report in May 2020, the 2019 financial year seems like a very long time ago. So much has changed globally since 31 December 2019. The spread of the COVID-19 pandemic and measures taken to control the spread of the disease have had a significant impact on the global economy and changed the outlook for many companies, including the Bell group.

The JSE announced on 3 April 2020 that the outbreak of the COVID-19 pandemic and subsequent national lockdown in South Africa had caused significant challenges for issuers and that the Financial Sector Conduct Authority ('FSCA') would grant issuers with year-ends of 31 December 2019, 31 January 2020, 29 February 2020 and 31 March 2020 temporary relief of two additional months within which to complete their year-end financial reporting process should this be required by the issuers. The group has utilised this two-month extension in order to finalise its 2019 year-end financial results. Disclosures relating to the COVID-19 non-adjusting subsequent event has been included in the directors' report and note 17 of the summarised consolidated financial statements.

Financial Performance

Revenue of R7,8 billion for 2019 fell significantly short of expectations, ending the year with a very modest increase of 3,8% on 2018. Profit after tax for the year of R61,0 million was significantly down on R276,4 million reported for 2018. The once-off, non-cash and non-tax deductible IFRS 2 share-based payment charges of R82,3 million relating to the BBBEE empowerment deal concluded in the group's South African operations, BECSA and BESSA, in December 2019 had a significant impact on the 2019 financial results of the group. The further deterioration in the South African market which resulted in lower demand and tighter sales margins in this market than in 2018 was also a key driver of the reduction in profit in 2019, especially in the second half of the year. Interest costs were also higher in 2019 due to higher borrowings than in the prior year. Headline earnings per share was 80 cents (2018: 278 cents). In light of the difficult market conditions and in order to preserve cash, no final dividend will be paid for the 2019 year. An interim dividend of 20 cents per share was paid. In the prior year, total dividends of 45 cents per share were paid.

The group conducts two main business operations. The first is the OEM operations comprising manufacturing, assembly and sales of equipment and aftermarket products to independent and group owned distributors and dealers. These OEM operations are conducted from South Africa and Europe. The second business is the direct sales business which comprises owned distribution operations in South Africa and Rest of Africa that are engaged in direct sales of own OE products, other third-party products and the supply of aftermarket support and products to the market. The South Africa direct sales business comprises customer service centres in South Africa, Namibia and Swaziland. Rest of Africa comprises customer service centres in Zambia and Zimbabwe. In the current year the group's segment information has been restated to align with these two main business operations and the geographical areas they operate in.

As is evident from the segment results in note 9 of this report, the decline in group profitability in 2019 related mainly to the group's South African operations.

The profit from operating activities of the OEM business in South Africa deteriorated in 2019 compared with 2018 as a result of a reduction in production volumes of certain product lines and unrecovered overheads at the Richards Bay facility. Total sales, including both external and inter-segment sales, increased by 5,5% in 2019. External revenue contributed 18,4% of group sales in 2019 compared with 15,1% in 2018. Due to pressure on sales margins globally, the OEM had to provide pricing assistance to support sales deals in all its markets. Higher than expected warranty costs were incurred on the E-series large truck. In addition, the majority of the once-off IFRS 2 share-based payment charges relating to the BBBEE transaction was in respect of the empowerment of the Richards Bay factory operation and was carried by this segment. This operation will be right-sized given the low volumes and poor profitability.

External sales by the OEM business in Europe increased by 16,2% in 2019 with the contribution to total group sales increasing from 32,5% in 2018 to 36,4% in 2019. The contribution to operating profit from this segment improved by 13,1% compared with 2018.

External revenue from direct sales operations in South Africa decreased by 3,8% compared with 2018 and contributed 40,3% of group sales in 2019, compared with 43,5% in 2018. 2019 was a very difficult year for the South African construction and mining markets and as a consequence of this the group's South African sales operation earned lower sales in 2019 than in 2018 and incurred a loss for the financial year. In addition to low sales volumes, significant margin pressure was experienced. Interest costs were also higher than anticipated due to higher than planned inventory levels. The loss attributable to the BBBEE partner in BESSA for 2019 was R14,5 million. BESSA will be right-sized in 2020, not only in respect of operating expenses but also in respect of its inventory investment, to match the decline in the mining and construction sectors in South Africa, to reduce borrowings and interest costs, to halt losses in that operation and to ensure sustainability of the South African sales operation into the future.

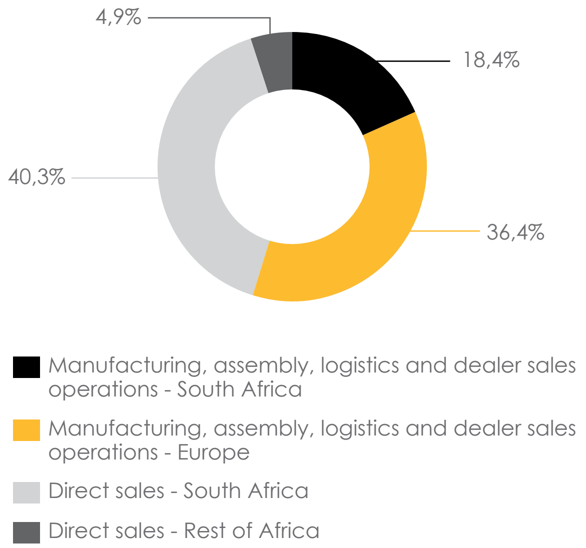
The external sales of the direct sales operations in Rest of Africa, being owned customer service centres in Zambia and Zimbabwe, decreased by 43,2% in 2019 and contributed 4,9% to group sales in 2019 compared with 8,9% in 2018. The main reason for the reduction in revenue in 2019 is that the group's operation in the DRC was sold to an independent dealer in the last quarter of 2018. Sales to this dealer are now reported under the OEM business in South Africa. This segment's operating result in 2018 was negatively impacted by a R87,4 million currency loss in Zimbabwe following the introduction of the RTGS dollar and the separation of bank accounts between RTGS dollar accounts and USD accounts in that country in the prior year. The group continues to support customers in Zimbabwe on the basis of payment in advance in South Africa for parts and machines supplied.

From 1 January 2019, the group implemented IFRS 16, Leases. The modified approach as permitted in the standard was applied and this resulted in no retrospective effect on retained earnings and prior year figures have not been restated. In lease arrangements where the group is the lessee, lease charges are no longer reflected in lease expenses in the statement of profit or loss. From 2019, the group recognises right-of-use assets and lease liabilities in the statement of financial position for these leases. The impact on the statement of profit and loss is an increase in depreciation and interest expenses and a reduction in operating lease expenses.

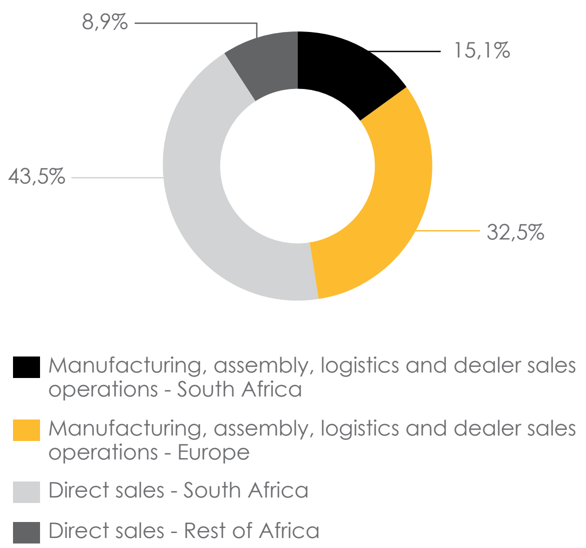
Gross Margin

The gross margin is dependent on the product and geographic mix of sales, market conditions and exchange rates. Margins were under pressure in 2019, especially in the tough South African market. The average gross margin for the year was 18,7% compared with 19,7% in the prior year.

2019 External Revenue Analysis - Geographic



2018 External Revenue Analysis - Geographic



Finance director's report *continued*

Other operating income

Other operating income relates mainly to production incentives in the form of import duty rebates earned on the South African government's Automotive Production Development Programme. This benefit decreased by 2,7% to R117,2 million in 2019 due to a marginal decrease in production volumes of qualifying products in 2019.

Expenses

Group overheads increased by 15,7% in 2019. Excluding the foreign currency loss in Zimbabwe from the 2018 base, group overheads increased by 24,5%. The main factors contributing to this increase in expenditure in 2019 were the following:

- The once-off, non-cash and non-tax deductible R82,3 million IFRS 2 share-based payment charges relating to the BBBEE deal concluded in December 2019. Substantial consulting fees were also incurred on the transaction, relating to transaction advisory, legal, taxation and accounting advice on the transaction which entailed restructuring of the group's South African operations. Most of this cost relates to the empowerment of the Richards Bay factory operation and is reflected in factory operating expenses in the consolidated statement of profit or loss.

- An under-recovery of overheads at both production facilities, in Richards Bay and in Germany. At Richards Bay, production volumes of certain machines reduced in 2019 and this impacted on recovered overheads. In Germany, manufacturing commenced for the first time in the Eisenach-Kindel facility and costs incurred on the once-off set up of the bin fabrication line that did not directly relate to the production of machines and which therefore could not be capitalised, also resulted in an increase in unrecovered overheads.

- An increase in warranty costs relating to challenges experienced with the E-series large truck.

- A general increase in overheads, including increases in expenses relating to IT, electricity including the cost of generators during periods of load-shedding in South Africa and an increase in amounts written off as credit impaired in BESSA.

Salaries, excluding the IFRS 2 charges which are accounted for in salary costs in the statement of profit or loss, increased by 7,6% on 2018.

The group has continued its investment in research and development and development costs totalling R54 million were capitalised during 2019. 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 R245 million and total amortisation of development costs for the year amounted to R25 million.

Interest paid

Interest costs rose by 131% in 2019 due to higher average borrowings. Borrowings increased due to higher levels of working capital, especially inventory, but also higher levels of receivables particularly in South Africa where the group is increasingly required to assist customers with funding for the purchase of equipment. New mortgage loans in respect of the Eisenach-Kindel expansion which was completed in 2019 also resulted in an increase in interest charges. Interest charges also includes an amount of R22 million in 2019 in respect of the changes relating to the adoption of IFRS 16, on capitalised leases.

Taxation

The effective group tax rate of 48,6% is exceptionally high due to the IFRS 2 share-based payment charges not being tax deductible. Without these charges, the effective group tax rate would have been 28,7%.

Financial position

The low profit for the year and the impact of the stronger Rand at year end compared with the 2018 year end on the foreign currency translation reserve resulted in the net asset value per share increasing by only 2,0% from 3 526 cents in 2018 to 3 595 cents in 2019.

Property, plant and equipment

The expansion of the manufacturing plant in Eisenach-Kindel was commissioned in 2019. Manufacturing of components commenced in that facility in the second half of 2019.

As a consequence of the difficult market conditions and in order to preserve cash, all capital expenditure is currently halted and only capital expenditure critical to the continuation of operations will be considered on a case by case basis.

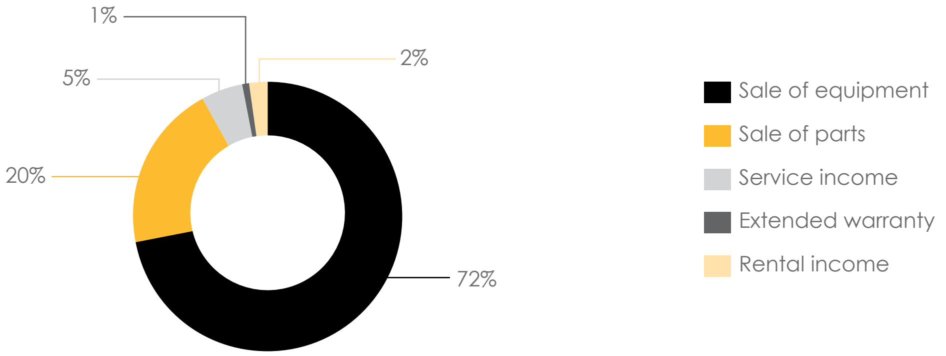
Working capital

Due to lower than expected sales, inventory remained at higher than planned levels at 242 days at the end of 2019 compared with 236 days at the end of 2018. The area hardest hit with excess inventory was BESSA, where the construction and mining sectors in South Africa performed at an even lower level than the modest level forecast. This meant that sales targets were not met and that the group ended 2019 with far higher inventory levels in South Africa than planned.

The working capital cycle for the group is high due to long lead times into the factory in South Africa 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. Management of inventory levels remains a critical area for the group, especially during the current market conditions.

Trade receivables days ended 2019 at 42 days, the same as at the end of 2018. Total allowances for expected credit losses amounted to R59,1 million at year-end, of which R19,5 million related to customers in the South African market and the balance related mainly to prior year debts in the DRC and Zambia which the group continues to work on recovering. 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 security in the value of the underlying financed equipment is a key consideration in the extension and management of credit risk. Customers in the tough construction and mining industries in South Africa are operating in very difficult circumstances and many are experiencing cash flow challenges. This has impacted on the timely collection of receivables. Despite this, bad debts remain low and amounts due to the group may take longer to collect, but receivables are usually recovered in full.

2019 Revenue Analysis - By Product
(the contribution to total sales was unchanged from 2018)



Borrowings
The reduction in sales outlook which was identified in the last quarter of 2019 led to a significant cut in the production plan for 2020 and consequently inventory levels and liquidity were just starting to improve when the lockdown in South Africa was announced. The lockdown and the less severe restrictions imposed in other countries in which the group trades, had a significant impact on trading in the month of April 2020 and the extent of the impact on trading in the coming months is uncertain. We have seen a gradual re-start of sales in May 2020. An inability to trade impacts cash flows and borrowings levels. The group's cash forecasts to April 2021 allow for significant disruption for a further three months. This refers to disruption of such significance that all production and sales are prevented by further prolonged lockdowns or other severe restrictions such as the closure of major trading borders or ports for a three month period, resulting in severely diminished income during the period.

Exchange rates
The Rand fluctuated extensively in 2019 and ended the year stronger against both the Euro and the USD compared with both the end of 2018 and the average for 2019. On average, however, the Rand was weaker in 2019 than in 2018. The group earned net foreign currency gains of R12,6 million for the year.

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.

The Rand has depreciated sharply in 2020 and this is favourable for Bell, both as far as exports are concerned and in the South African market where Bell competes against fully imported products. This should assist the group with its objective of liquidating excess inventory in 2020.

IAS 36 Impairment of Assets assessment
The market capitalisation is substantially below the net asset value of the group and in terms of the accounting standard, IAS36 Impairment of Assets, an assessment was performed to test the assets for impairment based on the expected future cash flows of the group's cash generating units and discounted cash flow valuation principles.

No impairment losses were identified from this assessment.

Looking ahead
As South Africa and the group's other major markets gradually phase out the lockdowns imposed to control the spread of the pandemic, there is still widespread uncertainty associated with how long the impact is likely to last and the shape of the economy recovery curve. We are mindful of the present potential for and risks of over-optimism and are focusing on liquidity and working capital management and planning the group's operations at a leaner and modest level for the foreseeable future, until there is greater certainty regarding the timing of a meaningful recovery in global markets.

Corporate governance report

Sound governance practices, based on accountability, transparency, ethical management and integrity are subscribed to across the business.

The group recognises that good governance achieved through an ethical culture, competitive performance, effective control and legitimacy can create sustainable value and enhance long term equity performance.

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. The board recognises that delegating authority does not reduce the responsibility of directors to discharge their statutory and common law fiduciary duties.

The group continues to review its governance structures to ensure they support effective decision making, establish a corporate culture aligned with Bell Equipment's purpose and based on the 1-Bell philosophy, foster sustainable growth and align to evolving best practice.

King IV principles

Bell Equipment supports the governance outcomes, principles and practices of King IV. The group views developments and governance trends as opportunities to continuously improve and entrench its own standards. Bell Equipment has considered its application of and adherence to the King IV principles and the group materially complies with these principles 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

Through the code of ethics, the group confirms its commitment to high ethical and legal standards in dealing with its stakeholders. All directors and employees are required to maintain high ethical standards so that the group's business is conducted honestly, fairly, legally, reasonably and transparently. 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. Ongoing awareness training is being provided to the organisation on the group code of ethics and the group code of business conduct. The group prevention of fraud and commercial crime policy continues to be entrenched into the culture of the group. These policies amongst 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.

On an annual basis 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 regularly 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 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 on a confidential basis via the anonymous tip off reporting line before significant losses are incurred. Awareness of this facility is created through presentations and newsletters. Comprehensive processes continue to be embedded into the group to ensure accountability and corporate responsibility.

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 a material loss to the group, had occurred during the year and up to the date of this report.

Corporate governance structure

Board of directors

Chairman of the board

- Gary Bell (non-executive)

Executive directors

- Leon Goosen
- Karen van Haght
- Avishkar Goordeen (alternate)

Non-executive directors

- Ashley Bell*

Independent non-executive directors

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

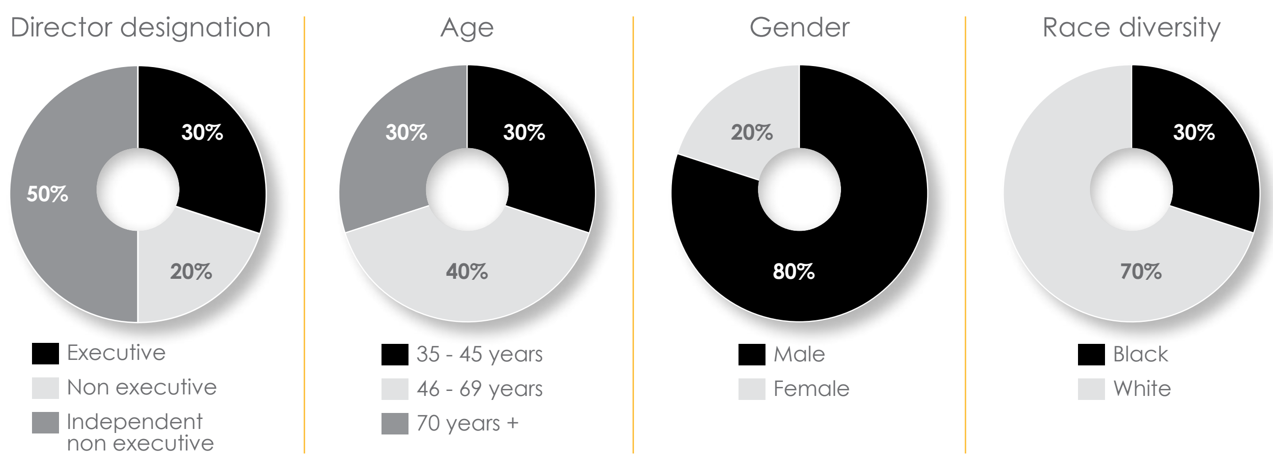
*with effect from 1 December 2019

- Nominations committee
- Social, ethics & transformation committee
- Audit committee
- Risk and sustainability committee
- Remuneration committee

Group executive committee (GEC)

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 28.

Board composition and diversity



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 IAR, 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.

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**
The role of the chief executive, as determined by the board, is to: • 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.	The role of the chairman is to: • provide leadership and firm guidance to the board, while encouraging proper deliberation; • lead the board; • 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.	The role of the lead independent non-executive director is to: • 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, where the chairman is conflicted; • 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.

The roles of the non-executive chairman and the chief executive are formalised, separate and clearly defined. As Gary Bell is not an independent non-executive chairman, John Barton is the appointed lead independent non-executive director. The chief executive and other executive directors are employed on service contracts. Karen van Haght is the full time executive finance director of the group.

The board recognises the benefits of gender, race, skills, experience, knowledge, age and cultural diversity at board level. In line with the approved diversity policy promoting race, skills, experience, knowledge, age and cultural diversity, the aspirational targets for achieving gender diversity on the Bell board was to ensure that at least 25 percent of the board was comprised of women and that race diversity on the board was 30 percent by end of 2018. Whilst the board has gender and racially diverse representation, the board continues its efforts to increase such representation and the nominations committee will continue to focus on achieving these voluntary targets 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.

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 Gary Bell, Hennie van der Merwe and Derek Lawrance. Their brief biographies can be found on pages 26 and 27.

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 interests 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, enterprise, 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 IAR.

Committees' mandate and charters

The board charter allows for the delegation of responsibilities to committees formed by it to assist in the execution of its duties, power and authority. The Companies Act and the JSE Listings Requirements also dictate the formation of certain committees as well as their composition and statutory mandates. The board applies responsible governance in ensuring the managing of the business within the approved risk appetite through various board committees and delegation to such committees is formal and involves approved and documented charters for each committee, which are reviewed annually and any changes are approved by the board. Only directors are appointed as members of the committees and the board has satisfied itself that each committee as a whole has the necessary knowledge, skills, experience and capacity to execute its duties effectively.

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.

Corporate governance report *continued*

NOMINATIONS COMMITTEE

Composition	Summary of roles and responsibilities
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. Brief particulars of the committee members can be found on pages 26 and 27. Three meetings were held during the year.	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.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Composition	Summary of roles and responsibilities
Chairperson: Mamokete Ramathe - independent non-executive director. **Members:** Gary Bell – non-executive chairman of the board Ashley Bell – non-executive director* Rajendran Naidu – independent non-executive director Karen van Haght – finance director. Brief particulars of the committee members can be found on pages 26 and 27. Three meetings were held during the year.	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 chairperson of the social, ethics and transformation committee can be found on page 48.

**Ashley Bell's designation changed from executive director to non-executive director on 1 December 2019*

AUDIT COMMITTEE

Composition	Summary of roles and responsibilities
Chairman: Derek Lawrance - independent non-executive director. **Members:** John Barton – lead independent non-executive director 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 2019. Brief particulars of the committee members can be found on pages 26 and 27. Four meetings were held during the year.	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 audited 2019 annual financial statements on the group's website.

RISK AND SUSTAINABILITY COMMITTEE

Composition	Summary of roles and responsibilities
Chairman: Hennie van der Merwe - independent non-executive director. **Members:** John Barton - lead independent non-executive director Ashley Bell – non-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 26 and 27. Three meetings were held during the year.	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 company'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 executive director to non-executive director on 1 December 2019.*

Corporate governance report *continued*

REMUNERATION COMMITTEE	
Composition	**Summary of roles and responsibilities**
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.	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 percent 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 50.

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

Group company secretary

The 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 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. She coordinates the induction programme for newly appointed directors, as well as the annual board and committee evaluation process.

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. A formal assessment was conducted by the board of the company secretary in December 2019 to assess her 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

A formal and comprehensive questionnaire based self evaluation assessment was undertaken by the directors in respect of the board, the committees, the chairman and the company secretary at the end of 2019. A written report was subsequently prepared on the outcome of the evaluation process and actions flowing out of such evaluation report are currently being considered by the board and separately by each of the committees.

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. During the year under review, an additional three board meetings were convened to consider specific business.

Attendance Register: 1 January 2019 to 31 December 2019

	Board	Audit	Risk & Sustainability	Nominations	Remuneration	Social, ethics & transformation committee
Number of meetings held	7	4	3	3	3	3
John Barton	6	4	3	3	2	
Gary Bell	7		3	3	3	3
Karen van Haght	7	4+	3			3
Leon Goosen	7	4+	3	2+	3+	3+
Ashley Bell*	7		3			3
Hennie van der Merwe	7		3	3		
Derek Lawrance	6	4	3		3	
Mamokete Ramathe	6	4				3
Rajendran Naidu	6	4		3		3
Avishkar Goordeen	6		3+			3+

** 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.

Compliance governance

The board is responsible for the governance of compliance with applicable laws and with adopted rules, codes and standards. The company secretary is responsible for providing advice to the operational business units, creating awareness and developing an understanding of the relevant existing, new and amended legislation and regulations. 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. Key areas that received focus in the past financial year included the amendments to the JSE Listings Requirements, the Competition Amendment Act, the Companies and Intellectual Property Commission's compliance disclosure requirements for companies, 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. These are considered at a board meeting in general annually and specifically at the commencement of each board and 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 of 2012, as amended, 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.

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 audited annual financial statements on the website.

External audit

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. Further information on the external auditors can be found in the audit committee report on pages 7 to 9 of the annual financial statements.

Internal control systems

The group has developed an effective group controls framework to provide reasonable assurance to management with respect to financial statement preparation and asset safeguarding. In this regard, the following cycles have been developed: order to cash, procure to pay, inventory, payroll, financial statement close process, IT general controls, company secretariat, treasury 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. A control self assessment tool to assist managers in managing the internal controls within their areas of accountability is being successfully utilised by the group.

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 2019.

Internal audit

Ernst & Young Advisory Services provides the group with internal audit services on an outsourced basis. 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 risks 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, whilst continuously focusing on innovative and business centric solutions.

During the reporting period the IT strategy was revised to ensure alignment with business strategic goals, incorporate the impact of technology drivers and trends and appropriately mitigate IT

Corporate governance report *continued*

risks. SAP production and warehouse management functionality was implemented to support the expansion of the Eisenach-Kindel fabrication and warehousing facilities. Investment in Microsoft's productivity suite has been made thereby enabling collaboration, integration, data governance, and user empowerment through incorporated business intelligence tools. Bell Equipment's online parts footprint has been expanded to include European dealers thereby driving increased aftermarket revenue streams and improved customer interaction.

The risk of cyberattacks and legislative requirements around data protection have continued to be a focus. Security incident monitoring and response capability has been expanded and security awareness training is ongoing. ISO 27001 has been adopted by the group as the information security standard. Deloitte & Touche continues to conduct a general computer controls review to evaluate the IT general control environment.

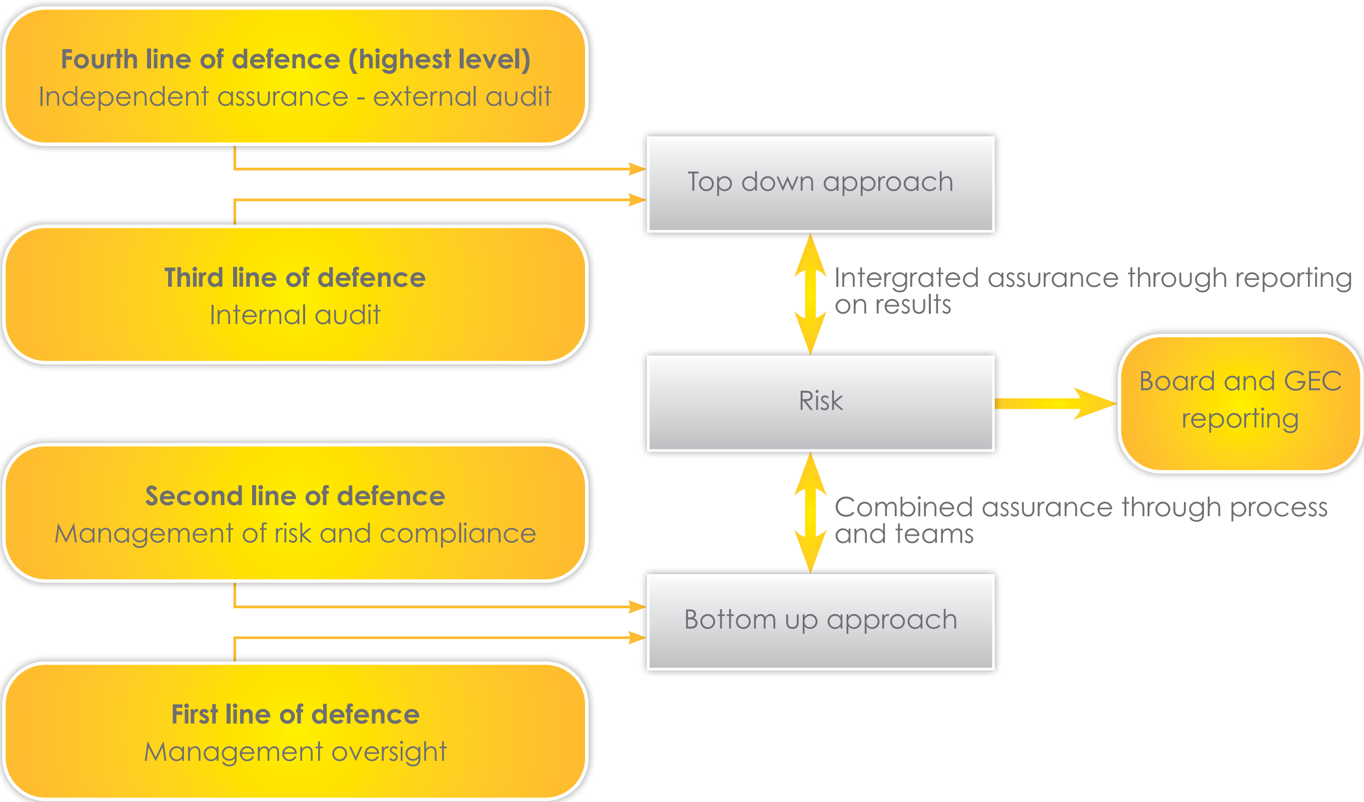
Risk management

The board is responsible for the governance of risk management within the group and has approved a policy and framework to identify, analyse, report and mitigate risks, and thereby govern the group risk management process. Oversight is delegated to the risk and sustainability committee, as a committee of the board. The board sets the group risk appetite and risk tolerances annually on the recommendation from the risk and sustainability committee. The committee is presented with risk registers, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls documented per risk. This is achieved by requiring that subsidiaries report their key risks and responses to the committee at each committee meeting. The chairperson of the risk and sustainability committee reports the most significant risks derived from the above process to the board.
The risk appetite and risk tolerance matrices, the group strategic risk register and the high impact risks 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 meets 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.



The COVID-19 pandemic has impacted on the group's business in 2020 both from a business interruption and a business continuity perspective. A global crisis response team has been formed to identify the key risks facing the group, actively consider, monitor and implement the required responses to the COVID-19 impact on the business on an ongoing basis and in line with the Bell response framework and to ensure that there is adequate communication provided to the group's employees and other stakeholders.

Engagement with stakeholders

The board acknowledges that it is ultimately responsible for the management of relationships with the group's major stakeholders. The board through the social, ethics and transformation committee receives formal feedback from management on a quarterly basis as to the nature of the interaction that has taken place with the relevant stakeholders. A report on how the group has engaged with its stakeholders during the reporting period is available on pages 64 to 81.

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.

Conclusion

The board believes, in respect of the business specifically reserved for its decision, it has satisfactorily discharged its duties and responsibilities during the year under review. The governance processes continue to be regularly reviewed to align with legislative and regulatory changes, and to reflect changes in the business to ensure processes remain relevant.

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 2019.

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 64 to 81, which provides the stakeholders with a comprehensive review of how the group creates sustainable value.

Committee composition

The committee comprises one executive director, two non-executive directors and two independent non-executive directors as set out in the table below. The five suitably skilled and experienced members have an appropriate mix of talent, with a majority of non-executive directors who are not involved in the day to day management of the business.

Both the human resource executive and the chief strategy officer attend the meetings of the committee as standing invitees.

In accordance with its charter, the committee is required to meet 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)]	Non-executive director
Gary Bell	Non-executive chairman of the board
Rajendran Naidu	Independent non-executive director
Karen van Haght	Executive director

** Abridged curriculum vitae of all the directors of the committee are set out on pages 26 and 27.*

[(1)] Ashley Bell's designation changed from executive to non-executive director with effect from 1 December 2019.

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 monitoring the company's activities, having regard to legal requirements and codes of best practice relating to matters of social and economic development as contemplated in Regulation 43 of the Companies Regulations, 2011, as amended.

The mandate of the committee continues to be the oversight of, and reporting on organisational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships.

Focus areas of the committee

During the year under review, the following focus areas were considered by the committee:

Good corporate citizenship

- The monitoring of the code of ethics and the application of such ethical leadership principles throughout the group to ensure continued ethics awareness remains a key focus area for the committee.
- The group endeavours to impact positively on its workforce and, in executing this mandate, during 2019 the group engaged with a service provider to undertake a climate survey of the group in order to measure employee engagement. Any concerns raised by employees which suggest potential contravention or misalignment with our corporate values and ethical conduct are given attention and addressed openly through employee feedback sessions. Follow up sessions will be held with employees to achieve improved employee engagement and continued alignment across the organisation in living out company values and upholding acceptable ethical conduct at all times.
- In line with the group's commitment to zero tolerance of fraud, theft, corruption or any similar illegal behaviour and its commitment to complying with all applicable anti bribery and corruption laws and regulations, the committee continues to monitor compliance and alignment with recommendations stated by the Organisation for Economic Co-operation and Development in managing the risk of corruption.
- Reports on material disclosures received through the group's anonymous tip off reporting line administered by Deloitte as well as any resultant investigations that had taken place during 2019 were reviewed. A tip off policy was developed to formalise the process followed when a tip off is received, retention of confidentiality, the resultant investigation of such tip offs and the appropriate feedback to such whistle-blowers. Tip off training and awareness sessions were conducted periodically to promote utilisation of the facility.
- The committee approved the amalgamation of the group's CSI and SED policies into one policy and considered the annual budget in line with the group's social and economic development. The group CSI and SED spend for 2019 was in the sum of R1 146 600 and was directed at community based projects that create self sustainable vegetable planting and harvesting skills for women in underprivileged communities and child headed homes, and at projects which cater for care of orphaned and HIV positive children. Spend was also directed at rural and underprivileged schools that require infrastructure development and upgrading to allow for continued quality basic education, as highlighted in the stakeholder relations report on page 64.

Corporate governance

- The committee undertook the annual review of the charter to ensure that the correct focus was being maintained by the committee in terms of its roles and responsibilities, and there were no significant changes introduced.
- The annual work plan was reviewed in order to continue 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.
- The committee received updates on proposed and new relevant legislation and other legal requirements or prevailing codes of best practice specifically relating to matters affecting the committee's mandate. This included feedback on the legislation affecting the committee, including guidelines for the Corporate Compliance Program published by CIPC that addressed the requirements for social and ethics committees in the Companies Regulations 2011, the amendments made to the Codes of Good Practice on BBBEE and the proposed amendments introduced to the JSE Listings Requirements which were effective 2 December 2019.

Social and economic development

- With the implementation of the BBBEE transaction at both the BECSA and BESSA subsidiary levels as at 1 January 2020, the committee has considered and monitored the progress of the group's South African operations in relation to its transformation targets to ensure alignment with the group's business objectives and strategies; as well as its BBBEE 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 BBBEE Act and observe the requirements of the BBBEE legislation in general. A sub committee of the board was also established to monitor the BEE transaction through to its conclusion.
- The group's actions in relation to the 10 principles of the United Nations Global Compact, and reviewed international protocols and guidelines, were assessed to ensure the group's continued adherence thereto.
- In line with its diversity policy in respect of its board composition, the board published its voluntary commitment to reach more than 25 percent female representation on its board and black member representation on its board of 30 percent. Whilst the board's composition at the time of the publication of this report had not reached its voluntary targets, going forward the board will endeavour to reach those percentage targets and the committee will continue to actively monitor the progress made by the board in this regard. The committee deliberated on matters of diversity in a much broader sense in the past year and will continue to review progress at all levels of the organisation in order to promote diversity in terms of gender, race, culture, age, field of knowledge, skills and experience.

Labour and employment activities

- In line with the Employment Equity Act, the committee monitored the group's 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 66 to 67.
- The committee received assurance that the group is committed to promoting equal opportunities and fair employment practices, globally, across all its businesses, observing the principles advocated by the International Labour Organisation Protocol on decent work conditions.
- The group succession plan reflects the progress of the group towards transformation and the employment equity goals of the South African operations, and the committee reviewed and monitored the employment equity legislation relating to ensuring equal pay for work of equal value.
- Talent development remains strongly positioned as a mechanism to upskill and advance Bell Equipment's employees. The committee deliberated on the ongoing educational and development initiatives undertaken by the group to upskill and empower its employees. There have been opportunities to advance transformational objectives of the South African operations, in accordance with the operational employment equity plans submitted to and approved by the Department of Labour. The group continues to strive to ensure that it retains its key talent.

Environment, health and safety

- During 2019, the group focused on initiatives and interventions in respect of mental, physical and financial health awareness with the aim of establishing early detection and intervention to promote a healthy and happy workforce. The committee reviewed and monitored HIV/AIDS and other dread disease statistics and prevalence with the aim of promoting a healthy workforce and working environment.
- Reports on the environment, health and public safety, including the impacts of the group's activities and products on the environment and society and the group's continued responsible use of natural resources were considered by the committee. Any issues relating to potential risk of non-compliance were addressed and risk mitigations observed as we continue to apply strict adherence to rules concerning environment, health and safety. The group's safety management system is based on behaviour based safety. The assessments and measures utilised by the group to identify appropriate control measures to mitigate the risks at individual operations, including visible felt leadership and ongoing training, was considered.

Stakeholder relationships

- The committee reviewed the group's consumer relationships reports, including the group's engagement with its customers, employees and other material stakeholder groups; and considered the group's public relations publications, both internal and external, undertaken during 2019, as detailed on page 64.

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 December 2019 and in early 2020 the results were discussed by the board to ensure that the committee remains relevant and effective. Further awareness and clarity on the mandate of the committee is being undertaken to ensure the continued effectiveness of the committee.

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
Social, ethics and transformation committee
26 May 2020

Remuneration committee report

The Bell Equipment Limited remuneration committee report for the year ended 31 December 2019 sets out matters pertaining to the group's remuneration policy, its implementation and governance protocols which are traversed across the following four sections:

SECTION 1: committee governance
SECTION 2: background statement
SECTION 3: 2019 remuneration policy
SECTION 4: 2019 implementation report

SECTION 1

Committee governance

The committee operates in accordance with a board approved mandate as contained in the committee's terms of reference. The board however carries ultimate responsibility for the remuneration policy and when required, will refer matters for shareholder approval. 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 provisions. In this regard, the committee has reviewed and implemented the King IV principles in the policy design, implementation and reporting contexts with specific reference to principle 14 addressing fair and transparent remuneration.

The composition of the committee and the respective designations of its members are set out below.

Name of Director	Designation
Derek Lawrance	Chairman of the committee Independent non-executive director
John Barton	Lead independent non-executive director
Gary Bell	Non-executive chairman of the board

Importantly, the chief executive attends meetings by invitation to ensure that the strategic imperatives of the business and its trading environment provide context to the many and varied considerations which this committee engages with. The chief executive has no voting rights and is recused when his own remuneration is reviewed. In addition, other members of executive management may be invited to committee meetings from time to time when appropriate but do not have voting rights nor are present when their particular performance is evaluated and/or when their remuneration is discussed. The company secretary serves in her capacity as secretary to this committee.

The committee convened on three occasions during the course of the year. The attendance details of members of the committee are set out in the corporate governance report on page 38.

A self evaluation of the performance of the board and its committees took place during December 2019. In order to ensure continuous improvement, the results of the evaluation of this committee will be reviewed by the board during the first half of 2020.

During 2019 a review of the current retirement funds status of the group was undertaken and the annual salary increases for hourly paid ('scheduled') and monthly paid ('non-scheduled') employees as well as executive management were approved. The basis for remuneration of non-executive directors for the period 1 January 2021 onwards was also approved by the committee and will further be subject to approval by the shareholders at the AGM scheduled to take place in May 2020.

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

SECTION 2

Background statement

The report summarises the philosophy and principles of and approaches to remuneration at Bell. It additionally provides an overview of the remuneration of all group employees and discloses the executive and non-executive director remuneration underpinned by the alignment thereof with shareholder value creation. The structure and the content of the report takes into account the corporate governance principles recommended in King IV in relation to the remuneration policy, disclosure requirements and the alignment with the JSE Listings Requirements.

The committee has been mandated to ensure that the group's remuneration policy remains fair, transparent and relevant in order to drive a sustainable business. This requires that there is a meaningful consideration of the external and the internal trading environments together with the competitive landscape in respect of levels of remuneration required to ensure that the right talent is attracted and retained at appropriate levels and/or positions.

This is achieved through, inter alia, obtaining specialist and professional advice on the sector and industry trends, trading conditions, and remuneration trends by virtue of benchmarking against peer groups and other comparable companies using independent salary surveys. In this regard, the committee received advice and guidance in 2019 from Deloitte Human Capital in respect of executive salary benchmarking and job grading for the South African market, as well as from Willis Towers Watson in regard to surveys for the European market. Another area of focus was a review of the cash settled long term incentive scheme ('LTIS') by consultants, Global Business Solutions.

The impact of the COVID-19 pandemic shall have a significant impact on the group's global business. In respect of the South African business operations, the trading conditions continue to be characterised by strong headwinds, with economic growth in South Africa being forecast downward for 2020. Policy uncertainty and prevailing levels of unemployment and inequality remain a significant challenge and business is being increasingly called on to fund and/or remedy these challenges.

It is against the backdrop of these and associated factors that the committee conducts its activities and will continue to review and make recommendations to the board and shareholders from time to time.

At the AGM to be held in July 2020 Bell Equipment will put both its remuneration policy and remuneration implementation report to separate non-binding advisory shareholder votes (see resolution numbers 5 and 6 in the notice of AGM on page 111) and the committee is confident of constructive engagement and a positive outcome in this regard. In accordance with King IV and in the event that either the remuneration policy or the implementation report (or both) receive 25 percent or more dissenting votes, the company will provide for:

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

In support of this, and in order to expedite the process of engagement, the company will:

- invite the dissenting shareholder(s) to provide written submissions in support of their vote against the remuneration policy and/or the implementation report;
- respond to and/or address the legitimate and reasonable objections received;
- facilitate appropriate engagements in support of this including meetings, conference calls and presentations as may be appropriate and reasonable; and
- report back to the dissenting shareholders, including the publication of relevant information in the following year's IAR.

For ease of reference, the two previous AGMs rendered the following voting results pertaining to the company's remuneration policy and the remuneration implementation report:

AGM date	Resolution	Vote in favour
15 May 2018	Remuneration Policy	94,42%
15 May 2018	Implementation Report	99,36%
15 May 2019	Remuneration Policy	91,49%
15 May 2019	Implementation Report	95,06%

The committee shall continue to provide stakeholders with 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

This policy is applicable to all executive directors, prescribed officers and employees. The purpose of this policy is to provide the philosophy, framework and approach in matters pertaining to employee remuneration and reward.

The policy is intended to ensure the attraction, motivation and retention of employees, as well as compliance with good corporate governance under appropriate statutes and regulations. The latter requires the alignment of shareholder interests with the remuneration policy as well as fair practices in this regard based on prevailing statute.

The remuneration of employees should direct employee behaviour in a manner which aligns with the business strategy and objectives. Put differently, remuneration and reward are viewed as subfunctions of how the business goals and governance standards will be achieved or maintained.

The design principles underpinning the remuneration policy take the following primary drivers into account:

- alignment with shareholder interests;
- best practice in terms of market comparability;
- benchmarking based on peer group and competitor reviews;
- mechanisms to ensure that executive remuneration is fair, transparent and responsible in the context of overall group remuneration;
- mechanisms for remuneration structures to be consistent with the group's long term requirements;
- the need to attract and retain exceptional talent as well as support career and succession planning;
- the provisions of statute, including the Employment Equity Act;
- pay for performance based on defined ranges of financial metrics;
- alignment of performance to the overall business strategy of the group and linked to strategic business objectives; and
- best in practice and standardised employment contracts and policies in support of the above.

From a sustainability viewpoint the remuneration policy must be evaluated in the context of internal and external factors as well as the anticipated trading and operating conditions. Despite overall unemployment levels being very high, and ailing job growth in the manufacturing environment, the group understands its responsibility for maintaining a fully engaged workforce in order to secure the group's future. The committee understands the importance of effective communication, recognition and reward.

From a South African perspective, and despite the poor economic conditions, employers are facing an increasing challenge in retaining and attracting core and critical talent. This means that measures will need to be put in place to balance sustainability from a talent point of view with the financial realities faced by the business. Indications are that the Employment Equity Act amendments, which will introduce sectoral targets for the representation of black persons, women and persons with disabilities, will be implemented in 2020.

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

It is with this in mind that the policy provides for a blended and weighted approach to the composition of remuneration that ensures employees have a guaranteed component as well as a variable remuneration component that is directly linked to the primary strategic objectives of value creation and talent retention. Hence, variable remuneration is aligned to value creation in the form of short and longer term incentive schemes, the implementation of which is linked to the achievement of specified targets and objectives. The payment of these incentives is funded primarily from actual levels of increased returns.

In recognition of the questions from shareholders and analysts regarding perceived shortcomings in the cash settled LTIS that focused on HEPS as a performance condition and the lack of a balance sheet measure, the LTIS was aligned with best practice and the benefit accruing from the zero strike rate units is now dependent on both HEPS and return on invested capital ('ROIC'). Further details of the terms of the cash settled scheme are explained alongside.

Components of remuneration

Bell Equipment has two financial dimensions to its total remuneration, namely guaranteed remuneration (which includes benefits) and variable remuneration consisting of a short term incentive scheme ('STIS') and two LTISs.

There are also non financial rewards in working for the group. These include the group's culture, shared values on governance and social responsibility, a safe and pleasant working environment, a culture which promotes a sustainable working environment, including health and safety, personal development and career opportunities.

The details of the financial components in respect of the South African employees are outlined below:

Guaranteed remuneration:

Outline:
Cost to company package (the reference point on which all guaranteed benefits are funded) includes the following components:

- cash salary;
- travel allowance – for employees who are required to travel for business purposes;
- the company'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 from 14,4% to 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 levels 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 comparable 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 the individual total cost to company packages for executives and approves an overall percentage increase for employees below the executive level.

The chief executive, who generally attends committee meetings by invitation, can make submissions regarding proposed cost to company remuneration package increases, with the exception of his own, during the said review meetings.

Annual increases are reviewed on 1 July of each calendar year and are considered 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.

In investing in its people, the following initiatives are being considered:

– 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 generally include medical insurance and a car allowance or a company vehicle.

Remuneration committee report *continued*

Variable remuneration:

STIS	Cash settled LTIS	LTIS
Noteworthy characteristics of STIS are that it: • was 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; • is based on an incentive pool of 50% of the excess NPAT above the hurdle NPAT for the relevant financial year; • provides that 70% of the incentive is based on audited Bell group NPAT exceeding the hurdle NPAT; • 30% of the incentive is based on the divisions within the group exceeding the hurdle NPAT; • applies to all permanent staff who do not already receive a guaranteed thirteenth cheque and who participate in the scheme in terms of the rules of the scheme; • ensures incentive payments are proportionate to an employee's cost to company salary package and limited to one month's salary; • makes provision for a bonus for the GEC at the discretion of the board, provided that the executives have met their personal performance targets; • ensures that the measures and rules implemented are reviewed annually and changes approved by the committee.	A cash settled LTIS, which makes provision for long term incentivisation in the form of a notional share appreciation rights scheme, was approved by the board and implemented in the 2018 financial year: • the rules have been amended in 2019 to incorporate both HEPS and ROIC performance indicators; • 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 blend of zero strike and strike based awards, with the zero strike portion subject to a 50% split between HEPS and ROIC performance conditions; • in respect of the portion of the incentive related to the share price, qualifying employees will benefit from the cash equivalent of the growth in the share price; • in respect of the portion of the incentive which is related to the HEPS and ROIC performance conditions, qualifying employees will benefit from the cash equivalent of the market value of the shares, without any strike price reduction; • 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; • a clawback provision applies if the audited results are subsequently restated and the NPAT is revised downwards.	This was approved by the shareholders at the AGM in 2009 and thereafter management (with the necessary approval from the nominations and remuneration committees as well as the board) allocated share options to senior employees of the group with the following points to note: • 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 employees and to act as an incentive to employees to promote the continued growth of Bell Equipment by giving them an opportunity to acquire shares therein and to drive long term value creation; • 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 and there is no intention to make any further awards under this scheme.

Non-executive directors' remuneration

Group policy is to pay non-executive directors competitively and to recognise commitments made by them in terms of time invested in the business. Bell Equipment also pays for travelling expenses reasonably and properly incurred in order to attend meetings and to attend to the business of the company. Fees are benchmarked against a comparator peer group of JSE listed companies. There are no contractual arrangements that have been entered into in order to compensate non-executive directors for loss of office and they do not participate in any incentive schemes.

The committee reviews and approves the non-executive director fees annually and recommendations are made to the board, which in turn proposes fees for approval by the 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 them arising from increased obligations for regulatory oversight. The total fees proposed for non-executive directors for the 2021 calendar year represent an increase of 4% over the previous year.

The following table sets out the proposed non-executive director fees (VAT exclusive) for shareholder approval at the AGM in July 2020 for the period from 1 January 2021.

Special resolution number		**Rand (excl VAT)**
	Retainer fees to be paid annually	
3.1	Non-executive chairman	**389 200**
3.2	Lead independent non-executive director	**299 450**
3.3	Non-executive directors	**209 700**
	Fees per meeting payable to the chairman of the board and the chairmen of board committees	
3.4	Board	**35 460**
3.5	Audit committee	**21 320**
3.6	Risk and sustainability committee	**21 320**
3.7	Nominations committee	**16 750**
3.8	Remuneration committee	**16 750**
3.9	Social, ethics and transformation committee	**21 020**
3.10	Fees to be paid to lead independent non-executive director per board meeting	**35 230**
	Fees to be paid to non-executive directors per meeting	
3.11	Board	**34 980**
3.12	Audit committee	**28 000**
3.13	Risk and sustainability committee	**21 320**
3.14	Nominations committee	**14 320**
3.15	Remuneration committee	**14 320**
3.16	Social, ethics and transformation committee	**21 020**
3.17	Bell audit services committee	**13 940**
3.18	Ad hoc committees	**14 320**

The focus areas of the committee for the financial year of 2020 shall include:
• overseeing the identified policy responses to both horizontal and vertical income differentials in terms of the amendments to the Employment Equity Act reporting requirements;
• monitoring the social partner engagements in respect of the proposed National Health Insurance (NHI) system and the National Social Security Scheme and, as these negotiations progress, making the necessary recommendations to the board and the shareholders, as required;
• continue to monitor and benchmark total remuneration and practices with market trends;
• focus on critical strategic deliverables;
• alignment with the current business cycle and changing operating environment;
• proper management of potential flight risks of critical skills and top talented employees;
• undertaking measures to respond to the impact on employees and remuneration resulting from the COVID-19 pandemic and lockdowns and other restrictions imposed in order to control the spread of the COVID-19 pandemic in the countries in which the group operates, including the undesirable short term decision to implement 20% short time across the global operations from May 2020 for an initial three month period, the commitment by the GEC to a 25% salary reduction for the corresponding period and the commitment by the Bell Equipment Limited board of directors to a 30% reduction in their meeting fees for a six month period;
• ensuring the alignment of total remuneration to the above.

Due to the weak global economic conditions, the impact of the COVID-19 pandemic, the weak Rand and upward wage pressures from labour affecting the sustainability of OEM organisations in South Africa, Bell has begun taking proactive steps by establishing a human resources (HR) organisational development project to canvas employee engagement through an organisational culture climate survey. As part of the group's HR organisational redesign process it has commenced with a benchmarking and realignment process of its grading and salary structures closer to market minimums in an effort to ensure greater organisational alignment to real market minimums; and thereby creating greater efficiencies in terms of its organisational structures and outputs, which it believes will facilitate future sustainability. Bell has engaged the services of Global Business Solutions and MOTTO Business Consulting, two external consultancy services, to assist it with these projects, which are long term projects that will stretch over the next 12 to 24 months.

Remuneration committee report *continued*

SECTION 4

Implementation report

The implementation of the group's remuneration policy in 2019 is set out below. The committee believes that it has not deviated from the principles and design of the remuneration policy.

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 2019

No STIS awards will be made for the 2019 financial year because the hurdle group NPAT for 2019 was not achieved and in terms of the STIS rules there is no incentive pool payable for the year under review.

LTIS 2019

In terms of the cash settled LTIS, phantom share awards were granted to key executives on 1 January 2018, 1 January 2019 and 1 January 2020. These awards vest from 2021 onwards and employees will be entitled to cash settlements from 2021 if the share price appreciates and if the HEPS and ROIC performance conditions are met.

The information on pages 56 to 61 was extracted from the audited annual financial statements.

Share-based payment arrangements with employees

Equity-settled employee share option plan

This scheme was approved by the shareholders and the board in 2009 and share options were granted to senior employees on 15 February 2010, 15 April 2011 and 15 May 2012. Five million ordinary shares were reserved for this scheme. The option price was the thirty day volume weighted average of the closing market price of the share immediately preceding the grant date. The options are equity-settled, each year's allocation of options vests one third in each period after three years, five years and seven years respectively, after the date of grant and are forfeited on leaving the company. A retired or retrenched employee is entitled to exercise their options in full within twelve months after becoming a retired or retrenched employee. If not exercised within such period, the options lapse.

The maximum number of shares any employee may acquire in terms of this scheme may not exceed 200 000 shares. The options have a maximum contractual life of 10 years from the date of award.

Each employee share option converts into one ordinary share of Bell Equipment Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The board may from time to time, after giving due consideration to the purpose of the scheme, grant options to employees. The allocation is done according to a formula that recognises responsibility levels and is at the discretion of the chief executive and the board.

Share options granted

The following share-based payment arrangements were in existence during the reporting period:

Grant date	Tranches	Initial number of options granted	Expiry date	Exercise price	Fair value at grant date
15 Feb 2010	Tranche 1	993 333	14 Feb 2020	R 10,48	R 5,39
15 Feb 2010	Tranche 2	993 333	14 Feb 2020	R 10,48	R 5,83
15 Feb 2010	Tranche 3	993 334	14 Feb 2020	R 10,48	R 6,18
15 Apr 2011	Tranche 1	510 000	14 Apr 2021	R 13,06	R 7,12
15 Apr 2011	Tranche 2	510 000	14 Apr 2021	R 13,06	R 7,71
15 Apr 2011	Tranche 3	510 000	14 Apr 2021	R 13,06	R 8,17
15 May 2012	Tranche 1	316 666	14 May 2022	R 21,35	R 12,79
15 May 2012	Tranche 2	316 667	14 May 2022	R 21,35	R 13,18
15 May 2012	Tranche 3	316 667	14 May 2022	R 21,35	R 13,54

Share-based payment arrangements with employees continued

Equity-settled employee share option plan continued

Fair value of share options granted

The fair value of the share options was determined once-off at grant date and is expensed on a straight-line basis over the vesting period.

	Grant date 15 Feb 2010	Grant date 15 Apr 2011	Grant date 15 May 2012
The weighted average fair values of the equity-settled share options granted are:	R 5,80	R 7,67	R 13,17

Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model was adjusted based on management's best estimate of exercise restrictions and behavioural considerations. At the time of valuation, the expected volatility was based on the historical share price volatility over 10 years. For options granted on 15 May 2012, it was assumed that executives and senior employees would exercise the options after vesting date when the share price is 3,3 times the exercise price. For options granted on 15 February 2010 and 15 April 2011, an exercise multiple of 2,2 times was assumed.

	Grant date 15 Feb 2010	Grant date 15 Apr 2011	Grant date 15 May 2012
Inputs into the model			
Grant date share price	R 10,30	R 13,10	R 21,90
Exercise price of the option	R 10,48	R 13,06	R 21,35
Expected volatility of the share price	41,59%	45,26%	41,60%
Contractual life of the option	10 yrs	10 yrs	10 yrs
Dividend yield	0,79%	0,67%	0,57%
Risk-free interest rate for the life of the option	8,88%	8,42%	7,79%

Shares reserved and movement in share options for the year

	2019	2018
Total number of shares reserved for equity-settled share options	**5 000 000**	5 000 000
Less: number of share options exercised	**(655 385)**	(655 385)
Less: number of share options granted, but not exercised	**(2 181 604)**	(2 357 272)
Number of shares reserved, but share options not granted	**2 163 011**	1 987 343

The following reconciles the share options outstanding at the beginning and end of the year:

	2019			2018		
	Number of options	**Weighted average exercise price R**	**Weighted average share price R**	Number of options	Weighted average exercise price R	Weighted average share price R
Balance at beginning of the year	**2 357 272**	**13,28**	**-**	2 841 272	13,21	-
Forfeited during the year	**(139 500)**	**12,98**	**-**	(161 500)	15,96	-
Expired during the year	**(36 168)**	**13,48**	**-**	-	-	-
Exercised during the year	**-**	**-**	**-**	(322 500)	11,34	14,56
Balance at end of the year	**2 181 604**	**13,30**		2 357 272	13,28	

The share options outstanding at the end of the year under equity-settled share based payments had a weighted average remaining contractual life of 0,9 years (2018: 1,9 years). The exercise prices on options are presented above.

At year-end the number of options that had vested and that were exercisable was 2 181 604 (2018: 2 210 272).

Remuneration committee report *continued*

Share-based payment arrangements with employees continued

Cash-settled employee share award plan

This phantom share incentive scheme was approved by the board of directors and implemented in 2018. The scheme makes provision for long-term incentivisation of key executives in the structure of a share appreciation rights scheme. The objective and purpose of the scheme is to grant forfeitable phantom share awards to key executives to enable them to benefit if the company's share price improves and if the specified Headline Earnings per Share (HEPS) and Return on Invested Capital (ROIC) performance conditions are achieved.

The awards comprise a mixture of zero-strike and strike based awards, with the zero-strike portion subject to a 50% split between HEPS and ROIC performance conditions. The number of awards to be granted to executives was determined with reference to market norms for long-term incentive schemes and a multiple of the salary packages of the participants and the company will grant these awards in four equal, annual tranches on 1 January each year, starting in 2018, provided the executive is in the employment of the group on that date annually. In respect of the portion of the incentive related to the market price of the share, employees will acquire the cash equivalent of the growth in the share price. In respect of the portion of the incentive related to the HEPS and ROIC performance conditions, employees will receive the cash equivalent of the market value of the shares without any reduction by the strike price. The HEPS performance condition is that the annual compounded HEPS growth rate over the three, four and five year periods ending on the last day of the financial year-end of the group prior to the vesting date, must meet or exceed the HEPS growth rate of inflation plus 5%. The ROIC performance condition is based on operational returns in excess of the cost of capital, plus a margin. The total benefit paid to employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group.

One-third of each annual award vests in years three, four and five after the award date and the awards are forfeited on a participant ceasing to be an employee, for reasons other than incapacity, death or retirement, when all the awards held by the participants, whether or not they have vested, will be deemed to have vested upon termination of employment and shall be settled within three months or in the case of death, within 12 months thereafter.

In the event of a change in control of the company which results in the retrenchment of or a material adverse change in the conditions of employment of the participant the full number of phantom share units determined will be deemed to be awarded and the vesting period in respect of this full award will be advanced in accordance with the rules of the scheme.

The strike price is the thirty day volume weighted average of the closing market share price immediately preceding the grant date of 1 January each year.

Share awards granted

The following share-based payment arrangements were in existence during the reporting period:

Grant date	Phantom share units with a strike price	Phantom share units with a strike price of zero	Phantom share units vesting January 2021	Phantom share units vesting January 2022	Phantom share units vesting January 2023	Phantom share units vesting January 2024	Exercise price
1 January 2018	1 007 000	566 000	524 000	524 000	525 000	-	R 13,53
1 January 2019	1 007 000	566 000	-	524 000	524 000	525 000	R 12,68

No provision has been made for this cash-settled employee share award plan as it has been assessed that there is no liability at year-end.

Directors' and prescribed officers' remuneration

Paid to executive directors of the company by the company's subsidiary:

	Salary R'000	Pension/ Provident fund R'000	Other benefits and allowances R'000	2019 Total R'000	2018 Total R'000
Executive directors					
GW Bell (retired 31 May 2018)	-	-	-	-	1 785
A Goordeen (alternate)	2 274	307	137	2 718	2 547
L Goosen	3 858	514	113	4 485	4 470
KJ van Haght	2 690	354	42	3 086	3 012
AJ Bell (appointed 1 February 2019, resigned 30 November 2019)	1 008	134	199	1 341	-
Total	9 830	1 309	491	11 630	11 814
Paid to prescribed officers of the company's subsidiaries by the company's subsidiaries:					
Prescribed officers					
M Schurmann (expatriate salary, resigned 31 August 2018)	-	-	-	-	3 265
N Paynter (expatriate salary)	4 396	330	967	5 693	5 216
M Dumisa (resigned 28 February 2018)	-	-	-	-	618
DB Chinnappen	2 266	301	57	2 624	2 579
SR Jones	2 289	301	35	2 625	2 484
DN Mashika	2 083	302	243	2 628	1 667
A Mayer (expatriate salary)	3 562	219	4 383	8 164	1 870
DE Morris (appointed 1 April 2018)	2 627	347	55	3 029	1 874
HW Van Der Walt	2 223	305	132	2 660	2 646
JJ Van Wyngaardt	2 013	274	96	2 383	2 333
D McIlrath	1 497	195	6	1 698	1 689
Total	22 956	2 574	5 974	31 504	26 241

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

	2019 R'000	2018 R'000	2018 R'000
Paid to non-executive directors of the company by the company:	Fees	Retirement grant	Fees
Non-executive directors			
JR Barton	826	-	641
AJ Bell	63	-	465
GW Bell (appointed 1 June 2018)	931	-	496
B Harie (resigned 27 November 2017)	-	-	47
DH Lawrance	753	-	651
R Naidu	578	-	503
ME Ramathe	597	-	530
TO Tsukudu (retired 21 August 2017)	-	1 629	-
HR van der Merwe	563	-	474
Total	4 311	1 629	3 807

Remuneration committee report *continued*

Directors' and prescribed officers' remuneration continued

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

		Balance at 31 December 2017	Exercised	Forfeited	Balance at 31 December 2018	Exercised	Forfeited	Balance at 31 December 2019
Executive directors and prescribed officers	Exercise price	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options
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**
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**
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**
M Schurmann	**10,48**	100 000	(100 000)	-	-	-	-	-
(resigned 31 August 2018)	**13,06**	50 000	(50 000)	-	-	-	-	-
	21,35	30 000	-	(30 000)	-	-	-	-
Total		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	**10,48**	25 000	-	(25 000)	-	-	-	-
(resigned 28 February 2018)	**13,06**	30 000	-	(30 000)	-	-	-	-
	21,35	30 000	-	(30 000)	-	-	-	-
Total		85 000	-	(85 000)	-	-	-	-
DB Chinnappen	**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 Mayer	**10,48**	55 000	-	-	55 000	-	-	**55 000**
	13,06	30 000	-	-	30 000	-	-	**30 000**
	21,35	15 000	-	-	15 000	-	-	**15 000**
Total		100 000	-	-	100 000	-	-	**100 000**
SR Jones	**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**
JJ Van Wyngaardt	**13,06**	7 500	-	-	7 500	-	-	**7 500**
	21,35	3 000	-	-	3 000	-	-	**3 000**
Total		10 500	-	-	10 500	-	-	**10 500**
Grand total		1 305 500	(150 000)	(115 000)	1 040 500	-	-	**1 040 500**

Directors' and prescribed officers' remuneration continued

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 31 December 2017 Number of awards	Granted Number of awards	Forfeited Number of awards	Balance at 31 December 2018 Number of awards	Granted Number of awards	Forfeited Number of awards	Balance at 31 December 2019 Number of awards
L Goosen	13,53	-	247 000	-	247 000	-	-	247 000
	-	-	138 000	-	138 000	-	-	138 000
	12,68	-	-	-	-	247 000	-	247 000
	-	-	-	-	-	138 000	-	138 000
Total		-	385 000	-	385 000	385 000	-	770 000
KJ van Haght	13,53	-	132 000	-	132 000	-	-	132 000
	-	-	74 000	-	74 000	-	-	74 000
	12,68	-	-	-	-	132 000	-	132 000
	-	-	-	-	-	74 000	-	74 000
Total		-	206 000	-	206 000	206 000	-	412 000
A Goordeen	13,53	-	132 000	-	132 000	-	-	132 000
	-	-	74 000	-	74 000	-	-	74 000
	12,68	-	-	-	-	132 000	-	132 000
	-	-	-	-	-	74 000	-	74 000
Total		-	206 000	-	206 000	206 000	-	412 000
N Paynter	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
DE Morris	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
DB Chinnappen	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
SR Jones	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
D McIlrath	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
A Mayer	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
HW Van Der Walt	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
JJ Van Wyngaardt	13,53	-	62 000	-	62 000	-	-	62 000
	-	-	35 000	-	35 000	-	-	35 000
	12,68	-	-	-	-	62 000	-	62 000
	-	-	-	-	-	35 000	-	35 000
Total		-	97 000	-	97 000	97 000	-	194 000
Grand total		-	1 573 000	-	1 573 000	1 573 000	-	3 146 000

Remuneration committee report *continued*

Non-executive directors' fees

At the AGM held on 15 May 2019, the basis for the remuneration payable to non-executive directors for the 2020 period was approved by way of a special resolution of the shareholders as follows:

	2020 Rand (Excl of 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 board and committee meetings	
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**

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
26 May 2020

Extracts taken from speeches at the last employee long service awards.

"I am very thankful to the Bell management team for the many opportunities that have been given to me. I travelled to Germany on four occasions and to the USA on two occasions. I remember Mr Peter Bell asking if the Americans took good care of me while I was there. That is the type of caring management that we have. Representing Bell there was a great honour for me." ***Eric Papiah (30 years)***

"What I have enjoyed during my time at Bell is that people are very friendly, care for each other and, most importantly, treat you as part of the family. The reason that I didn't leave Bell is because I was able to send my child to school, look after my family and I have been treated well. I would like to thank the Bell family for giving us such an opportunity to be part of this family and to learn more and give to the younger generation that is coming through now." ***Sipho Nxumalo (30 years)***

"Over the past 10 years we've seen the launch of the E-series, we've had the launch of new tractors, E-series small, new tri-wheelers and other new product lines. It's been amazing and has really been my dream job. We don't mind getting up in the morning to come to work and there's a reason for that, and that is part of the reason we see such a huge delegation of 30-year employees here today. If you ask me today if I want to be here in 10 years – absolutely! It's been a hell of a (helluva) ride." ***Halvar Rautenbach (10 years)***

Stakeholder relations report

incorporating sustainability performance

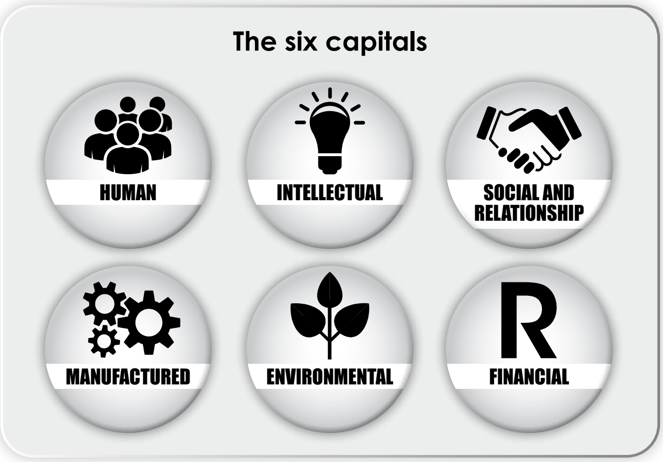
Bell Equipment's stakeholders are those individuals, groups and organisations that affect and are affected by Bell Equipment's activities, products or services and associated performance. Engaging with and building relationships with stakeholders is key to sustaining the group's business. Bell Equipment's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

Bell Equipment values its stakeholder relationships and appreciates the need and responsibility to create mutual value by 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 marketplace. The organisation 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 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 company 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, intellectual 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 customers, employees, alliance partners, financiers, 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, interests and expectations. Set out herewith 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.

EMPLOYEES

HUMAN | SOCIAL AND RELATIONSHIP

Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
• 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.	• Healthy working conditions. • Fairly remunerated for their service. • Recognition. • Health and safety. • Career advancement. • Employment equity.	• 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 off 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 wellbeing.

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 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;

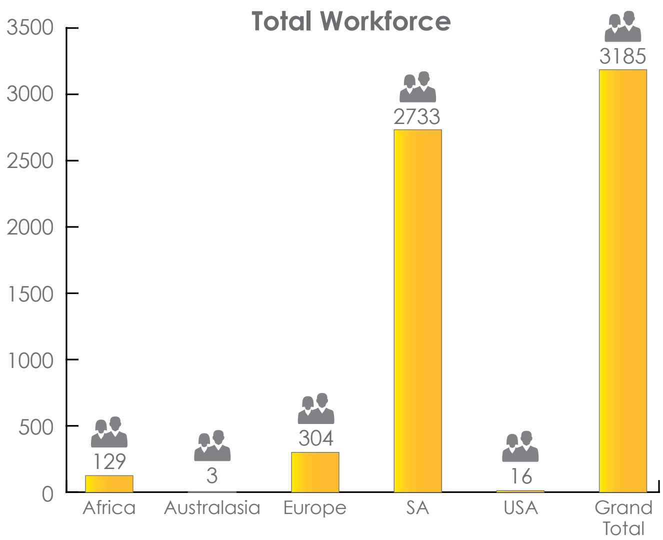
- driving a diversity and transformation plan and strategy that covers recruitment, development and retention of candidates from previously disadvantaged and under represented employment equity groups, thereby enabling gender equity and equality.

The group's employee relations environment remains very stable with the climate being one of mutual respect and co-operation. We manage our union representatives as fellow labour force managers, finding that this approach allows us to involve them in ensuring a stable and peaceful employee base. In South Africa our labour unions consist of NUMSA, LIMUSA, Solidarity and UASA.

In 2019 the group employed 139 new permanent employees and promoted 114 employees internally to higher positions in the context of the total workforce of 3 185. Of these new employments 108 were appointments that improved the group's transformation requirements.

Every year the group honours its long serving employees around the world. This year 37 employees celebrated 30 years of service, 12 achieved 20 years of service and 31 had 10 years of service. This was the largest group in the history of Bell to celebrate the 30-year milestone and included employees from Cape Town, Johannesburg, Nelspruit, Tzaneen, Swaziland, Zambia, eThekwini (Durban), Empangeni and Australia.

Those employees based at the Richards Bay factory attend a long service luncheon. The luncheon is always preceded by a 'walk of honour' through the factory by the 20-, 30-, and 40-year delegates and their partners, which is always a highlight for both the delegates and their colleagues who line the factory in support.



Stakeholder relations report *continued*

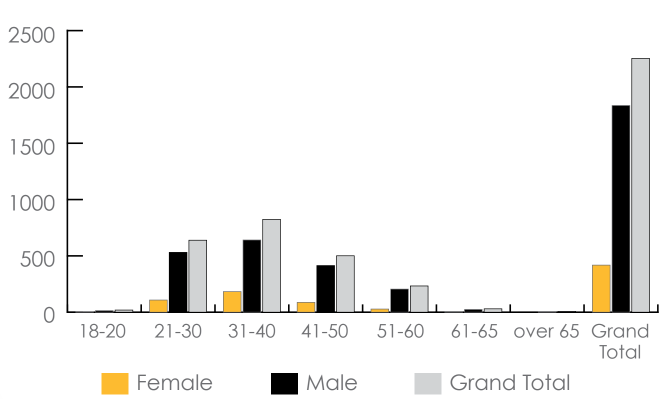
incorporating sustainability performance

BECSA employment equity summary

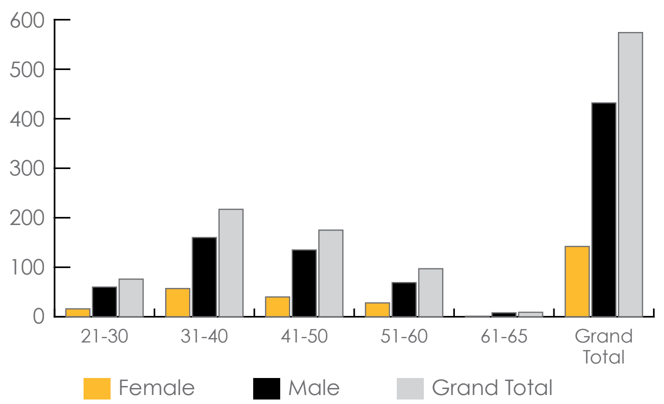
Occupational levels	Female				Male				Foreign nationals		
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	0	0	0	0	0	0	0	1	0	0	1
Senior management	0	0	0	2	0	0	2	8	0	0	12
Professionally qualified and experienced specialists and mid-management	7	0	4	17	26	2	29	97	0	0	182
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	4	16	29	85	12	112	82	0	0	359
Semi-skilled and discretionary decision making	131	11	34	24	583	23	135	51	0	0	992
Unskilled and defined decision making	3	1	2	1	7	0	0	1	0	0	15
Total Permanent	160	16	56	73	701	37	278	240	0	0	1561

Employees with disabilities Occupational levels	Female				Male				Foreign nationals		
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
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	1	0	0	1	1	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	0	0	1	2	0	0	3
Semi-skilled and discretionary decision making	1	0	0	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total Permanent	1	0	0	1	0	0	3	3	0	0	8

BECSA total workforce age analysis



BESSA total workforce age analysis

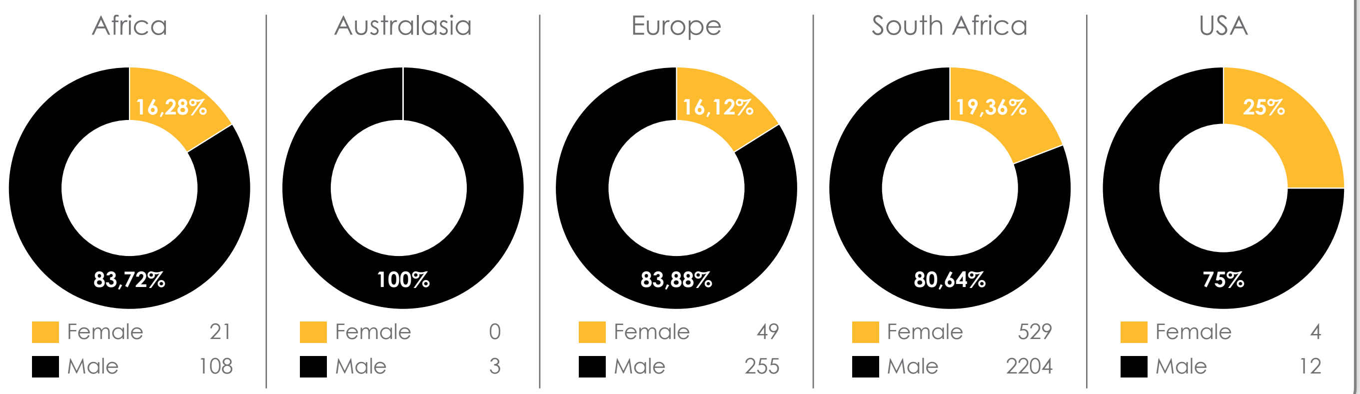


BESSA employment equity summary

	Female				Male				Foreign nationals		
Occupational levels	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	1	0	2	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	1	2	1	2	2	2	2	16	0	0	28
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	3	2	7	81	11	12	112	0	0	231
Semi-skilled and discretionary decision making	33	10	6	30	74	13	20	9	0	0	195
Unskilled and defined decision making	6	1	0	0	7	0	1	0	0	0	15
Total Permanent	43	16	10	39	166	26	35	137	0	0	472

	Female				Male				Foreign nationals		
Employees with disabilities Occupational levels	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
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	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	2	0	0	0	0	0	0	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total Permanent	2	0	0	0	0	0	0	0	0	0	2

Bell Equipment total workforce



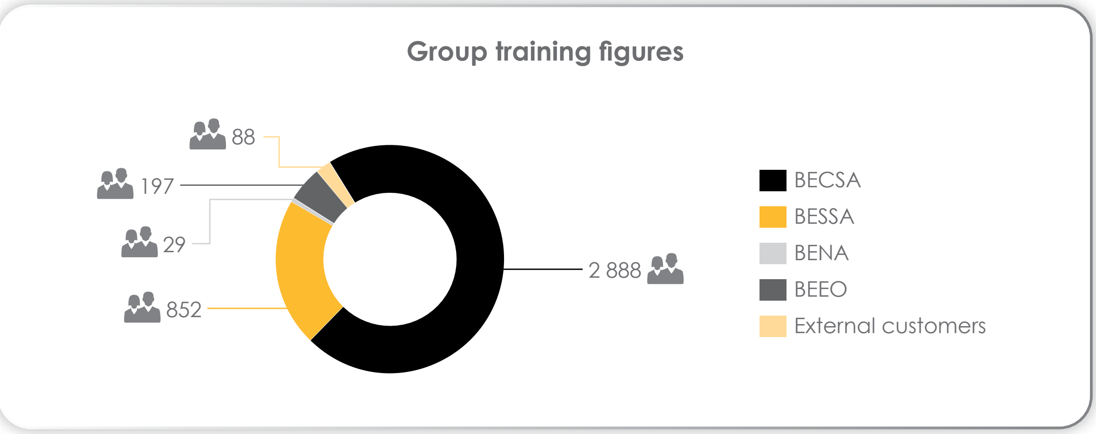
Stakeholder relations report *continued*

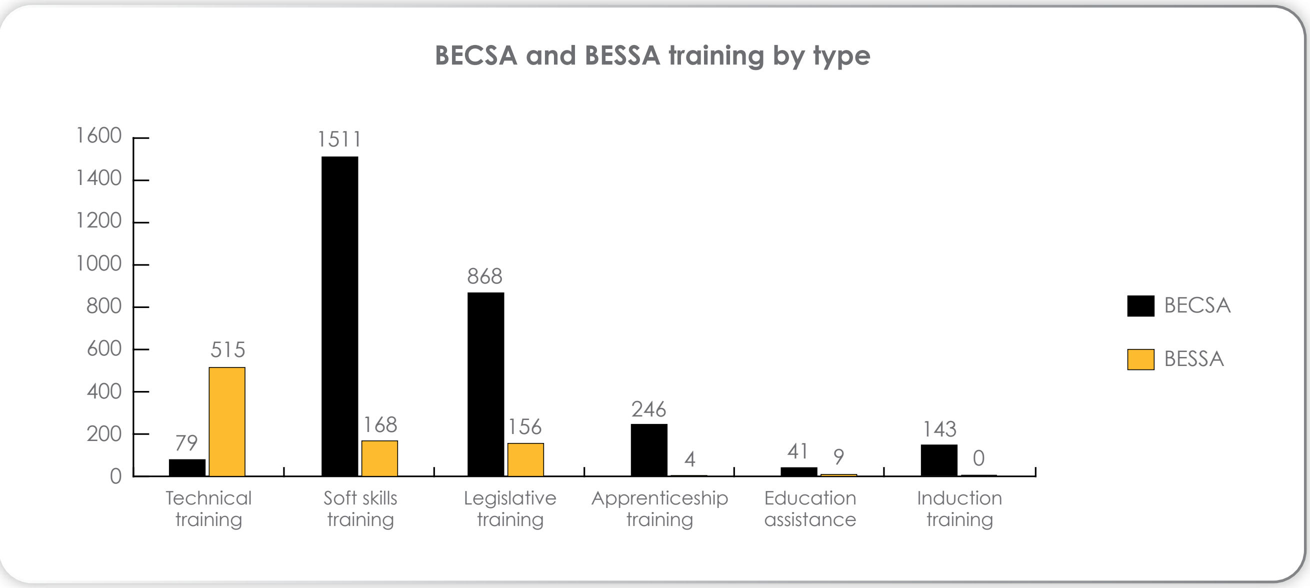
incorporating sustainability performance

Training

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 focused 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.

In 2019 training across the group was wide ranging and included technical, apprenticeship, soft skills and legislative training as well as education assistance. Attendance was as follows:





During 2019 BECSA enlisted an external service provider, MOTTO Business Consulting, to administer a confidential and anonymous culture, climate and engagement survey among employees. The survey provided an opportunity to identify strengths, opportunities and areas for development in order to move the business in the right direction and ensure that the organisation remains focused on employees and their success.

Eighty eight percent of employees globally took part in the survey – way above the norm for an organisation of Bell Equipment's size – and 94 percent of participants indicated they are loyal, committed and care about Bell. Employees are customer orientated, want to find new ways to do their work, be involved in decision making and share information. The survey highlighted a number of development areas that would improve the overall ethos of Bell. These areas formed the basis of an organisational development plan that was driven through coaching and group workshops during the year.

A second survey is planned in 2020 to measure progress.

Employee wellness

The BECSA wellness week took place in June with 1 502 employees (63,48%) at the Richards Bay factory participating in the various wellness activities that were presented. External service providers were on site for employees to access and included: Old Mutual, SANCA Zululand, SOS Optometrists, Momentum Health and their rewards partner Multiply and Care Works. Activities comprised: personal financial wellness planning, retirement planning, medical aid and gap cover presentations and advisory services, eye testing, BMI (body mass Index) testing, HIV and TB testing, glucose, blood pressure and cholesterol testing, psychological services as well as alcohol and drug related counselling services. A total of 818 employees were tested for HIV and TB, two of whom tested positive. They are being counselled by our psychologist and assisted with access to treatment plans and services.

BESSA held its wellness day on 27 September 2019 at Bell Jet Park in Johannesburg, which was attended by 91 employees. Financial advisors, a dietician and an optometrist were on site and services offered included blood pressure and BMI checks, cholesterol and HIV tests, pap smears, prostrate tests and eye examinations.

In addition, Bell Zimbabwe continues to provide financial assistance to employees to mitigate against the economic pressures in that country.

Health and Safety

The safety and wellbeing of our employees, contractors, suppliers and customers is of paramount importance to Bell Equipment and fundamental to the sustainability and growth of our operations. Our objective is to realise our aspiration of operating sustainably, without harm to people, the environment and the communities in which we operate. While written rules, standards and procedures are important and necessary, they are not enough. Bell Equipment has therefore developed a culture in which the value of safety is embedded throughout the workforce.

COVID-19

In response to the COVID-19 pandemic the group has a policy and procedures in place to safeguard the health and wellbeing of employees and customers globally, ensuring compliance with government regulations.

Protecting our workforce is our first priority and the group provides ongoing COVID-19 communication to employees on various platforms. Working remotely has been implemented where possible and we have identified vulnerable workers, taking mitigating steps to protect their health.

In the workplace, employees and visitors are screened for symptoms. Social distancing and the use of face masks is enforced along with strict sanitising and disinfection measures. Training and awareness related to COVID-19 symptoms, spread of the virus and preventative actions is also provided.

THE BELL WAY
Safety & health principles

BEHAVIOUR
All harmful practices and unsafe acts will be investigated to determine what happened and why.

CULTURE
We believe we can proactively prevent harmful exposures and occupational risk.

We are all responsible for correcting unsafe practises and behaviours.

SYSTEMS
We will adopt a common, simple set of non-negotiable standards and rules throughout the group that will be implemented and maintained by line management.

Stakeholder relations report *continued*

incorporating sustainability performance

Risk	Risk measure	Group tolerance	2019	2018
Behaviour (Health and safety)	Lost time accidents	0	21	24
	Total accidents	0	94	102
	*LTIFR measure - group	0	0,59	0,67
	*TIFR measure - group	0	2,64	2,89
Legal compliance (Health and safety)	Findings of non-compliance	0	0	0
	Fines and penalties incurred	0	0	0

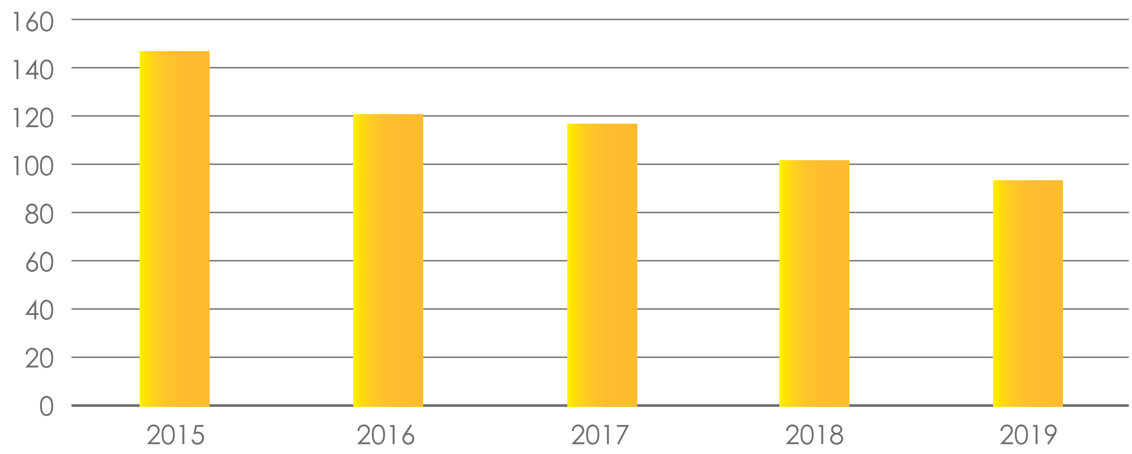
Safety performance is measured using a range of leading and lagging indicators, including TIFR and LTIFR, which are both calculated on total man hours worked.

Rate = (number of accidents x 200 000)/man hours worked

Our 1-Bell integrated approach to the management of occupational safety, process safety, occupational health and quality is based on the fundamentals of leadership, teamwork, effective communication, accountable behaviour and continuous improvement. The approach is detailed in the group safety management system, which is embedded and implemented by the management across the group to enable the journey towards zero harm.

Bell Equipment is pleased to report an 8 percent reduction in total group injuries in 2019. Extra care is taken to ensure our processes and policies are adhered to and that employees are kept well informed of potential safety hazards through continual training. Focus continues to be placed on behaviour based safety and all employees are held accountable for their actions. Where injuries have occurred, the focus has been on completing effective investigations and root cause analysis to prevent repeat incidents. The quality of incident investigations is of utmost importance to ensure that corrective and preventive actions focus on eliminating or reducing risks in line with the hierarchy of controls.

Group total accidents



The safety, health and environment committees at both the factory and operating subsidiary levels are responsible for overseeing compliance with health and safety legislation and policies. All employees, including contractors, receive safety training.

The group employs a safety management system based on behaviour based safety. A baseline risk assessment identifies the major risks at individual operations. These risks are then examined further by conducting issue based risk assessments and identifying appropriate control measures to mitigate the risks. Further mitigation measures include visible felt leadership and ongoing training.

As required by South African regulations, Bell Equipment has established safety, health and environment committees at all the relevant divisions that approve and implement all mandatory safety training and operating procedures. Safety staff oversee compliance audits, site conditions and identify and allocate any necessary corrective actions.

CUSTOMERS

INTELLECTUAL · SOCIAL AND RELATIONSHIP · MANUFACTURED

Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
• To meet the group's customers' needs and build long term loyalty. • To enhance Bell Equipment's brand and grow market share.	• Innovative products that meet operational needs. • World class after sales support. • Overall value proposition. • Personally committed and trusted advisor.	• '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.

Our main customer engagement during 2019 took the form of customer open days that were hosted at the Bell factory in Richards Bay at the end of August. Over seventy customers from various industries across southern Africa accepted the invite to gain a thorough understanding of the group, our manufacturing principles and processes as well as our extensive product offering.

The visit included a factory tour to see first-hand the technology and processes used by Bell that ensure that quality, world class products leave the assembly line. Thereafter customers were taken to the Bell farm outside Empangeni, the site of the company's off-road test track, which had been demarcated into six stations representing our Bell and partner products: Bell ADTs, Bell general construction equipment (grader, TLB and wheeled loader), Bomag, Finlay, Kobelco and our own brand Matriarch/ forestry. Each station was manned by technical experts for those particular machines who provided a detailed walkaround of the products, answered questions and oversaw the operation of equipment by those customers keen to experience the machines first-hand.

Customer feedback indicated that the event was extremely beneficial in terms of providing updated product information and cementing existing relationships.

Bell was represented at the annual NAMPO harvest day in Bothaville in May, the Focus on Forestry conference in Mpumalanga in April along with other smaller events in which our customers were involved.

A few weeks before the open days the BESA sales team gathered in Richards Bay for the Bell '2020 Vision' Sales Conference, which included a business update, product presentations and an opportunity to get up close and personal with a good cross section of our product range at the Bell farm. While the conference provides a platform to acknowledge top achievers at a traditional awards dinner, other objectives are networking and team building among the sales representatives and empowering them to better serve Bell customers.

Bell hosted a customer golf day in Gauteng and also took two groups of southern African customers to Japan for the Rugby World Cup and a tour of the Kobelco factory.

In recent years groups of like-minded customers have been taken on a mountain bike (MTB) adventure through the Isimangaliso Wetland Park. To build on this experience, while contributing towards tourism and conservation in different parts of southern Africa, a decision was taken to support a different MTB adventure event each year. This year customers were invited to participate

Stakeholder relations report *continued*

incorporating sustainability performance

in the Desert Knights 2019 in the /Ai/Ais-Richtersveld Transfrontier Park, which traverses South Africa and neighbouring Namibia, and was a highlight of our social interactions.

Internationally Bell exhibited at Bauma Munich in April, which proved beneficial in terms of both the quality and quantity of visitors. As the only ADT manufacturer with a factory in Germany, Bell elected to distinguish itself as a specialist able to meet any ADT requirement by displaying the B20E 6x6 low ground pressure ADT, the B45E 4x4 and the B50E 6x6 to illustrate the scope of our specialist range.

Bell Equipment's exclusive dealer in Brazil, InfraBrasil Obras Pesadas e Mineração, exhibited at Exposibram this year for the first time where it displayed a Bell B45E ADT. Recognising the potential in the Brazilian market, Bell and InfraBrasil plan to introduce the B60E 4x4, the B30E and the B33L SMC (side mount cab) low profile ADT in 2020, to add new dimensions to our product offering to customers in that country.

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

The first phase for development of the ASPIRE dealer management programme has been concluded with implementation to selective dealers; currently large existing and new dealers.

The technical services seminar took place in mid-August at the Richards Bay factory's training venue. This annual event continues to serve as an important vehicle to update the technical team, particularly those working offshore, on new machine models and planned updates so that they are able to support the dealer network and Bell Customer Service Centres when technical issues arise. Time is also allocated for introspection, where field technical analysts feedback about how the Bell product and aftermarket offering compares with competitors.

Twenty two members of the technical team, comprising field technical analysts and international product support representatives, and 10 engineers attended the 2019 seminar. The engineers gave presentations on various products including the Bell tracked carrier and Series V tractor, two new products that will be introduced in 2020.

The technical services team is an important face and aspect of the customer relationship. To highlight the value of this team, two members have been on site in Indonesia where they have done sterling work to keep the growing machine population running. This high level of service has stimulated the sale of additional machines.

MANUFACTURED

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 the country 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 to guide manufacturing strategy.

Appreciating the importance of continuous improvement throughout the business, 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.

Understanding that delivering on customer expectations is essential to how products are accepted in the market, the group is likewise continually focused on strengthening its quality management. Adequate investment has been allocated to production orientated equipment replacement and maintenance to ensure that manufacturing operations in South Africa and Germany continue to operate sustainably.

A number of digitisation projects to improve the customer contact points were completed during 2019 and have impacted positively on technical service, warranty and parts sales processes.

The extension of Bell Equipment's Eisenach-Kindel facility in Germany, the company's European ADT factory, was completed and officially opened in September. The investment demonstrates the group's commitment to be a global manufacturer as it continues to enhance the group's flexibility to respond more efficiently to customer requirements in the northern hemisphere markets.

INTELLECTUAL

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.

Innovation is largely focused on enhancing ease of operation, productivity and safety of equipment. There are a number of industry firsts where Bell has set standards that other ADT manufacturers have followed.

On board weighing was introduced on Bell ADTs in 2002 and has been subject to continuous development and improvement. Bell has reached the point where it can confidently state that it is accurate to approximately 5 percent irrespective of the loading method and loading tool.

Bell was also the first OEM to manufacture a 50 and 60 ton ADT, incorporate 'tip safe' to prevent bin tipping at an unsafe angle, develop 'i-tip' for automatic bin tipping at the touch of a button, install turbo spin protection that varies engine idle time according to how hard the engine has been working and introduce Fleetm@tic®, a proprietary satellite based telematics software.

From the fourth quarter of 2019 all new Bell ADTs are pedestrian detection system (PDS) ready. PDS and collision avoidance systems (CAS) are the first commercially practical steps for ADT operations to move towards autonomous operation and Bell is excited to be moving in this direction.

Stakeholder relations report *continued*

incorporating sustainability performance

SUPPLIERS AND ALLIANCE PARTNERS

SOCIAL AND RELATIONSHIP | MANUFACTURED

Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
• Suppliers and alliance partners are key to the group's performance and core to the group's strategic positioning.	• Timely payment and fair terms. • Future growth of the group and understanding the expectations of the group. • Reputational consistency. • Responsible and positive brand management.	• 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.

Bell Equipment's alliance partners were once again incredibly supportive during 2019. Representatives of Bomag, Finlay, John Deere and Kobelco attended the Bell Equipment sales conference in Richards Bay in September where they presented informative product updates to the southern African sales team and were on hand at the Bell farm where sales representatives were given an opportunity to operate the various machines.

Our alliance partners were also an invaluable presence at our customer open days the following month, each providing product specialists to attend the events and interact with customers about new products and features.

After an extensive market research campaign, Bell has grown its Finlay range with the addition of two conveyors in the southern African market. The first unit was delivered to a customer at the end of 2019 and initial market response indicates strong customer interest for both mainstream and niche applications due to the operational cost reduction and site efficiency benefits offered by conveyors.

The group has also introduced the new John Deere 620G grader and Kobelco generation 10 SK300LC excavator. The focus going forward will be on consolidating the product ranges of our strategic partners to improve the group's ability to stock and support machines that are popular in the market.

In terms of our suppliers, Bell continues to implement its Quest for Gold supplier improvement programme. The programme objectives 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 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.

LOCAL COMMUNITIES

SOCIAL AND RELATIONSHIP | HUMAN | ENVIRONMENTAL

Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
• Empowering local economies builds trust in Bell Equipment while communities benefit from social and environmental initiatives.	• Socio economic empowerment. • Community involvement on key issues. • Employment creation. • Environmentally responsible.	• 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. The group's CSI and SED policies 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.

Bursaries

In 2019 bursaries were awarded to:

- a fourth year bursary recipient who is a final year student studying towards a BCom Accounting degree at Rhodes University;
- a second year bursary recipient studying towards a national diploma in Mechanical Engineering at the Cape Peninsula University of Technology;
- a second year bursary recipient studying towards a Bachelor of Education (Early Childhood Development: Foundation Phase) degree through UNISA; and
- a second year bursary recipient studying towards a BSc Mechanical Engineering degree at UKZN.

In terms of the change in codes another bursary recipient, a Grade 11 learner at Grantleigh School, was this year provided with SED funding for this schooling.

The Bell Foundation Trust, which aims to assist black women with their education in the engineering and allied fields, provides bursary assistance to Zinhle Dlamini, who is currently enrolled at Stellenbosch University pursuing a Mechanical Engineering degree.

Amangwe Village

In 2019 an amount of R250 000 was provided to Amangwe Village, a long standing beneficiary of Bell Equipment's CSI spend. The funding was earmarked to maintain the existing organic food garden at Amangwe so that it could be a model for replication in rural communities. The garden provides nutritional meals to children in the crèche and excess vegetables are distributed to patients and vulnerable households in the community. Medicinal herbs in the garden are used to make ointment, which is used by home based carers to treat skin ailments of patients.

One hundred community members were trained on 'door size' gardening methods with a view to spreading this information among the community. Trainees included learners from a local high school, patients, family members of patients and members of Amangwe's women empowerment programme. The knowledge transfer will have a lasting impact on the community and trainees will be able to share their knowledge with more people in the future.

Thuthukani Special School

Bell has an ongoing relationship with Thuthukani Special School, which 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.

Understanding that play forms the basis for the motor, cognitive, emotional and social development of a child, a specialised classroom was built at the school during 2019 at a cost of R300 000. Called the 'Gary Bell Play to Learn Room', the school has requested that Bell chooses the outfitting and equipping of this facility as the project for the school in 2020.

Stakeholder relations report *continued*

incorporating sustainability performance

Khula Senior Secondary School

A project was launched in December 2018 to construct a school hall at Khula Senior Secondary School in eSikhaleni, south of Richards Bay, which accommodates 1 070 learners from the surrounding area. Bell funded R200 000 towards the foundation, floor and brickwork and the school financed the steel structure and roof. Following the appointment of a building contractor, construction commenced in February 2019.

A certificate of appreciation was presented to Bell Equipment in December 2019.

Mambuka Primary School

Mambuka Primary School in Ntambanana, north west of Richards Bay, accommodates 630 learners from the surrounding community. During 2019 Bell donated R100 000 towards a project to renovate classrooms at the school, which included fixing of doors and windows as well as the installation of security doors. A local construction contractor, Abie Construction, undertook the work.

iThemba Projects

In 2019 Bell Equipment gave R100 000 to iThemba Projects, an organisation based in Hilton, KwaZulu-Natal, that partners with the Sweetwaters community to break the destructive cycles caused by economic inequality, poor education and a lack of role models and opportunities, and create an empowering environment where people can reach their full potential.

In partnership with the Sweetwaters community, iThemba Projects has developed several programmes that are centred on four main pillars: mentoring, early childhood development, nutrition and construction.

Other noteworthy sponsorships

Bell Zimbabwe supported the Pumping Legs Pumping Water cycle, an annual fundraiser in the country's Hwange National Park. The park has been plagued by a serious drought and the event assists the park with boreholes and water.

A donation was also made to Matusadonha Anti-Poaching Services (MAPPS), an anti poaching effort at Matusadonha National Park in Zimbabwe's Kariba region.

At the beginning of 2019 staff from Bell Equipment UK donated £1 350 to the British Heart Foundation (BHF) and £450 to Derbyshire Blood Bikes, an urgent medical courier service, to purchase a set of tyres. Funds were raised during 2018 through the sale of raffle tickets, a cake sale, a Christmas jumper day and selling BHF badges. Visitors attending the Hillhead Quarry Exhibition were also asked to donate charitable contributions in exchange for hamburgers.

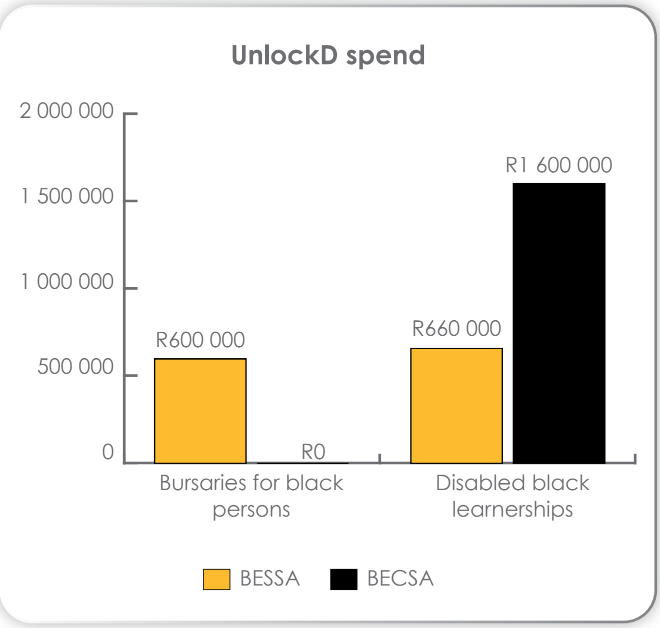
Bell Equipment supported paddlers taking part in the 70th Vaal River Canoe Marathon, a two day event held along a 80km stretch of the Vaal River from the dam wall to Parys, and presented t-shirts to the Johannesburg Canoe Club's developmental team as two of their teammates had recently made the under 18 Gauteng canoe team.

UnlockD

UnlockD is a 51 percent broad based black owned company with a QSE affidavit providing level 2 BBBEE recognition in the amended BBBEE codes. The company 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.

The following spend was made by BECSA and BESSA through UnlockD in 2019:



YES

The Youth Employment Service (YES) is actively creating opportunities for young, black South Africans to gain work experience through internships. The goal of the YES initiative is to make the large cohort of the country's unskilled young people more employable, providing them with skills, understanding, references and better resumes.

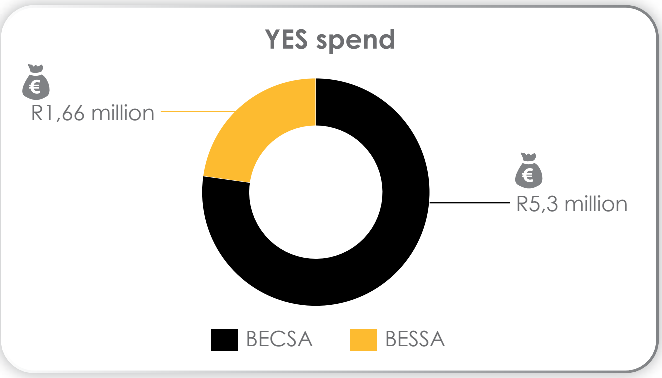
Youth candidates can sign up on the YES website or be sourced through one of the YES hubs around the country. Candidates must:

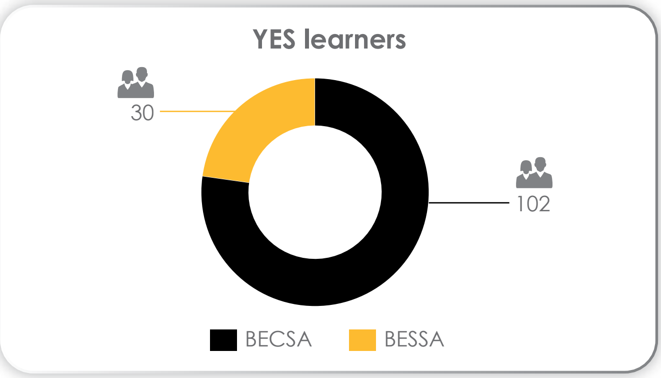
- be between 18 and 34 years old;
- have been unemployed for more than six months;
- be a black person (African, Coloured or Indian);

Government has introduced a new Youth Employment BBBEE recognition, allowing a business that meets YES targets and complies with registration criteria to move up a level on their current BBBEE scorecard. This has been delinked from the skills development scorecard points for spending 2,5 percent of payroll on bursaries for black students. This means that companies can score points for either the YES recognition or the bursaries, or both.

Bell has chosen, for the past two years, to make use of this allowance and has paid enough towards these internships for a two level enhancement at both BECSA and BESSA. BESSA and the GLC have also taken on YES interns into their operations to give them practical experience in the business, which is beneficial to both Bell and the learner.

In 2019 BECSA contributed R5,3 million to YES and assisted 102 learners while BESSA contributed R1,66 million and assisted 30 learners.





ESD

BECSA recognised contributions of R2,2m towards supplier development beneficiaries and R1,8m towards enterprise development beneficiaries in 2019 from outstanding loans to the value of R6 296 522. These ESD contributions are initiatives in the form of grants and developmental loans for the benefit of 51 percent black owned EMEs and/or QSEs. BECSA also made early payments to suppliers to support this initiative.

BESSA has invested in developmental loans with recognised contributions of R1,03m in 2019 for the benefit of 51 percent black owned EMEs and QSEs. The outstanding values on these ESD loans amount to R4 139 569. PJLG Steel Works, the 100 percent black owned EME that offers BESSA welding and boiler making services, continued to benefit from the 5 percent interest bearing loan to expand their business in 2019.

Stakeholder relations report *continued*

incorporating sustainability performance

ENVIRONMENTAL

Bell Equipment has its own operations in 12 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 appointed managers and, when necessary, reports are filed in terms of the applicable legislation.

Bell Equipment's approach to the environment and sustainability is underpinned by a sincere desire to effect positive change and ensure that the company's ecological footprint is minimised. This is achieved through innovation and a constant monitoring of international best practices.

Group policy includes:

- the promotion of sustainable development and ensuring that the group's actions meet current needs while minimising the cost to future generations;
- monitoring of compliance with environmental legislation, regulations, and other requirements, and observance of the standards propagated by appropriate local or international authorities where no such legislation exists;
- encouraging and motivating all group employees to follow environmental protection and pollution prevention policies to meet environmental objectives; and
- auditing, monitoring and reviewing subsidiary progress and compliance and communicating this to all interested parties.

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 in the region on better management of water resources, as well as any synergies that may be possible for waste integration and water saving innovations.

The annual external audit in 2018 showed great improvements in terms of compliance. An action plan was implemented in 2019 to reduce the risk of any non-compliances. The next external audit is scheduled for 2021. There were no reportable incidents to the DOE that occurred in 2019. Our main environmental risks have been identified and are being addressed as follows:

- hydrocarbon storage – investigating the use of bund pallets in yard areas and reviewing stock levels to see how this can be minimised.
- hazardous waste management – this is an ongoing drive to ensure employees are being properly educated on the correct disposal methods.
- storm water management – all oil traps are being serviced on a regular basis and scheduled water quality tests are done on existing water ways.
- air quality management – Bell Richards Bay will begin an internal dust monitoring programme during 2020 in compliance with the Air Quality Act and Municipal bylaws. This will ensure non compliances are identified and addressed proactively.

Environmental compliance at the Eisenach-Kindel factory 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 detailed in the labour law and ISO 9001:2008 quality management system. No incidents were reported during 2019 and the next internal audit will be conducted during 2020.

Environmental sustainability

Bell Equipment continually investigates new initiatives to reduce its environmental impact. Environmental management programmes, sustainability and energy efficiency strategies are implemented within the group's environmental management policy. The following projects were initiated during 2019:

- **Waste management programme**

Bell Equipment has completed a programme to classify waste as per the current Waste Act Regulations and all hazardous waste has been correctly classified.

The factory waste management site is continuously monitored for compliance and to eliminate cross contamination risks. Waste separation and waste storage is aligned with national norms and standard guidelines. Onsite recycling forms a critical aspect of Bell Equipment's waste management process and separation into three categories takes place at source as far as possible, thereby reducing the group's impact on the environment. 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 monitored for further improvements to recycling. All records are kept at the SHE office for cradle to grave and auditing purposes.

• Thinners recycling plant

Bell has already initiated the process to recycle liquids on site by means of specialised recycling units. A thinners recycling plant was successfully installed and commissioned in 2019. This has significantly reduced the amount of contaminated thinners needing to be disposed of. Not only is this environmentally friendly by reducing the amount of hazardous liquid waste but it also yields a cost reduction in terms of the amount of new thinners being purchased as well as the associated disposal costs. A trial is in progress for the recycling of machining coolant, which is planned to be fully implemented during 2020.

• Power related programmes

A feasibility study is currently underway for a 1MW solar installation on the Richards Bay site. This will make use of the carport structures and feed directly into the existing Bell factory electrical network with the potential to increase up to 2MW.

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 is equipped with the latest available energy saving technology.

• Water harvesting programme

A water harvesting programme has been implemented at the Richards Bay facility. The first phase was using harvested water in the operational areas for supplying the wash bays instead of municipal water. The second phase was to use harvested rainwater for the flushing of toilets and urinals in the factory's ablution facilities. The overall storage capacity of the harvested rainwater will be increased in 2020 as phase three of the programme.

Water harvesting tanks have also been installed at branches where critical water shortages are foreseen.

• Review of the Richards Bay factory's storm water management plan

Compiled according to municipal bylaws and national guidelines by the Department of Water and Sanitation, and in support of Section 26 of the National Water Act, the plan ensures the effective management of storm water on site. It considers the clean and dirty water runoff in regard to storm water and proposes measures and infrastructure to reduce contamination to storm water systems. Areas of contamination have been identified and an action plan has been compiled to improve the quality of storm water discharge.

Stakeholder relations report *continued*

incorporating sustainability performance

GOVERNMENT

MANUFACTURED INTELLECTUAL HUMAN

Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
• The group's relationship with governments impact on its ability to contribute towards job creation, broader economic, social and environmental objectives globally.	• Socio economic growth. • Skills development. • Employment creation. • Transformation. • BBBEE.	• Local design and manufacture of equipment and the use of locally produced materials. • Employer of 2 733 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; - SEIFSA; • 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.

During 2019 Bell Equipment succeeded in providing the first CIDB graded contractors with access to earthmoving machinery in terms of the memorandum of understanding signed with SANRAL in July 2018.

A lack of new projects and associated expenditure by SANRAL over the past three years has resulted in slow progress. However, Bell Equipment was invited to numerous stakeholder relations meetings around the country during 2019 and has had sight of over 100 projects, with a combined valued of R6,5 billion, which started to go out on tender at the end of 2019 and early in 2020. An introduction to the small industry players, who will be subcontracted 30 percent of the projects, should provide increased traction and we are already actively engaging with these subcontractors.

SANRAL has decided to include a local content requirement in its tender documents, which is a positive development for all local manufacturers, who will now be granted preference.

In mid 2019 Bell Equipment became a member of the Mining Equipment Manufacturer's Association of South Africa, a lobby group supported by government to advance the local content agenda in the mining sector. Bruce Ndlela, BESSA director of business and public sector development, was appointed as a MEMSA director and, together with DTI representation on the board, has a mandate to represent all South African manufacturers to support the use of locally manufactured equipment in construction and mining.

Following a visit by the DTI to Bell Equipment's Richards Bay factory during 2019 the group has resubmitted product designation applications for its wheeled loaders, tractor loader backhoes and ADTs to the DTI and National Treasury. This is an ongoing process aimed at benefitting all local heavy construction equipment manufacturers.

Bell sales representatives who deal with the public sector once again attended a meeting of the mechanical sub services committee. The 2019 meeting was hosted in White River, Mpumalanga and was particularly successful as EMEs and QSEs that are appointed suppliers for government's RT57 contracts, as administered by National Treasury, were also in attendance. In terms of RT57 contracts, EMEs and QSEs are appointed suppliers for a period of three years effective July 2019.

While 2019 saw a marked decline in government business due to economic pressures, noteworthy equipment sales were concluded with the Department of Transport in the Eastern Cape to the value of R120 million and R50 million to the City of Cape Town to assist with service delivery to communities.

In December 2019 the group concluded a BBBEE transaction which took effect on 1 January 2020 in terms of which BECSA and BESSA are now 51% black owned and aligned with government's economic transformation policies. The BBBEE transaction has improved the BBBEE scorecards of both entities and positioned the group more competitively in the local market.

SHAREHOLDERS, INVESTORS, FINANCIERS AND INSURERS

INTELLECTUAL | SOCIAL AND RELATIONSHIP | ENVIRONMENTAL | FINANCIAL

Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
• To create an informed perception of the group and its activities.	• Group strategy implementation. • Group performance and sustained returns on investment. • Leadership strength and management depth. • Risk management. • Transparent executive remuneration.	• AGM. • IAR and Interim results. • Board and executive management strategy sessions. • SENS announcements. • Media. • Group website including a dedicated investor relations page. • Dividend policy. • Sound corporate governance. • Meetings and ad hoc telephonic engagement, outside of a closed period.

Bell Equipment 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 IAR and its AGM held annually. In line with King IV, engagement with shareholders has improved by providing more and better information, thereby ensuring good governance. The social, ethics and transformation committee of the Bell Equipment Limited board, as detailed in its report incorporated in the IAR, is mandated to report to shareholders at the AGM thereby providing a holistic overview of the group and its activities as a good corporate citizen.

Through SENS announcements the group provided its shareholders with updated information on the impact of the COVID-19 pandemic on the group's operations including the timing of the release of its annual financial results and information on the measures implemented by the group to mitigate some of the pandemic's impact.

An investor relations company is engaged to assist Bell with its annual investor relations programme. This investor relations programme includes presentations to shareholders and interested parties, the arrangement of one on one meetings with shareholders, peer review of share price data, shareholder analyses, index comparisons as well as the compilation of press releases for Bell Equipment.

Engagement with financiers and insurers is equally important to the group and Bell ensures that these stakeholders are kept abreast of sites across geographies. Interactions are through meetings, face to face engagements, cash flow and financial analysis and project updates.

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 which comprise the summarised consolidated statement of financial position as at 31 December 2019, the summarised statement of comprehensive income, summarised statement of changes in equity and summarised 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 2019.

In our opinion, the accompanying 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 the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other Matter

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

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 29 May 2020. 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 the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by *IAS 34, Interim Financial Reporting*.

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

Deloitte & Touche
Registered Auditors
Per: Camilla Howard-Browne CA(SA) RA
Partner
29 May 2020

PO Box 243
Durban 4000
South Africa

Deloitte & Touche
Registered Auditors
Audit & Assurance – KZN
Deloitte Place
2 Pencarrow Cresent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia 4051
Docex 27 Umhlanga

Tel: +27 (0)31 560 7000
Fax: +27 (0)31 560 7351
www.deloitte.com

Summarised consolidated statement of financial position

as at 31 December 2019

	2019 R'000	2018 R'000
ASSETS		
Non-current assets	**1 634 289**	1 344 560
Property, plant and equipment	**910 296**	885 966
Right-of-use assets *	**173 281**	-
Intangible assets	**294 725**	237 964
Investments	**25 790**	23 584
Interest-bearing receivables	**80 220**	69 226
Deferred taxation	**149 977**	127 820
Current assets	**5 397 683**	5 183 673
Inventory	**4 177 461**	3 905 188
Trade and other receivables	**894 671**	868 519
Current portion of interest-bearing receivables	**151 928**	209 781
Prepayments	**29 550**	31 636
Other financial assets	**6 759**	6 757
Current taxation assets	**46 151**	13 347
Cash and bank balances	**91 163**	148 445
TOTAL ASSETS	**7 031 972**	6 528 233
EQUITY AND LIABILITIES		
Capital and reserves	**3 437 916**	3 371 509
Stated capital (note 7)	**232 499**	232 499
Non-distributable reserves	**727 261**	679 411
Retained earnings	**2 474 020**	2 440 926
Attributable to owners of Bell Equipment Limited	**3 433 780**	3 352 836
Non-controlling interest	**4 136**	18 673
Non-current liabilities	**566 864**	606 095
Interest-bearing liabilities	**260 399**	385 044
Lease liabilities *	**110 139**	-
Contract liabilities	**113 329**	118 897
Provisions *	**1 996**	33 324
Deferred taxation	**81 001**	68 830
Current liabilities	**3 027 192**	2 550 629
Trade and other payables	**1 034 349**	1 142 521
Current portion of interest-bearing liabilities	**1 013 305**	750 381
Current portion of lease liabilities *	**100 757**	-
Current portion of contract liabilities	**130 760**	135 243
Current portion of provisions	**73 488**	70 947
Other financial liabilities	**2 347**	10 648
Current taxation liabilities	**6 063**	23 194
Bank overdrafts and borrowings on call	**666 123**	417 695
TOTAL EQUITY AND LIABILITIES	**7 031 972**	6 528 233

* Refer to the adoption of *IFRS 16 Leases* in note 13.

Summarised consolidated statement of profit or loss

for the year ended 31 December 2019

	2019 R'000	2018 R'000
Revenue (note 2)	**7 823 169**	7 534 438
Cost of sales	**(6 363 309)**	(6 049 887)
Gross profit	**1 459 860**	1 484 551
Other operating income	**188 995**	195 514
Expenses *	**(1 418 294)**	(1 226 314)
Profit from operating activities (note 3)	**230 561**	453 751
Interest expense (note 4) *	**(166 157)**	(89 101)
Interest income (note 5)	**54 198**	40 631
Profit before taxation	**118 602**	405 281
Taxation	**(57 647)**	(128 864)
Profit for the year	**60 955**	276 417
Profit for the year attributable to:		
- Owners of Bell Equipment Limited	**75 492**	269 585
- Non-controlling interest	**(14 537)**	6 832
Earnings per share (basic)(cents) (note 6)	**79**	283
Earnings per share (diluted)(cents) (note 6)	**79**	281

* Refer to the adoption of *IFRS 16 Leases* in note 13.

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	2019 R'000	2018 R'000
Profit for the year	**60 955**	276 417
Other comprehensive (loss) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising during the year	**(49 230)**	134 602
Exchange differences on translating foreign operations	**(50 472)**	134 602
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	**1 242**	-
Items that may not be reclassified subsequently to profit or loss:	**16 302**	15 384
Surplus arising on revaluation of properties	**15 536**	-
Taxation relating to revaluation of properties	**(4 229)**	-
Fair value gain on investments designated as at fair value through other comprehensive income *	**4 995**	15 384
Other comprehensive (loss) income for the year, net of taxation	**(32 928)**	149 986
Total comprehensive income for the year	**28 027**	426 403
Total comprehensive income (loss) attributable to:		
- Owners of Bell Equipment Limited	**42 564**	419 571
- Non-controlling interest	**(14 537)**	6 832

* There were no corresponding tax implications on fair value gain on investments designated as at fair value through other comprehensive income.

Summarised consolidated statement of changes in equity

for the year ended 31 December 2019

	Attributable to owners of Bell Equipment Limited					
	Stated capital R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total capital and reserves R'000
Balance at 31 December 2017	232 244	530 281	2 214 236	2 976 761	11 841	2 988 602
Total comprehensive income attributable to owners of Bell Equipment Limited	-	149 986	269 585	419 571	-	419 571
Total comprehensive income attributable to non-controlling interest	-	-	-	-	6 832	6 832
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
Total comprehensive (loss) income attributable to owners of Bell Equipment Limited	**-**	**(32 928)**	**75 492**	**42 564**	**-**	**42 564**
Total comprehensive loss attributable to non-controlling interest	**-**	**-**	**-**	**-**	**(14 537)**	**(14 537)**
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	**-**	**(418)**	**418**	**-**	**-**	**-**
Decrease in statutory reserves of foreign subsidiaries	**-**	**(219)**	**219**	**-**	**-**	**-**
Decrease in equity-settled employee benefits reserve	**-**	**(901)**	**-**	**(901)**	**-**	**(901)**
Share-based payment relating to BBBEE ownership transaction	**-**	**82 316**	**-**	**82 316**	**-**	**82 316**
Dividends paid	**-**	**-**	**(43 035)**	**(43 035)**	**-**	**(43 035)**
Balance at 31 December 2019	**232 499**	**727 261**	**2 474 020**	**3 433 780**	**4 136**	**3 437 916**

Summarised consolidated statement of cash flows

for the year ended 31 December 2019

	2019 R'000	2018 R'000
Cash generated from operations before working capital changes	**618 958**	657 730
Cash utilised in working capital	**(673 815)**	(767 720)
Cash utilised in operations	**(54 857)**	(109 990)
Interest paid	**(152 469)**	(75 701)
Interest received	**57 708**	45 916
Taxation paid	**(122 851)**	(182 945)
Net cash utilised in operating activities	**(272 469)**	(322 720)
Purchase of property, plant and equipment and intangible assets	**(182 025)**	(265 933)
Proceeds on disposal of property, plant and equipment and intangible assets	**34 330**	7 600
Purchase of listed investments	**(667)**	(7 560)
Proceeds on disposal of listed investments	**2 415**	-
Interest-bearing receivables repaid	**25 035**	-
Interest-bearing receivables advanced	**(13 438)**	(22 474)
Net cash utilised in investing activities	**(134 350)**	(288 367)
Interest-bearing liabilities raised	**1 271 977**	1 359 836
Interest-bearing liabilities repaid	**(1 049 096)**	(720 262)
Lease liabilities repaid *	**(78 737)**	-
Proceeds from share options exercised	**-**	255
Dividends paid	**(43 035)**	(42 895)
Net cash generated from financing activities	**101 109**	596 934
Net decrease in cash for the year	**(305 710)**	(14 153)
Net bank overdrafts and borrowings on call at beginning of the year	**(269 250)**	(255 097)
Net bank overdrafts and borrowings on call at end of the year	**(574 960)**	(269 250)
Comprising:		
Cash and bank balances	**91 163**	148 445
Bank overdrafts and borrowings on call	**(666 123)**	(417 695)
Net bank overdrafts and borrowings on call at end of the year	**(574 960)**	(269 250)

* Refer to the adoption of *IFRS 16 Leases* in note 13.

Notes to the summarised consolidated results

for the year ended 31 December 2019

1. BASIS OF PREPARATION

The recognition and measurement criteria applied in the preparation of these summarised consolidated financial statements are in terms of International Financial Reporting Standards (IFRS). The same accounting policies and methods of computation are followed in the summarised consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the adoption of *IFRS 16 Leases* which became effective 1 January 2019. The presentations and disclosures in these summarised consolidated financial statements are in terms of *IAS 34 Interim Financial Reporting*.

The adoption of *IFRS 16 Leases* had a significant impact on the results in the summarised consolidated financial statements and the disclosures herein. Refer to note 13 for details on the adoption of *IFRS 16 Leases*.

The summarised consolidated financial statements are prepared in accordance with the requirements of the Companies Act in South Africa. The summarised consolidated financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS. The Listings Requirements require summarised reports to be prepared in accordance with and containing the information required by *IAS 34 Interim Financial Reporting*, as well as Financial Pronouncements as issued by the Financial Reporting Standards Council. The preparation of this summarised report and consolidated financial statements from which these results are summarised was supervised by the Group Finance Director, KJ van Haght CA(SA).

The summarised consolidated financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the summarised consolidated financial statements.

2. REVENUE

The group derives its revenue from the sale of equipment and aftermarket products, which includes the sale of parts, service income, extended warranty and rental income.

This disaggregation is consistent with the external revenue information that is disclosed for each reportable segment (refer to note 9) and the information that is provided to the group's chief operating decision maker on a regular basis.

Disaggregation of revenue

	Manufacturing, assembly, logistics and dealer sales operations		Direct Sales operations		
	South Africa R'000	Europe R'000	South Africa R'000	Rest of Africa R'000	Total Revenue R'000
December 2019					
Revenue					
Sale of equipment	**996 473**	**2 474 189**	**2 012 386**	**186 549**	**5 669 597**
Sale of parts	**310 449**	**275 779**	**766 435**	**167 427**	**1 520 090**
Service income	**52 207**	**86 619**	**205 948**	**26 947**	**371 721**
Extended warranty	**82 437**	**677**	**-**	**-**	**83 114**
Rental income	**-**	**8 968**	**168 303**	**1 376**	**178 647**
Total revenue	**1 441 566**	**2 846 232**	**3 153 072**	**382 299**	**7 823 169**
December 2018 *					
Revenue					
Sale of equipment	773 001	2 095 315	2 238 356	351 388	5 458 060
Sale of parts	237 534	266 927	723 860	288 502	1 516 823
Service income	58 142	78 864	189 624	32 625	359 255
Extended warranty	67 362	1 283	-	-	68 645
Rental income	-	6 618	124 476	561	131 655
Total revenue	1 136 039	2 449 007	3 276 316	673 076	7 534 438

* In the current year the group restated the operating segment information and the revenue information was restated accordingly. Refer to the restatements disclosed in note 9.

The transfer of goods and services occurs over time and at a point in time as reflected below.

	2019 R'000	2018 R'000
Timing of revenue recognition		
At a point in time		
Sale of equipment	**5 669 597**	5 458 060
Sale of parts	**1 520 090**	1 516 823
Service income	**371 721**	359 255
Total	**7 561 408**	7 334 138
Over time		
Extended warranty	**83 114**	68 645
Rental income	**178 647**	131 655
Total	**261 761**	200 300
Total revenue	**7 823 169**	7 534 438

3. PROFIT FROM OPERATING ACTIVITIES

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

	2019 R'000	2018 R'000
Income		
Currency exchange gains (i)	**145 646**	149 634
Decrease in allowance for expected credit losses (refer to note 15)	**10 490**	-
The Automotive Production Development Programme - production incentives	**117 171**	120 418
Net surplus on disposal of property, plant and equipment and intangible assets	**1 544**	5 716
Expenditure		
Amortisation of intangible assets	**27 644**	26 072
Amounts written off as credit impaired	**22 675**	1 535
Auditors' remuneration - audit and other services	**12 651**	11 254
BBBEE share-based payment charges	**82 317**	-
Consulting fees	**35 275**	24 931
Currency exchange losses (i)	**133 033**	277 014
Depreciation of property, plant and equipment	**133 893**	119 776
Depreciation of right-of-use assets	**74 853**	-
Increase in allowance for expected credit losses (refer to note 15)	**-**	6 176
Increase in contract provision - warranty	**13 120**	5 741
Lease expenses (ii)	**18 467**	101 862
Research expenses (excluding staff costs)	**34 433**	43 364
Staff costs (including directors' remuneration and severance pay)	**1 435 694**	1 333 783

(i) Net currency exchange losses in the prior year included the devaluation of R63,6 million in the Zimbabwean bank balances.
(ii) Included in lease expenses are amounts for short-term leases and leases of low value assets.

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

4. INTEREST EXPENSE

	2019 R'000	2018 R'000
Interest expense consists of the following:		
Interest expense on bank overdrafts and loans	**41 364**	15 391
Interest expense on collateralised borrowings	**25 877**	18 260
Interest expense on lease liabilities *	**21 748**	-
Interest expense on Industrial Development Corporation (IDC) of South Africa working capital facility	**61 594**	34 213
Other interest expenses	**15 574**	21 237
Total interest expense	**166 157**	89 101

* Refer to the adoption of *IFRS 16 Leases* in note 13.

5. INTEREST INCOME

	2019 R'000	2018 R'000
Interest income consists of the following:		
Interest income from service contracts	**5 602**	1 795
Interest income from extended warranty contracts	**18 167**	14 606
Interest income from finance lease receivables	**3 121**	4 197
Interest income from instalment sale agreements	**18 122**	12 048
Interest income from financial institutions	**4 519**	4 755
Other interest income	**4 667**	3 230
Total interest income	**54 198**	40 631

6. EARNINGS PER SHARE

		2019	2018
Basic earnings per share is arrived at as follows:			
Profit for the year attributable to owners of Bell Equipment Limited	(R'000)	**75 492**	269 585
Weighted average number of ordinary shares in issue during the period	('000)	**95 629**	95 403
Earnings per share (basic)	(cents)	**79**	283
Diluted earnings per share is arrived at as follows:			
Profit for the year attributable to owners of Bell Equipment Limited	(R'000)	**75 492**	269 585
Fully converted weighted average number of shares *	('000)	**95 629**	95 778
Earnings per share (diluted)	(cents)	**79**	281

* 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 equity-settled employee share option plan. There was no dilutive impact in the current year as the market price was below the option price.

		2019	2018
Headline earnings per share is arrived at as follows:			
Profit for the year attributable to owners of Bell Equipment Limited	(R'000)	**75 492**	269 585
Net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	**(1 544)**	(5 716)
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	**389**	1 512
Impairment loss recognised on revaluation of buildings	(R'000)	**1 085**	-
Taxation effect of impairment loss recognised on revaluation of buildings	(R'000)	**(380)**	-
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operation	(R'000)	**1 242**	-
Headline earnings	(R'000)	**76 284**	265 381
Weighted average number of ordinary shares in issue during the period	('000)	**95 629**	95 403
Headline earnings per share (basic)	(cents)	**80**	278
Diluted headline earnings per share is arrived at as follows:			
Headline earnings calculated above	(R'000)	**76 284**	265 381
Fully converted weighted average number of shares	('000)	**95 629**	95 778
Headline earnings per share (diluted)	(cents)	**80**	277
Net asset value per share is arrived at as follows:			
Total capital and reserves	(R'000)	**3 437 916**	3 371 509
Number of shares in issue	('000)	**95 629**	95 629
Net asset value per share	(cents)	**3 595**	3 526

7. STATED CAPITAL

	2019 R'000	2018 R'000
Authorised		
100 000 000 (2018: 100 000 000) ordinary shares of no par value		
Issued		
95 629 385 (2018: 95 629 385) ordinary shares of no par value	**232 499**	232 499

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

8. CAPITAL EXPENDITURE COMMITMENTS

	2019 R'000	2018 R'000
Contracted	**13 148**	45 393
Authorised, but not contracted	**60 830**	126 973
Total capital expenditure commitments	**73 978**	172 366

This capital expenditure is to be financed from internal resources and new long-term facilities. The amounts are expected to be spent over two years.

Commitments pertaining to the construction of the manufacturing plant in Germany, which was completed during the first half of 2019, were included in the prior period.

Subsequent to year-end, all capital expenditure has been halted and any expenditure critical to maintain ongoing operations will be considered on a case by case basis.

9. SUMMARISED SEGMENTAL ANALYSIS

Information regarding the group's reportable segments is presented below in a manner consistent with information reported to the group's chief operating decision maker for purposes of resource allocation and assessment of segment performance.

The group conducts two main business operations:

Manufacturing, assembly, logistics and dealer sales operations
- OEM operations comprising manufacturing, assembly and sales of equipment and aftermarket products to independent dealers for their distribution to market.

Direct Sales operations
- owned distribution operations for direct sales of own OE products, other third party partner products and the supply of aftermarket support and products to market.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Each reportable segment, except for the other operations and inter-segmental eliminations segment, derives its revenue from the sale of equipment and aftermarket products.

	External Revenue R'000	Inter-segment Revenue R'000	Total Revenue R'000	Operating profit (loss) R'000	Assets R'000	Liabilities R'000
December 2019						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa	**1 441 566**	**4 097 807**	**5 539 373**	**112 547**	**4 418 725**	**2 529 257**
Europe	**2 846 232**	**205 008**	**3 051 240**	**82 799**	**1 910 843**	**1 377 144**
Direct Sales operations						
South Africa	**3 153 072**	**13 806**	**3 166 878**	**27 217**	**2 002 923**	**1 892 444**
Rest of Africa	**382 299**	**4 630**	**386 929**	**48 633**	**294 794**	**271 637**
Other operations and inter-segmental eliminations *	**-**	**(4 321 251)**	**(4 321 251)**	**(40 635)**	**(1 595 313)**	**(2 476 426)**
Total	**7 823 169**	**-**	**7 823 169**	**230 561**	**7 031 972**	**3 594 056**
December 2018 (restated) **						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa	1 136 039	4 115 629	5 251 668	326 658	3 992 195	2 059 284
Europe	2 449 007	111 932	2 560 939	73 235	1 865 516	1 360 039
Direct Sales operations						
South Africa	3 276 316	21 216	3 297 532	115 895	1 736 469	1 573 991
Rest of Africa	673 076	-	673 076	(25 716)	352 101	358 486
Other operations and inter-segmental eliminations *	-	(4 248 777)	(4 248 777)	(36 321)	(1 418 048)	(2 195 076)
Total	7 534 438	-	7 534 438	453 751	6 528 233	3 156 724

Information about major customers
Included in the manufacturing, assembly, logistics and dealer sales operations segment, in South Africa and Europe, are sales to a specific distributor in the United States of America which represent more than 10% of the group's external revenue. No other single customer contributed 10% or more to the group's revenue in either 2019 or 2018.

* Inter-segmental eliminations above relate to the following:
i) Revenue - the elimination of intra-group sales transactions, mainly sales from the manufacturing, assembly, logistics and dealer sales operations, to other group operations.
ii) Operating profit (loss) - the elimination of profit (loss) on intra-group transactions, mainly sales transactions from the manufacturing, assembly, logistics and dealer sales operations to the other group operations, where the inventory has not yet been on-sold to a third party at period end.
iii) 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 restatements as disclosed in this note below.

Restatement of prior period operating segments
In the current year, the group's segment information has been restated into the following segments:

Manufacturing, assembly, logistics and dealer sales operations
- South Africa
- Europe

Direct Sales operations
- South Africa
- Rest of Africa

Other operations

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

9. SUMMARISED SEGMENTAL ANALYSIS CONTINUED

Sales to all independent dealers take place from the OEM operations in South Africa and Germany and these operations are measured on their performance in respect of these transactions. Consequently, in the current period the group restated all transactions and balances from the North American operation to the manufacturing, assembly, logistics and dealer sales operations in South Africa and Europe. Previously, transactions and balances pertaining to the North American region were reported to the group's chief operating decision maker under the North American operation, but this was inconsistent with the treatment of sales to other independent dealers. The operating segment information for the previous period has been restated accordingly. The inter-segmental eliminations were also restated.

The manufacturing, assembly, logistics and dealer sales operations comprise operations in South Africa and Europe:
- South Africa includes the group's main manufacturing operation in Richards Bay and the group's global parts logistics centre in Johannesburg. The main function of these operations is to manufacture and distribute product to the rest of the group and to independent dealers in North America, Africa, South America and Australasia.
- Europe includes dealer support operations in the United Kingdom, France, Russia and Germany as well as an assembly plant and a parts logistics centre in Germany which distribute product to independent dealers in North America, Europe and Asia.

The Direct Sales operations comprise South Africa and Rest of Africa:
- South Africa includes a number of customer service centres in South Africa, Swaziland and Namibia.
- Rest of Africa includes customer service centres in Zambia and Zimbabwe.

Other operations include the results of the group's holding companies, intra-group loan investment companies, property investment company and BBBEE company and trust.

The effect of these restatements is presented below.

	Total Revenue R'000	Operating profit (loss) R'000	Assets R'000	Liabilities R'000
December 2018				
As previously reported				
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**
Adjustment				
South African manufacturing and logistics operation	96 439	18 695	115 022	36 116
European operation	151 617	-	168	(743)
North American operation	(995 002)	(18 695)	(115 190)	(35 373)
All other operations	-	42 124	(2 082 949)	(49 596)
Inter-segmental eliminations	746 946	(42 124)	2 082 949	49 596
Total	-	-	-	-
Restated				
Manufacturing, assembly, logistics and dealer sales operations				
South Africa	5 251 668	326 658	3 992 195	2 059 284
Europe	2 560 939	73 235	1 865 516	1 360 039
Direct Sales operations				
South Africa	3 297 532	115 895	1 736 469	1 573 991
Rest of Africa	673 076	(25 716)	352 101	358 486
Other operations and inter-segmental eliminations	(4 248 777)	(36 321)	(1 418 048)	(2 195 076)
Total	7 534 438	453 751	6 528 233	3 156 724

10. CONTINGENT LIABILITIES

10.1 Financial guarantee contracts

WesBank - credit risk

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.

	2019 R'000	2018 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	**222 332**	264 235
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	**2 109**	2 208
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	**277 442**	323 892
	(53 001)	(57 449)
Less: allowance for expected credit losses against cash collateral	**(2 046)**	-
Net contingent liability	**-**	-

The group's credit backing enables the customer to obtain funding from WesBank, 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 and forward looking information to measure expected credit losses on a portfolio basis. The inputs and indicators taken into account when measuring the expected credit losses are the same as described in note 15.

The historical loss rate on Bell-backed and shared-risk transactions was insignificant in both the current and prior periods and therefore no allowance for expected credit losses on a portfolio basis was considered necessary.

10.2 Third party warranties and indemnities

	2019 R'000	2018 R'000
Warranties and indemnities limited to USD3 million have been provided relating to the sale of assets of the DRC operation.	**42 023**	43 109

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

11. RELATED PARTY TRANSACTIONS

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

	2019 R'000	2018 R'000
Shareholders		
John Deere Construction and Forestry Company		
• sales	**20 075**	20 298
• purchases	**507 721**	511 298
• amounts owing to as part of trade and other payables	**68 899**	57 724
• amounts owing by as part of trade and other receivables	**3 834**	4 476
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	**-**	52 330
Matriarch Equipment Close Corporation		
• purchases	**59**	24 164
Latin Equipment Group		
• sales	**22 368**	17 088

12. 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
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 trade and other receivables and cash and bank balances approximates their fair value due to the short-term nature of these instruments. The carrying amount of interest-bearing receivables approximates their fair value owing to the market related interest rates charged on these agreements.

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 trade and other payables and bank overdrafts and borrowings on call approximates their fair value due to the short-term nature of these instruments. The carrying amount of interest-bearing liabilities approximates their fair value owing to the market related interest rates on these instruments.

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.

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).

For its unlisted investment (Level 3), 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 unlisted 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 1,99 (December 2018: 1,81) applied to the estimated net asset value of the entity as at 31 December 2019. The price to book ratio of 1,99 (December 2018: 1,81) represents an average of observable price to book ratios of a number of entities within the heavy equipment industry. The price to book ratios were obtained from a reputable market database.

For a 10% increase in the price to book ratio, there would have been a 10% increase in the fair value of the investment.

The fair value gain of R6,9 million (December 2018: R16,0 million) was accounted for in other comprehensive income. A reconciliation of this investment is presented below:

Unlisted equity investment	**2019 R'000**	2018 R'000
Opening balance	**16 661**	574
Translation difference	**(919)**	66
Fair value gains recognised in other comprehensive income	**6 856**	16 021
Closing balance	**22 598**	16 661

There was no change in the valuation techniques for forward foreign exchange contracts (Level 2), listed investments (Level 1) and unlisted investments (Level 3).

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

13. ADOPTION OF IFRS 16 LEASES

The group adopted *IFRS 16 Leases* from 1 January 2019.

Impact on the group as a lessee

Operating leases
Previously under IAS 17, lease expenses from operating leases were straight-lined over the lease term and included in lease expenses in the statement of profit or loss. Leases were classified as operating or finance leases based on an assessment of whether the lease transferred substantially all of the risks and rewards of ownership. There is no longer a distinction between an operating and a finance lease.

In terms of IFRS 16, where the group is the lessee, the group is required to recognise assets and liabilities for all leases which are not short-term in nature and where the assets are not of low value.

Leases previously classified as operating leases under IAS 17, which were expensed on a straight-line basis, are now recognised in the statement of financial position as right-of-use assets and lease liabilities.

The impact on the group's statement of profit or loss was a decrease in operating lease expenses and an increase in the group's depreciation expense and interest expense. In the group's statement of cash flows, cash inflows from operations has increased and cash outflows from financing activities has increased. The group derecognised its lease escalation provision of R41,1 million, against the right-of-use assets at transition date. This amount was included in provisions and lease escalation on the statement of financial position at 31 December 2018.

Finance leases
There was no significant change to leases previously classified as finance leases under IAS 17.

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

13. ADOPTION OF IFRS 16 LEASES CONTINUED

Impact on the group as a lessor
The requirements for the group as a lessor were substantially unchanged.

Sale and leaseback transactions
There was no significant change to existing sale and leaseback transactions entered into before 1 January 2019.

Transition approach
The group applied the modified approach as permitted under the specific transitional provisions in the standard and this resulted in no retrospective effect on retained earnings and comparatives for the 2018 reporting period were not restated. At the date of adoption the group elected to recognise the right-of-use asset at an amount equal to the lease liability. The lease escalation provision as at 31 December 2018 was derecognised against the right-of-use assets at transition date. The reclassifications and the adjustments arising from the new leasing rules were recognised in the opening statement of financial position on 1 January 2019.

During the group's interim reporting period the right-of-use assets were split between a non-current and current portion and presented in the statement of financial position on that basis. This was subsequently revised and at year-end the right-of-use assets were presented in the statement of financial position as non-current assets only which is in accordance with *IFRS 16 Leases*.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10,87% per annum. In the group's interim results the weighted average lessee's incremental borrowing rate was disclosed as 14,69% per annum which was subsequently revised following further assessments performed on the incremental borrowing rates within the group's operations.

The group applied the following practical expedients with the adoption of IFRS 16 as allowed by the standard:
- the group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and accordingly the group has not recognised right-of-use assets and liabilities for these leases. The costs associated with these leases are included in lease expenses as disclosed in note 3.
- where relevant the group used hindsight to determine the lease term where the contract contains options to extend or terminate. In determining the lease term, the group considered the contractual non-cancellable period of the contract taking into account any unilaterally enforceable renewal options.
- for leases of vehicles where the group is the lessee, the group elected not to separate the non-lease components and accounted for the lease and non-lease components as a single lease component.
- the group elected not to reassess whether a contract is or contains a lease at the initial application of the standard. Accordingly, leases entered into before 1 January 2019 which were classified as leases under IAS 17, were classified as leases under IFRS 16. The group relied on its assessment made in applying IAS 17 *Leases* and *IFRIC 4 Determining whether an Arrangement contains a Lease* for contracts entered into before the transition date.
- the group used a single discount rate for a portfolio of leases with reasonably similar characteristics.
- initial direct costs were excluded from the measurement of the right-of-use asset at initial application.

The effects of the initial application of the provisions of IFRS 16 on the summarised consolidated financial statements are presented below:

	R'000
Lease liability recognised as at 1 January 2019:	**229 161**

The recognised right-of-use assets relate to the following asset classes:

	Right-of-use Assets before Lease Escalation as at 1 January 2019 R'000	Less: Lease Escalation Provision as at 31 December 2018 derecognised against right-of-use assets at transition date R'000	Right-of-use Assets after Lease Escalation as at 1 January 2019 R'000	Carrying value of Right-of-use Assets as at 31 December 2019 R'000
Land and buildings	203 799	(40 737)	163 062	124 450
Plant and equipment	8 551	-	8 551	9 399
Vehicles	16 811	-	16 811	39 432
Total right-of-use assets	**229 161**	**(40 737)**	**188 424**	**173 281**

Additions to the right-of-use assets in the reporting period relate to the following asset classes:

	R'000
Land and buildings	17 400
Plant and equipment	3 861
Vehicles	38 901
Total additions	**60 162**

The right-of-use assets recognised on 1 January 2019 relate to the following reportable segments:

	R'000
Manufacturing, assembly, logistics and dealer sales operations	
South Africa	44 875
Europe	30 278
Direct Sales operations	
South Africa	113 271
Total	**188 424**

A reconciliation of the operating lease commitments disclosed as at 31 December 2018 discounted using the incremental borrowing rate at 1 January 2019 to the lease liability recognised on 1 January 2019 is disclosed below:

	R'000
Operating lease commitments disclosed as at 31 December 2018	320 216
Discounted using the incremental borrowing rate at 1 January 2019	242 272
Less: IFRS 16 exemptions including low values assets and short-term leases	(14 055)
Add: adjustments as a result of different treatment of extension and termination options	944
Lease liabilities recognised as at 1 January 2019	**229 161**
Of which are:	
Current lease liabilities	76 889
Non-current lease liabilities	152 272
	229 161

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

13. ADOPTION OF IFRS 16 LEASES CONTINUED

	R'000
Lease liabilities as at 31 December 2019:	210 896
Of which are:	
Current lease liabilities	100 757
Non-current lease liabilities	110 139

Below sets out the contractual maturities of lease liabilities as at 31 December 2019:

	R'000
Less than 1 year	105 838
Between 1 and 2 years	59 834
Between 2 and 3 years	26 790
Between 3 and 4 years	15 709
Between 4 and 5 years	13 599
Over 5 years	40 438
Total contractual cash flows	**262 208**

In relation to those leases under IFRS 16, the group has recognised depreciation and interest expenses, instead of lease expenses. As a result of applying IFRS 16, the group has recognised the following during the reporting period:

	R'000
Depreciation of right-of-use assets as part of expenses	
• Land and buildings	55 975
• Plant and equipment	2 945
• Vehicles	15 933
Interest expense on lease liabilities as part of interest expense	21 748
Lease expenses not included in measurement of lease liabilities as part of expenses	18 467

14. CORRECTION OF PRIOR PERIOD DISCLOSURE ERROR

During 2018 the group adopted *IFRS 15 Revenue from Contracts with Customers* for the first time and changed its accounting for revenue from transport services (from an agent to a principal basis). Transport costs are now reflected in cost of sales and recoveries from customers are reflected in revenue. Previously, transport costs and recoveries from customers were netted off in cost of sales and expenses. The group restated its consolidated statement of profit or loss for 2017 and reclassified an amount of R57,7 million to revenue as a result of this. The adjustment was identified as a change in accounting policy relating to the adoption of IFRS 15.

However, during the JSE's thematic review of the group's December 2018 results, it was identified that the above reclassification should have been identified as a prior period error instead as the assessment of agent versus principal was not previously correct. It was incorrectly identified and disclosed as a change in accounting policy in the December 2018 financial statements. The numbers provided in the December 2018 financial statements were, however, correct.

The 2017 restatement in the group's consolidated statement of profit and loss, which should have been labelled as an error and not as a change in accounting policy, related to the following line items:

	Twelve months ended 31 December 2017 R'000
Revenue	57 677
Cost of sales	(90 696)
Distribution costs	12 946
Factory operating expenses	20 073

15. CREDIT RISK DISCLOSURES AND THEMATIC REVIEW BY THE JSE

During the JSE's thematic review of the group's December 2018 results, it was identified that the financial statements omitted certain credit risk disclosures, credit rating disclosures and disclosures particularly around specific receivable balances that were identified as a key audit matter by the group's auditor.

In the December 2018 results the auditor's report identified the recoverability of trade and long-term receivables in Bell Equipment Sales South Africa Limited (BESSA) as a key audit matter. The group omitted to identify these receivable balances as a credit concentration risk and did not provide specific disclosures on the inputs, assumptions and estimation techniques used relating to the valuation of these receivable balances.

Credit risk and credit rating disclosures for the group and an update on receivable balances in BESSA are presented below. The group's internal credit risk rating grades are based on the historic performance of financial assets and are categorised into fully performing receivables and past due receivables. Fully performing receivables are those customers that are within credit terms. Past due receivables are customers which have exceeded their credit terms and have failed to fulfil their obligations when they became due.

	BESSA		**GROUP (including BESSA)**	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Finance leases *				
Fully performing receivables	17 212	42 573	17 212	50 712
Gross	17 212	42 573	17 212	50 712
Less: allowance for expected credit losses	-	-	-	-
Past due receivables	-	-	-	-
Gross	-	-	-	-
Less: allowance for expected credit losses	-	-	-	-
Balance at end of the period	**17 212**	**42 573**	**17 212**	**50 712**

* Included in interest-bearing receivables on the statement of financial position.

The average credit period on the above finance leases receivable balances is 28 months. The finance leases are largely secured by the financed equipment.

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

15. CREDIT RISK DISCLOSURES AND THEMATIC REVIEW BY THE JSE CONTINUED

	BESSA		GROUP (including BESSA)	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Instalment sale agreements *				
Fully performing receivables	107 503	108 749	107 503	108 749
Gross	107 503	108 749	107 503	108 749
Less: allowance for expected credit losses	-	-	-	-
Past due receivables	4 549	2 856	4 549	2 856
Gross	4 549	2 856	4 549	2 856
Less: allowance for expected credit losses	-	-	-	-
Balance at end of the period	**112 052**	**111 605**	**112 052**	**111 605**

* Included in interest-bearing receivables on the statement of financial position.

The average credit period on the above instalment sale receivable balances is 12 to 24 months. The instalment sale agreements are largely secured by the financed equipment.

	BESSA		GROUP (including BESSA)	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Trade receivables **				
Fully performing trade receivables	129 322	126 480	587 854	585 875
Gross	129 322	126 480	587 895	585 879
Less: allowance for expected credit losses	-	-	(41)	(4)
Past due trade receivables	14 636	24 029	99 236	26 345
Gross	34 122	44 015	158 291	96 576
Less: allowance for expected credit losses	(19 486)	(19 986)	(59 055)	(70 231)
Balance at end of the period	**143 958**	**150 509**	**687 090**	**612 220**

** Included in trade and other receivables on the statement of financial position.

The average credit period on the above trade receivable balances is 30 days.

Movement in the allowance for expected credit losses on finance leases, instalment sale agreements and trade receivables

	BESSA		GROUP (including BESSA)	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Balance at beginning of the year	19 986	4 376	70 235	59 221
Translation differences	-	-	(649)	4 838
Net (decrease) increase in allowance for expected credit losses	(500)	15 610	(10 490)	6 176
Amounts considered credit-impaired and written off	(15 924)	(956)	(22 675)	(1 535)
Increase in allowance for expected credit losses, based on lifetime expected credit losses	20 219	16 566	20 382	21 166
Decrease in allowance due to cash flows from past due receivables	(4 795)	-	(8 231)	(13 458)
Increase in allowance on fully performing receivables, based on lifetime expected credit losses	-	-	34	3
Balance at end of the year ***	**19 486**	**19 986**	**59 096**	**70 235**

*** Excluding allowance for expected credit loss against cash collateral on financial guarantee contracts (refer to note 10).

In assessing the recoverability of trade receivable balances, the simplified approach was applied to the specific and general allowances as described below, as there is no significant financing component in the revenue transactions associated with these balances. Under the simplified approach the expected credit loss allowance is measured at an amount equal to lifetime expected credit losses. The impact of the time value of money on the allowance for expected credit losses was considered to be insignificant as the majority of trade receivable balances are current.

The assessment of allowances for expected credit losses on customer balances is dependent on estimates and assumptions regarding past dues, repossession rates and the recovery rate on underlying collateral.

Assumptions are also made concerning the future, as described below, and these may cause a material adjustment to the carrying amounts of the assets within the next financial year.

The group measures the allowance for expected credit losses as follows:

a) Specific allowance
The group reviews each customer balance to assess it for a specific allowance. In instances where customers have exceeded approved credit terms, where the customer is in default with no specific arrangement to rectify the position by entering into a repayment plan with the group, where the terms of a repayment plan have not been complied with and where there are other indicators that the customer is unlikely to pay, such as where a customer has gone into business rescue, the group assesses the financial condition of the customer and the value of the underlying securities. In its assessment, the group uses forward-looking information as well as macroeconomic information in the determination of expected credit losses.

In considering the customer's ability to pay, the group considers the customer's ability to use the asset to generate revenue and cash. Industry factors that could potentially impact the customer's ability to generate revenue and cash are also factored in. The following specific factors, inputs, assumptions, macroeconomic and forward-looking information were used to assess the recoverability of trade receivables:
- anticipated future revenue generating contracts
- anticipated funding arrangements the customer has with financial institutions or government
- the market sector the equipment operates in
- the customer's experience on similar contracts
- the customer's cash flow projections. In considering the customer's cash flow projections, an analysis of the assumptions and values used by the customer in determining the cash flows is done. Industry factors that could potentially affect the customer's anticipated future cash flows are also considered
- other macroeconomic factors such as unemployment rates, potential labour strikes, political and community unrests with regards to the mining or construction sites where the equipment is used
- in respect of customers operating in the mining industry, the group considered commodity prices, the stability of mining operations and the consistency of production volumes at the mine site at which the customer operates
- security provided by the customer including personal guarantees and cessions of other unencumbered moveable assets owned by the customer
- past payment history

In determining the allowance for expected credit losses, the group also considered estimations of the value of any security, in the form of the financed equipment, the estimated costs of preparing the equipment for re-sale and the group's ability to repossess the equipment.

b) General allowance
For receivable balances where no specific allowance was raised, a collective assessment is made. Expected credit losses are calculated by fragmenting trade receivables into shared risk characteristics such as geographical area (by country), collateral type and transaction type (equipment versus parts and services) and applying a historical loss ratio to the outstanding balance per fragment at each period end. Determining the categories used in fragmentation that reflect the risks of default and loss, requires judgement.

Actual historical losses, which take any collateral into account, are tracked per fragment and the loss ratio is calculated as a percentage of fragmented revenue over a rolling 24 month period and is used to forecast future losses. Where significant, adjustments are made for current and forecast conditions such as unemployment rates and commodity prices.
The expected credit loss rate for the group's receivables are detailed below:

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2019

15. CREDIT RISK DISCLOSURES AND THEMATIC REVIEW BY THE JSE CONTINUED

	South Africa	Europe	Rest of Africa
Finance leases and instalment sale agreements			
• equipment	< 1%	< 1%	< 1%
• parts and services	< 1%	< 1%	< 1%
Trade receivables			
• equipment	< 1%	< 1%	< 1%
• parts and services	< 1%	< 1%	1% - 2%

There has been no change in the approach or techniques used by the group during the current reporting period in assessing the allowance for expected credit losses.

16. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

The information in respect of directors' and prescribed officers' remuneration is included in the Remuneration Committee Report on page 59.

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 60.

17. POST FINANCIAL POSITION EVENTS

17.1 COVID-19
The events arising as a result of interventions in response to the COVID-19 pandemic only occurred after the reporting date and therefore the group considers this to be a non-adjusting post balance sheet event and accordingly the financial effects resulting from the impact of COVID-19 have not been reflected in the group's financial statements at 31 December 2019.

At the date of this report, there is still widespread global uncertainty associated with the COVID-19 pandemic. We are closely monitoring the situation and adapting the business to mitigate some of the impact as the situation develops. The safety and wellbeing of our employees is paramount and will remain our first priority.

The outbreak of COVID-19, together with the impact of individual countries responses to it, has disrupted the group's operations in a number of markets around the world and has the potential for further significantly impacting the operating results of the group in future. The nationwide lockdown implemented in South Africa resulted in the closure of the majority of our South African sales outlets, as well as our Richards Bay factory for a five-week period, causing disruption to the inbound and outbound supply chain as well as to production. This, together with various restrictions in other countries, has already resulted in lower sales and profit than expected in the month of April and to a lesser extent in May 2020, particularly in the group's South African operation, and this will negatively impact cash inflows in coming months. Whilst the group has responded by reducing planned production capacity and volumes and expects a reduction in sales and profit in 2020 as a result of the outbreak, we have so far seen delays but no significant cancellation of customer orders at the date of this report.

The group has commenced with cost reduction initiatives, including the implementation of 20% short time across all group operations starting in May 2020 for an initial three-month period, the group executive committee has committed to a 25% salary reduction for the corresponding period and the non-executive directors of the company have committed to a 30% reduction in their meeting fees for a six month period. The capital expenditure budget has been significantly reduced and any non-essential expenditure has been halted. We are working with management in all group operations to support financial liquidity by preserving cash during this period of uncertainty. The group has benefited from extended payment terms negotiated with certain of the larger component and machine suppliers. The group is working closely with suppliers on contingency planning for continuous supply. Management is also engaging with the group's funders and government to keep them apprised of the group's results, liquidity, business and contingency plans for this challenging period and they continue to support the group. At the date of this report the group has approximately R700 million in available undrawn bank facilities, on which commitment fees are paid, and cash. With the exception of the IDC, the majority of these undrawn facilities are short-term general banking facilities, repayable on demand, with no required financial ratios covenants clauses. Refer to note 37.2 of these financial statements.

The reduction in sales outlook which was identified in the last quarter of 2019 led to a significant cut in the production plan for 2020 and the company is selling from existing inventory levels. Consequently liquidity is starting to improve. There has been no significant change in the liquidity of the group since the lockdown was imposed in South Africa at the end of March. The group is still carrying excess component and finished goods inventory and this will assist in maintaining production and sales operations in coming months and the group intends drawing on this and liquidating excess inventory over the next 12 months. South Africa moved to Level 4 in the government's risk adjusted strategy from 1 May 2020 and production is operating at the Richards Bay factory at approximately 60% of the 2019 production level. Exports of machines to customers and kits from South Africa to the group's facility in Germany have also normalised. Production in Germany was not interrupted by restrictions imposed in the country. The group's customers in South Africa in the agriculture and mining industry, especially relating to coal and open cast mining, are operating and the group continues to support these customers. There is recognition that the South African economy needs to operate again and the country will move to Level 3 from 1 June 2020. All business in South Africa is expected to resume from that date.

The group operates globally in a number of countries impacted by the pandemic. The extent of the impact of COVID-19 on the business, future sales and financial results is uncertain and will depend largely on future developments, including the duration and intensity of the pandemic, the infection rates and restrictions imposed in the countries in which the group operates, the impact on supply chains affecting the timely availability of products, potential further prolonged closures of production facilities affecting the ability to maintain production and assembly operations, extended periods of domestic and international travel restrictions and the overall impact on the global economy and mining and construction industry demand, confidence and spending, all of which are uncertain and cannot reasonably be predicted at present. A negative impact on production and sales volumes should have an impact on the results of operations and on cash flows for the 2020 financial year. Certain line items on the statement of financial position may also be impacted. The extent to which these areas are impacted will depend on future developments relating to the above uncertainties which cannot be predicted at this time.

The group's sales forecasts are based on expected weak global market conditions and modest sales volumes that are approximately 30% lower in 2020 than in 2019. The group is carrying excess inventory and sales volumes are expected to exceed production volumes as the group right-sizes inventory levels. The liquidation of excess inventory will generate cash inflows. Cash flow forecasts to April 2021 allow for significant disruption for a further three months. This refers to disruption of such significance that all production and sales are prevented by further prolonged lockdowns or other severe restrictions such as the closure of major trading borders or ports for a three month period, resulting in severely diminished income during the period.

These financial statements have been prepared on a going concern basis given the group's current market outlook for the year ahead, the headroom on bank facilities and the support from bankers, governments, alliance partners, key suppliers and staff. It should be noted that the above uncertainties relating to the future development of COVID-19, the extent of the impact on the business and the continued support of funders, should the pandemic and related disruption endure for a longer period than currently estimated, may weaken the entity's ability to continue as a going concern.

17.2 Fire at Richards Bay head office

A portion of the administration building at the group's Richards Bay head office was destroyed by a fire on 5 January 2020. The cause of the fire appears to have been an electrical failure. All systems and processes were restored with minor disruption to operations, the insurance claim of R19,0 million for the full recovery of losses has been approved and the reconstruction of the offices has commenced.

No other fact or circumstance material to the appreciation of this report has occurred between 31 December 2019 and the date of this report.

Shareholder analysis

Register date: 27 December 2019
Issued share capital: 95 629 385

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 - 1,000 shares	594	54,60	175 406	0,18
1,001 - 10,000 shares	343	31,52	1 335 286	1,40
10,001 - 100,000 shares	107	9,83	3 359 696	3,51
100,001 - 1,000,000 shares	35	3,22	10 378 747	10,85
1,000,001 shares and over	9	0,83	80 380 250	84,06
Totals	**1 088**	**100,00**	**95 629 385**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Banks/Brokers	23	2,11	7 776 748	8,13
Close Corporations	13	1,20	3 135 852	3,28
Endowment Funds	4	0,37	24 634	0,03
Government	1	0,09	17 022	0,02
Individuals	889	81,71	3 626 592	3,79
Insurance Companies	7	0,64	2 621 848	2,74
Medical Schemes	1	0,09	70 000	0,07
Mutual Funds	25	2,30	9 361 187	9,79
Other Corporations	4	0,37	27 135	0,03
Own Holdings	1	0,09	32 233	0,03
Private Companies	22	2,02	36 546 381	38,22
Public Companies	2	0,18	30 000 001	31,37
Retirement Funds	45	4,14	2 079 290	2,17
Trusts	51	4,69	310 462	0,33
Totals	**1 088**	**100,00**	**95 629 385**	**100,00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	**11**	**1,00**	**66 719 564**	**69,77**
Directors of the Company	6	0,55	262 238	0,27
Associates of the Company	2	0,18	2 000	0,01
Own Holdings	1	0,09	32 233	0,03
Strategic Holders of more than 10%	2	0,18	66 423 093	69,46
Public shareholders	**1 077**	**99,00**	**28 909 821**	**30,23**
Totals	**1 088**	**100,00**	**95 629 385**	**100,00**
RESIDENT/NON-RESIDENT				
Resident	1 045	96,05	57 503 971	60,13
Non-resident	43	3,95	38 125 414	39,87
Totals	**1 088**	**100,00**	**95 629 385**	**100,00**
TOP 10 BENEFICIAL SHAREHOLDERS				
I A Bell And Company (Pty) Ltd			36 423 093	38,09
John Deere			30 000 000	31,37
Investec			3 655 233	3,82
Sanlam			3 223 776	3,37
Allan Gray			3 156 675	3,30
Clark, IAJ			3 025 000	3,16
UBS (Custodian)			2 628 069	2,75
Pershing Ltd			1 953 403	2,04
Alexander Forbes Investments			711 637	0,75
Old Mutual			616 199	0,65
Totals			**85 393 085**	**89,30**
TOP 10 INSTITUTIONAL SHAREHOLDERS				
Allan Gray Asset Management			5 943 882	6,22
Investec Asset Management			4 014 751	4,20
Sanlam Investment Management			3 223 776	3,37
UBS (Custodian)			2 628 069	2,75
Pershing Ltd			1 953 403	2,04
Old Mutual Investment Group			629 488	0,66
Lombard Odier & Cie			614 946	0,64
HSBC Trinkaus & Burkhardt AG (Custodian)			507 300	0,53
Citibank (Custodian)			452 550	0,47
State Street Bank & Trust Co (Custodian)			409 397	0,43
Totals			**20 377 562**	**21,31**

		Number of shareholdings	%	Number of shares	%
BREAKDOWN OF NON-PUBLIC HOLDINGS					
Directors					
Bell, GW	Chairman			253 600	0,27
Goosen, L	CEO			4 040	0,00
Bell, AJ	Non-executive director			2 598	0,00
Mayer, A	Subsidiary director			2 000	0,00
Totals				**262 238**	**0,27**
ASSOCIATES OF THE COMPANY					
Harie, B	Shareholder in subsidiary			1 000	0,00
Mabaso-Koyana, SN	Shareholder in subsidiary			1 000	0,00
Totals				**2 000**	**0,00**
OWN HOLDINGS					
Bell Equipment				32 233	0,03
Totals				**32 233**	**0,03**
STRATEGIC HOLDERS OF MORE THAN 10%					
I A Bell And Company (Pty) Ltd				36 423 093	38,09
John Deere				30 000 000	31,37
Totals				**66 423 093**	**69,46**
RESIDENT/NON-RESIDENT SPLIT					
South Africa		1 045	96,05	57 503 971	60,13
United States		9	0,83	32 835 650	34,34
United Kingdom		6	0,55	2 629 131	2,75
Switzerland		4	0,37	1 096 399	1,15
Germany		3	0,28	662 400	0,69
Luxembourg		2	0,18	403 228	0,42
Namibia		6	0,55	176 276	0,18
Swaziland		2	0,18	141 960	0,15
France		2	0,18	116 500	0,12
Netherlands		1	0,09	45 500	0,05
New Zealand		5	0,47	13 600	0,02
Mauritius		1	0,09	3 000	0,00
Zambia		1	0,09	1 500	0,00
Botswana		1	0,09	270	0,00
Totals		**1 088**	**100,00**	**95 629 385**	**100,00**

Shareholder diary

Financial year-end	31 December
Integrated annual report	June 2020
Annual general meeting	July 2020
Interim results announcement	September 2020

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 BBBEE	Black Economic Empowerment or Broad-Based Black Economic Empowerment
BECSA	Bell Equipment Company SA Proprietary Limited
BEEO	Bell Equipment European Operations comprising the Bell operations in Germany, UK, France and Russia
BEGS	Bell Equipment Group Services (Pty) Ltd
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
DTi	Department of Trade and Industry
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
GEC	Group Executive Committee
GLC	Global Logistics Centre
HEPS	Headline Earnings per Share
IAR	Integrated Annual Report
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 IV	King IV Report on Corporate Governance in South Africa 2016
KPI	Key Performance Indicators
LIMUSA	Liberated Metalworkers Union of South Africa
LTIFR	Lost Time Injury Frequency Rate
LTIS	Long Term Incentive Scheme
LTRS	Lifetime Revenue Stream
Matriarch	Bell brand name for forestry products
MERSETA	Manufacturing, Engineering and Related Services Sector Education Training Authority
MHCV	Medium and Heavy Commercial Vehicle
MOI	Memorandum of Incorporation
NPAT	Net Profit after Tax
NUMSA	National Union of Metalworkers of South Africa
OEM	Original Equipment Manufacturer
QSE	Qualifying Small Enterprise
ROE	Return on Equity
ROIC	Return on Invested Capital
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
SAP	Systems Applications and Products in Data Processing
SED	Social Economic Development
SEIFSA	Steel and Engineering Industries Federation of Southern Africa
SENS	Stock Exchange News Service
STIS	Short Term Incentive Scheme
SVA	Shareholder Value-Add
TIFR	Total Injury Frequency Rate
TLB	Tractor Loader Backhoe
TMP cycle	Trough, mid and peak cycle
UASA	United Association of South Africa
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")

Notice is hereby given to shareholders that the 52nd AGM of shareholders of Bell Equipment Limited will be accessible only through electronic communication, as permitted by the JSE Listings Requirements and the provisions of the Companies Act 2008 (Act No 71 of 2008) (the "Companies Act") and the company's Memorandum of Incorporation ("MOI"). Bell Equipment is permitted in terms of the Act to hold a shareholders' meeting (which would include an AGM) entirely by electronic communication if its MOI does not prevent this (which the MOI does not). Full details concerning how the meeting will be held through electronic communication can be found at the bottom of this notice.

The AGM will be held on Wednesday, 15 July 2020 at 11:00 to attend to: (i) deal with such business as may lawfully be dealt with at the AGM; and (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as read with the JSE Listings Requirements. For the avoidance of doubt the passing of any of the resolutions below is not intended to supersede similar resolutions passed previously by the shareholders, unless that is either clearly provided in the resolution or is a necessary implication of the passing of the resolution contemplated in this notice.

All terms defined in the glossary to be found on page 109 bear the same meaning in this notice.

The company does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failures on the part of the CSDP or broker to notify any shareholder holding shares in dematerialised form of the AGM convened in terms of this notice.

RECORD DATES
In terms of section 59(1)(a) and (b) of the Act and the JSE Listings Requirements, the board of directors of the company (the "board") has set the record dates for:

- determining which shareholders are entitled to receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM), as Friday 5 June 2020;
- the last day to trade in order to be eligible to attend, participate and vote at the AGM, as Tuesday 7 July 2020;
- determining which shareholders are entitled to attend, participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register), as Friday 10 July 2020.

PRESENTATION OF THE FINANCIAL STATEMENTS AND REPORTS

A notice of publication of the audited annual financial statements of the group for the financial year ended 31 December 2019, including the directors' report, the independent auditor's report, the social, ethics and transformation committee's report and the audit committee's report, has been distributed as required, and will be available on the company's website during the AGM for consideration. Participants are reminded to obtain their own copies on www.bellir.co.za so as to be able to follow any discussion.

The independent auditor's report, the social, ethics and transformation committee's report and the summarised consolidated financial statements are included in the integrated annual report on pages 83, 48 and 84 respectively.

ORDINARY BUSINESS

1. ORDINARY RESOLUTION 1: RE-ELECTION OF DIRECTORS RETIRING BY ROTATION

1.1 Resolved that G Bell, be and is hereby elected as a director of the company;
1.2 Resolved that D Lawrance be and is hereby elected as a director of the company; and
1.3 Resolved that H van der Merwe, be and is hereby elected as a director of the company.

Reason and Effect
In accordance with clause 5.1.10 of the MOI, one-third of the non executive directors are required to retire from office at each AGM and may offer themselves for re-election. Messrs G Bell, D Lawrance and H van der Merwe retire by rotation at the AGM in accordance with clause 5.1.10 of the MOI and have offered themselves for re-election.

Brief particulars of the qualifications and experience of the abovementioned directors are available on page 26 of the integrated annual report of which this notice forms part.

The non conflicted members of the board, having received a positive recommendation as to each from the nominations committee, is satisfied with the performance of each of the directors standing for re-election and that they will continue to make an effective and valuable contribution to the company and the board.

The non conflicted members of the board accordingly recommend to shareholders that they should vote in favour of the re-election of each of the directors referred to in ordinary resolution number 1.

Notice of annual general meeting *continued*

2. ORDINARY RESOLUTION 2: ELECTION OF THE MEMBERS OF THE AUDIT COMMITTEE

2.1 Resolved that subject to his re election as a director, Mr D Lawrance an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2021;

2.2 Resolved that Mr R Naidu an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2021;

2.3 Resolved that Ms M Ramathe an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2021;

2.4 Resolved that Mr J Barton an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2021.

Reason and Effect

In terms of Section 94(2) of the Act, each audit committee member must be elected by shareholders at the AGM. King IV and the JSE Listings Requirements likewise require shareholders of a public company to elect each member of the audit committee at an AGM.

In terms of Regulation 42 of the Companies Regulations 2011, promulgated pursuant to the Act, at least one-third of the members of the company's audit committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The board is satisfied that each of the proposed members is duly qualified and with sufficient experience, as is evident from the brief biographies of each member, as contained on page 26 of the integrated annual report of which this notice forms part and that if all the above individuals are elected, the audit committee will comply with all relevant requirements and be able to perform its duties in terms of the Act and the JSE Listings Requirements.

3. ORDINARY RESOLUTION 3: RE-APPOINTMENT OF AUDITORS

Resolved that Deloitte & Touche, upon the recommendation of the audit committee, is re-appointed as the independent auditors of the company until the conclusion of the next AGM.

Reason and Effect

Section 90(1) of the Act and the JSE Listings Requirements stipulate that the company must, each year at its AGM, appoint or re-appoint an auditor meeting the requirements of Section 90(2) of the Act.

Deloitte & Touche have expressed their willingness to continue in office and this resolution proposes the re-appointment of Deloitte & Touche as the company's auditor until the next AGM.

The audit committee has satisfied itself that the proposed auditor, Deloitte & Touche is independent of the company in accordance with Section 90 and 94 of the Act. The audit committee has recommended the re-appointment of Deloitte & Touche as the independent registered auditor of company until the next AGM.

4. ORDINARY RESOLUTION 4: PLACEMENT OF CERTAIN OF THE AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

Resolved that the directors be authorised to allot and issue, or grant options over, a maximum number of 4 781 469 (four million seven hundred and eighty one thousand four hundred and sixty nine) ordinary shares (over and above any ordinary shares already approved to be allotted and issued by the company in terms of share plan or incentive scheme for the benefit of employees), representing 5 percent of the number of ordinary shares in issue as at the date of this notice upon such terms and conditions and at such times as they may determine and deem fit in their discretion, subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI, provided that this authority shall not extend beyond the AGM to be held in 2021 or 15 (fifteen) months from 15 July 2020, whichever date is earlier.

Reason and Effect

The reason for and effect of this ordinary resolution number 4 is to obtain the necessary approval from shareholders to allow the company to allot and issue, or grant options over, a limited number of shares in the authorised but unissued capital, namely a maximum of 4 781 469 (four million seven hundred and eighty one thousand four hundred and sixty nine) ordinary shares. This number has been determined as 5 percent of the number of ordinary shares in issue as at the date of the notice of the AGM (for which purposes any ordinary shares already approved to be allotted and issued by the company in terms of share plan or incentive scheme for the benefit of employees shall be excluded), subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI. The directors of the company have no specific intention to effect an issue of shares as contemplated in this resolution number 4 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. The authority, if obtained from the shareholders, will not extend beyond the AGM to be held in 2021 or 15 (fifteen) months from 15 July 2020, whichever date is earlier.

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

Resolved through a non-binding advisory vote, that the company's remuneration policy as set out in the remuneration committee report contained on page 50 of the integrated annual report of which this notice forms part is endorsed.

Reason and Effect

The JSE Listings Requirements requires a company to table its remuneration policy for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration policy adopted for executive directors, prescribed officers and employees. The Bell Equipment remuneration policy is contained on page 52 to 55 of the integrated annual report of which this notice forms part.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences. However, the board will take cognisance of the outcome of the vote when considering the company's remuneration policy. In the event that shareholders exercising 25 percent or more of the voting rights exercised vote against the non-binding resolution, the company will engage with those dissenting shareholders in order to ascertain the reasons for their objection, and to respond appropriately to legitimate and reasonable objections and concerns, as detailed in the remuneration committee report.

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

Resolved through a non-binding advisory vote, the company's implementation report in regard to its remuneration policy, as set out in the remuneration committee report contained on page 50 of the integrated annual report of which this notice forms part be and is hereby endorsed.

Reason and Effect

The JSE Listings Requirements requires a company to table its remuneration implementation report for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration implementation report for executive directors, prescribed officers and employees. The Bell Equipment remuneration implementation report is contained on pages 56 to 62 of the integrated annual report of which this notice forms part.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences. However, the board will take cognisance of the outcome of the vote when considering the implementation of the company's remuneration policy. In the event that shareholders exercising 25 percent or more of the voting rights exercised vote against the non-binding resolution, the company will engage with those dissenting shareholders in order to ascertain the reasons for their objection, and to respond appropriately to legitimate and reasonable objections and concerns, as detailed in the remuneration committee report.

SPECIAL BUSINESS

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

7. SPECIAL RESOLUTION 1: GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 OF THE COMPANIES ACT

Resolved that to the extent required by Section 44 of the Companies Act and as a general authority, 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, authorise the company to provide on such terms as the board shall consider appropriate in its discretion, 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 of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company or any of its subsidiaries, and/or to any member of such subsidiary or related or inter-related company or entity for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company or entity, or for the purchase of any securities of the company or a related or inter-related company or entity, subject to the terms and conditions of Section 44 of the Companies Act, at any time for a period commencing on the date of passing of this resolution and ending at the next AGM.

Reason 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 present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company or any of its subsidiaries and/or to any member of such subsidiary or related or inter-related company or entity for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter- related company or entity as contemplated in Section 44 of the Companies Act.

Notice of annual general meeting *continued*

8. SPECIAL RESOLUTION 2: GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

Resolved that to the extent required by Section 45 of the Companies Act and as a general authority, 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, 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 or a director of any related and/or inter-related companies for a period commencing on the date of passing of this resolution and ending at the next AGM.

Reason and effect

The reason for and effect of this special resolution number 2 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 or corporations 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.

9. SPECIAL RESOLUTIONS 3.1 TO 3.18: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FROM 1 JANUARY 2021

Resolved, 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 2021, be approved as follows:

Special resolution number		Rand (excl VAT)
	Retainer fees to be paid annually	
3.1	Non-executive chairman	389 200
3.2	Lead independent non-executive director	299 450
3.3	Non-executive directors	209 700
	Fees per meeting payable to the Chairman of the Board and the Chairmen of Board Committees	
3.4	Board	35 460
3.5	Audit committee	21 320
3.6	Risk and sustainability committee	21 320
3.7	Nominations committee	16 750
3.8	Remuneration committee	16 750
3.9	Social, ethics and transformation committee	21 020
3.10	Fees to be paid to lead independent non-executive director per board meeting	35 230
	Fees to be paid to non-executive directors per meeting	
3.11	Board	34 980
3.12	Audit committee	28 000
3.13	Risk and sustainability committee	21 320
3.14	Nominations committee	14 320
3.15	Remuneration committee	14 320
3.16	Social, ethics and transformation committee	21 020
3.17	Bell Equipment audit services committee	13 940
3.18	Ad hoc committees	14 320

The proposed fees for 2021 set out above are exclusive of VAT.

Reason 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 customarily held in May of each year (this year being the exception)and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined in advance for the then forthcoming period that commences at the beginning of the next succeeding January.

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

10. SPECIAL RESOLUTION 4: GENERAL AUTHORITY TO REPURCHASE SHARES

Resolved 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 percent of the ordinary shares of the company in issue at the time this authority is granted and provided that, as required 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) being an amount of 19 125 877 (nineteen million one hundred and twenty five thousand eight hundred and seventy seven) 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;
- when the company has cumulatively repurchased 3 percent of the initial number of the relevant class of shares, and for each 3 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;

Notice of annual general meeting *continued*

- 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 4 is to authorise the company 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. At the present time, the directors have no specific intention regarding the use of this authority which will only be used if the circumstances are appropriate. Any decision by the directors to use the general authority to acquire shares of the company will be taken with regard to prevailing market conditions and in accordance with the requirements to be considered by the board as set out above. This special resolution would also authorise the board acting on behalf of the company as the shareholder in its subsidiaries to pass the necessary shareholders' resolution to authorise the subsidiaries in question to purchase shares issued by the company.

Statement of board's intention
The directors of the company have no specific intention to effect any buy-backs under the provisions of special resolution number 4 but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect any buy-backs under the provisions of special resolution number 4.

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 4, some of which appear elsewhere in the integrated annual report of which this notice forms part:

Major shareholders of the company	page 107
Share capital of the company	page 92

Directors' responsibility statement
The directors, whose names are given on pages 26 to 27 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 the special resolution number 4 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.

11. OTHER BUSINESS

To transact such other business as may be transacted at an AGM.

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 percent of all voting rights that are entitled to be exercised on the resolutions, provided that at least three shareholders of the company are present whether by electronic communication or otherwise, at the AGM.

ELECTRONIC PARTICIPATION (SPEAKING AND VOTING) ("PARTICIPATION")
General
The AGM will only be accessible through electronic communication. To this end, the company has retained the services of The Meeting Specialists Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform in order to enable remote Participation by shareholders. Participants will be able, once verified and furnished with a unique link by TMS, to access the AGM and as a result hear the full proceedings, be able to speak (the sequence in which Participants speak being determined by the chairman of the AGM in a fair manner), and to vote on each resolution proposed.

Link Market Services S A Proprietary Limited, the transfer secretaries (Link) will assist with the verification of shareholders wishing to participate in the AGM in person and the holders of proxies.

Link will also act as the scrutineer to vet all proxy forms submitted and to advise the chairman of the AGM as to any proxies to reject.

Shareholders or their proxies who wish to Participate in the AGM, which can only be via electronic communication ("Participants"), must deliver the Electronic Participation and Verification Application Form attached to this notice ("the Form") duly completed plus the relevant documentation referred to in the Form to Link via email to meetingservices@linkmarketservices.co.za up to 15 July 2020 and forward the Form and documentation to TMS via email to the proxy@tmsmeetings.co.za.

Each Participant, who has delivered the Form duly completed together with the relevant documentation referred to in that Form, will be verified by Link. If any of the documents referred to in the Form are not delivered to Link, or if the Form has not been duly completed, then it will not be possible for Link to complete the verification and accordingly the Participant in question will not be furnished with the unique link to participate at the AGM, unless and until the Form is duly completed and the requisite documentation has been delivered. Link will contact any shareholder if the Form which is delivered is not properly completed or the requisite documentation has not been delivered with the Form.

Participants, once verified, will be contacted by Link between Friday, 10 July 2020 and Monday, 13 July 2020 via the email/ cell number provided on the Form, with a unique link to allow it/him/her to participate in the AGM. Once the Participant has received the unique link, the onus to safeguard this information rests with the Participant. The Participant is not permitted to make this unique link available to anyone else. Only the Participant as verified is permitted to use the unique link.

Aside from the costs incurred by the company as a result of retaining the services of TMS including making the interactive platform available, shareholders will be liable for their own charges in relation to electronic Participation at the AGM. Any such charges will not be for the account of the JSE, Bell Equipment, Link and/or TMS.

None of the JSE, Bell Equipment, Link or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any shareholder from participating in and/or voting at the AGM.

Verification

In accordance with section 63(1) of the Act, before any person may attend or participate in any meeting (including an AGM), that person must present reasonably satisfactory identification. Without limiting the generality hereof, the company will accept a valid South African identity document, a valid driver's licence or a valid passport which reflects the name of the shareholder as it appears on the register, as satisfactory identification. In the case of a proxy, the company will accept a valid South African identity document, a valid driver's licence or a valid passport which reflects the name of the proxy as it appears on the form of proxy, as satisfactory identification.

A shareholder which holds its/his/her shares in certificated form ("Certificated Shareholder") or who is a shareholder which holds its/his/her shares in dematerialised form on an own name basis ("Own Name Shareholder") or a shareholder which holds its/his/her shares in dematerialised form other than on an own name basis ("Dematerialised Shareholder").

Participation at the AGM

1. **Dematerialised Shareholders**

   If a Dematerialised Shareholder wishes itself/himself/herself to Participate in the AGM in person it/he/she should instruct it/his/her CSDP or broker to issue it/him/her with the necessary letter of representation, in the manner stipulated in its/his/her respective custody agreement. That letter of representation must then be furnished by the Dematerialised Shareholder as a part of the verification process referred to above.

   Alternatively if a Dematerialised Shareholder does not wish to participate personally at the AGM but has not been contacted by its/his/her CSDP or broker to ascertain how the Dematerialised Shareholder wishes to cast its/his/her votes at the AGM, the Dematerialised Shareholder should contact its/his/her CSDP or broker to give its/his/her voting instructions. If a Dematerialised Shareholder's CSDP or broker does not obtain voting instructions from the Dematerialised Shareholder, it will be obliged to vote in accordance with the provisions contained in the custody agreement.

   Dematerialised Shareholders must not complete the form of proxy.

Notice of annual general meeting *continued*

2. Certificated Shareholders and Own Name Shareholders

Once verified, a Certificated Shareholder or an Own Name Shareholder may participate in person by electronic communication at the AGM.

Alternatively, a Certificated Shareholder or an Own Name Shareholder which is unable to attend the AGM by electronic communication is encouraged to appoint a proxy to represent it/him/her at the AGM by completing the attached Form of Proxy in accordance with the instructions contained in the Form of Proxy and returning it to Link, by email to meetingservices@linkmarketservices.co.za or at13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein or at PO Box 4844, Johannesburg, 2000. It is requested that Forms of Proxy be received by no later than 11:00 on Monday 13 July 2020 but they can be presented during the AGM by contacting Link via email as set out above. Until presented, the proxy will not be permitted to Participate in the AGM (including voting). Kindly ensure that the form of proxy is also forwarded to TMS at the following address:

The Meeting Specialist Proprietary Limited
Attention: Michael Wenner, Farhana Adam or Izzy van Schoor

Email: michael.wenner@tmsmeetings.co.za;
Email: farhana.adam@tmsmeetings.co.za;
Email: izzy.vanschoor@tmsmeetings.co.za; or
Email: proxy@tmsmeetings.co.za

3. Joint Holders

If there are joint Certificated Shareholders or Own Name Shareholders or Dematerialised Shareholders of any particular shares, any one of such persons may vote at the AGM in respect of such shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the AGM, the person whose name appears first in Bell Equipment's register in respect of such shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such shares.

All voting will be taken by a poll.

VOTING PERCENTAGES REQUIRED TO PASS A RESOLUTION

The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75 percent 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 percent of the voting rights exercised on the resolution.

SHARES HELD BY SHARE TRUST OR SCHEME

Equity shares in Bell Equipment held (i) by a subsidiary and/or (ii) by a trust, through a scheme and/or other entity, where the equity shares in the applicant issuer are controlled by the applicant issuer from a voting perspective, will not have their votes taken into account for purposes of any JSE-regulated resolutions.

By order of the board

D McIlrath
Company Secretary

26 May 2020

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

All terms defined in the notice to which this is annexed or in the glossary apply to this form of proxy. If you are a Dematerialised Shareholder do not complete this form of proxy.

An ordinary shareholder entitled to attend and vote at the AGM to be held by electronic communication on Wednesday, 15 July 2020 at 11:00, is entitled to appoint a proxy/ies to attend, speak or vote thereat in its/ his/ her stead. A proxy/ies need not be a shareholder of the company. The proxy will also Participate by electronic communication.

The completed forms of proxy are requested to be provided to the company's share transfer secretaries, Link Market Services SA Proprietary Limited ("Link") by email to **meetingservices@linkmarketservices.co.za**, and forwarded to TMS by email to Email: **Michael.wenner@tmsmeetings.co.za**, **Farhana.adam@tmsmeetings.co.za**, **izzy.vanschoor@tmsmeetings.co.za**, or **proxy@tmsmeetings.co.za** preferably by no later than 11:00 on Monday, 13 July 2020.

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.	To re-elect directors who retire by rotation			
1.1	G Bell			
1.2	D Lawrance			
1.3	H van der Merwe			
2.1	Election of D Lawrance, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2021			
2.2	Election of R Naidu, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2021.			
2.3	Election of M Ramathe, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2021			
2.4	Election of J Barton, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2021			
3.	Re-appointment of Deloitte & Touche as auditors of the company until the conclusion of the AGM to be held in 2021			
4.	Placement of certain of the authorised but unissued shares under the control of the directors			
5.	Non-binding advisory vote on the company's remuneration policy			
6.	Non-binding advisory vote on the company's remuneration implementation report			
Special Resolution Number		**For**	**against**	**abstain**
1.	General authority for the provision of financial assistance in terms of Section 44 of the Companies Act			
2.	General authority for the provision of financial assistance in terms of Section 45 of the Companies Act			
3.	Approval of the basis of the remuneration payable to non-executive directors			
	Annual retainer fees			
3.1	Non-executive chairman			
3.2	Lead independent non-executive director			
3.3	Non-executive directors			
	Fees paid per meeting to the chairman of the board and the chairmen of the board committees			
3.4	Board			
3.5	Audit committee			
3.6	Risk and sustainability committee			
3.7	Nominations committee			
3.8	Remuneration committee			
3.9	Social, ethics and transformation committee			
3.10	Fees paid to lead independent non-executive director per board meeting			
	Fees paid to non-executive directors per meeting			
3.11	Board			
3.12	Audit committee			
3.13	Risk and sustainability committee			
3.14	Nominations committee			
3.15	Remuneration committee			
3.16	Social, ethics and transformation committee			
3.17	Bell Equipment audit services committee			
3.18	Ad hoc committees			
4.	General authority to repurchase shares			

Please read the notes following this form of 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 previously registered by the transfer secretaries.

Signed at (place) on 2020

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

Notes to the form of proxy

Summary of the rights to be represented by proxy as contained in section 58 of the Act and notes to the form of proxy:

In accordance with Section 58 of the 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. Further, a shareholder may appoint more than one proxy to exercise voting rights attached to different securities held by that shareholder.

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 until the end of the AGM, unless it is revoked in a manner contemplated in subsection (4)(c).

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 chairman 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 chairman 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.

A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person.

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 revoked. 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 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 it/he/she thinks fit in respect of all the shareholder's exercisable votes. A proxy is not obliged to use all the votes exercisable by it/him/her, 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.

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. 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.

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.

Electronic participation and verification application form in respect of the Bell Equipment Limited AGM to be held on Wednesday 15 July 2020 at 11:00

This Form must be completed by any Certificated Shareholder, any Own Name Shareholder and any Dematerialised Shareholder in possession of a letter of representation and any CSDP or broker or its nominee company which is a shareholder wishing to attend the AGM in person and by any proxy wishing to attend the AGM.

Full name of shareholder	
Full name of shareholder representative (If applicable)	
Full name of proxy	
Copy of letter of representation or document reflecting authority of representative of shareholder or form of proxy attached	
Registration number/Identity number/passport number of Participant	
Copy of identity document or passport attached	
Email Address	
Cell Number	
Telephone Number	
Name of CSDP or broker (If shares are held in dematerialised format)	
Shareholder number/ SCA Number / Broker Account Number/ own name account number or custodian number	
Number of shares	
Signature	
Date	

TERMS AND CONDITIONS FOR PARTICIPATION AT THE BELL EQUIPMENT ANNUAL GENERAL MEETING VIA ELECTRONIC COMMUNICATION

1. The cost of dialling in using a telecommunication line/ webcast/ web-streaming to participate in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.

2. The Participant acknowledges that the telecommunication lines/ webcast/ web-streaming are provided by a third party and indemnifies Bell Equipment, the JSE Limited, Link and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/ webcast/ web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that it/ he/ she will have no claim against Bell Equipment, the JSE, Link and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/ webcast/ web-streaming or any defect in it or from total or partial failure of the telecommunication lines/ webcast/ web-streaming and connections linking the telecommunication lines/ webcast/ web-streaming to the AGM.

3. Once the Participant has received the unique link, the onus to safeguard this information rests with the Participant. The Participant is not permitted to make this unique link available to anyone else. Only the Participant, as verified, is permitted to use the unique link.

By signing this form I agree and consent to the processing of my personal information above for the purpose of participating in the AGM.

Shareholder name: ______________________

Signature: ______________________

Date: ______________________

IMPORTANT: You are required to attach a copy of your proof of authority / letter of representation / identity /passport document when submitting the Form.

Corporate information

BELL EQUIPMENT LIMITED
Registration Number: 1968/013656/06

JSE SHARE CODE
BEL

ISIN CODE
ZAE000028304

GROUP COMPANY SECRETARY
Diana McIlrath
Tel: +27 (0)35 907 9111
Diana.McIlrath@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

www.bellequipment.com