INTEGRATED ANNUAL REPORT

for the year ended 31 December 2012

STRONG RELIABLE MACHINES STRONG RELIABLE SUPPORT

BELL

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CONTENTS:

SCOPE AND BOUNDARY OF REPORT

Through this Integrated Annual Report Bell Equipment aims to provide stakeholders with an understanding of the group's business, performance, strategy and challenges by documenting all aspects of the operating and financial performance together with key aspects of the sustainability performance of Bell Equipment and of its subsidiaries for the financial year ended 31 December 2012.

Bell Equipment has considered the guidelines provided by the King Report on Governance for South Africa 2009 (the King III Report). This Integrated Annual Report, including the Bell annual financial statements, sustainability report and corporate governance report, are available in a printed and web-based format (www.bellir.co.za) as well as through a mobile application available for either the Apple or Android platform.

The group's annual financial statements for the year ended 31 December 2012 include the financial position, results and cash flows of the group and its subsidiaries. They have been prepared in accordance with the provisions of the Companies Act of South Africa 2008 (as amended) and Companies Regulations 2011 and comply with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Listings Requirements of the JSE Limited. They are based on appropriate accounting policies consistently applied and are supported by reasonable and prudent judgements and estimates.

A more in-depth account of the group's performance in the areas of safety, health, the environment, community development and stakeholder engagement during the year under review is provided in the Bell sustainability report for 2012, which has been compiled in line with the G3 Guidelines of the Global Reporting Initiative (version 3.1).

For more information regarding the contents of this report, please contact:

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Bell Equipment Limited
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FINANCIAL HIGHLIGHTS

REVENUE UP 12%

NET ASSET VALUE PER SHARE UP 17%

NET CASH INFLOW R215 MILLION

REVENUE (Rm)

2012	5 670
2011	5 071
2010	3 411
2009	2 699
2008	5 458

EARNINGS (LOSS) PER SHARE (cents)

2012	237
2011	290
2010	27
2009	(274)
2008	367

OPERATING PROFIT (LOSS) (Rm)

2012	365
2011	436
2010	125
2009	(263)
2008	589

OPERATING RETURN (LOSS) ON ASSETS (%)

2012	10
2011	14
2010	5
2009	(8)
2008	17

TRADE CYCLE (days)

2012	131
2011	143
2010	137
2009	240
2008	197

APP REFERENCES

Page reference

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OVERVIEW: NATURE OF OUR BUSINESS

Bell Equipment is a Proudly South African company with almost 60 years of experience in the manufacture, distribution and support of materials handling equipment. Our comprehensive network of Bell Equipment branches and independent dealers supplies equipment solutions, ancillary products and after-sales services to the agriculture, forestry, waste handling, construction and mining industries worldwide.

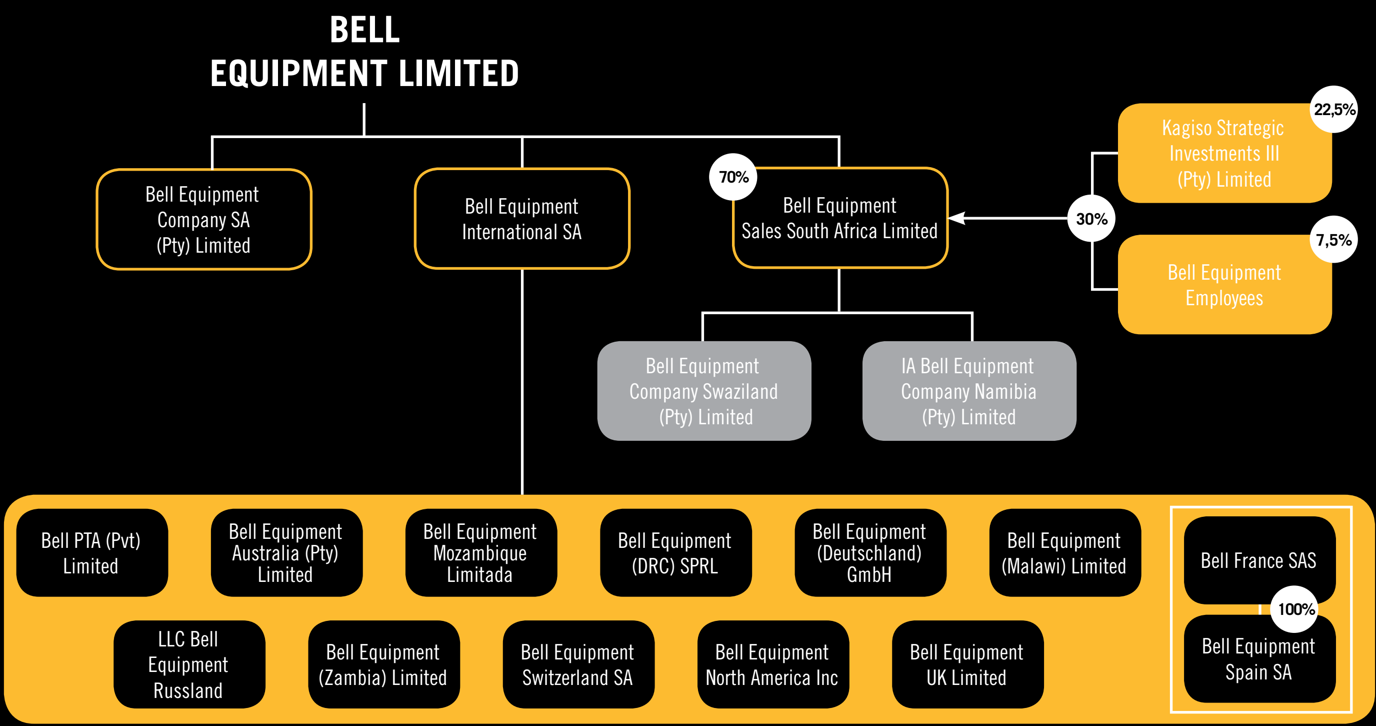
In addition to manufacturing locally to world-class quality standards, in Southern Africa Bell Equipment holds strategic dealerships for equipment manufactured by key global manufacturing leaders, thereby strengthening our position as an equipment supplier of choice.

The Bell Articulated Dump Truck (ADT) is our core product and globally we are acknowledged as an ADT specialist for our ongoing product innovation and class leading performance. Our diverse and complementary product range also includes Wheeled Loaders, Rigid and Articulated Haulers, Excavators, Motor Graders, Dozers, Tractor Loader Backhoes, Tri-Wheeler rough terrain material handling equipment and a complete range of compaction, crushing and screening machinery.

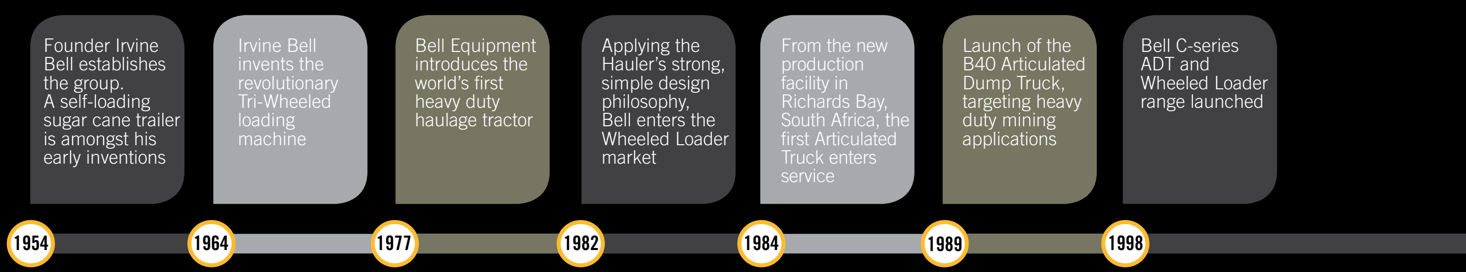
As such Bell Equipment is strategically placed as a one-stop shop with over 100 products well suited to all applications.

GLOBAL CORPORATE STRUCTURE

100% shareholding except where specified otherwise



TIMELINE



INTERNATIONAL FOOTPRINT

INTERNATIONAL FOOTPRINT

Strategically placed Bell operations manage an extensive and carefully selected dealer network throughout the globe, thereby allowing Bell Equipment maximum reach and support for both developing and developed countries.

EUROPE

BELGIUM	Dealer	1
FRANCE	Branch	1
	Dealer	23
GREECE	Dealer	1
ITALY	Dealer	1
NETHERLANDS	Dealer	1
TUNISIA	Dealer	1
TURKEY	Dealer	1
ARMENIA	Dealer	1
AUSTRIA	Dealer	1
BULGARIA	Dealer	1
CROATIA	Dealer	1
CZECH REPUBLIC	Dealer	1
DENMARK	Dealer	2
FINLAND	Dealer	2
GEORGIA	Dealer	1
GERMANY	Branch	2
	Dealer	18
HUNGARY	Dealer	2
ICELAND	Dealer	1
KOSOVO	Dealer	1
LATVIA	Dealer	1
LITHUANIA	Dealer	1
NORTH IRELAND	Dealer	1
NORWAY	Dealer	1
POLAND	Dealer	3
ROMANIA	Dealer	1
SERBIA	Dealer	1
SLOVENIA	Dealer	1
PORTUGAL	Dealer	1
SPAIN	Branch	1
	Dealer	18
SWITZERLAND	Dealer	2
UNITED KINGDOM	Branch	1

NORTH AMERICA

CANADA	Dealer:	1

RUSSIA

KAZAKHSTAN	Dealer	1
RUSSIAN FEDERATION	Branch	1
	Dealer	5
UKRAINE	Dealer	2

SOUTH AMERICA

ARGENTINA	Dealer	2
BARBADOS	Dealer	1
BOLIVIA	Dealer	1
BRAZIL	Dealer	2
CHILE	Dealer	3
COLOMBIA	Dealer	1
DOMINICAN REPUBLIC	Dealer	1
PANAMA	Dealer	1
URUGUAY	Dealer	1

MIDDLE EAST

BAHRAIN	Branch	1

AFRICA

BOTSWANA	Dealer:	1
DRC	Branch:	2
	Dealer	1
EGYPT	Dealer	1
ETHIOPIA	Dealer	1
GHANA	Dealer	1
KENYA	Dealer	1
MALAWI	Branch	1
MAURITIUS	Dealer	1
MOROCCO	Dealer	1
MOZAMBIQUE	Branch	3
NIGERIA	Dealer	1
TANZANIA	Dealer	1
UGANDA	Dealer	1
ZAMBIA	Branch	2
ZIMBABWE	Branch	5

SOUTHERN AFRICA

SOUTH AFRICA	Branch	22
NAMIBIA	Branch	3
SWAZILAND	Branch	1

SOUTH EAST ASIA AND OCEANIA

AUSTRALIA	Branch	1
	Dealer	2
INDIA	Dealer	1
INDONESIA	Dealer	2
JAPAN	Dealer	1
MALAYSIA	Dealer	4
NEW ZEALAND	Dealer	2
SINGAPORE	Dealer	2
TAIWAN	Dealer	1
THAILAND	Dealer	2

2001 – Launch of the D-series Articulated Truck sets a new standard of excellence

2002 – World's largest Articulated Dump Truck, the Bell B50D, is unveiled

2003 – Truck assembly operations commence in Europe

2008 – Global logistics centre commissioned in Jet Park, Johannesburg

2009 – Bell Equipment takes over the Bomag dealership with the German-based OEM

2011 – Bell Equipment establishes beachhead in Russian market and secures distribution rights for Liebherr excavator in Africa

2012 – Bell Equipment re-enters the Americas, appointing Wajax Equipment as its distributor and dealer of Bell ADTs for Canada

REVIEW: STRATEGIC DIMENSIONS

GROUP VISION

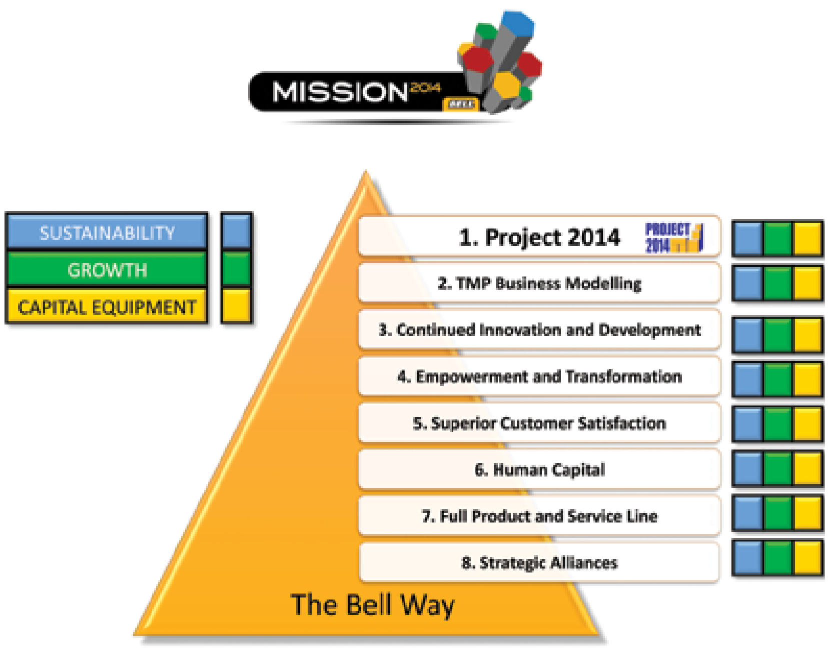
Bell's vision is to be a highly profitable, sustainable, capital equipment solution provider of choice. The fundamentals of a sustainable business constitute a responsible growing business that strives to continuously meet or exceed all stakeholder expectations, whilst subscribing to the principles that are defined as "the Bell Way". The group strives to be the preferred capital equipment solution provider by positioning itself as an integrated Original Equipment Designer and Manufacturer (OEM), distributor and dealer of "yellow metal" and associated products.

THE BELL WAY

Bell is a global, modern company and brand that competes against formidable industry OEMs across the world. Yet, the way the group conducts its business, treats its people, interacts with suppliers, customers, government, all other stakeholders, and cares for the environment, is still with the same family values as set by the group's founders, those being mutual respect, honesty and integrity, commitment, quality and teamwork. This is the foundation that has been termed "the Bell Way".

STRATEGIC OBJECTIVES

In line with the group's vision of being a profitable and sustainable capital equipment solution provider of choice, it embarked on Mission 2014 in 2010, a focus on eight key strategic priorities that will facilitate achievement of the group's stated vision. The executive leadership of the group has been tasked with ensuring the required attention and resources are committed to these priority areas, with "the Bell Way" being the foundation. Mission 2014 is to ensure the group's stakeholders' diversified needs are sustainably and consistently catered for.



STRATEGIC PRIORITIES AND OBJECTIVES

FOCUS AREA
Project 2014 (financial returns)
TMP business modelling
Continued innovation and development
Empowerment and transformation
Superior customer satisfaction
Human capital
Full product and service line
Strategic alliances

	STRATEGIC OBJECTIVE
	Project 2014 is a business improvement project aimed at ensuring that the group is Shareholder Value-Add (SVA) positive or at least neutral during trough business cycle conditions. The group has adopted the Operating Return on Assets (OROA) model as the group's measure of shareholder return and has set minimum OROA targets throughout the business cycle to ensure shareholder value is maintained. These financial targets are referred to as SVA targets. By analysing and understanding the drivers of OROA, the group has identified seven initiatives embarked upon during the 2010 year, all with the aim of improving the business and, ultimately, financial returns to shareholders. Together these initiatives are referred to as Project 2014, and this project has the full and unwavering commitment of all employees, management and the board of directors. It is continuously monitored by the executive management and the board of directors with corrective actions identified and implemented as and when required.
	Recognising the cyclical nature of the group's markets, being a trough, mid and peak (TMP) cycle, together with the SVA principle as explained above, the business is being modelled in such a way as to ensure that it is able to sustainably create value as it migrates between the different business cycles. The key attributes of this model are: to grow the business responsibly and sustainably; and to react quickly and decisively during migration periods, particularly downturns.
	The group is proud of its ability to innovate and develop products that provide solutions for its customers. Products are continuously being improved and evolved to meet the changing needs of customers – the group specialises in evolutionary design and development of products suited to the customers' specific conditions. This passion for innovation and pride in the brand as laid down by the group's founders is a legacy that remains strong within the group and its employees. The ability and passion to innovate ensures that the group's competitive edge is maintained and allows us to maximise growth opportunities, through responsiveness to customers' needs.
	Bell is uniquely positioned in the South African market as an Original Equipment Designer and Manufacturer (OEM) of yellow metal products. The group is a proud enabler of infrastructure development and consequent economic growth in South Africa as well as the rest of Africa. Key to sustainable development of any country is job creation. Bell remains committed to answering government's call for job creation and transformation. The group continues to work closely with the Department of Trade and Industry, the Economic Development Department and the Industrial Development Corporation on a number of projects. The group has a vision of empowering all South Africans by providing direct and indirect employment and skills development opportunities. The group is committed to achieving sustainable transformation and supporting the "Buy South African" initiative as prioritised by government.
	Bell has respect for the fact that its customers are the reason for its continued existence and recognises that consistently meeting and exceeding customers' expectations through successfully achieving the goals set by each of the strategic priorities and objectives, will facilitate superior customer satisfaction. Being financially sustainable gives the customer peace of mind that the group will continue to support its products and invest in innovation and product development, which in turn allows customers to make value-proposition investment in class-leading products. Through the group's transformation initiatives customers are able to build the new South Africa, while the group's employees remain committed to providing service excellence to the group's customers. The group's strategic alliances and full product and service line will also ensure that it retains the ability to meet customers' needs.
	Employees are considered the most important asset of the group and the endeavour is to support, nurture and develop employees. The group will continue to focus on developing and harnessing the skills and knowledge of employees to deliver world class products and services, facilitating sustainable growth. It will also continue to reward and incentivise employees appropriately and at market related rates for their contributions towards the group's successes.
	By offering customers fully integrated yellow metal solutions, the company is able to maintain a competitive advantage in the market. These solutions include: • a comprehensive range of earth-moving, construction, mining and materials handling, road building and compaction, forestry and agricultural equipment; • a pre-owned equipment and parts offering; • repair and maintenance contracts; • financing solutions; • remote equipment monitoring and tracking (Fleetm@tic); • parts and maintenance services; • remanufacturing of equipment; and • in keeping with the group's ability to innovate, it offers customised solutions to customers through the group's "application equipment" business unit, offering tailor-made equipment for customers with specialised requirements.
	The group's strategic alliance partners, including John Deere, Hitachi, Liebherr and Bomag, are some of the most respected brands in the industry. These organisations share the group's vision and together we are able to provide world-class product offerings and services to customers globally. The group will continue to focus on building/improving relationships with strategic alliance partners supporting mutually beneficial relations.

REVIEW: PRODUCT RANGE

MINING & CONSTRUCTION

B18E
Articulated Dump Truck

B20E
Articulated Dump Truck

B25E
Articulated Dump Truck

B30E
Articulated Dump Truck

B35D
Articulated Dump Truck

B40D
Articulated Dump Truck

B45D
Articulated Dump Truck

B50D
Articulated Dump Truck

B25L
Articulated Dump Truck

B30L
Articulated Dump Truck

9m³
Dumper Trailer

12m³
Bottom Dumper Trailer

L705E
Wheeled Loader

L1004E
Wheeled Loader

L1204E
Wheeled Loader

L1506E
Wheeled Loader

L1706E
Wheeled Loader

L1806E
Wheeled Loader

L2106E
Wheeled Loader

L2606E
Wheeled Loader

L2706E
Wheeled Loader

315SK
Backhoe Loader

315SK Workpro
Backhoe Loader

914J
Loader

924J
Tug Tractor

700J
Dozer

850J
Dozer

670G
Motor Grader

672G
Motor Grader

770G
Motor Grader

772G
Motor Grader

870G
Motor Grader

872G
Motor Grader

HX230E
Excavator

HX240E
Excavator

HX270E
Excavator

HX310E
Excavator

HX390E
Excavator

HX500E
Excavator

R964C
Excavator

R974C
Excavator

2306D
Articulated Tractor

2806D
Articulated Tractor

4206D
Articulated Tractor

BT 65/4
Tamper

BP 18/45-2
Plate

BPR 35/60
Plate

BW 65 H
Pedestrian Roller

BW 75 H
Pedestrian Roller

BW 90 AD & BW 120 AD
Tandem Drum Roller

BW 138 AD
Tandem Drum Roller

BW 151 & 161
Tandem Drum Roller

BW 24RH
Pneumatic Tyred Roller

BW 27RH
Pneumatic Tyred Roller

BW 177
Single Drum Roller

BW 211 & 212
Single Drum Roller

BW 213
Single Drum Roller

BW 216
Single Drum Roller

BW 219
Single Drum Roller

BW 226
Single Drum Roller

BF 300 P & BF 600 P
Paver

BC 462
Refuse Compactor

BC 472
Refuse Compactor

BC 572
Refuse Compactor

BC 672
Refuse Compactor

BC 772
Refuse Compactor

MPH 122
Stabilizer/Recycler

MPH 125
Stabilizer/Recycler

FORESTRY

125A
Logger

225A
Logger

220E
Telelogger

225E
Logger

225HP
Debarker

TH403 Hauler
3 Bunk 6x6

TH302 Hauler
2 Bunk 6x6

TH302 Hauler
2 Bunk 4x4

TC403 Long Range
Forwarder 6x6

TC302 Long Range
Forwarder 6x6

Bell Tandem Timber
Trailer

TC302 Long Range
Forwarder 4x4

Bell Timber Trailer
Rear Tip/Non Tip Sawlog

Afri Tractor: 904, 1216, 1716
2wd or 4wd Haulage Tractors

HX230E Excavator
with Waratah Head

643J - JD
Wheeled Feller Buncher

843J - JD
Wheeled Feller Buncher

753J - JD
Tracked Feller Buncher

759J - JD
Tracked Feller Buncher

1410D & 1710D - JD
Forwarder

1270D - JD
Wheeled Harvester

703JH - JD
Tracked Harvester

753JH - JD
Tracked Harvester

759JH - JD
Tracked Harvester

540G III - JD
Cable Skidder

548G III - JD
Grapple Skidder

640H - JD
Cable Skidder

648H - JD
Grapple Skidder

AGRICULTURAL

2306D
Articulated Tractor

2806D
Articulated Tractor

4206D
Articulated Tractor

1716A & 1716AF
Rigid Tractor

1216A & 1216AF
Rigid Tractor

904A & 904AF
Rigid Tractor

125A 3cyl
Cane Loader

125A 4cyl
Cane Loader

220E
Cane Loader

220A
Versalift

120A 2,75T
Rough Terrain Forklift

220A 3,5T
Rough Terrain Forklift

Std Tandem
Spillerbar Rig

Wide Tandem
Spillerbar Rig

High Roll Bin
Tandem Rig

Non-spill/bundle
Tandem Rig

REVIEW: BOARD OF DIRECTORS

MICHAEL MUN-GAVIN +# (63)
INDEPENDENT NON-EXECUTIVE CHAIRMAN
BCom (Natal)
CA(SA)
Appointed to the board in 2005

JOHN BARTON #+* (65)
INDEPENDENT NON-EXECUTIVE DIRECTOR
Chairman of the Audit Committee
FCMA (UK) AMP (Harvard) GCMA
Appointed to the board in 2009

DANIE VLOK #+* (67)
INDEPENDENT NON-EXECUTIVE DIRECTOR
Chairman of the Nominations and Remuneration Committee
Chairman of the Risk and Sustainability Committee
BCom (Pretoria); MBA
Appointed to the board in 1995

TIISETSO TSUKUDU #^ (59)
INDEPENDENT NON-EXECUTIVE DIRECTOR
Chairman of the Social, Ethics and Transformation Committee
BA (University of the North)
MBA (Strathclyde Graduate Business School, Glasgow)
Appointed to the board in 2004

BHARTI HARIE * ^ (42)
INDEPENDENT NON-EXECUTIVE DIRECTOR
BA LLB (Natal)
LLM (Wits)
Attorney, Notary and Conveyancer
Appointed to the board in 2010

GARY BELL ^ (60)
GROUP CHIEF EXECUTIVE
Mechanical Eng Diploma
(Natal Technikon)
Appointed to the board in 1983

KAREN VAN HAGHT + (46)
GROUP FINANCE DIRECTOR
BCompt (Hons) (UNISA)
CA(SA)
Appointed to the board in 2006

LEON GOOSEN + (40)
EXECUTIVE DIRECTOR
BAcc (Stellenbosch)
BCompt (Hons) CTA (UOFS)
CA (Namibia)
CA(SA)
Appointed to the board in 2010

ANDRé Mc DULING (44)
ALTERNATE DIRECTOR – EXECUTIVE
NHDip Mechanical Engineering
(Durban Institute of Technology)
BTech Business Management
(Durban Institute of Technology)
Appointed to the board in 2009

Legend: **Audit Committee, #Nominations and Remuneration Committee, +Risk and Sustainability Committee, ^Social, Ethics and Transformation Committee*

For Directors' responsibilities see Corporate Governance Report page 36

OVERVIEW: CHAIRMAN'S REPORT

A PARTICULARLY PLEASING ASPECT OF THE PAST YEAR'S RESULTS IS THE SIGNIFICANT IMPROVEMENT IN WORKING CAPITAL MANAGEMENT

MICHAEL MUN-GAVIN
INDEPENDENT NON-EXECUTIVE CHAIRMAN

I am pleased to bring you my Chairman's statement for the group's 2012 financial year.

OVERVIEW

Our aim in this Integrated Annual Report is to present stakeholders with a balanced view of Bell's financial, organisational, governance, social and environmental activities for the year ended 31 December 2012.

FINANCIAL

In some respects, 2012 proved to be a mixed year for Bell Equipment. The group has recorded profit after tax amounting to R243 million which compares with the R297 million in the prior year. Of the current year's profits, R225 million is attributable to shareholders of Bell. This translates into earnings per share for the year under review of 237 cents (2011: 290 cents). The drop in profitability can be attributed to three major factors. Whilst sales increased by almost 12% the overall gross profit margins fell by approximately 6,1% in comparison with the previous year, giving rise to a modest growth in gross profit in Rand terms of 5,1%. This deterioration was directly as a result of greater competition in a declining market place following the economic turmoil both locally and abroad, particularly in the second half of the year. The improved gross profit in Rand terms was more than offset by an increase in overheads of 11,1%. The third contributor was a reduction in other operating income of R31 million. This stemmed largely from a reduction in import duty rebates relating to the Motor Industry Development Programme and also a reduction in extended warranty income recognised. A particularly pleasing aspect of the past year's results is the significant improvement in working capital management. Both inventories and trade receivables are well down on the previous year and this has contributed to a positive cash flow for the year under review of R215 million. In the light of the group's stronger statement of financial position it has been proposed that a dividend of 40 cents per share be paid to shareholders.

As in the prior year, the Rand was weaker against the major currencies at year end than it was on average during the year. The translation of the results of the foreign operations into SA Rands therefore resulted in an increase in the foreign currency translation reserve of R46 million (2011: R57 million). This resulted in Bell's total comprehensive income for the year amounting to R291 million (2011: R354 million). The group's capital and reserves have increased to approximately R2,1 billion with net asset value having risen to R21,83 per share (2011: R18,72).

In a geographic context, the Africa region continues to contribute the lion's share of Bell's business and for 2012 these constituted approximately 73% of group sales.

SUSTAINABILITY

As I mentioned in my report last year, after taking a hard look at our existing structures and strategies following the economic meltdown in 2008/9, the group identified a number of operational improvements which needed to be made. Many of these have been implemented and are bearing fruit. Others require a process and will only start showing their due rewards in time to come. One example of these operational improvements has been the successful conversion of certain critical IT systems to the SAP platform. The benefits of this implementation are already evident.

Bell Equipment remains a market leader in the majority of its product range. Management's ongoing commitment to excellence through its research and development programmes and its service to customers should ensure that the group maintains its pre-eminent position in the markets which it serves.

The Risk and Sustainability Committee meets on a regular basis to review the risks facing the group with specific focus on the implementation and continuing effectiveness of the measures put in place to mitigate each identified risk. Risks are classified in terms of their possible impact and probability of occurrence and those with the highest perceived risk to the group's operations are then closely monitored by the committee and the board. All other risks and their mitigation measures are monitored on an ongoing basis at executive management level.

CONTINUED: CHAIRMAN'S REPORT

GOVERNANCE

The group's Audit Committee focuses on issues related to sound corporate governance, concentrating specifically on issues such as the group's internal controls, legislative compliance and financial reporting. Considerable time and effort is also spent on ensuring adherence to the principles embodied in the King Code on Corporate Governance (King III) in addition to those items specifically required of audit committees in the Companies Act of South Africa, 2008 (as amended).

The board and its various committees has once again conducted a self appraisal review process. This is designed to highlight areas of strength and weakness within each structure and in addition, for each member of the board. I am pleased to report that generally, the outcomes were positive and where weaknesses were highlighted, we are endeavouring to improve our performance.

OPERATIONAL ISSUES

The tailing off in demand for mining-related products in the latter half of the year has resulted in reduced throughput in the group's production facilities which in turn resulted in an under recovery of fixed overheads during that period. Fortunately, improved forecasting and management of the group's resources limited the potential impact of the slowdown. Further capacity exists at each of Bell's plants and it is hoped that increased utilisation will return during the course of the year ahead. Management has been actively securing new markets for the group's products and this is starting to show in the order book which is currently in a healthy position. Management has also been seeking out new sources of supply for the products required in our production processes with a view to achieving cost savings and reducing supply lead times.

Like most local manufacturers operating in international markets, Bell Equipment has not been immune to the challenges of rapidly increasing costs of doing business in South Africa. The rising costs of labour, electricity and fuel impact heavily on Bell's competitiveness. Fortunately however this is mitigated to some extent by the recent depreciation of our currency.

Greater attention is also being given to health and safety issues in the workplace. Although it has always been an important issue within the group, greater focus was placed on this issue by the Risk and Sustainability Committee and the board itself. A good relationship exists with the vast majority of personnel employed by Bell Equipment and the Unions which represent the scheduled staff, something that is critical from an operational point of view.

Stakeholders will recall that changes to the commercial relationship between the group and John Deere were taking place following the planned launch by Deere of its own range of articulated dump trucks ("ADTs"). This progressed during the year under review with two major changes occurring. The first was the resignation of the Deere representative directors from the Bell Equipment board in order to overcome the conflict of interest issues which had arisen and the second was the termination of the ADT agreement which in turn meant the end of certain exclusivity provisions. This has facilitated Bell's entry into certain strategic markets such as Canada, the United States and South America but also meant that Deere will be free to sell its new ADTs and other products worldwide. Notwithstanding these changes, both Deere and Bell Equipment have expressed their intention to remain committed as partners in other areas. In this regard, it is anticipated that Bell's role as Deere's dealer of construction and forestry equipment in South Africa and a number of other countries in sub-Saharan Africa will continue.

ETHICS AND TRANSFORMATION

Towards the end of 2012 we established a new sub-committee of the board – the Social, Ethics and Transformation committee. It has met only once, to formalise its terms of reference and to plan its agendas for the year ahead. This committee will take responsibility for monitoring issues such as health and safety within the workforce, ethical conduct, the environment, stakeholder relations and issues relating to transformation and empowerment.

Bell Equipment continues to engage with government at various levels. As South Africa's leading earth moving, construction, mining and materials handling equipment provider, we remain extremely supportive of all initiatives to bolster our economy and improve prospects for the creation of employment in our industry, and in particular, for the communities surrounding our Richards Bay factory. In this context, we are fully supportive of, and encouraged by, the government's plans to expand production in the value-added sectors where high employment and growth multipliers are present. South Africa desperately needs to stimulate employment and the manufacturing sector is one of the areas where this can best be achieved. We look forward to ongoing interaction with government as we seek to find ways in which we can profitably develop the local supply base and increase employment.

OUTLOOK

Bell Equipment has a growing order book which bodes well for the first half of 2013. There are clearly obstacles in the face of the Eurozone turnaround but it appears that many economies are showing signs of growth. Certainly, within South Africa, the projected increase in infrastructure spend should have a positive impact upon Bell, particularly as its range of quality products fits well into the needs of the National Development Plan.

APPRECIATION

I conclude this report by thanking management for their tireless efforts in endeavouring to achieve the goals set at the commencement of the year, often in the face of significant external hurdles. They, like the board, know that the job is far from complete and understand the need to continue the programme of improvement in order to deliver to our stakeholders their rightful expectations of a successful global organisation. To my fellow directors, I also express my sincere thanks for their support, dedication and professional input into the affairs of the group.

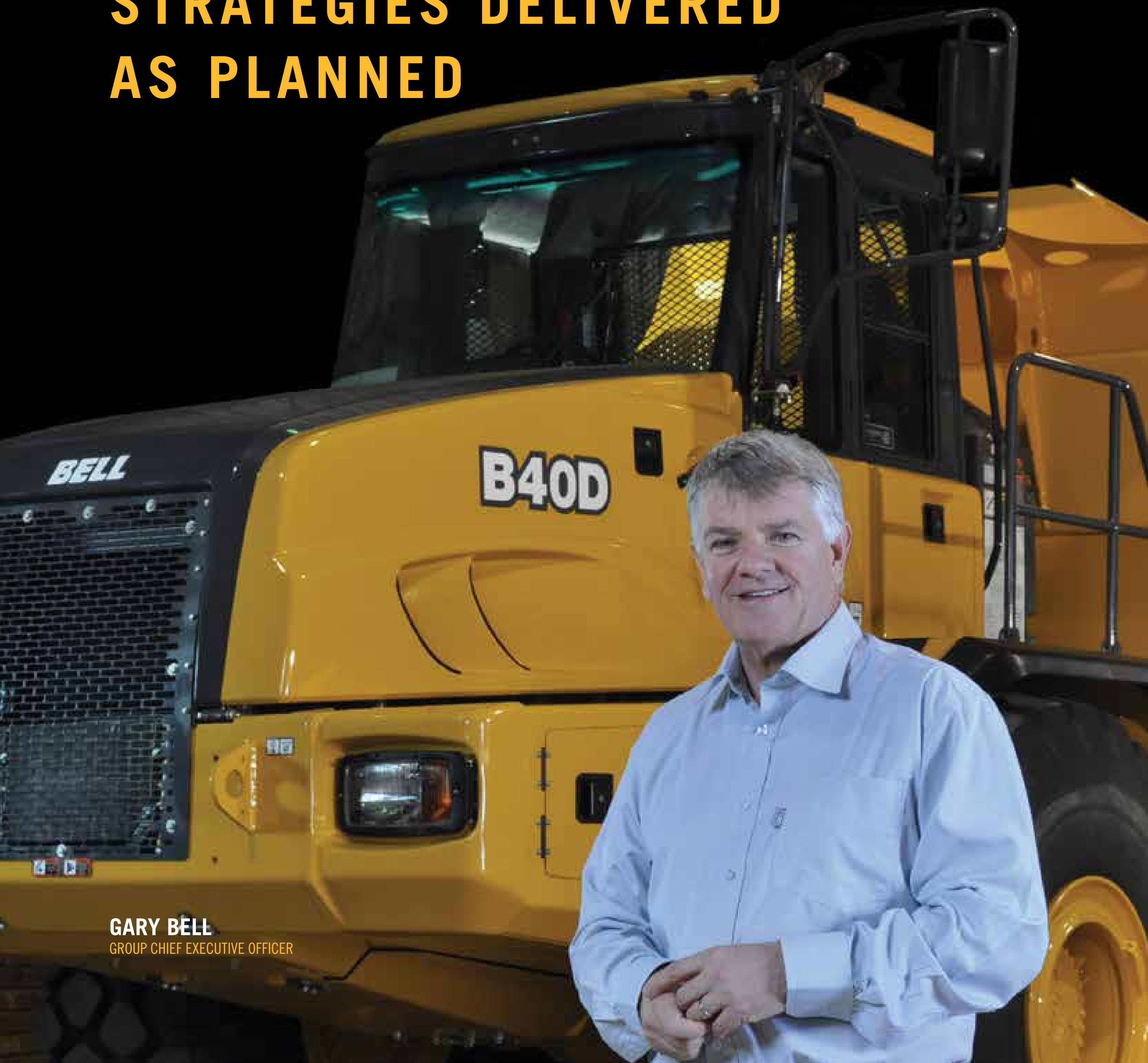
Michael Mun-Gavin
Chairman

14 March 2013


BELL
B30E

OVERVIEW: CHIEF EXECUTIVE OFFICER'S REPORT

DESPITE TOUGHER TRADING CONDITIONS IT WAS NEVERTHELESS ONE OF OUR BEST YEARS IN TERMS OF CASH GENERATION AS OUR NEW STRATEGIES DELIVERED AS PLANNED



GARY BELL
GROUP CHIEF EXECUTIVE OFFICER

2012 started out promising to be an above mid-cycle year for our industries and markets. Uncertainty and mixed messages from the global economy and some of our key markets in the second half turned 2012 into a tough year. All of our competitors around the world have also indicated a similar result in their recent reports. With a little over 40% of our business emanating from our South African region, the labour unrest in mining along with uncertain government policy regarding mining nationalisation and disappointing economic growth domestically had a negative influence on our profitability. Despite tougher trading conditions it was nevertheless one of our best years in terms of cash generation as our new strategies delivered as planned.

We are constantly optimising the triangle of inventory, production and margin and as can be seen our production rates were timeously cut back to match demand. Margins in the face of increased competition were under increased pressure. Our manufacturing capacity utilisation in the second half of 2012 was at approximately 50% and not adequate to ensure satisfactory recoveries. Overheads are an area of constant focus and margins did improve towards the end of the year, assisted mainly by currency movements.

Our markets depend on buoyant economic growth and this has still to return in most of Europe. We have seen continuing good recovery in the rest of Africa and other areas of the developing world. Domestically, low gross domestic product (GDP) growth and slow delivery on the planned infrastructure projects, for which we are well positioned, limited the recovery in sales.

We are pleased that we did not reduce our employment levels when production reduced during the year and this has proved to be the right decision as we ramp up production in 2013. We were more fortunate than many other engineering and manufacturing companies in being able to maintain employment levels locally and not have to carry re-training and re-employment costs with the now increased level of demand.

The commitment of the shareholders to continue to support the company through the turbulent cycles of the last four years has been vindicated. It is pleasing that the shareholders will now receive their first dividend in a number of years.

The support of the Departments of Trade and Industry and Economic Development and especially their associate entities such as the Industrial Development Corporation (IDC) and the International Trade and Administration Commission (ITAC) is important to a local value-adding, employment intensive manufacturer such as Bell. We hope that the transition from the Motor Industry Development Programme (MIDP) to the Automotive Production Development Plan (APDP) will be managed and implemented by Government to ensure the effectiveness of the new programme and the retention of onshore jobs.

Management and the board played a key role in guiding the company through this uncertain time. The true test of character is not managing in buoyant times but how the team manages through the uncertainties. The Bell team of employees, suppliers and our dealers proved their mettle.

Our flagship product continues to be the Articulated Dump Truck (ADT) and that is where the bulk of our research and development effort is focused. However, we have not lost sight of our roots in our traditional sugar cane and forestry markets. We were able to expand and entrench our leading distribution and product support role, especially in Africa, through providing a range of products and support where our customers need it. The addition of an expanded range of construction and road building and repair equipment a few years ago was well timed given the increasing focus on infrastructure. Similarly the introduction of a wider and larger range of excavators has given us advantage in mining as the demand for global resources continues to recover.

BUSINESS CLIMATE

The European economy has maintained relatively slow growth levels but our German factory is back up to economic levels of production. Following the termination of the John Deere ADT agreement and the group's re-entry into the North American market, the European factory will now start supply of machinery to North America. Although we have adequate capacity at this time there is room for expansion at both of our factories with limited capital investment. The very capital intensive areas are operating multiple shifts but most other areas are still on a single shift. We have resumed upgrading and optimisation in our factories.

We have also invested in our customer facing distribution and support activities. The Bell Global Logistics Centre in Jet Park, South Africa, is achieving excellent performance levels and our customers are seeing the benefit. During the year construction work began on two large new state-of-the-art Customer Service Centres in Middelburg and Nelspruit. Planning is well advanced for new facilities in Rustenburg and Kitwe, Zambia during 2013.

The focus on infrastructure within South Africa, and many other developing economies, bodes well for our future if implemented. Given the global war on jobs, labour intensive value-adding industries such as Bell are increasingly important to the dynamo of local economic growth. We look forward to

CONTINUED: CHIEF EXECUTIVE OFFICER'S REPORT

working together with government to ensure the right policies are implemented successfully with associated benefits for all stakeholders. This will be good for Bell, its suppliers, direct and indirect employees and their dependents, and our total local supply chain. We hope that the updated Industrial Policy Action Plan (IPAP) to be released shortly will indicate how some of the National Development Plan (NDP), which has attained broad consensus, will be practically implemented.

This should help the government attain its vision and implement its policy on industrialisation which is the only option to create an economically successful and prosperous nation. Bell continues to work directly with key government departments and also with the Manufacturing Circle. We have continued to support this initiative to halt the de-industrialisation of our economy. We have learnt to manage with a relatively volatile and overvalued Rand but it is important that all aspects of South Africa's manufacturing competitiveness are examined and enhanced. The Rand is trending to our advantage as the only major local manufacturer. With all of our competitors reliant on imports, they will become less competitive with a depreciating Rand.

Bell welcomes the continued move in emphasis from narrow-based empowerment to broad-based empowerment. It vindicates the broad-based initiatives we started some five years back in selecting a Broad -based Black Economic Empowerment (BBBEE) partner that was focusing on broader social issues and ensuring that employees participated directly. Bell is serious about transformation as we see it as one of the cornerstones of a successful and sustainable economy.

It appears that uncertainty is going to be with us for a bit longer until there is sustained global economic recovery and effective implementation of economic and industrial policy locally. We know that our people, especially at a middle management level, are critical to achieving this success. As a result, skills development budgets continue to be at a higher level than one would normally expect in our business.

We also continue to refine our integrated thinking as we move beyond integrated reporting. The focus of strategy, risk, performance, socio economic impacts and managing our impact on the environment is increasingly being approached holistically rather than just functionally.

REVIEW OF CORE OPERATIONS

BELL EQUIPMENT COMPANY SA

Bell Equipment Company SA (BECSA's) operations encompass the group's product development, supply chain, manufacturing and after-sales support operations, and are the major supplier of products and engineering services to the Bell group distribution channels. As indicated the factory production rates were reduced below optimum levels and without a reduction in employees.

Research and development expenditure continues to be focused on the next generation of Bell E-Series ADTs. Full production of the four smaller truck models ranging in capacity from 18 to 30 tons will be achieved in the second quarter of 2013. Bell ADTs are recognised for having a world-leading fuel efficient design, and the new products build on this reputation with additional design features that confirm the Bell ADT as the efficiency benchmark among competitors. Additional improvements in safety, performance and payload will provide our customers with greater value for money.

The development of products is not possible without the ongoing alignment and participation of our suppliers, key customers and broader stakeholder groups.

Our organisational philosophy continues to put stakeholder safety and health at the core of every employee's objectives. Our commitment to safety and health will continue to receive focus during 2013. A renewed, refocused safety leadership structure has been implemented which will drive further integration of safety best practices throughout the group.

BELL EQUIPMENT SALES SOUTH AFRICA

Bell Equipment Sales South Africa (BESSA) constitutes the Bell Southern African sales and distribution network of the group and includes a sales head office in Jet Park, Gauteng and three regional offices in KwaZulu-Natal (Coastal Region), Gauteng (Central Region) and Cape Town (Cape Region), with a further twenty customer service centres throughout South Africa. The Bell operations in Namibia, Swaziland and Lesotho are also under the BESSA banner. In order to grow our markets and ensure our customers continuous improved service levels, BESSA has continued to invest in our distribution operations with several new facilities planned over the next four years.

BESSA is well positioned to service coal, platinum, manganese, chrome and diamond mining. Our product range for this market was recently expanded to include Liebherr excavators that can satisfy all our loading requirements within our ADT product range from B18 to B50. In construction, Bell remains very well positioned within this market due to its own product range and the products of third party suppliers such as John Deere, Bomag and Liebherr. Bell will continue to focus on further third party products in order to fulfil our customers' one-stop purchasing needs.

Bell is appreciative of government's various initiatives in the Republic to lower the barriers of entry into the construction sector. We fully support The Black Business Supplier Development Programme (BBSDP) administered by the Department of Trade and Industry (DTI). This has enabled us to step up production of our locally produced Tractor Loader Backhoe (TLB).

Bell Equipment has recently been granted distribution rights by Terex® Finlay for their range of mobile crushing, screening and recycling equipment in Southern Africa, hereby expanding our strategic alliances with Global Original Equipment Manufacturers (OEMs) and growing the company's product range.

BESSA is the only major distributor of locally made mining and construction equipment. As the Procurement Accord and Buy Local initiatives become effective we will gain some advantage.

We remain active in forestry, sugar and agriculture, especially where there are trends to greater mechanisation. With the recent labour unrest in South Africa we have seen increased interest and demand for labour saving machinery across every industry we supply.

BESSA remains well known for its ability to identify and meet customer expectations. Bell Assure initiatives will continue to deliver on these expectations and ensure that we maintain our reputation for providing reliable and ongoing support to our customers. Our improved sales and operations planning processes will better match supply and demand and accelerate our customer response time. To further enhance our service levels we upgraded our information systems towards the end of 2012 and I am pleased to report that that this transition was implemented seamlessly and without the major disruptions sometimes found with large scale changes of this nature.

Skills remain a major factor within the market place. BESSA has continued with its major drive and focus on increased technical training and a skills retention programme, thus ensuring existing and future customers' maximum uptime and satisfaction.

BELL EQUIPMENT EUROPEAN OPERATIONS

The European operation can report one of its best years despite relatively low demand levels. The adjustments that were made during the downturn have proved to be worthwhile. There was some recovery in volumes as in some instances purchases could no longer be deferred. The extended life cycle also gave us increased service and support opportunities. We expect this condition to manifest itself going forward until the market normalises again.

Very good progress has been made in our Russian region markets, where a number of key dealers have been appointed and it is expected that this region will make a far greater contribution to this division going forward.

We continue building a sustainably diversified market whilst maintaining our low overhead structure. The division will achieve far greater factory utilisation levels in future as we ramp up supply of machinery to North America.

BELL EQUIPMENT NORTH AMERICA

This division is expected to grow very rapidly over the next three to five years following the appointment of new distributors in Canada and the United States as a result of the changed John Deere relationship. North America remains the largest ADT market in the world and the return of the Bell branded ADTs over the next two years holds tremendous opportunity. The products for these markets will be manufactured and assembled in our German facilities.

BELL EQUIPMENT INTERNATIONAL OPERATIONS

This division is responsible for all other distribution operations of Bell which broadly covers our own customer service centres and dealer outlets in all regions excluding South Africa, North America and Europe.

Key growth areas for the period include Mozambique, Zambia, Democratic Republic of Congo (DRC) and Australasia. There has been a good performance in terms of sales, customer service and parts supply. A new and modern customer service centre in Kitwe, Zambia, which will also serve as a regional parts distribution centre for this rapidly expanding region, is to be opened during 2013. Bell service support and machinery uptime is a critical differentiator for our customers and continued growth in the territory.

The political environment of Zimbabwe continues to mean that the country is operating below potential but nevertheless remains a good market for Bell. The performance of our DRC unit continues apace. The customer base was expanded and the dependence on copper mining operations was reduced. We are well placed to grow this business unit. A new Kolwesi parts and service centre was opened to support the expanding customer base in this area.

With Africa housing a large number of high growth economies and emerging markets recording more than double the growth rates of the traditional developed economies, Bell has enjoyed the benefit of growth in sales in Africa and parts of the Australasian and South American regions. Strong mining activity will drive further gains this year, adding to the growth of the group.

THE YEAR AHEAD

Our people remain critical to our business. This is not only in designing innovative and competitive products, but also building, distributing and supporting them. This has to be done better than the large brand name competitors we face who also have bigger global customer bases and often government support. Improved interaction with our customers is paramount. We focus on designing products that reduce the cost per ton kilometre for our customers. We have to build them to global standards and that includes fabricating, manufacturing and assembling products with component parts sourced from both within South Africa and abroad.

Critical to our success is our distribution which allows our strong reliable machines to get to our markets. While our competent sales people are important in the first sale, it is the level of support and service that sells the second and next machines as that contributes to the uptime and reliability of the equipment and therefore the total cost of owning and operating.

That makes our logistics centres critical to optimising the balance between cost of holding inventory and customer service. The product support team and the mechanics that support and service the equipment in the field or close to the customer base are critical, as are those in the back office that support our operations. Prospects for 2013 appear positive at this stage with the forward order book at a healthy level. We are focused on delivering a broader range of durable products and support to our customers across the world.

APPRECIATION

I take this opportunity to again thank all our valued stakeholders, including shareholders, customers, suppliers, employees, financiers, government and other strategic partners for their continued support.

We confirm that we will be redoubling our efforts to bring our customers strong, reliable machines, while also consistently providing them with strong, reliable support. We look forward with confidence to improved profitability and well contained working capital as we continue to deploy our strategy and move further into 2013.

Gary Bell
Chief Executive Officer

14 March 2013

OVERVIEW: GROUP FINANCE DIRECTOR'S REPORT

THE GROUP IS WELL POSITIONED TO TAKE ADVANTAGE OF OPPORTUNITIES IN NEW MARKETS AND THE GLOBAL MARKET RECOVERY WHEN THAT HAPPENS

KAREN VAN HAGHT
GROUP FINANCE DIRECTOR

INTRODUCTION

By all accounts, 2012 was a challenging year. Sales growth was modest, gross margins were under pressure and input costs and overheads continue to increase.

REVENUE

2010 and 2011 had delivered strong recoveries in sales volumes following the group's lowest point in the global economic crisis in 2009. It was anticipated that 2012 would deliver a further recovery in sales volumes, not at the level of increase of the previous two years off the very low 2009 base, but a solid increase in sales well above the South African inflation rate was initially planned for. This increase did not materialise and the group had to respond quickly and cut back production at the two facilities in Richards Bay and Kindel, Germany, to match demand. Group sales ended the year at R5,7 billion, 12% up on R5,1 billion in 2011.

With low activity in the construction industry in the markets that Bell operates in, mining has been the main source of demand for the group's products. Serious, unresolved challenges in the mining industry in South Africa resulted in a slowing of local demand in the second half of 2012. This slowdown in the home market, which had shown resilience compared with other global markets during the worst of the recession, had a negative impact on the group's results in the second half of 2012. Although enquiry levels have increased in 2013, mining industry concerns remain a significant risk for the future. Revenue from sales in South Africa was the same as in 2011 at R2,5 billion. As a result, the contribution by the South African market to total group revenue decreased to 44% from 49% in 2011.

Although most of Europe remains very depressed, this region experienced good sales growth of 25% off a low base and posted a very pleasing result, mainly due to infrastructure projects in France and growth in Russia. Europe contributed 18% of group sales.

Sales in Africa outside South Africa also increased by 25% in 2012. Together with increasing the group's footprint in Africa, the focus in this region in 2012 was on embedding technical and service infrastructure to support the high volume of machines sold in this area in recent years. Although the cost of establishing this infrastructure had an impact on the region's profitability in 2012, we are confident that this investment in and commitment to Africa will deliver returns in years to come. The rest of Africa contributed 29% of group sales.

We look forward to reporting revenue from the re-entered North American market in 2013. These volumes will add much needed throughput to the production facilities which are currently operating at well below capacity.

GROSS MARGIN

Increased competition and tough market conditions put a squeeze on gross margins which reduced from an average of 23,6% in 2011 to 22,2% in 2012. The weakening of the Rand relative to the Euro and the US Dollar towards year end contributed to an improvement in margins in the last quarter of 2012.

OTHER OPERATING INCOME

Lower import duty rebates and extended warranty income recognised resulted in a decrease in other operating income in 2012.

EXPENSES

Group overheads increased by 11% in 2012 which is high considering the modest increase in revenue. As reported above, the initial cost of establishing infrastructure in territories where the group carries out its own distribution and support of the products it manufactures is high. The full benefit of a local presence and a good distribution network on the ground will only be evident in years to come when markets recover. In the manufacturing entity in South Africa rising input costs is a challenge. Labour productivity and the return earned on the group's investment in human capital will need to be increased in order to bring the group closer to achieving it's operating return on assets objectives.

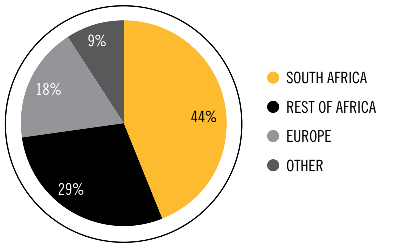
INTEREST PAID

Net interest paid increased by 24% to R41,5 million due to higher average borrowings in 2012, particularly in the first half of the year when production planning rates were higher. Borrowings ended the year at the lowest level in a number of years.

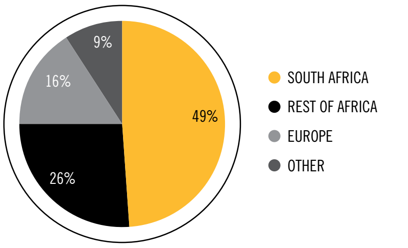
CONTINUED: GROUP FINANCE DIRECTOR'S REPORT

REVENUE ANALYSIS

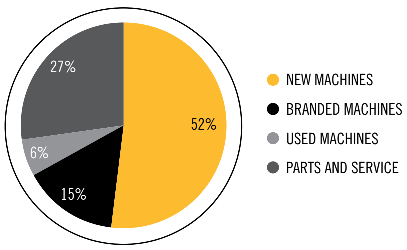
2012



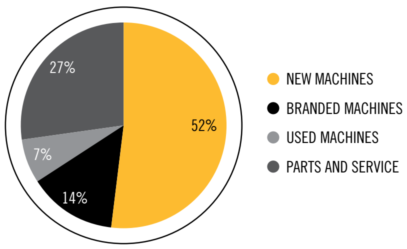
2011



2012



2011



OPERATING PERFORMANCE

The result of the above challenges was profit after tax for 2012 of R243 million and earnings per share of 237 cents, down on the 2011 result of R297 million and earnings per share of 290 cents. While we are not satisfied with this result, we recognise the investments made in 2012 in critical research and development and in the group's distribution network that are longer term in nature and that will set the foundation for future growth.

WORKING CAPITAL

We have reported in recent years that cash generation and liquidity is a primary focus. These factors are largely dependent on working capital management and the group's ability to adapt and respond promptly to changes in demand. The investment in working capital is also dependent on where the business is in the cycle, whether the group is funding an increase in demand during an upturn or collecting cash from the realisation of inventory during a market contraction in a downturn. We are very pleased with the management of inventory levels during 2012, especially considering that planned production rates had to be reduced rapidly to match demand that was lower than initially expected. Inventory ended the year at 151 days, which is on target and represents a significant improvement on past years.

Although receivables at 41 days are pleasing, the ageing of receivables deteriorated in 2012, with debts past due and not impaired of R161 million compared with R127 million at the end of 2011. The majority of these overdue receivables relate to customers in Africa, where payments are generally slower than in other regions. A sizeable portion of this has already been collected since year end and management is confident that the full amount is recoverable.

Positive cash flow for the year is a pleasing R215 million, largely due to careful working capital management.

EXCHANGE RATES

The SA Rand closed the year 7% weaker against the Euro and 5% weaker against the US Dollar compared with the end of 2011. As a net exporter with group companies and assets offshore, the weaker SA Rand has a significant positive impact on the margins and profitability of the group as well as on the foreign currency translation reserves and net asset value of the group on translation of the offshore operations' balance sheets into SA Rand. Local selling prices in South Africa are also largely driven by the Rand/Euro exchange rate due to almost all competing products being imported. The further weakening of the Rand in the first quarter of 2013 is therefore favourable to Bell. A substantial portion of Bell's purchase commitments are in foreign currency, both in respect of components for manufacture and in complete products purchased from alliance partners. As far as possible, the group uses its natural currency hedge to manage exchange rate exposure. Forward cover contracts are utilised to manage the remaining trade exposure.

LOOKING AHEAD

We remain committed to securing the long term operational and financial sustainability of the group. The group is well positioned to take advantage of opportunities in new markets and the global market recovery when that happens.

Karen van Haght
Group Finance Director

14 March 2013


BELL
B30E

REVIEW: GROUP EXECUTIVE COMMITTEE

GARY BELL (60)
GROUP CHIEF EXECUTIVE
Mechanical Eng Diploma
(Natal Technikon)
Appointed as an employee in 1971

KAREN VAN HAGHT (46)
GROUP FINANCE DIRECTOR
BCompt (Hons) (UNISA)
CA(SA)
Appointed as an employee in 2000

LEON GOOSEN (40)
GROUP COMMERCIAL DIRECTOR
BAcc (Stellenbosch)
BCompt (Hons)
CTA (UOFS)
CA (Namibia)
CA(SA)
Appointed as an employee in 2007

ANDRé Mc DULING (44)
MANAGING DIRECTOR:
BELL EQUIPMENT COMPANY SA
NHDip Mechanical Engineering
(Durban Institute of Technology)
B Tech Business Management
(Durban Institute of Technology)
Appointed as an employee in 1988

MIKE DUTTON (47)
MANAGING DIRECTOR:
BELL EQUIPMENT INTERNATIONAL OPERATIONS
NTC2/3/4
Appointed as an employee in 1988

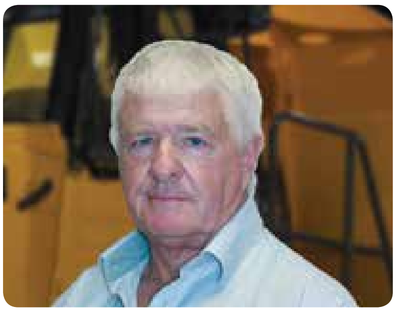
MARC SCHÜRMANN (44)
MANAGING DIRECTOR: BELL EQUIPMENT EUROPEAN OPERATIONS
BEng (Mech)
Prof Eng (Pretoria)
Appointed as an employee in 1994

BOKKIE COERTZE (61)
MANAGING DIRECTOR: BELL EQUIPMENT SALES SOUTH AFRICA
Post graduate – Paper Technology
(Robert Gordon's – Aberdeen, Scotland)
Appointed as an employee in 1986

NEVILLE PAYNTER (48)
MANAGING DIRECTOR:
BELL EQUIPMENT NORTH AMERICA
NTC 3 & 4 Aircraft Technology
– Germiston Technical College, Germiston, South Africa
Diploma in Business Management
– Damelin Management College, Johannesburg, South Africa
Diploma in Business Enterprise Studies
– Institute of Commercial Management, Bournemouth, England
Appointed as an employee in 2002

AVISHKAR GOORDEEN (33)
EXECUTIVE: GROUP RISK
BCompt (Hons) (UNISA)
CA(SA)
Appointed as an employee in 2006

RINO D'ALESSANDRO (49)
EXECUTIVE: GROUP INFORMATION SYSTEMS
CPIM (APICS)
Senior Diploma (Datametrics) (UNISA)
Bachelor of Science (UNISA)
Appointed as an employee in 1996



PETER BELL (63)
EXECUTIVE: ENGINEERING
Mech Fitting and Turner Dip (Natal Technikon)
Appointed as an employee in 1974

LUCAS MALOKA (51)
EXECUTIVE: GROUP HUMAN RESOURCES
BA University of Zululand
Masters of Management (Human Resources) Wits Business School
Appointed as an employee in 2007

RYAN BLAND (38)
EXECUTIVE: TECHNICAL SERVICES
Advanced Business Management Diploma
NTSC 2/3/4
Appointed as an employee in 1994

DOMINIC CHINNAPPEN (44)
EXECUTIVE: GROUP SALES AND OPERATIONS PLANNING
BCom (Logistics) (UNISA)
CPIM (American Production and Inventory Control Society)
Appointed as an employee in 1987

PAUL BELL (55)
EXECUTIVE: COMMUNICATIONS AND ADVERTISING
Appointed as an employee in 1974

BRUCE NDLELA (43)
EXECUTIVE: BUSINESS AND PUBLIC SECTOR DEVELOPMENT
Diploma in Project Management (Varsity College)
Diploma in Drafting and Design (Academy of Drafting)
Appointed as an employee in 2003

PIETER VAN DER SANDT (37)
GROUP COMPANY SECRETARY
LLB (Pretoria)
Advocate of the High Court of South Africa
Appointed as an employee in 2012

For Director's responsibilities see Corporate Governance Report page 36

STAKEHOLDER ENGAGEMENT

STAKEHOLDER IDENTIFICATION

Stakeholders are those groupings, organisations or persons who are directly impacted by the group's activities as well as those groupings, organisations or persons who can reasonably be foreseen to be impacted by the group's activities.

The group has put in place policies and procedures to ensure timely communication of accurate and relevant information to each stakeholder group in a consistent manner. Stakeholders, and the optimum way of communicating with them, are reviewed regularly by management.

STAKEHOLDER ENGAGEMENT

The group recognises that its continued sustainability is dependent on its relationships with key stakeholders and will continue to improve communication channels and provide accurate and relevant information to these stakeholders. The board has adopted a stakeholder engagement policy as part of the Bell Equipment Code of Business Practice in the furtherance of this cause.

The board of directors is responsible for the implementation of a stakeholder-inclusive governance approach. The board delegates this responsibility to the Group Chief Executive and executive management is entrusted with the responsibility for the development of suitable stakeholder engagement policies and implementation of a transparent and consistent system of communication with identified stakeholder groups. In accordance with the JSE's Listings Requirements, all corporate communications which appear on the JSE's Securities Exchange News Service (SENS) are approved by the group's corporate sponsor prior to posting the announcement.

The group produces integrated and interim reports and publishes these on the group's investor relations website (www.bellir.co.za). From 2013 these reports will also be available on the group's mobile application that can be downloaded onto any tablet or Smartphone via the iTunes, Google Play and Windows Mobile Apps Store. The group's external website (www.bellequipment.com) is an important means of effectively communicating with all stakeholders – keeping them abreast of developments within the group and providing essential information relating to the group and its operations.

The group's external website contains relevant information about the group, its products and services, governance structures, sustainability information and Bell Equipment as an investment destination. Stakeholders are encouraged to interact with the group to gain a better understanding of the group and to make suggestions on ways to improve its product and service offerings using the following channels:

- direct contact with the customer service centres or country or regional offices or head office for specific information or inputs;
- the independently monitored Tip-Offs Anonymous hotline; and
- the Group Company Secretary who also provides access to publically available corporate information. The Group Company Secretary also deals with requests in terms of the Promotion of Access to Information Act – the group's manual in this regard is available on its website and directly from the Group Company Secretary.

The group usually holds annual conferences with its external business partners (primarily suppliers, customers and dealers) and uses these opportunities to communicate its strategic direction and plans so that these stakeholders are fully apprised of the group's expectations and requirements. At the same time Bell Equipment receives valuable feedback from its customers, suppliers and dealers, with regard to its products and services and where these can be improved. This feeds into the group's product and service development plans. The group attends and exhibits at the leading international trade fairs for construction, building and mining equipment, including Bauma, Conexpo and Intermat.

The group also occasionally produces an employee report and has other regular communications with its employees. High level engagement also occurs with employee representative entities to promote matters of mutual interest. The Bell intranet also plays an important role in keeping group employees around the world abreast of the group's activities and facilitates communication amongst its various operations.

The group also engages directly with various government entities at a national, provincial, regional and local government level. Some of this is direct and some via entities such as The Manufacturing Circle, the National Economic Development and Labour Council (NEDLAC), Business Unity South Africa (BUSA), the South African Capital Equipment Export Council (SACEEC), as well as the Steel and Engineering Industries Federation of South Africa (SEIFSA) and other industry bodies.

In 2012 Bell Equipment joined the Proudly South African campaign. The Proudly South African "buy local" campaign encourages the nation to buy local products and make use of local services, in an effort to stimulate the local economy and help create jobs. Proudly South African also promotes national pride, patriotism and social cohesion.

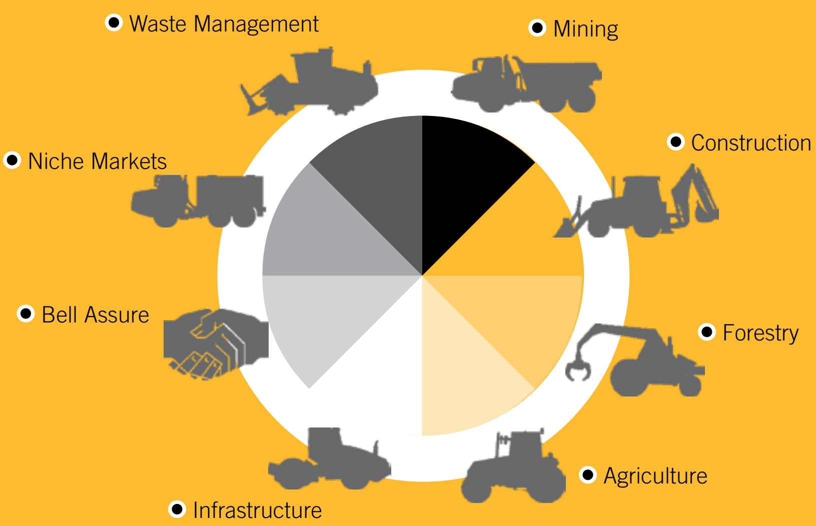
Bell Equipment also launched the "Built with Pride in Africa" campaign whereby all products manufactured in our South African factory are branded with this logo in an effort to enhance our status as a proudly African company.


BELL
BELL

PRODUCT: FULL RANGE OF OUR PRODUCTS

SCOPE OF PRODUCTS

Bell Equipment is a Proudly South African company with almost 60 years of experience in the manufacture, distribution and support of materials handling equipment. Our comprehensive network of Bell Equipment branches and independent dealers supplies equipment solutions, ancillary products and after-sales services to the agriculture, forestry, waste handling, construction and mining industries worldwide.



INDUSTRY: MINING

With a presence in major markets in mineral rich countries throughout Africa, Russia, Australia, Indonesia and Canada, a comprehensive range of mining equipment is key to providing customer focused solutions.

Bell Equipment provides machines ideally suited for small and medium sized operations. An extensive range of both Excavators and Front-End Loaders provide equipment for loading while the hauling cycle is covered by the comprehensive and well-matched range of above ground Articulated Trucks and low profile machines operating underground. With ADTs as our core product the group has become globally recognised as an ADT specialist.

The flagship B50 continues to perform well and still remains the largest ADT worldwide, having been developed specifically for mining operations. Our ability to match an Excavator to this truck was achieved through our partnership with Liebherr, further strengthening our product offering and support to this sector.

Graders, Rollers and Stabilisers provide solutions for haul road maintenance and site development. A range of Tracked Dozers are used at the tip area and for both mine development and rehabilitation.

Tri-Wheeler Forklifts and Tractor Loader Backhoes are also popular around mine sites being suited to a variety of day-to-day tasks.

The mining industry remains Bell Equipment's largest contributor and further research and development into this strategic market remains a priority. The 18-30 ton E-series range of Articulated Dump Trucks will be released in 2013 with the current range of large trucks due to receive facelifts a year later. Larger truck concepts will continue to be trialled and tested in an effort to enlarge our footprint into the mining markets.

INDUSTRY: CONSTRUCTION

Over a period of time Bell Equipment has been strategically focused on building its product range to cater for the needs of the construction industry. Today a wide variety of equipment is available as a result of both strategic partnerships and local manufacture.

Our Articulated Truck models have proved to be a popular choice, particularly the B20D for its ability to travel on-road, adding an even higher level of convenience.

A complete range of heavy earthmoving solutions include Tracked Dozers for site preparation and a variety of loading tools from Excavators to Wheeled Loaders, well matched to our ADT product. Motorised Graders provide for final finishing and detailed site preparation.

Complementing the range are Tractor Loader Backhoes, smaller Loaders and Excavators providing versatility for the laying of services and intricate site work. This, together with a variety of compaction equipment, ensures that Bell Equipment caters for the entire construction spectrum.

In response to market needs a package solution, comprising a small Loader matched to the smaller model of Bell Equipment's popular Haulage Tractor and a Dump Trailer, provide another locally manufactured option for start-up operations or material batching plants.

INDUSTRY: FORESTRY

Bell Equipment's presence in the forestry sector dates back to the 1960s when our range of three wheelers, haulers and trailers were adapted from sugar cane handling to cope with the more arduous forestry environment.

Today Bell-manufactured forestry equipment continues to be indispensible in many forestry operations. The Bell Tri-Wheeler units continue to provide loading solutions with the lowest cost per ton while the Haulers and robust trailers provide reliable haulage.

Newly developed products, based on Bell Equipment's mainstream ADT products, provide versatile alternatives for transport, including infield self-loading forwarders. These products fulfil a niche to handle differing haul distances as well as poor underfoot conditions.

Alternative felling and processing systems are available to our customers through our close relationship with Waratah, a global leader in the design and manufacture of forestry heads. Demonstrated ability to fit the head system to either a Bell Excavator or Tri-Wheeler base has allowed us to extend our forestry product offering. By offering lower capital costs and less complexity, these hybrid units are important in the progression of the forestry operation from manual to full mechanisation.

Bell Equipment is also the dealer for the full range of John Deere forestry equipment, allowing the sale of dedicated forestry equipment to customers employing highly mechanised systems. The purpose-built John Deere fully mechanised systems are seen as a global benchmark in terms of productivity, lowest daily operating costs and uptime.

Associated products like tracked Dozers and Graders are also used in the forestry industry for infrastructure and road maintenance.

INDUSTRY: AGRICULTURE

Bell Equipment was born into the sugar industry and focus on providing innovative solutions for agricultural markets remains an important part of our business.

Effective handling of cut cane continues to rely on the Tri-Wheeler Bell Cane Loaders for loading infield and at loading zones while Bell Equipment's range of reliable Rigid Haulage Tractors and robust trailers provide cost effective transport solutions directly from infield to the mill.

The agricultural market continues to find value in our purpose-built Bell Haulage Tractors with the current generation of machines maintaining the design principles of having a rigid chassis, automatic transmission and unmatched durability to continue the strong legacy of this product.

Expanding on our range of Articulated Trucks, the Bell range of Articulated Tractors are finding a niche in large scale land preparation throughout developing African countries. These Bell Articulated Tractors are also popular for the haulage of "land trains" where conditions allow.

Bell Forklifts and Versalifts, part of the versatile Tri-Wheeler concept, are widely used in farming applications for the handling of palletised produce and harvesting bins. The innovative manoeuvrability of these machines as well as their exceptional performance over rough terrain ensures that they are indispensible between the field and haulage equipment.

Tractor Loader Backhoes fulfil a key position in most farming operations providing a versatile solution for many on-farm tasks.

INDUSTRY: ROADS AND REHABILITATION

Bell construction equipment has for many years been employed in the construction and maintenance of Africa's road network. The awarding of the Bomag dealership to Bell in 2009 significantly increased the group's offering and penetration into this sector.

Bomag is seen globally as the leader in respect of technology and development of products supporting the complete road construction process, whether it be a gravel road or black top.

Soil Compactors are used in the preparation of the subsurface while pavers apply the asphalt. Tandem drum and pneumatic tyred Rollers provide the finishing touches. The durability of a roadway is directly dependent on how well these functions are performed with the Bomag units receiving the highest praise from site engineers for their precise operations.

For road rehabilitation, as well as a higher level of subsurface preparation the newly introduced Stabilisers and Recyclers have proved to perform above expectation. As an industry leader the Bomag units also incorporate the facility for the introduction of foamed bitumen, a new technology currently gaining favour with road builders.

For smaller repair work, a full range of walk behind compaction equipment is distributed through Bell Equipment operations in Africa.

The additional range of Bell construction equipment like Dozers, Graders, ADTs – including water tankers – and Excavators ensure that the group is well positioned to provide a complete solution for this important infrastructure development.

INDUSTRY: NICHE MARKETS

Not everyone's needs are identical. This understanding prompted Bell Equipment to develop a unique Versatruck programme to give customers the flexibility and opportunity of choosing from a number of Bell ADT permutations to best suit their application requirements.

Built from the specialised machinery concept, Bell Equipment has expanded its equipment offering to include tailor-made solutions such as low profile ADTs, ejector trucks, fire trucks, water tankers, lube trucks, flat deck trucks, hooklift trucks, container trucks, concrete trucks, timber trucks, waste handlers, waste compactors and even an underground concrete mixer.

Managing this programme is the Bell Application Equipment (BAE) division, a substantial team with years of experience, which is dedicated to the design, fabrication and assembly of these Bell niche products.

Importantly the Versatrucks are able to offer the best in performance, safety, fuel efficiency and ease of operation of the standard Bell ADT range. Similarly they also have all the latest innovations and features.

Versatruck products are built according to our uncompromising design philosophy and quality standards and therefore carry an OEM warranty and are guaranteed of Bell Equipment's technical support.

INDUSTRY: WASTE MANAGEMENT

In line with the current global focus to better manage the environment and handling of solid waste, Bell Equipment has taken steps to establish itself in this sector. As part of the Bell Versatruck programme, various options have been developed for the waste handling industry, including low density bins, hooklift trucks and dedicated hauler-trailer configurations. Our range of Excavators and Front-End Loaders can be fitted with custom built attachments to facilitate loading of waste material.

The addition of the Bomag range of refuse compactors allows Bell Equipment to offer purpose-built machines to the industry, ensuring the best possible compaction and least downtime in the harsh environment of landfill sites.

INDUSTRY: BELL ASSURE

In line with the group's understanding that world-class products are only effective when backed by world-class support, Bell Equipment has developed a comprehensive range of supplementary products specifically tailored to enhance a customer's ownership experience and their relationship with Bell Equipment.

Even before a customer makes their first purchase, the Bell Assure programme is at work to provide advice on site requirements and machinery selection as well as the ability to offer a range of financing.

Before machine installation, both operator and maintenance training can be provided and the opportunity also exists to enter into repair and maintenance contracts.

The programme is geared to provide valuable solutions throughout the machine's complete lifecycle by providing on-site maintenance supported by an efficient parts supply infrastructure. Advanced onboard satellite communication software, designed by Bell Equipment, keeps the customer up to date on both machine status and production through real-time internet-based reporting.

To promote product longevity, programmes incorporating complete machine or component rebuilds give the customer cost effective alternatives to extend the productive life of their units.

The Bell Assure programme has relevance across all industries and types of operations.

FIVE-YEAR REVIEW

for the year ended 31 December 2012

		GROUP				
		2012 R000	2011 R000	2010 R000	2009 R000	2008 R000
INCOME STATEMENT						
Revenue		**5 670 188**	5 070 784	3 410 691	2 699 149	5 458 273
Cost of sales		**(4 410 050)**	(3 871 958)	(2 684 220)	(2 164 082)	(4 036 622)
Gross profit		**1 260 138**	1 198 826	726 471	535 067	1 421 651
Net operating costs		**(895 264)**	(763 186)	(601 834)	(798 493)	(832 547)
Profit (loss) from operating activities		**364 874**	435 640	124 637	(263 426)	589 104
Net interest paid		**(41 522)**	(33 506)	(58 404)	(108 605)	(74 637)
Profit (loss) before taxation		**323 352**	402 134	66 233	(372 031)	514 467
Taxation		**(80 434)**	(105 249)	(29 509)	100 325	(153 751)
Profit (loss) for the year		**242 918**	296 885	36 724	(271 706)	360 716
Shares in issue	(000)	**94 974**	94 958	94 958	94 958	94 950
Shares in issue (weighted average)	(000)	**94 968**	94 958	94 958	94 952	94 907
Earnings (loss) per share (basic)	(cents)	**237**	290	27	(274)	367
Dividend per ordinary share	(cents)	**–**	–	–	–	40
Net asset value per share	(cents)	**2 183**	1 872	1 494	1 496	1 864
STATEMENT OF FINANCIAL POSITION						
Property, plant and equipment		**547 889**	529 037	481 023	520 452	532 764
Intangible assets		**118 151**	82 969	70 775	39 873	30 309
Interest-bearing long-term receivables		**13 467**	10 534	34 378	73 982	34 787
Deferred taxation		**87 941**	113 164	147 296	164 138	67 962
Inventory		**1 817 759**	2 060 829	1 355 613	1 618 728	2 546 512
Trade and other receivables		**650 556**	882 170	446 787	412 008	627 839
Prepayments and current portion of interest-bearing long-term receivables		**56 698**	61 123	51 462	54 341	33 679
Other financial assets		**3 213**	4 479	–	430	–
Taxation		**4 832**	3 508	4 285	10 280	12 494
Cash resources		**188 821**	122 396	53 661	31 882	36 426
Total assets		**3 489 327**	3 870 209	2 645 280	2 926 114	3 922 772
Shareholders' equity		**2 073 559**	1 777 536	1 418 709	1 420 435	1 769 555
Long-term portion of provisions, lease escalation, repurchase obligations and deferred income		**158 126**	173 065	171 365	156 250	190 710
Current portion of provisions, lease escalation, repurchase obligations and deferred income		**132 056**	130 797	127 561	101 437	128 071
Interest-bearing liabilities		**234 851**	246 870	89 149	271 234	174 425
Trade and other payables		**738 445**	1 210 210	699 158	530 151	839 474
Other financial liabilities		**1 435**	1 820	4 271	3 922	–
Taxation		**17 541**	48 093	23 138	14 856	115 905
Short-term interest-bearing debt		**133 314**	281 818	111 929	427 829	704 632
Total equity and liabilities		**3 489 327**	3 870 209	2 645 280	2 926 114	3 922 772

		GROUP				
		2012	2011	2010	2009	2008
KEY RATIOS						
Operating ratios						
Operating margin	(%)	**6**	9	4	(10)	11
(Operating profit (loss))						
(Revenue)						
Return on total assets	(%)	**10**	14	5	(8)	17
(Operating profit (loss))						
(Average total assets, excluding cash)						
Financial ratios						
Gearing	(%)	**9**	23	10	47	48
(Interest-bearing liabilities)						
(Total shareholders' funds)						
Interest cover	(times)	**9**	13	2	(2)	8
(Operating profit (loss))						
(Net interest paid)						
Overall performance						
Return on shareholders' funds	(%)	**13**	19	3	(17)	23
(Profit (loss) after tax)						
(Average shareholders' funds)						
Gross profit to revenue	(%)	**22**	24	21	20	26
Working capital days trade cycle						
Inventory		**150**	194	184	273	231
Receivables		**42**	63	48	56	42
Payables		**(61)**	(114)	(95)	(89)	(76)
Total		**131**	143	137	240	197
		2012 R000	2011 R000	2010 R000	2009 R000	2008 R000
ABBREVIATED STATEMENT OF CASH FLOWS						
Cash generated from (utilised in) operations before working capital changes		**533 043**	603 325	202 325	(223 592)	714 903
Cash (utilised in) generated from working capital		**(2 141)**	(628 331)	418 724	784 160	(732 562)
Cash generated from (utilised in) operations		**530 902**	(25 006)	621 049	560 568	(17 659)
Net interest paid		**(41 522)**	(33 506)	(58 404)	(108 605)	(74 637)
Taxation (paid) refunded		**(89 645)**	(45 386)	1 624	(95 526)	(154 249)
Net cash generated from (utilised in) operating activities		**399 735**	(103 898)	564 269	356 437	(246 545)
Net cash utilised in investing activities		**(172 869)**	(147 389)	(90 381)	(117 316)	(171 825)
Net cash (utilised in) generated from financing activities		**(11 937)**	150 133	(136 209)	33 138	97 543
Net cash inflow (outflow)		**214 929**	(101 154)	337 679	272 259	(320 827)

REPORT: CORPORATE GOVERNANCE

INTRODUCTION

The board of directors takes the ultimate responsibility for the group's adherence to sound corporate governance standards and ensures that all business judgements are made with reasonable care, skill and diligence. The board is also committed to and fully endorses the principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa. Sound corporate governance structures and processes are applied at Bell Equipment and are considered by the board to be pivotal in delivering sustainable growth to the group.

Bell Equipment's board of directors continues to provide effective leadership based on sound ethical business foundations. The board considers the group's appropriate application of King III as an essential feature of the way the group behaves as a responsible corporate citizen and an integral part of the group's drive to remain a world-class business.

An assessment of the group's compliance with the recommendations made in the King III Report confirms that it has complied with all material aspects of this report in 2012. It is the policy of the group that the board and management continuously review and enhance the group's systems of control and governance and ensure the group's business is managed ethically and within acceptable risk parameters.

The King III Code compliance assessment table can be found at the end of this report on page 46.

The group continues with its compliance programme that will provide further assurances to shareholders and external stakeholders of the corporate governance standards maintained within the group. The IT Steering Committee continues to review, manage and address all matters pertaining to the improvement of all information technology related matters whilst also monitoring the implementation of the group's IT policy. The group's Code of Business Conduct was reviewed and amendments and improvements were successfully implemented.

RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for preparing annual financial statements in a manner that fairly presents the state of affairs of the group. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon. The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, 2008, (as amended) (the Companies Act). The directors' approval of the annual financial statements appears elsewhere in this report. The directors have no reason to believe that the group's business will not continue as a going concern in the year ahead.

GOVERNANCE FRAMEWORK

BOARD OF DIRECTORS

Independent non-executive	Executive
Michael Mun-Gavin *Independent Non-executive Chairman*	Gary Bell *Group Chief Executive Officer*
Danie Vlok	Karen van Haght *Group Finance Director*
John Barton	Leon Goosen *Group Commercial Director*
Bharti Harie	André Mc Duling *Alternate Executive Director*
Tiisetso Tsukudu	

BOARD COMMITTEES

AUDIT COMMITTEE

John Barton *Chairman*
Danie Vlok
Bharti Harie

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Tiisetso Tsukudu *Chairman*
Bharti Harie
Gary Bell
Pieter van der Sandt

RISK AND SUSTAINABILITY COMMITTEE

Danie Vlok *Chairman*
Michael Mun-Gavin
John Barton
Leon Goosen
Karen van Haght

NOMINATIONS AND REMUNERATION COMMITTEE

Danie Vlok *Chairman*
Tiisetso Tsukudu
John Barton
Michael Mun-Gavin

EXECUTIVE MANAGEMENT TEAM

Gary Bell
Group Chief Executive Officer
Leon Goosen
Group Commercial Director
Karen van Haght
Group Finance Director
Mike Dutton
MD Bell Equipment International Operations
Bokkie Coertze
MD Bell Equipment Sales SA
André Mc Duling
MD Bell Equipment Company SA
Marc Schürmann
MD Bell Equipment European Operations
Neville Paynter
MD Bell Equipment North America
Paul Bell
Executive: Communications and Advertising
Dominic Chinnappen
Executive: Group Sales and Operations Planning
Lucas Maloka
Executive: Group Human Resources
Rino D'Alessandro
Executive: Group Information Systems
Peter Bell
Executive: Engineering
Bruce Ndlela
Executive: Business and Public Sector Development
Pieter van der Sandt
Group Company Secretary
Ryan Bland
Executive: Technical Services
Avishkar Goordeen
Executive: Group Risk

BOARD OF DIRECTORS

BOARD STRUCTURE

The board of directors is a unitary board of eight directors comprising three executive directors and five non-executive directors, all of whom are independent. The Chairman of the board is an independent non-executive director. André Mc Duling serves as alternate executive director.

In terms of the shareholders' agreement concluded between IA Bell and Company (Pty) Limited and John Deere Construction and Forestry Company (John Deere), these two principal shareholder parties are both entitled to nominate three directors respectively.

In October 2012 the John Deere directors resigned from the board as did Guy Harris who resigned as alternate executive director.

MANDATE

The board is responsible for approving the strategic direction of the group and is governed by a charter that sets out the framework of its accountability, responsibility and duty to the group. The board conducts its business in the best interest of the group and fulfils its fiduciary duty to act in good faith, with due care and diligence, and in the best interests of all stakeholders. This is done by ensuring that the group performs in the interests of its broader stakeholder group, including present and future investors in the group, its customers and clients, its business partners, employees and the societies in which it operates.

BOARD CHARTER AND RESPONSIBILITIES

The general powers of the board and the directors are conferred in the group's Memorandum of Incorporation. The terms of reference for the board are set out in the board charter which is reviewed on a regular basis. The board charter has been re-modelled based on the principles recommended by King III and sets out the powers and authority of the board. It also provides a clear and concise overview of the roles and responsibilities of the board members. The revised charter is available on request from the Group Company Secretary.

The powers and responsibilities of the board include:

- approving the strategic direction of the group and the budget necessary for the implementation of the strategy, as set out by the charter's framework of accountability, responsibility and duty of the board to the group;
- being the guardian of the ethics and values of the group;
- retaining full and effective control of the group;
- appointing the Chief Executive Officer;
- monitoring and guiding management;
- implementing the group's vision and values;
- communicating with shareholders openly throughout the year; and
- affecting proper strategic measures for the safeguarding of the group's assets.

BOARD AND COMMITTEE EVALUATION

The board recognises the merits of annually evaluating its collective performance. During the financial period under review, the board performed a comprehensive evaluation of itself and its committees. During the board evaluation, each director was requested to complete questionnaires relating to the following:

- board self-evaluation;
- evaluation of each of the board's committees;
- evaluation of the Chairman's performance; and
- evaluation of each director;

The results of the questionnaires were independently collated for review by the board. The Chairman of the board held one-on-one discussions with board members to discuss the outcomes of the evaluations. Although no significant problems were identified during the process, weaknesses were identified and plans for improvement were discussed and put in place. The board and its committees will again conduct a formal performance evaluation during the 2013 financial year.

The roles and responsibilities of the independent non-executive Chairman and Group Chief Executive are strictly separated. The Chairman provides leadership and firm guidance to the board while encouraging proper deliberation on matters requiring the board's attention with input from other directors. A lead independent director will be appointed and assume the responsibilities of the Chairman solely when the latter is unable to attend relevant board and committee meetings, where there is a conflict of interest, or when the Chairman's performance is being appraised or term of office is being reviewed. The Group Chief Executive and Group Executive Committee are responsible for implementing strategy and operational decisions in respect of daily group operations. The non-executive directors are individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board and are not involved in the daily operations of the group. 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 the group's expense, are able to seek independent professional or expert advice on any matters pertaining to the group.

The board meets at least once every quarter and five board meetings were held during the year. Directors are fully briefed by the Group Company Secretary and provided with all necessary information sufficiently ahead of the scheduled board meetings to enable effective discharge of their responsibilities. The board has adopted an annual work plan to ensure all relevant matters for board consideration are prioritised and addressed. Members of senior management, assurance providers and professional advisors may attend meetings by invitation only and do not form part of the quorum of any meeting.

REPORT: CORPORATE GOVERNANCE

2012 BOARD MEETING ATTENDANCE

Director	Attended	Held
Michael Mun-Gavin	5	5
Tiisetso Tsukudu	4	5
Leon Goosen	5	5
Kelan Manning*	2	5
Karen van Haght	5	5
John Barton	5	5
Gary Bell	5	5
Douglas Gage*	2	5
Danie Vlok	5	5
Bharti Harie	5	5
Richard Buchignani*	1	5

* *Kelan Manning, Douglas Gage, Richard Buchignani and Tim Averkamp resigned from the board of directors during October 2012.*

In accordance with Bell Equipment's Memorandum of Incorporation, at least one-third of the directors has to retire by rotation each year and may stand for re-election. Details of those directors retiring by rotation and standing for re-election are reflected in the notice of the annual general meeting contained on pages 106 to 110 of this report.

REGULATORY COMPLIANCE

Board members are kept updated of changes to all relevant legislation, including the JSE Listings Requirements. These updates are provided by the group's sponsor, the group's auditors and the Group Company Secretary. During the year under review, the board received regular updates regarding the developments of the Companies Act, the Consumer Protection Act, JSE Listings Requirements, King III and other governance codes.

The focus in 2013 will be on the following issues:

- finalisation and submission of harmonised Memorandum of Incorporation; and
- continuous progress with regard to compliance with King III and other legislation relevant to the group.

DELEGATION OF AUTHORITY

The daily management of the group's affairs is the responsibility of the Chief Executive Officer, who coordinates the implementation of board policy through the Group Executive Committee which he chairs. The board charter outlines key responsibilities that are specifically reserved for the board.

CONFLICTS OF INTEREST AND SHARE DEALINGS

Directors are obliged to disclose their shareholdings, additional directorships and any potential conflicts of interest, direct or indirect that may arise, at every meeting of the board. These are recorded in the minutes of the board meetings. Directors are also given the opportunity to submit an annual declaration of their interests and a list of directorships in terms of the Bell Code of Business Conduct and Section 75 of the Companies Act. In line with the JSE's Listings Requirements and the prohibitions contained in the Insider Trading Act, all directors and senior management employees are barred from dealing in Bell Equipment's shares during "closed periods" as provided for in terms of the JSE's Listings Requirements.

Directors are compelled to disclose their intended share dealings and obtain written approval from the Chairman and Group Company Secretary, prior to dealing in the shares of the group. The Group Company Secretary, in conjunction with the corporate sponsor, publishes details of the transaction on the JSE's stock exchange news service. Directors' interests and shareholdings are disclosed on page 52 of this Integrated Annual Report.

BOARD SUB-COMMITTEES

The Audit Committee, Nominations and Remuneration Committee, the Social, Ethics and Transformation Committee and the Risk and Sustainability Committee are established sub-committees which assist the board in performing its duties.

Each sub-committee is governed by formalised terms of reference which are reviewed from time to time to ensure adequate alignment with prevailing legislation, regulations and best corporate governance trends. The terms of reference for all sub-committees were updated and approved by the board during the year to reflect amendments made for King III compliance.

AUDIT COMMITTEE

The provisions of the Companies Act of South Africa, 2008, have transformed the Audit Committee from being a committee of the board into a separate statutory committee.

The Audit Committee has an independent role with accountability to both the board and shareholders. The board has reviewed and amended membership of the committee to reflect current legislation and recommendations by King III, which dictates that all members of the committee be independent non-executive directors. The board elects the Chairman of the Audit Committee. The committee was chaired by independent non-executive director John Barton, and further comprises two independent non-executive directors.

The board assessed the experience and qualification of the committee members upon their appointment and confirmed that they are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues and IT governance as it relates to integrated reporting and governance processes within the group. The board has satisfied itself that all members of the committee act independently in compliance with the Companies Act. The committee members are recommended to the board for approval on an annual basis.

The committee meets at least four times annually, but more often if necessary, and during the year met four times.

2012 AUDIT COMMITTEE MEETING ATTENDANCE

Director	Attended	Held
John Barton	4	4
Danie Vlok	4	4
Bharti Harie	4	4

The committee has unrestricted access to the external and internal auditors. The Group Company Secretary is the secretary of the committee. The Chairman of the committee represents the Audit Committee at the annual general meeting each year. The committee's Terms of Reference tasks the committee with overseeing all factors and risks that may impact on the integrity of the Integrated Annual Report. Interim and annual results are reviewed to ensure that the financial results are valid, accurate and fairly represent the group's performance. The committee assists the board with all financial reporting and reviews the annual financial statements as well as the preliminary announcements and interim financial information. It further provides the board with its views on a bi-annual assessment of the going concern status of the group and regularly reviews the appropriateness of the capital structure. The committee also assesses internal controls governing accounting, auditing and financial reporting. The committee has the responsibility to review and monitor the structure, performance and activities of the internal audit department, the external auditors and the adoption of internal control procedures including accounting policies, legislative compliance, regulatory matters and governance. The committee is tasked with the responsibility of nominating the external auditors for appointment, approving the terms of engagement and remuneration for the external audit engagement and monitoring and reporting on the independence of the external auditors in the annual financial statements. It also sets the criteria for recommending the engagement of the external auditors for non-audit services. It approves the internal audit plan and oversees the external audit process.

The committee has representation on the Risk and Sustainability Committee, ensuring that key risks facing the group are brought to the attention of the Audit Committee. The committee specifically oversees financial reporting risks, internal financial controls and fraud and IT risks as they relate to financial reporting.

The Audit Committee has the additional responsibility of advising and updating the board on issues ranging from accounting standards to published financial information. The group's whistle-blowing arrangements are approved and monitored by the committee. Findings by the external auditors arising from their annual statutory audit are tabled and presented at an Audit Committee meeting following the audit. The committee endorses action plans for management to mitigate noted concerns. The committee has access to the group's records, facilities, employees and any other resources necessary to discharge its responsibilities effectively.

The committee has considered and is satisfied with the expertise and experience of the Group Finance Director. Further, the committee has considered and is satisfied with the independence of the external auditors and with the effectiveness of the group's internal audit function.

The Audit Committee recommended the annual financial statements for approval to the board.

EXTERNAL AUDIT

The external auditors are responsible for reporting on whether the financial statements are fairly presented and whether they are prepared in compliance with International Financial Reporting Standards. 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 remains the responsibility of the directors.

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

INTERNAL CONTROL SYSTEMS

Management is responsible for systems of internal control. Such systems are designed to assist in achieving business goals and to safeguard assets. They also play a key role in preventing and detecting fraud and error.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and asset safeguarding. Furthermore, the effectiveness of internal control systems can change with circumstances and for this reason need to be, and are, reviewed and updated on a regular basis.

Nothing has come to the attention of the directors, or of the internal auditors, to indicate that any material breakdown in the functioning of Bell Equipment's key internal controls and systems occurred during 2012.

INTERNAL AUDIT

The group internal audit function was fulfilled by the in-house internal audit department during the year under review. The department had the necessary skill and expertise to fulfil its requirements. A risk-based methodology was utilised in developing the internal audit rotation plan which was approved by the Audit Committee. The department enjoyed the full support and cooperation of the relevant stakeholders.

Bell Equipment's Group Executive Committee 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.

Due to staff attrition and a strategy to enhance the value derived from the internal audit function, it was decided after careful deliberation to outsource the function. A process to evaluate the proposals from potential service providers ensued. The result of the process was the engagement of Ernst & Young Advisory services as the outsourced internal audit service provider. The internal audit function remains a management function and is still represented at a group executive level through the internal audit liaison.

NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee is chaired by independent non-executive director, Danie Vlok, and further comprises three independent non-executive directors. The board has satisfied itself with the level of experience and competency of the committee members.

The committee met three times during the year under review:

REPORT: CORPORATE GOVERNANCE

2012 NOMINATIONS AND REMUNERATION COMMITTEE MEETING ATTENDANCE

Director	Attended	Held
Danie Vlok	3	3
Tiisetso Tsukudu	3	3
Douglas Gage*	2	3
John Barton	3	3

* *Douglas Gage resigned from the board of directors and subsequently from the Nominations and Remuneration Committee during October 2012.*

The committee's terms of reference, which are reviewed and approved by the board on a regular basis, outline its composition, objectives and describes the committee's responsibilities and duties. The committee is responsible for ensuring that the group's executive directors and management are rewarded fairly in accordance with their individual contribution to the group's overall performance objectives.

The committee's responsibilities are aimed at ensuring that the board has sufficient resources with the prerequisite mix of expertise, experience and diversity to set the strategic direction for the group which, in turn, aims to secure the interests of stakeholders.

REMUNERATION POLICY

The group operates in a highly competitive market where key skills and technical know-how are critical to the success of the group. The group seeks to reward employees fairly and in line with the market in similar industries and in this regard the services of a reputable consulting firm are engaged from time to time to ensure an objective salary structure and equity within the group. The Nominations and Remuneration Committee oversees and makes recommendations to the board on matters such as salary increases and employee benefits in consultation with the Group Chief Executive and the management. The group remunerates its executive directors based on reliable benchmarking data and seeks to achieve market related cost to employer packages that are a combination of basic salaries augmented by incentives provided that the group achieves set returns on assets. As recognition for superior performance, the group's incentive schemes pay quarterly and annual bonuses provided that certain profit and performance hurdles are cleared. Incentive schemes have been structured to reward performance and to align management's interest with the interests of shareholders.

In determining the salary increases of executives and the payment of incentives, the Nominations and Remuneration Committee evaluates the performance of each executive against the achievement of predetermined objectives. The performance of the Group Chief Executive is evaluated annually by the independent Chairman of the Nominations and Remuneration Committee in order to determine his salary package for the ensuing year. Likewise, the Group Chief Executive conducts an annual review of the performance of all senior executives. The remuneration of these executives and other executive directors are detailed in the annual financial statements on page 100.

NON-EXECUTIVE DIRECTORS

Following research into trends in non-executive director remuneration, non-executive directors' fees are proposed to the board by the Nominations and Remuneration Committee for approval.

The King III recommendations on the payment of a base or retainer fee to each non-executive annually and a fee per meeting attended have been adopted and further fees are paid for the attendance of unscheduled meetings.

Non-executive directors do not receive any fees which are related to the performance of the group and do not participate in any share-based payments or incentives.

The Nominations and Remuneration Committee makes recommendations to the board on non-executive directors' fees. The board has resolved that these proposed fees be submitted to shareholders for approval at the annual general meeting in line with King III recommendations. Details of the non-executive directors' remuneration for the year under review are set out on page 100.

BOARD SUCCESSION

The committee takes cognisance of the importance of balancing experience and the introduction of new ideas and concepts – this is done in a manner that ensures an acceptable measure of consistency and continuity in the direction given to the group. Succession planning will be addressed in the year to come, with reference to the group's adopted strategy.

As stated above, the Nominations and Remuneration Committee will be conducting an assessment of the independence of its non-executive directors to ensure that those directors who have been classified as independent meet the requirements for independence as set out in King III. The Group Chief Executive and other executive directors are employed on indefinite term service contracts. Bell Equipment promotes succession planning for all key positions – succession plans are reviewed by the Nominations and Remuneration Committee and report-backs are given to the board at the subsequent meetings.

APPOINTMENTS TO THE BOARD OF DIRECTORS

Appointments to the board of directors are proposed by the Nominations and Remuneration Committee which takes into account the appropriate balance of skills, experience and diversity required to lead, control and best represent the group. Appointments are formal, transparent and a matter for the board as a whole.

A formal induction programme is in place for new board members. This sets out directors' responsibilities, fiduciary duties and information relating to the relevant statutory and regulatory frameworks. This enables the new appointees to provide inputs from the outset and make informed decisions. The Group Company Secretary manages the implementation of this induction programme which includes introductions to key members of executive management and visits to Bell Equipment's local manufacturing and distribution sites. New appointees receive copies of the latest interim announcements and annual financial statements and are provided with details of the group's strategy, current budget, group structure, board and sub-committee composition as well as information on upcoming board meetings.

SELF-EVALUATION

A process of self-evaluation is conducted annually for the board, each sub-committee and individual directors. These evaluations will assess the directors' understanding of the board's charter and the respective Terms of Reference of the board's committees. An evaluation of the Chairman and Group Chief Executive will also be completed by each director. A summary of these findings will be reported back to the board at the meeting following the evaluation.

RISK AND SUSTAINABILITY COMMITTEE

This committee's mandate is to focus on the group's risk management efforts and to give consideration to sustainability issues which relate to the long-term sustainability of the group. The Chairman of the Audit Committee is a member of this committee to ensure that all issues affecting both committees are considered. The committee is chaired by an independent non-executive director, Danie Vlok. The committee further consists of three non-executive directors, whom are independent, and two executive directors, namely the Group Finance Director and the Group Commercial Director.

Four meetings were held during the year:

2012 RISK AND SUSTAINABILITY COMMITTEE MEETING ATTENDANCE

Director	Attended	Held
Danie Vlok	4	4
Michael Mun-Gavin	4	4
John Barton	4	4
Karen van Haght	4	4
Leon Goosen	4	4
Kelan Manning*	0	4
Tim Averkamp*	2	4

* *Tim Averkamp attended two meetings of the Risk and Sustainability Committee as an alternate non-executive director to Kelan Manning.*

* *Kelan Manning and Tim Averkamp resigned from the board of directors and subsequently the Risk and Sustainability Committee during October 2012.*

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The board established the group's Social, Ethics and Transformation Committee in November 2012 to assist the board in ensuring that the group is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a Social and Ethics Committee in terms of the Companies Act.

COMPOSITION AND MEETINGS

The committee consists of two non-executive directors, one executive director and one member of management (as set out below), who are suitably skilled and experienced. The members are Tiisetso Tsukudu (non-executive Chairman), Bharti Harie (non-executive director), Gary Bell, the group's Chief Executive Officer and Pieter van der Sandt, the Group Company Secretary and Legal Counsel. As the committee was only established by the board in November 2012, no meetings had taken place in the period under review.

ROLE AND FUNCTION OF THE COMMITTEE

The responsibilities and functioning of the committee are governed by a formal mandate approved by the board, which is subject to regular review by the board, but at least annually. The main objectives of the committee are to assist the board in ensuring that the group is and remains a good and responsible corporate citizen by monitoring the sustainable development performance of the group, which includes the following main responsibilities outlined below:

POLICY REVIEW

The committee is responsible for developing and reviewing the group's policies with regard to the commitment, governance and reporting of the group's sustainable development performance and for making recommendations to management and/or the board in this regard.

MONITORING SUSTAINABLE DEVELOPMENT PERFORMANCE

The committee performs a monitoring role in respect of the sustainable development performance of the group, specifically relating to:

- stakeholder engagement;
- health and public safety, which includes occupational health and safety as well as the clinical quality of the group's services;
- Broad-based Black Economic Empowerment;
- labour relations and working conditions;
- training and skills development of employees;
- management of the group's environmental impacts;
- ethics and compliance; and
- corporate social investment.

The committee's monitoring role also includes the monitoring of relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, as well as labour and employment.

MATERIAL SUSTAINABILITY ISSUES

The committee is responsible for annually revising or determining, in conjunction with senior management, the group's material sustainability issues as far as it relates to the mandated issues of the committee.

PUBLIC REPORTING AND ASSURANCE

The committee is responsible for reviewing and approving the annual sustainability content included in the Integrated Annual Report and/or published on the group's website, and determining and making recommendations on the need for external assurance of the group's public reporting in sustainable development performance.

The committee is also required to report through one of its members to the group's shareholders on the matters within its mandate at the group's annual general meeting. Shareholders will be referred to this report by the committee, read with the sustainability report, at the group's annual general meeting on 30 April 2013. Any specific questions to the committee may be sent to the Group Company Secretary prior to the meeting.

ASSESSMENT OF COMMITTEE'S PERFORMANCE

The board will assess the effectiveness of the committee annually, as further detailed in this corporate governance report. The first assessment of the committee will be conducted during the next evaluation process toward the end of the financial year ahead.

REPORT: CORPORATE GOVERNANCE

GROUP COMPANY SECRETARY

The Group Company Secretary plays a pivotal role in the corporate governance of the group. He acts as advisor to the board, guiding individual directors and committees in areas such as corporate governance, updates on legal and statutory amendments, and the effective execution of directors' responsibilities and fiduciary duties.

The Group Company Secretary attends board meetings, is responsible for compiling agendas and board packs and for accurately recording the minutes of these meetings for distribution to relevant members. The Group Company Secretary is further responsible for ensuring that directors are kept abreast of relevant information impacting the group's operating environment and that directors participate in continuing professional development programmes. Briefing sessions for directors are presented by senior management to keep directors updated on developments in the group and the territories in which it operates.

The board considers the Group Company Secretary qualified to perform his duties in accordance with applicable legislation and fit and proper for the position. All directors have access to the Group Company Secretary and are entitled to seek other independent professional advice with regard to the performance of their duties. The Group Company Secretary ensures compliance with applicable procedures and legislation and the removal from office of the Group Company Secretary is a matter for the board as a whole.

The Group Company Secretary also assists the Nominations and Remuneration Committee in ensuring that the correct procedure is followed for the appointment of directors. Whenever deemed necessary, the Group Company Secretary reviews the rules and procedures applicable to the conduct of the affairs of the board. If and when necessary, the services and guidance of the corporate sponsor and other experts are procured to ensure that the directors have adequate insight to discharge their responsibilities efficiently. Furthermore, the Group Company Secretary will be assisting in the annual evaluation of the board, its sub-committees and individual directors. A brief curriculum vitae of the Group Company Secretary can be found on page 21 of the Integrated Annual Report.

GROUP COMPLIANCE PROGRAMME

The board is ultimately responsible for overseeing the group's compliance with laws, rules, codes and standards. The responsibility for the implementation of an effective compliance framework and processes as envisaged by King III has been delegated to management and, in this regard, the Group Company Secretary has been appointed as the Group Compliance Officer. In this role he will provide the board with assurance that the group is compliant with applicable laws and regulations.

The Group Compliance Officer's function includes:

- identifying and advising the group on existing and new legislation applicable to the group's business; and
- developing and implementing an annual group compliance programme to ensure the group's operations are compliant with legal and legislative requirements applicable to those operations.

A compliance procedure has been implemented and will be reviewed annually and the development and implementation of new legislation will be monitored by the Group Compliance Officer who will report quarterly on these matters to the Risk and Sustainability Committee and annually to the board.

Based on the principal laws effective during the year, there were no known material areas of non-compliance within the group. No material fines were incurred nor were there any prosecutions of group companies or directors and officers for failure to comply with any applicable legislation or the Bell Equipment Code of Business Conduct.

RISK MANAGEMENT

The group believes that business sustainability, strategy and risk management go hand in hand. An effective and integrated enterprise risk management process is key to business sustainability and effective and efficient strategy setting and deployment. Accordingly, Bell Equipment is committed to managing its business in accordance with sound corporate governance principles, which include an effective and efficient approach to enterprise-wide risk management.

The board is responsible for the governance of risk management within Bell Equipment and has delegated oversight for this to the Risk and Sustainability Committee. The continued focus on the group's risk profile is achieved through the use of a comprehensive group risk management policy and framework. The policy and framework are regularly reviewed and are communicated to employees with decision making authority.

Management's responsibility in this regard encompasses an ongoing structured and multi-tiered approach to identifying, analysing, assessing, managing and monitoring risks and opportunities on an enterprise-wide basis. This ensures that the individual and joint impact of risks and opportunities in Bell Equipment are considered on a regular basis. Regular interactive risk sessions are held by the Group Executive Committee. These sessions focus on risk management and strategy, thus ensuring risk management is integrated into strategic planning.

Senior managers or "risk champions" periodically carry out self-assessments of the risks impacting the organisation. This process identifies critical strategic, operational, financial and compliance exposures Bell Equipment may be faced with, as well as opportunities that may be available to the group. The adequacy and effectiveness of control factors at those levels are also regularly tested and reviewed. The assessment methodology takes into account the impact or severity and probability of occurrence and applies a rating based on the quality of control effectiveness, thereby ranking risks and setting priorities. The identified top risks are elevated to the Group Executive Committee. All identified material risks, their possible implications for the group and management's action plans to mitigate and manage those risks are reported to the Risk and Sustainability Committee. The Group Executive Committee members are in attendance at the Risk and Sustainability Committee meetings to provide the committee with a comprehensive understanding of the risks and proposed mitigation plans. Set out in the table opposite are the strategic risks that the group is facing.

STRATEGIC RISK DISCLOSURE

Strategic risk	Risk mitigation factors
COMPETITOR RISK	
The risk that the group's competitors' actions have a significant negative influence on the group's business.	• Constantly exceed customer expectations through superior, innovative products and support. • Maintain and enhance relations with all stakeholders, with particular focus on the group's customer base, supported by "the Bell Way" of doing business.
CURRENCY RISK	
Significant movement of currencies against the South African Rand (ZAR) create accounting (translational) and operating risk.	• Manage the risk through effective use of hedging instruments in accordance with the approved Treasury policy. • Pricing policies on exports facilitate hedging against movements of major currencies to the ZAR.
STRATEGIC ALLIANCE PARTNERS AND KEY SUPPLIER RELATIONS RISK	
Being an integrated OEM has resulted in Bell establishing valuable strategic relations with various strategic alliance partners and suppliers globally. These alliance partners play an integral role within the business not only from a distribution and component supply perspective but also through the supply of complimentary products which expand our revenue source beyond our core manufactured products. As with any relationship there is a risk of breakdown in relations due to the action or inaction of one or both parties.	• Continually build/improve the group's relationships with strategic alliance partners and suppliers at all levels within the organisation, supporting mutually beneficial objectives. • There is a process of formal and regular communication that ensures issues that may arise are dealt with expediently and at the appropriate levels. • Where possible, goal congruence with strategic alliance partners receives priority.
POLITICAL RISKS IN THE COUNTRIES IN WHICH THE GROUP OPERATES	
Due to the global nature of the group's business and new markets, the group is exposed to the varying political landscapes in the regions in which it operates. Therefore the group 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 relevant region, the group endeavours to cooperate with the local authorities in the regions in which it operates without aligning the group to any particular political organisation. • The group minimises exposure in perceived high-risk countries through effective risk management practices. • Develop business continuity plans catering for all eventualities the group may be susceptible to in the higher political risk regions it is exposed to.
CONTINUING GLOBAL ECONOMIC UNCERTAINTY	
The risk of a global recession cannot be discounted, particularly in light of the continued economic uncertainly in global markets, which has impacted our business.	• Perform regular evaluations of the order book and forecasts to ensure the validity thereof. • Secure adequate committed funding lines. • Actively manage working capital and expenses within the group.
REGULATORY RISK	
Being a global company requires Bell Equipment to comply with a myriad of changing regulations applicable to particular geographic locations. Due to the increasingly sophisticated and ever-changing regulatory environment there is an increased risk of non-compliance with applicable regulations.	• A group compliance programme has been implemented 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.
HUMAN CAPITAL	
The group recognises that human capital is instrumental to its success and due to the locations it operates in and the fact that the world is becoming a so-called global village, Bell's ability to retain key skills is constantly under threat.	• The group strives to be the employer of choice within its industry. • Significant training and investment in the group's people assists in creating an increasing and enhanced skills base. • All employees participate in the group incentive scheme which is directly linked to the group's strategic objectives. • Implementation of performance management systems.
GLOBAL COMPETITIVENESS	
As a proudly South African manufacturer supplying the global market, we are concerned about the increased cost of doing business in South Africa. This directly influences our ability to compete in the global market space.	• Continuously evaluate component country sourcing for suitable price advantages. • Continuously monitor the effect of the cost pressures and strategically evaluate the option of offshore manufacturing. • Monitor productivity and critically evaluate the case for mechanisation. • Continue discussions with government in order to address this issue.

REPORT: CORPORATE GOVERNANCE

MANAGEMENT REPORTING

Comprehensive management reporting disciplines are in place. These include the preparation of annual budgets by all operating divisions and group services departments. The group's budget is reviewed by senior management and approved by the board. Monthly results are reported against approved budgets and compared with the Project 2014 objectives. Profit projections and cash flow forecasts are updated regularly, while working capital and cash levels are monitored on an ongoing basis.

IT GOVERNANCE AND COMPLIANCE

The board recognises that IT is an integral part of conducting business at Bell Equipment, as IT is fundamental to the support, sustainability and growth of the organisation. IT serves all aspects, components and processes in the organisation and is therefore not only an operational enabler for the group, but a strategic business imperative which can be leveraged to create opportunities and to gain a competitive advantage. The board is cognisant of the fact that as much as IT is a strategic asset within the group, it also presents the organisation with significant risks. The latter, together with its related costs and constraints, should be well governed and controlled to ensure that it supports the group's strategic objectives. It is for this reason that the board has deemed it appropriate to delegate the oversight of this function to the IT Steering Committee. However, the responsibility for IT governance ultimately resides with the board. This steering committee's charter has been adopted by the board and the oversight responsibility for the implementation and monitoring of the IT governance framework has been delegated to this steering committee which will oversee the adequate management of IT governance across the group. A Chief Information Officer (CIO) has been appointed by the board in terms of the requirements of King III and is entrusted with the task of ensuring that the IT infrastructure supports the achievement of the group's operational objectives. The CIO presents a formal IT compliance report to the board (via the Risk and Sustainability Committee) on a quarterly basis and an IT governance management plan to the board annually. The IT governance framework contains an IT risk management process supported with an IT value management process. Funding of the group's IT strategy is managed on a year-to-year basis and provisioned based on risk, returns on previous investments and current affordability. Business continuity and disaster recovery procedures on critical business systems are well established and tested regularly to ensure minimal disruption to the business. The business enjoys high levels of availability of all services which has been achieved through investment in robust and reliable technologies.

While the "integration, consolidation and extension" strategy is being realised, the group's legacy system continues to provide adequate support to the remaining business units' requirements.

ALTERNATIVE DISPUTE RESOLUTION

As a primary step towards the resolution of disputes, the group seeks to resolve any conflict through constructive dialogue with the relevant parties and will only involve external legal advisors, arbitrators and/or mediators to expedite dispute resolution where dialogue does not result in adequate progress toward resolution of disputes.

Bell Equipment endeavours to include dispute resolution procedures into contracts with suppliers, customers and other stakeholders with whom it contracts from time to time.

HUMAN RIGHTS

Bell Equipment's commitment to fundamental human rights, as embodied in the South African Constitution's Bill of Rights, is an essential element of the group's daily operations and is integral to its objective to be an exemplary global corporate citizen. The group's pledge to human rights requires that all employees understand and carry out their responsibilities consistently with Bell Equipment's values and best practices. It is for this reason that Bell Equipment employees, their dealers and representatives are expected to:

- honour human rights and respect the individual dignity of all persons globally;
- support diversity, equal opportunity and freedom of association and not tolerate unlawful discrimination and harassment in Bell Equipment workplaces;
- continually strive to provide safe and healthy workplaces to all employees;
- not use any form of forced or indentured labour or child labour in the production or manufacturing of goods; and
- not discriminate on the basis of race, colour, religion, gender, age, language, culture, national origin, citizenship, sexual orientation or disability.

Consequently, no incidents of human rights transgressions occurred and the group is not aware of any such actions committed by any of its local or international suppliers.

FRAUD AND ETHICS MANAGEMENT

The group has a Code of Ethics which commits the group and its employees to the highest standards of ethical and professional integrity and has the full commitment of the board of directors and the Group Chief Executive. This code has been effectively communicated to all Bell Equipment operations worldwide and covers the interactive relationships between the group, its directors, management and employees amongst themselves and outside stakeholders, customers, shareholders and society at large.

Bell Equipment's board of directors and management remain intolerant of unethical behaviour and are committed to ensuring that the group and its employees uphold Bell Equipment's credible reputation – the Bell Equipment Code of Business Conduct, which is supplementary to the Code of Ethics, is in place to provide further guidelines on expected standards of corporate conduct by all employees throughout the group. This code describes the expected behaviour and conduct of employees in relation to business integrity, prohibition of unethical conduct (such as bribery, fraud and theft), accountability and compliance with legislation, regulations and business controls. The safeguarding of confidential and price sensitive information is also specified in this code, with insider trading being strictly prohibited.

All employees are required to sign and accept both the Code of Ethics and the Code of Business Conduct to acknowledge responsibility for their corporate fiduciary duty and to declare any conflicts, both upon appointment to Bell Equipment and as part of an annual scheduled certification to the Bell Equipment Audit Committee.

WHISTLE-BLOWING-TIP-OFFS ANONYMOUS

As part of the efforts to enforce the Code of Business Conduct the group realises the importance of a facility for the reporting of any unethical or improper actions and to this extent the group has in conjunction with Tip-Offs Anonymous, established a reporting facility that is available 24 hours a day. All stakeholders are encouraged to report any unethical and improper behaviour via this facility and in this regard Bell Equipment maintained a concerted awareness drive to selected customers and suppliers during the year under review. All Tip-Offs Anonymous reports logged during the year were referred to the Forensic Manager for further investigation. Where required, the necessary control improvements were satisfactorily completed during the year. More information on this reporting facility is available from the group's official external website.

In addition, employees are encouraged to anonymously report incidents to line managers, senior executives, the group Forensic Manager or to Tip-Offs Anonymous.

COMPLIANCE WITH REGULATIONS AND LEGISLATION RELEVANT TO THE BUSINESS

No material fines or penalties were incurred during the reporting period for non-compliance with laws and regulations. Please refer to page 42 of the corporate governance report for more information on the Bell Equipment Compliance Programme.

REPORT: CORPORATE GOVERNANCE

KING III CODE COMPLIANCE ASSESSMENT	
Key: ✔ Compliant # Partially compliant * Under review ▲ Not applicable	
PRINCIPLES	
Chapter 1 Ethical leadership and corporate citizenship	
The board should provide effective leadership based on an ethical foundation	✔
The board should ensure that the group is and is seen to be a responsible corporate citizen	✔
The board should ensure that the group's ethics are managed effectively	✔
Chapter 2 Board and directors	
The board should act as the focal point for and custodian of corporate governance	✔
The board should appreciate that strategy, risk, performance and sustainability are inseparable	✔
The board and its directors should act in the best interests of the group	✔
The board should consider business rescue proceedings or other turnaround mechanisms as soon as the group is financially distressed as defined in the Companies Act of South Africa, 2008 (as amended) (note 1)	▲
The board should elect a Chairman of the board who is an independent non-executive director	✔
The Chief Executive Officer of the group should not also fulfil the role of Chairman of the board	✔
The board should appoint the Chief Executive Officer and establish a framework for the delegation of authority	✔
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✔
Directors should be appointed through a formal process	✔
The induction of and ongoing training and development of directors should be conducted through formal processes (note 2)	✔
The board should be assisted by a competent, suitably qualified and experienced company secretary	✔
The evaluation of the board, its committees and the individual directors should be performed every year	✔
The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✔
A governance framework should be agreed between the group and its subsidiary boards (note 3)	✔
Companies should remunerate directors and executives fairly and responsibly	✔
Companies should disclose the remuneration of each individual director and certain senior executives	✔
Shareholders should approve the group's remuneration policy	✔
Chapter 3 Audit committees	
The board should ensure that the group has an effective and independent Audit Committee	✔
Audit Committee members should be suitably skilled and experienced independent non-executive directors	✔
The Audit Committee should be chaired by an independent non-executive director	✔
The Audit Committee should oversee integrated reporting	✔
The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✔
The Audit Committee should satisfy itself of the expertise, resources and experience of the group's finance function	✔
The Audit Committee should be responsible for overseeing of internal audit	✔
The Audit Committee should be an integral component of the risk management process	✔
The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✔
The Audit Committee should report to the board and shareholders on how it has discharged its duties	✔
Chapter 4 The governance of risk	
The board should be responsible for the governance of risk	✔
The board should determine the levels of risk tolerance	✔
The Risk Committee or Audit Committee should assist the board in carrying out its risk responsibilities	✔
The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✔
The board should ensure that risk assessments are performed on a continual basis	✔
The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✔
The board should ensure that management considers and implements appropriate risk responses	✔
The board should ensure continual risk monitoring by management	✔
The board should receive assurance regarding the effectiveness of the risk management process	✔
The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✔

KING III CODE COMPLIANCE ASSESSMENT CONTINUED	
Key: ✔ Compliant # Partially compliant * Under review ▲ Not applicable	
Chapter 5 The governance of information technology	
The board should be responsible for information technology (IT) governance (note 4)	✔
IT should be aligned with the performance and sustainability objectives of the group (note 4)	✔
The board should delegate to management the responsibility for the implementation of an IT governance framework	✔
The board should monitor and evaluate significant IT investments and expenditure	✔
IT should form an integral part of the group's risk management	✔
The board should ensure that information assets are managed effectively	✔
A Risk Committee and Audit Committee should assist the board in carrying out its IT responsibilities (note 5)	✔
Chapter 6 Compliance with laws, rules, codes and standards	
The board should ensure that the group complies with applicable laws and considers adherence to non-binding rules, codes and standards	✔
The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the group and its business	✔
Compliance risk should form an integral part of the group's risk management process	✔
The board should delegate to management the implementation of an effective compliance framework and processes	✔
Chapter 7 Internal audit	
The board should ensure that there is an effective risk-based internal audit	✔
Internal audit should follow a risk-based approach to its plan (note 6)	✔
Internal audit should provide a written assessment of the effectiveness of the group's system of internal controls and risk management	✔
The Audit Committee should be responsible for overseeing internal audit	✔
Internal audit should be strategically positioned to achieve its objectives	✔
Chapter 8 Governing stakeholder relationships	
The board should appreciate that stakeholders' perceptions affect a group's reputation	✔
The board should delegate to management to proactively deal with stakeholder relationships	✔
The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the group	✔
Companies should ensure the equitable treatment of shareholders	✔
Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✔
The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✔
Chapter 9 Integrated reporting and disclosure	
The board should ensure the integrity of the group's Integrated Annual Report	✔
Sustainability reporting and disclosure should be integrated with the group's financial reporting	✔
Sustainability reporting and disclosures should be independently assured (note 7)	*

NOTES

1. It has not been necessary to consider business rescue proceedings.
2. Given the experience of the members of the board, mentorship and professional development programmes have not been considered necessary.
3. Governance frameworks have been agreed with local subsidiaries whilst entities registered outside of South Africa are guided by local reporting requirements.
4. As one of the responsibilities of the Risk and Sustainability Committee, the present IT governance framework and processes are currently being enhanced to ensure further alignment with King III.
5. The Risk and Sustainability Committee, not the Audit Committee, has responsibility relative to IT risks.
6. Whilst the internal audit function does follow a risk-based approach to its plan, relative to the sub-principles dealing with the realisation of strategic goals, assurance in this regard is not included in the internal audit mandate. This is the responsibility of executive management.
7. The reporting on and the provision of assurance for non-financial sustainability issues are the responsibility of the Risk and Sustainability Committee. The independent assurance in respect of sustainability reporting and disclosures will be procured for the 2013 Integrated Annual Report.

REPORT: SUSTAINABILITY

OVERVIEW

This sustainability report presents a consolidated view of Bell Equipment's social and environmental performance for the year ended December 2012. The group aims to provide a balanced, understandable and comparable view of its business by giving a frank account of its sustainability activities as well as challenges.

Through this report, Bell Equipment recognises the principles of international sustainability best reporting practices, including the Global Reporting Initiative (GRI), considered internationally as the benchmark for sustainability reporting.

Bell Equipment acknowledges that the group still has some way to go in aligning reporting processes to the GRI. However, in keeping with the GRI's vision, Bell Equipment will continue to improve non-financial reporting processes over time, based on the principles of accountability and transparency.

BELL EMPLOYEES

The group's employees have contributed immensely to the growth of the enterprise over the last five decades. The significant growth experienced by the Bell Equipment group over the past years would not have been possible without a committed workforce. Employees will remain an integral part of the group's growth strategy in future.

The majority of employees have been with the group for a long period which attests to progressive employee practices and policies.

Bell Equipment is certain that its success in retaining employees will continue to give the group a competitive advantage in growing Bell Equipment's organisation and providing the group's customers with world-class products.

TRAINING AND DEVELOPMENT

The group continues to provide in-service training for Industrial and Mechanical Engineering National Diploma students, aligned to the relevant University of Technology requirements and select our junior technicians from these groups.

2012 also saw the implementation of a graduate programme for BSc Mechanical Engineering graduates on a two-year programme.

Apart from investing in skills training for welders, assemblers and machinists, the group continues to train a large number of apprentices, both to meet the needs of the operations and to provide a superior after-sales service to its customers. As an accredited training service provider for Machining, Assembly and Welding and a decentralised trade test centre for earthmoving mechanics, the group is committed to nurturing and growing scarce and critical skills.

Minister Ebrahim Patel experienced first-hand the design and technology innovation as well as build quality of Bell Equipment's proudly South African D-series Articulated Dump Truck when he was given the opportunity of driving a truck on the factory's test track facility.

Chief Executive Gary Bell and Managing Director André Mc Duling led the walk through the Bell Equipment factory where some of the processes were explained to Minister Ebrahim Patel and his delegation, which included uMhlathuze Deputy Mayor Zethu Gumbi, Speaker Mvuseni Mnqayi and NUMSA President Cedric Gina.

Minister of Economic Development, Ebrahim Patel's visit to Bell Equipment included a walk through the factory's Articulated Dump Truck production line. Here he is with factory employees and NUMSA President, Cedric Gina (left) and Bell Equipment Chief Executive Gary Bell (right).

In line with the new National Skills Development Strategy, the Department of Higher Education and Training, Umfolozi College and Bell Equipment have entered into a partnership aimed at training unskilled and unemployed youth to be trained in various technical fields to equip them with skills for employment.

EMPLOYMENT EQUITY ("EE")

A robust five-year employment equity plan was formulated in 2010 with the relevant stakeholders.

The group continuously strives to accelerate the development of employees into supervisory and management roles with the view to meeting employment equity targets in 2015.

Focus will also be given to attracting eligible EE candidates in the above categories outside the group where suitable candidates are unavailable internally to accelerate achievement of EE targets.

EMPLOYEE RELATIONS

The group will continue to work with the relevant representative unions to ensure that the group is sustainable and that there is security of employment for all employees. As an iconic OEM, Bell Equipment fully supports promotion of progressive employee relations with these unions. The group continues to enjoy a healthy employee relations climate built on a strong foundation of mutual understanding between employer and employees that has been created over several years. This in turns leads to a happy workforce and successful operations.

BLACK ECONOMIC EMPOWERMENT

The group's concerted efforts to effect positive transformation in Bell Equipment continues. The two South African subsidiaries are currently undergoing a Broad-based Black Economic Empowerment verification process. Despite various changes in the legislative environment, the leadership of the group is confident that the subsidiaries will attain a reasonable rating.

HEALTH AND SAFETY

The group aims to have an injury-free workplace.

Implementing a healthy, safe workplace at the group's administrative and production facilities is a priority in order to achieve the lowest possible harm rate on duty. Where required, health and safety committees – comprising responsible, trained individuals – ensure regulatory compliance. Appropriate medical emergency and disaster-recovery plans have been devised for operating businesses.

Annual occupational health and safety risk-control audits or reviews are conducted by operational entities across the group and improvements implemented as required. Significant matters are reported to and monitored by the Risk and Sustainability Committee.

Employee health and overall wellness is critical to a productive workforce. It is against this background that all scheduled employees in South African operations receive 60% towards their medical contributions from the group.

The non-scheduled employees are required, in terms of the group's policy, to provide for their medical cover as part of their total cost to group packages.

In Richards Bay, a world-class medical facility manned by health professionals renders medical services to employees on site. For other operations outside Richards Bay, the group has enlisted the services of medical professionals to provide medical services whenever a need arises.

A comprehensive Employee Assistance Programme is available for employees at the main operations within South Africa. The main focus of the programme is HIV/AIDS and awareness in managing and avoiding lifestyle diseases. The group is planning to rollout the programme to the rest of its African operations in the next three years.

SOCIO ECONOMIC DEVELOPMENT

The group's Socio-economic policy advocates a hands-on approach aimed at supporting educational infrastructure mainly within close proximity of areas where it conducts its business. The following are amongst the key projects that were completed in 2012:

- building of administrative block, Mphephose School, rural north coast of KwaZulu-Natal;
- building of new kitchen, Sigisi Primary School;
- Zululand/Investec Rugby Academy's relationship with Bell Equipment entered its third year during 2012, providing opportunity for high potential rugby students to attend the prestigious Rugby Academy run by Investec;
- various bursaries for students;
- Thanda Royal Zulu Football Club (TRZFC) – the relationship between Bell Equipment and TRZFC has been beneficial to both Bell Equipment and the team. TRZFC has had an opportunity

School learners from Sigisi Primary School sing and dance to show their appreciation to Bell Equipment and NUMSA President Cedric Gina for the school's new kitchen.

Bell Equipment Group Human Resources Director, Lucas Maloka hands a plaque to Mpephose Secondary School Principal, Sibusiso Biyela to mark the official opening of the school's new administration building and prepares to cut the ceremonial ribbon while a small group of excited learners look on.

to develop as a team and also expand its socio-economic projects with Bell. The "Star for life" campaign run by TRZFC is aimed at the education of minors in the bid to highlight the plight of HIV/AIDS victims and raise awareness against the spread of the disease. The opportunity to partner with TRZFC enables Bell Equipment to contribute to its local communities;

- recognising the critical need for investing in early childhood development, Bell Equipment continues to support the Izulu Orphan Project, located in a seriously impoverished area outside Empangeni, KwaZulu-Natal. The sustainability of this project is commendable as it provides support to hundreds of orphans and child headed households and elderly people; and
- further support was provided to Esiqhamaneni Primary School with funding for Science Centre Tools, providing funding to equip the Port St Johns Junior Secondary School Computer Laboratory and also financially supporting worthy causes such as the Technology Olympiad (National Science competition), the Reaching Out Victim Empowerment Support Desk and Business Against Crime.

ENVIRONMENT

Bell Equipment places environmental responsibility among its core values and recognises the importance of preserving the integrity of the natural heritage. It is the group's aim to comply with or exceed the environmental regulatory standards of all countries into which the group's products are sold and services delivered. The board of directors attaches great emphasis on caring for the environment and will ensure transparency in maintaining operations, which are recognised as role models in the earthmoving equipment industry. As part of the group's drive towards enhancing its approach to sustainable development, Bell Equipment remains committed to complying with environmental requirements for its Richards Bay factory, German assembly plant and all its distribution operations worldwide. All products distributed meet the required European eProjects standards and the group's Product Development Process is well positioned to ensure that its products will meet the more onerous engine eProjects requirements, which are to be implemented in Europe and the USA over the next few years. The group continues its efforts to reduce waste by increasing the use of recyclable materials.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of Bell Equipment Limited are responsible for the integrity of the annual financial statements of the group and the company and the objectivity of the other information presented in these statements.

In order to fulfil this responsibility, the group maintains 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 annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and examined by independent auditors in conformity with International Standards on Auditing.

The annual financial statements of the group and the company which appear on pages 52 to 102 were approved by the directors on 14 March 2013 and are signed on their behalf by:

MA Mun-Gavin
Group Chairman

GW Bell
Group Chief Executive

CERTIFICATION BY GROUP COMPANY SECRETARY

I certify that the company has, in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

P van der Sandt
Group Company Secretary

14 March 2013

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BELL EQUIPMENT LIMITED

We have audited the consolidated and separate annual financial statements of Bell Equipment Limited set out on pages 52 to 102, which comprise the consolidated and separate statements of financial position as at 31 December 2012, and the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Bell Equipment Limited as at 31 December 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 December 2012, we have read the Directors' Report, the Audit Committee Report and the Certification by Group Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per C Howard-Browne
Partner

Suite 4, Pinnacle Point
No 9 Lira Link
CBD
Richards Bay
3900

PO Box 351
Richards Bay
3900
South Africa

14 March 2013

DIRECTORS' REPORT

The directors submit the annual financial statements for the group and the company together with the reports thereon for the year ended 31 December 2012.

GENERAL REVIEW

The group manufactures and distributes a wide range of materials handling equipment, both locally and internationally, through an extensive wholly owned network of customer service centres, strategic alliances and independent dealers. Through financing ventures with various financial institutions the group is able to offer financing to facilitate sales in the markets that the group is active in.

The group's principal products are Articulated Dump Trucks, Haulage Tractors, Tractor Loader Backhoes, Front-End Loaders, sugar cane and timber-loading equipment and construction equipment such as Graders, Dozers and Excavators, and related parts and service.

FINANCIAL RESULTS

The results of the group and the company are fully disclosed in the accompanying financial statements and notes thereon and in the Chief Executive's report and Chairman's statement.

STATED CAPITAL

The company's authorised share capital remains at 100 000 000 ordinary shares of no par value.

The stated capital account as at 31 December 2012 comprised 94 974 000 (December 2011: 94 958 000) ordinary shares of no par value.

DIVIDENDS

The directors have declared a dividend of 40 cents for this financial year (2011: nil cents per share).

PROPERTY, PLANT AND EQUIPMENT

The group's accounting policy in respect of property, plant and equipment is recorded in note 2.5 to the annual financial statements.

SHARE OPTION SCHEMES

The company operated two employee share option schemes during the year. Details of these schemes are set out in note 30 to the annual financial statements.

DIRECTORS

During the year under review the following changes in the composition of the board of directors took place:

The following resigned as directors on 4 October 2012:

K Manning
DM Gage
RM Buchignani
TA Averkamp

GP Harris resigned as an alternate director on 4 October 2012.

Details of the current directors and Group Executive Committee of the Bell Equipment group appear on pages 7 and pages 20 to 21 of this report respectively.

As at the end of the period under review the directors' shareholdings were as follows:

	Direct beneficial		Indirect beneficial		Associates	
Number of shares held	**2012**	2011	**2012**	2011	**2012**	2011
GW Bell	**120 600**	120 600	**8 671 264**	8 671 264	**–**	–
GP Harris	**–**	–	**1 800**	1 800	**–**	–
MA Mun-Gavin	**–**	–	**10 000**	10 000	**–**	–
L Goosen	**4 040**	4 040	**–**	–	**–**	–
AR Mc Duling	**15 000**	–	**–**	–	**148**	148
Total	**139 640**	124 640	**8 683 064**	8 683 064	**148**	148

There has been no change in the shareholding of directors as reflected above between the end of the financial year and 14 March 2013.

MAJOR SHAREHOLDERS

The major shareholders in Bell Equipment Limited as at 31 December 2012 were:		2012	2011
IA Bell & Company (Proprietary) Limited	(%)	**37,62**	37,62
John Deere Construction and Forestry Company	(%)	**31,59**	31,59

GROUP COMPANY SECRETARY

Particulars of the Group Company Secretary and his business and postal addresses appear on the inside back cover of this report.

SUBSIDIARIES

Details of the company's interest in its subsidiary companies are contained on page 99 of this report. The principal subsidiaries are Bell Equipment Company SA (Proprietary) Limited and Bell Equipment Sales South Africa Limited, both of which are incorporated in South Africa.

SUBSEQUENT EVENTS

There is no material fact or circumstance that has arisen between the end of the reporting period and the date of this report.

Signed on behalf of the board

MA Mun-Gavin
Group Chairman

GW Bell
Group Chief Executive

14 March 2013

AUDIT COMMITTEE REPORT

for the year ended 31 December 2012

BACKGROUND

The committee is pleased to present its report for the financial year ended 31 December 2012 as required in terms of Section 94 of the Companies Act of South Africa, 2008 (as amended) (the Act).

The committee's operation is guided by a formal detailed Terms of Reference that is in line with the Act and is approved by the board. The committee has discharged all its responsibilities as contained in the charter. The Audit Committee is constituted as a statutory committee and is appointed at the annual general meeting. It has an independent role with accountability to both the board and shareholders. The board has reviewed and amended membership of the committee to reflect current legislation and recommendations by King III, which dictates that all members of the committee be independent non-executive directors. The board elects the Chairman of the Audit Committee. The committee was chaired by independent non-executive director JR Barton, and further comprises two independent non-executive directors. The board assessed the experience and qualification of the committee members upon their appointment and confirmed that they are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues, IT governance as it relates to integrated reporting and governance processes within the group. The board has satisfied itself that all members of the committee act independently in compliance with the Act. The committee members are recommended to the annual general meeting for approval by the shareholders.

OBJECTIVE AND SCOPE

The overall objectives of the committee are to oversee all factors and risks that may impact on the integrity of the Integrated Annual Report.

The committee carried out the following functions during the year:

- reviewed interim and annual results to ensure that the financial results are valid, accurate and fairly represent the group's performance;
- oversaw the activities of internal and external audit;
- performed duties that are attributed to it by the Act, the JSE and King III;
- received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management;
- made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence;
- considered the effectiveness of internal audit, approved the annual internal audit plan and monitored adherence of internal audit to its annual plan;
- determined the audit fees; and
- nominated the auditors for appointment.

The committee has considered the contents of the financial statements, the group's accounting practices and the internal financial controls of the group and found all of these to be in order.

MEMBERSHIP

During the course of the year, the membership of the committee comprised solely of independent non-executive directors.

Memberships held on this committee were as follows:

JR Barton, Chairman

DJJ Vlok

B Harie

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditor of Bell Equipment Limited is independent as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2012 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 27 to the financial statements.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and such work is reviewed by the committee.

Meetings were held with the auditor where management was not present, and no matters of concern were raised. The committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Deloitte & Touche as the external auditor for the 2013 financial year, and C Howard-Browne as the designated partner.

GROUP FINANCE DIRECTOR'S REVIEW

The committee has reviewed the performance, appropriateness and expertise of the Chief Finance Officer, KJ van Haght, and confirms her suitability for appointment as Group Finance Director in terms of the JSE requirements.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the Integrated Annual Report for the year ended 31 December 2012 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements as set out on pages 52 to 102 for approval to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

CONCLUSION

The Audit Committee is of the opinion that the objectives of the committee were met during the year under review. Management undertook to implement appropriate corrective actions to mitigate weaknesses in specific controls where identified.

JR Barton
Chairman of the Audit Committee

14 March 2013

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2012

		GROUP		COMPANY	
	Notes	**2012 R000**	2011 R000	**2012 R000**	2011 R000
ASSETS					
Non-current assets		**767 448**	735 704	**638 092**	377 292
Property, plant and equipment	6	**547 889**	529 037	**–**	–
Intangible assets	7	**118 151**	82 969	**–**	–
Investments in subsidiary companies	8	**–**	–	**638 092**	377 292
Interest-bearing long-term receivables	9	**13 467**	10 534	**–**	–
Deferred taxation	10	**87 941**	113 164	**–**	–
Current assets		**2 721 879**	3 134 505	**3 557**	1 964
Inventory	11	**1 817 759**	2 060 829	**–**	–
Trade and other receivables	12	**650 556**	882 170	**3 557**	1 964
Current portion of interest-bearing long-term receivables	9	**38 189**	44 447	**–**	–
Prepayments		**18 509**	16 676	**–**	–
Other financial assets	13	**3 213**	4 479	**–**	–
Taxation		**4 832**	3 508	**–**	–
Cash resources		**188 821**	122 396	**–**	–
Total assets		**3 489 327**	3 870 209	**641 649**	379 256
EQUITY AND LIABILITIES					
Capital and reserves		**2 073 559**	1 777 536	**632 927**	378 782
Stated capital	14	**228 749**	228 605	**228 749**	228 605
Non-distributable reserves	15	**197 050**	144 089	**11 578**	6 270
Retained earnings		**1 596 095**	1 371 285	**392 600**	143 907
Attributable to owners of Bell Equipment Limited		**2 021 894**	1 743 979	**632 927**	378 782
Non-controlling interest	16	**51 665**	33 557	**–**	–
Non-current liabilities		**276 307**	398 090	**–**	–
Interest-bearing liabilities	17	**118 181**	225 025	**–**	–
Repurchase obligations and deferred leasing income	18	**57 098**	79 582	**–**	–
Deferred warranty income	19	**61 340**	61 521	**–**	–
Lease escalation	20	**34 659**	25 196	**–**	–
Provisions	21	**5 029**	6 766	**–**	–
Current liabilities		**1 139 461**	1 694 583	**8 722**	474
Trade and other payables	22	**738 445**	1 210 210	**770**	474
Non-interest-bearing liabilities	23	**–**	–	**7 952**	–
Current portion of interest-bearing liabilities	17	**116 670**	21 845	**–**	–
Current portion of repurchase obligations and deferred leasing income	18	**48 066**	54 717	**–**	–
Current portion of deferred warranty income	19	**40 138**	24 178	**–**	–
Current portion of lease escalation	20	**1 426**	4 094	**–**	–
Current portion of provisions	21	**42 426**	47 808	**–**	–
Other financial liabilities	24	**1 435**	1 820	**–**	–
Taxation		**17 541**	48 093	**–**	–
Short-term interest-bearing debt	35.2	**133 314**	281 818	**–**	–
Total equity and liabilities		**3 489 327**	3 870 209	**641 649**	379 256
Number of shares in issue (‘000)		**94 974**	94 958		
Net asset value per share (cents)		**2 183**	1 872		

INCOME STATEMENTS

for the year ended 31 December 2012

			GROUP		COMPANY	
		Notes	**2012 R000**	2011 R000	**2012 R000**	2011 R000
Revenue		25	**5 670 188**	5 070 784	**–**	–
Cost of sales			**(4 410 050)**	(3 871 958)	**–**	–
Gross profit			**1 260 138**	1 198 826	**–**	–
Other operating income			**111 866**	142 715	**3 591**	12 921
Investment income		26	**–**	–	**250 000**	–
Distribution costs			**(723 140)**	(655 640)	**–**	–
Administration expenses			**(78 483)**	(62 844)	**(4 898)**	(4 900)
Other operating expenses			**(205 507)**	(187 417)	**–**	–
Profit from operating activities		27	**364 874**	435 640	**248 693**	8 021
Interest paid			**(53 669)**	(44 940)	**–**	–
Interest received			**12 147**	11 434	**–**	–
Profit before taxation			**323 352**	402 134	**248 693**	8 021
Taxation		28.1	**(80 434)**	(105 249)	**–**	–
Profit for the year			**242 918**	296 885	**248 693**	8 021
Profit for the year attributable to:						
– Owners of Bell Equipment Limited			**224 810**	275 782		
– Non-controlling interest			**18 108**	21 103		
Earnings per share						
Basic	(cents)	29.1	**237**	290		
Diluted	(cents)	29.2	**232**	290		

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
Profit for the year	**242 918**	296 885	**248 693**	8 021
Other comprehensive income				
Exchange differences arising during the year	**47 653**	57 436	**–**	–
Exchange differences on translating foreign operations	**45 595**	56 950	**–**	–
Reclassification to profit or loss of foreign currency translation reserve on discontinued operations	**–**	(4 036)	**–**	–
Exchange differences on foreign reserves	**2 058**	4 522	**–**	–
Other comprehensive income for the year	**47 653**	57 436	**–**	–
Total comprehensive income for the year	**290 571**	354 321	**248 693**	8 021
Total comprehensive income attributable to:				
– Owners of Bell Equipment Limited	**272 463**	333 218		
– Non-controlling interest	**18 108**	21 103		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Attributable to owners of Bell Equipment Limited					
	Stated capital R000	Non-distributable reserves R000	Retained earnings R000	Total R000	Non-controlling interest R000	Total capital and reserves R000
GROUP						
Balance at 31 December 2010	228 605	90 488	1 087 162	1 406 255	12 454	1 418 709
Recognition of share-based payments	–	4 506	–	4 506	–	4 506
Total comprehensive income for the year	–	57 436	275 782	333 218	21 103	354 321
Realisation of revaluation reserve on depreciation of buildings	–	(2 808)	2 808	–	–	–
Deferred taxation on realisation of revaluation reserve on depreciation of buildings	–	786	(786)	–	–	–
Reversal of prior year transfer of debit foreign currency translation reserve to retained earnings	–	(6 319)	6 319	–	–	–
Balance at 31 December 2011	**228 605**	**144 089**	**1 371 285**	**1 743 979**	**33 557**	**1 777 536**
Recognition of share-based payments	**–**	**5 308**	**–**	**5 308**	**–**	**5 308**
Total comprehensive income for the year	**–**	**47 653**	**224 810**	**272 463**	**18 108**	**290 571**
Share options exercised	**144**	**–**	**–**	**144**	**–**	**144**
Balance at 31 December 2012	**228 749**	**197 050**	**1 596 095**	**2 021 894**	**51 665**	**2 073 559**
COMPANY						
Balance at 31 December 2010	228 605	1 764	135 886	366 255	–	366 255
Recognition of share-based payments	–	4 506	–	4 506	–	4 506
Total comprehensive income for the year	–	–	8 021	8 021	–	8 021
Balance at 31 December 2011	**228 605**	**6 270**	**143 907**	**378 782**	**–**	**378 782**
Recognition of share-based payments	**–**	**5 308**	**–**	**5 308**	**–**	**5 308**
Total comprehensive income for the year	**–**	**–**	**248 693**	**248 693**	**–**	**248 693**
Share options exercised	**144**	**–**	**–**	**144**	**–**	**144**
Balance at 31 December 2012	**228 749**	**11 578**	**392 600**	**632 927**	**–**	**632 927**

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2012

	Notes	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash generated from (utilised in) operations	A	**530 902**	(25 006)	**(2 604)**	(3 148)
Interest paid		**(53 669)**	(44 940)	**–**	–
Interest received		**12 147**	11 434	**–**	–
Taxation paid	B	**(89 645)**	(45 386)	**–**	–
Net cash generated from (utilised in) operating activities		**399 735**	(103 898)	**(2 604)**	(3 148)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment and intangible assets		**(167 387)**	(212 757)	**–**	–
Purchase of replacement property, plant and equipment and intangible assets		**(39 246)**	(8 327)	**–**	–
Proceeds on disposal of property, plant and equipment and intangible assets		**27 212**	60 728	**–**	–
Decrease in interest-bearing long-term receivables		**6 552**	12 967	**–**	–
Dividend received from subsidiary company		**–**	–	**250 000**	–
Increase in investment in subsidiary company		**–**	–	**(322 213)**	–
Repayments from subsidiaries		**–**	–	**66 721**	–
Net cash utilised in investing activities		**(172 869)**	(147 389)	**(5 492)**	–
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments from subsidiaries		**–**	–	**–**	3 148
Non-interest-bearing liabilities raised		**–**	–	**7 952**	–
Interest-bearing liabilities raised	C	**4 879**	167 631	**–**	–
Interest-bearing liabilities repaid	C	**(16 960)**	(9 969)	**–**	–
Decrease in repurchase obligations and deferred leasing income		**–**	(7 529)	**–**	–
Proceeds from share options exercised		**144**	–	**144**	–
Net cash (utilised in) generated from financing activities		**(11 937)**	150 133	**8 096**	3 148
Net increase (decrease) in cash for the year		**214 929**	(101 154)	**–**	–
Net short-term interest-bearing debt at beginning of the year		**(159 422)**	(58 268)	**–**	–
Net cash (short-term interest-bearing debt) at end of the year	D	**55 507**	(159 422)	**–**	–

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended 31 December 2012

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
A Cash generated from (utilised in) operations				
Profit from operating activities	**364 874**	435 640	**248 693**	8 021
Adjustments for:				
Depreciation	**115 443**	105 069	**–**	–
Amortisation of intangible assets	**19 295**	15 636	**–**	–
Investment income recognised in profit or loss	**–**	–	**(250 000)**	–
Reversal of impairment loss recognised on investment in subsidiary	**–**	–	**–**	(10 755)
(Decrease) increase in warranty provision	**(7 895)**	9 929	**–**	–
Decrease in provision for residual value risk	**–**	(1 255)	**–**	–
Increase in lease escalation	**6 795**	7 868	**–**	–
Loss (gain) arising on financial assets at fair value through profit or loss	**1 266**	(4 479)	**–**	–
Gain arising on financial liabilities at fair value through profit or loss	**(385)**	(2 451)	**–**	–
Expense recognised in respect of equity-settled share-based payments	**5 308**	4 506	**–**	–
Net surplus on disposal of property, plant and equipment and intangible assets	**(403)**	(1 202)	**–**	–
Exchange differences on translation of foreign subsidiaries	**42 101**	38 952	**–**	–
Increase (decrease) in deferred warranty income	**15 779**	(4 888)	**–**	–
Decrease in repurchase obligations and deferred leasing income	**(29 135)**	–	**–**	–
Cash generated from (utilised in) operations before working capital changes	**533 043**	603 325	**(1 307)**	(2 734)
Decrease (increase) in inventory	**243 070**	(705 216)	**–**	–
Decrease (increase) in trade and other receivables and prepayments	**229 781**	(440 956)	**(1 593)**	(330)
(Decrease) increase in trade and other payables	**(471 765)**	511 052	**296**	(84)
(Increase) decrease in trade receivables recoverable beyond 12 months	**(3 227)**	6 789	**–**	–
Total cash generated from (utilised in) operations	**530 902**	(25 006)	**(2 604)**	(3 148)
B Taxation paid				
Net taxation owing at beginning of the year	**(44 585)**	(18 853)	**–**	–
Taxation charge for the year:				
South African normal taxation	**(12 367)**	(26 419)	**–**	–
Foreign taxation	**(41 163)**	(41 370)	**–**	–
Withholding taxation	**(348)**	(2 050)	**–**	–
Wealth taxation	**(837)**	(860)	**–**	–
Translation differences	**(3 054)**	(419)	**–**	–
Net taxation owing at end of the year	**12 709**	44 585	**–**	–
Total taxation paid	**(89 645)**	(45 386)	**–**	–
C Interest-bearing liabilities				
Long-term portion of interest-bearing liabilities at beginning of the year	**225 025**	84 175	**–**	–
Add: current portion at beginning of the year	**21 845**	4 974	**–**	–
Total interest-bearing liabilities at beginning of the year	**246 870**	89 149	**–**	–
Translation differences	**62**	59	**–**	–
Interest-bearing liabilities raised	**4 879**	167 631	**–**	–
Interest-bearing liabilities repaid	**(16 960)**	(9 969)	**–**	–
Total interest-bearing liabilities at end of the year	**234 851**	246 870	**–**	–
Less: current portion at end of the year	**(116 670)**	(21 845)	**–**	–
Long-term portion of interest-bearing liabilities at end of the year	**118 181**	225 025	**–**	–
D Net cash (short-term interest-bearing debt)				
Short-term interest-bearing debt	**(133 314)**	(281 818)	**–**	–
Cash resources	**188 821**	122 396	**–**	–
Net cash (short-term interest-bearing debt) at end of the year	**55 507**	(159 422)	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2012

1. GENERAL INFORMATION

Bell Equipment Limited (the company) is a public company incorporated in South Africa. The addresses of its registered office and principal place of business are disclosed on the inside back cover of the integrated report. The principal activities of the company and its subsidiaries (the group) are described in the directors' report under the heading general review.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and are consistent with those applied to the previous year, except for the treatment of the revaluation reserve and the adoption of new and revised standards and interpretations per note 3 to the financial statements.

In terms of *IAS 16 Property, Plant and Equipment*, the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed; alternatively, some of the surplus may be transferred as the asset is used by an entity.

The previous treatment was to release a portion of the revaluation surplus over the useful life of the asset. In the current year, management has elected to rather defer the transfer of the revaluation surplus to retained earnings until such time as the asset is derecognised. This change in accounting policy did not have a significant impact on the reported results.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

The consolidated financial statements are presented in South African Rand, which is the company's functional and presentation currency, rounded to the nearest thousand.

The significant accounting policies adopted are set out below:

2.2 Basis of consolidation

The group annual financial statements incorporate the financial position and results of the company and of its subsidiaries. The results of subsidiaries are included from the dates effective control was acquired until the effective dates of their disposal. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the company.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IAS 39 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

(i) deferred taxation assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes* and *IAS 19 Employee Benefits* respectively;

(ii) liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with *IFRS 2 Share-based Payments;* and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

2.4 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.5 Property, plant and equipment

Freehold land is not depreciated and is stated at valuation with subsequent additions at cost, less any subsequent accumulated impairment losses. Freehold buildings are stated at valuation, with subsequent additions at cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses. Other assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluations, on the market value in continuation of existing use basis, are undertaken every three years. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Depreciation of assets commences when the asset is available for use.

The depreciable values of leasehold buildings are depreciated over the shorter of their expected useful lives and the period of the lease. Rental assets are stated at cost less accumulated depreciation. Rental assets under short-term rentals are depreciated based on the hours utilised while on rental. Rental assets under buy-back agreements are depreciated to the value of the buy-back over the buy-back period. Depreciation on other assets is provided on a straight-line basis over the anticipated useful lives of the assets taking residual values into account. Depreciation ceases on an asset only when the asset is derecognised or when it is classified as held for sale.

The annual rates of depreciation currently used are:

Freehold buildings	2% to 3,33%
Leasehold buildings	5% to 10%
Plant and equipment	10% to 33%
Aircraft	12,5%
Vehicles	20%

Useful lives and residual values are reviewed annually.

2.6 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The annual rate of amortisation currently used is 20%.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. The amortisation expense is included in other operating expenses.

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.6 Intangible assets continued

The annual rate of amortisation currently used varies from two to 10 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2.7 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the lessee.

Operating leases are those leases which do not fall within the scope of the above definition.

The group as lessee

Assets classified as finance lease agreements are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Assets held under finance leases are depreciated on the straight-line basis over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to profit or loss when incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's policy on borrowing costs (see note 2.20).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.8 Financial guarantee contracts

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets;* and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

2.9 Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial instruments carried on the statement of financial position include cash and bank balances, interest-bearing investments, interest-bearing long-term receivables, trade and other receivables, interest-bearing liabilities, trade and other payables and short-term interest-bearing debt.

Derivative financial instruments

Derivative financial instruments, principally forward foreign exchange contracts, are used by the group in its management of financial risks. These contracts are held for trading at fair value through profit or loss.

Interest-bearing long-term receivables, trade and other receivables

Interest-bearing long-term receivables, trade and other receivables are recognised at amortised cost, less provision for impairment.

Cash resources

Cash resources comprise cash on hand and deposits held on call with banks and are subject to an insignificant risk of changes in value.

Short-term interest-bearing debt

Short-term interest-bearing debt comprises bank overdrafts and borrowings on call which are measured at cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.9 Financial instruments continued

Trade and other payables

Trade and other payables are recognised at amortised cost.

Interest-bearing liabilities

Interest-bearing liabilities are measured at amortised cost, using the effective interest method.

Interest-bearing investments

Investments are initially recorded at cost and are adjusted for interest earned thereon and the group's share of the profits or losses of the investee after the date of acquisition.

Distributions received from an investee reduce the carrying amount of the investment.

Offsetting financial agreements

Financial assets and liabilities are offset where the group has a legal and enforceable right to set off the recognised amounts and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.10 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is generally determined on the following bases:

Merchandise spares, components, raw materials, work-in-progress and finished goods are valued on the first-in first-out basis. Finished goods, work-in-progress and manufactured components include the cost of direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventory is identified and written down with regard to their estimated economic or realisable values. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.11 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model.

The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee benefits reserve in equity.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 January 2005 in terms of Scheme 2 (note 30). No amount has been recognised in the financial statements in respect of the equity-settled share-based payments granted in terms of Scheme 1 on 28 February 2002 as per note 30.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.12 Taxation

The taxation expense represents the sum of the taxation currently payable and deferred taxation.

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.12 Taxation continued

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

2.13 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in South African Rand, which is the company's functional and presentation currency.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Forward foreign exchange contracts are separately valued at equivalent forward rates ruling at the reporting date.

Surpluses and losses arising on translation of foreign currency transactions are dealt with in profit or loss.

Foreign subsidiary translation

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the exchange rates prevailing at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the group's foreign currency translation reserve.

Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

2.14 Revenue

Revenue comprises the invoiced value of sales, service income and rentals received. Sales to group companies are invoiced at cost plus a mark-up and are reversed on consolidation.

2.15 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer. If the sale of goods is combined with a buy-back agreement or a residual value guarantee, the sale is accounted for as an operating lease transaction if significant risks of the goods are retained in the group. Revenue from services is recognised when the services have been rendered. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Deferred warranty income

Where management has sufficient information to reliably measure the expected costs of extended warranty contracts, the proceeds from the sale of these contracts is recognised as other income in profit or loss over the period of the contracts. Where insufficient information is available to reliably measure the expected costs of extended warranty contracts, revenue is not recognised until expiry of the contract.

2.16 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the group's obligation under the plans is equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.17 Impairment of tangible and intangible assets excluding goodwill

At the end of the reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease through other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase in other comprehensive income.

2.18 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the group's obligation.

2.19 Segmental information

The operating segments of the group have been identified on the basis of internal reports about components of the group that are regularly reviewed by the board of directors in order to allocate resources to the segments and to assess their performance.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year the group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2012.

3.1 Standards and interpretations adopted with no significant effect on the financial statements

The following revised standards and interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts or disclosures reported in the financial statements:

Revised

IFRS 1 –	First-time Adoption of International Financial Reporting Standards: Replacement of "fixed dates" for certain exceptions with 'the date of transition to IFRSs'
IFRS 1 –	First-time Adoption of International Financial Reporting Standards: Additional exemption for entities ceasing to suffer from severe hyperinflation
IFRS 7 –	Financial Instruments Disclosures: Amendments enhancing disclosures about transfers of financial assets
IAS 12 –	Income Taxes: Limited scope amendment (recovery of underlying assets)

3.2 Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following new and revised standards and interpretations were in issue, but not yet effective:

New		Effective date for annual periods beginning on or after:
IFRS 9 –	Financial Instruments: Classification and measurement	1 January 2015
IFRS 10 –	Consolidated Financial Statements	1 January 2013
IFRS 11 –	Joint Arrangements	1 January 2013
IFRS 12 –	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 –	Fair Value Measurement	1 January 2013
IFRIC 20 –	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Revised		
IFRS 1 –	First-time Adoption of International Financial Reporting Standards: Amendments for government loan with a below-market rate of interest when transitioning to IFRSs	1 January 2013
IFRS 1 –	First-time Adoption of International Financial Reporting Standards: Amendments resulting from annual improvements 2009-2011 cycle (repeat application, borrowing costs)	1 January 2013
IFRS 7 –	Financial Instruments Disclosures: Amendments related to the offsetting of financial assets and financial liabilities	1 January 2013
IFRS 7 –	Financial Instruments Disclosures: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 9 –	Financial Instruments: Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	1 January 2015
IFRS 10 –	Consolidated Financial Statements: Amendments to transitional guidance	1 January 2013
IFRS 10 –	Consolidated Financial Statements: Amendments for investment entities	1 January 2014
IFRS 11 –	Joint Arrangements: Amendments to transitional guidance	1 January 2013
IFRS 12 –	Disclosure of Interests in Other Entities: Amendments to transitional guidance	1 January 2013
IFRS 12 –	Disclosure of Interests in Other Entities: Amendments for investment entities	1 January 2014
IAS 1 –	Presentation of Financial Statements: Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 1 –	Presentation of Financial Statements: Amendments resulting from annual improvements 2009-2011 cycle (comparative information)	1 January 2013
IAS 16 –	Property, Plant and Equipment: Amendments resulting from annual improvements 2009-2011 cycle (servicing equipment)	1 January 2013
IAS 19 –	Employee Benefits: Amended standard resulting from the post-employment benefits and termination benefits projects	1 January 2013
IAS 27 –	Separate Financial Statements: Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	1 January 2013
IAS 27 –	Separate Financial Statements: Amendments for investment entities	1 January 2014
IAS 28 –	Investments in Associates and Joint Ventures: Reissued as IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IAS 32 –	Financial Instruments Presentation: Amendments relating to the offsetting of financial assets and financial liabilities	1 January 2014
IAS 32 –	Financial Instruments Presentation: Amendments resulting from annual improvements 2009-2011 cycle (taxation effect of equity distributions)	1 January 2013
IAS 34 –	Interim Financial Reporting: Amendments resulting from annual improvements 2009-2011 cycle (interim reporting of segment assets)	1 January 2013

The directors will in due course evaluate the impact that the adoption of these standards and interpretations will have on the financial statements of the group in future periods, but do not expect that there will be a significant impact should these standards and interpretations be adopted.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Judgements made by management

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Asset lives and residual values

Property, plant and equipment and intangible assets are depreciated over the useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets, using assumptions made in terms of the models allowed under IFRS.

Recoverability of trade receivables

In assessing the amounts recoverable from trade receivables, assumptions are made based on past default experience, estimations of the value of any security, in the form of second-hand equipment, and the estimated costs of preparing the equipment for re-sale, including transport.

Recoverable value of inventory

The recoverable value of inventory takes into account current market conditions and the amounts expected to be realised from the sale of equipment, less estimated costs to sell.

Valuation of financial instruments

The value of derivative financial instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the end of the reporting period.

Warranty provision

The provision for future warranty costs on products sold is based on past experience and current warranty campaigns.

Deferred warranty income

Where management has sufficient information to reliably measure the expected costs of extended warranty contracts, the proceeds from the sale of these contracts is recognised in profit or loss over the period of the contracts. Where insufficient information is available to reliably measure the expected costs of extended warranty contracts, revenue is not recognised until expiry of the contract.

Revenue recognition

Where buy-back agreements with customers are concluded, management uses the guidance from IAS 18 with regard to the transfer of risks and rewards for the purposes of revenue recognition.

Provisions for residual value risks and repurchase commitments

Residual value risks are attributable to operating lease contracts and sales transactions combined with buy-back agreements or residual value guarantees. Residual value risks are the risks that the group in the future would have to dispose of used products at a loss if the price realised for these products is less than what was expected when the contracts were entered into. If revenue is not recognised on a transaction which includes a buy-back, then the residual value risks are pertaining to products that are reported as rental assets in the statement of financial position and these risks are reflected by depreciation or write-down of the carrying value of these assets. If revenue is recognised on a transaction which includes a buy-back, then the residual value risks are pertaining to products which are not reported as assets in the statement of financial position and these risks are reflected under the line item provisions. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

Deferred taxation asset

A deferred taxation asset is recognised to the extent that future taxable income of sufficient amount is expected to be earned.

4.2 Key sources of estimation uncertainty

There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

5. OPERATING SEGMENTS

Information regarding the group's reportable segments is presented below.

The group's reportable segments are as follows:

- South African sales operation;
- South African manufacturing and logistics operation;
- European operation;
- Rest of Africa and other international operations; and
- All other operations.

Information reported to the group's chief operating decision maker for purposes of resource allocation and assessment of segment performance is focused on geographical areas.

Each reportable segment derives its revenues from the sale of goods (machines and parts) and related services and rental income.

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

	GROUP						
2012	South African sales operation R000	South African manu-facturing and logistics operation R000	European operation R000	Rest of Africa and other inter-national operations R000	All other operations R000	Eliminations R000	Con-solidated R000
Revenue							
External revenue	2 466 098	803 314	1 024 947	1 375 829	–	–	5 670 188
Inter-segment revenue	34 572	2 643 070	32 371	349	–	(2 710 362)	–
Total revenue	2 500 670	3 446 384	1 057 318	1 376 178	–	(2 710 362)	5 670 188
Profit (loss) from operating activities	110 678	65 589	53 495	179 501	(2 268)	(42 121)	364 874
Net interest (paid) received	(31 595)	(15 535)	(14 775)	5 760	14 623	–	(41 522)
Taxation	(18 722)	8 281	(3 808)	(66 696)	(1 004)	1 515	(80 434)
Profit for the year	60 361	58 335	34 912	118 565	11 351	(40 606)	242 918
Segment assets	745 507	1 792 122	785 104	824 362	832 069	(1 489 837)	3 489 327
Segment liabilities	571 075	564 411	622 196	680 281	55 903	(1 078 098)	1 415 768
Other information							
Additions to property, plant and equipment and intangible assets	20 799	125 873	41 140	18 821	–	–	206 633
Depreciation and amortisation of intangibles	38 443	61 020	26 086	9 189	–	–	134 738
Other material items of income and expense:							
– Net foreign currency (gains) losses	–	(7 983)	(1 448)	12 746	(103)	964	4 176
– Staff costs (including directors' remuneration)	210 157	497 311	94 623	173 383	11 296	(6 327)	980 443
– (Decrease) increase in warranty provision	(2 484)	(6 246)	(1 131)	1 966	–	–	(7 895)
– Warranty expenditure	26 221	46 327	7 810	10 865	–	(2 617)	88 606

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5. OPERATING SEGMENTS continued

	GROUP						
2011	South African sales operation R000	South African manu-facturing and logistics operation R000	European operation R000	Rest of Africa and other inter-national operations R000	All other operations R000	Eliminations R000	Con-solidated R000
Revenue							
External revenue	2 471 916	550 976	796 331	1 251 561	–	–	5 070 784
Inter-segment revenue	40 548	2 396 367	51 551	16	–	(2 488 482)	–
Total revenue	2 512 464	2 947 343	847 882	1 251 577	–	(2 488 482)	5 070 784
Profit from operating activities	133 613	73 222	33 227	232 977	17 276	(54 675)	435 640
Net interest (paid) received	(35 221)	(314)	(7 546)	1 568	7 971	36	(33 506)
Taxation	(28 048)	(47 600)	(2 893)	(38 702)	(2 256)	14 250	(105 249)
Profit for the year	70 344	25 308	22 788	195 843	22 991	(40 389)	296 885
Segment assets	815 199	2 455 027	808 228	594 673	451 211	(1 254 129)	3 870 209
Segment liabilities	702 143	1 184 581	701 779	351 906	52 107	(899 843)	2 092 673
Other information							
Additions to property, plant and equipment and intangible assets	66 714	66 237	75 139	12 994	–	–	221 084
Depreciation and amortisation of intangibles	40 366	46 955	26 860	6 524	–	–	120 705
Other material items of income and expense:							
– Net foreign currency losses (gains)	–	792	(526)	(13 342)	(1 066)	217	(13 925)
– Staff costs (including directors' remuneration)	213 065	497 015	73 246	115 155	9 007	3 082	910 570
– (Decrease) increase in warranty provision	(3 841)	13 623	724	(577)	–	–	9 929
– Warranty expenditure	25 432	31 555	6 464	5 928	–	4 517	73 896

6. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	Cost/ valuation 2012 R000	**Accumulated depreciation 2012 R000**	**Net book value 2012 R000**	Cost/ valuation 2011 R000	Accumulated depreciation 2011 R000	Net book value 2011 R000
Owned						
Freehold land and buildings	**210 868**	**12 155**	**198 713**	191 119	6 053	185 066
Leasehold buildings	**7 241**	**2 541**	**4 700**	4 899	2 171	2 728
Plant and equipment	**463 122**	**290 815**	**172 307**	389 463	253 225	136 238
Rental assets	**233 412**	**105 964**	**127 448**	240 071	74 789	165 282
Aircraft	**8 765**	**3 561**	**5 204**	8 597	2 949	5 648
Vehicles	**54 645**	**26 069**	**28 576**	42 899	19 654	23 245
Leased						
Plant and equipment	**13 789**	**6 970**	**6 819**	17 280	7 167	10 113
Vehicles	**5 229**	**1 107**	**4 122**	944	227	717
Total	**997 071**	**449 182**	**547 889**	895 272	366 235	529 037

Movement in property, plant and equipment	**Freehold land and buildings R000**	**Leasehold buildings R000**	**Plant and equipment* R000**	**Rental assets R000**	**Aircraft R000**	**Vehicles* R000**	**Total R000**
2012							
Net book value at beginning of the year	**185 066**	**2 728**	**146 351**	**165 282**	**5 648**	**23 962**	**529 037**
Additions	**19 749**	**2 099**	**74 188**	**37 482**	**168**	**18 196**	**151 882**
Disposals	**–**	**(30)**	**(20)**	**(25 899)**	**–**	**(592)**	**(26 541)**
Depreciation	**(6 102)**	**(216)**	**(41 374)**	**(57 898)**	**(612)**	**(9 241)**	**(115 443)**
Transfers	**–**	**–**	**(397)**	**–**	**–**	**397**	**–**
Translation differences	**–**	**119**	**378**	**8 481**	**–**	**(24)**	**8 954**
Net book value at end of the year	**198 713**	**4 700**	**179 126**	**127 448**	**5 204**	**32 698**	**547 889**
2011							
Net book value at beginning of the year	181 248	2 741	133 077	144 576	5 808	13 573	481 023
Additions	9 871	53	40 515	126 633	468	15 714	193 254
Disposals	–	–	(622)	(58 470)	–	(428)	(59 520)
Depreciation	(6 053)	(356)	(28 973)	(62 294)	(628)	(6 765)	(105 069)
Translation differences	–	290	2 354	14 837	–	1 868	19 349
Net book value at end of the year	185 066	2 728	146 351	165 282	5 648	23 962	529 037

Certain property, plant and equipment is encumbered as indicated in note 17.

The rental assets are subject to repurchase obligations as reflected in note 18.

* *Owned and leased*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
6. PROPERTY, PLANT AND EQUIPMENT continued				
Freehold land and buildings at cost/valuation comprise:				
Lot 1892 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	**21 118**	21 118	**–**	–
– subsequent additions at cost in 2011	**4**	4	**–**	–
– subsequent additions at cost in 2012	**3 583**	–	**–**	–
Lot 1894 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	**53 344**	53 344	**–**	–
– subsequent additions at cost in 2011	**226**	226	**–**	–
– subsequent additions at cost in 2012	**266**	–	**–**	–
Lot 10024 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	**106 786**	106 786	**–**	–
– subsequent additions at cost in 2011	**96**	96	**–**	–
– subsequent additions at cost in 2012	**2 290**	–	**–**	–
Portions 16, 17 and 18 Lot 11063, Extension 33 Township J.S. Middelburg				
– at cost in 2011	**9 545**	9 545	**–**	–
– subsequent additions at cost in 2012	**13 610**	–	**–**	–
Total freehold land and buildings at cost/valuation	**210 868**	191 119	**–**	–
The freehold land and buildings were valued by the Mills Fitchet group, independent qualified valuers, on the market value in continuation of existing use basis, on 31 December 2010.				
The valuation was undertaken in accordance with the international guidelines for the valuation of public company assets laid down by the Royal Institution of Chartered Surveyors (RICS) in their Statement of Asset Valuation Practice and Guidance Notes handbook. The book values of these properties were adjusted to their valuations during the relevant financial period and the resultant net losses debited to the revaluation reserve.				
The comparable amounts under the historical cost convention for the freehold land and buildings were:				
Historical cost	**129 985**	110 236	**–**	–

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
7. INTANGIBLE ASSETS				
Capitalised software				
Cost				
At beginning of the year	**42 589**	41 256	**–**	–
Acquired	**6 715**	1 333	**–**	–
Disposals	**(591)**	–	**–**	–
At end of the year	**48 713**	42 589	**–**	–
Accumulated amortisation				
At beginning of the year	**30 336**	23 163	**–**	–
Charge for the year	**5 363**	7 173	**–**	–
Disposals	**(317)**	–	**–**	–
At end of the year	**35 382**	30 336	**–**	–
Carrying amount at end of the year	**13 331**	12 253	**–**	–
Capitalised engineering development expenditure				
Cost				
At beginning of the year	**81 653**	55 156	**–**	–
Capitalised – current year	**48 036**	26 497	**–**	–
At end of the year	**129 689**	81 653	**–**	–
Accumulated amortisation				
At beginning of the year	**10 937**	2 474	**–**	–
Charge for the year	**13 932**	8 463	**–**	–
At end of the year	**24 869**	10 937	**–**	–
Carrying amount at end of the year	**104 820**	70 716	**–**	–
Total intangible assets	**118 151**	82 969	**–**	–

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
8. INVESTMENTS IN SUBSIDIARY COMPANIES				
Local subsidiaries				
Shares at cost	**–**	–	**14 164**	14 164
Recognition of share-based payments	**–**	–	**9 798**	5 378
Indebtedness by subsidiary*	**–**	–	**–**	66 721
Total local subsidiaries	**–**	–	**23 962**	86 263
Foreign subsidiaries				
Shares at cost**	**–**	–	**612 350**	290 137
Recognition of share-based payments	**–**	–	**1 780**	892
Total foreign subsidiaries	**–**	–	**614 130**	291 029
Total investments in subsidiary companies	**–**	–	**638 092**	377 292

* *Further details of investments in subsidiary companies are set out on page 99.*

** *During the 2012 financial year the company increased the investment in subsidiary Bell Equipment International SA through the acquisition of 375 000 shares of Euro 80 each. The company continues to hold a 100% interest.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2012

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
9. INTEREST-BEARING LONG-TERM RECEIVABLES				
WesBank financing venture*	**14 505**	19 182	**–**	–
Less: provision for non–recovery	**(500)**	(500)	**–**	–
	14 005	18 682	**–**	–
Retention deposits**	**6 965**	8 840	**–**	–
Trade receivables recoverable beyond 12 months	**30 686**	27 459	**–**	–
	51 656	54 981	**–**	–
Less: current portion	**(38 189)**	(44 447)	**–**	–
Total interest-bearing long-term receivables	**13 467**	10 534	**–**	–

* *A financing venture has been entered into with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group.*

In terms of the WesBank arrangement, the following categories of financing are provided for:

- specific transactions, the risks and rewards of which are for the group. In respect of these transactions, the group is required to invest an amount equal to 25% of the value of the financing provided by WesBank to customers as collateral. This investment, which earns interest at the cost of capital of the financing venture, is reflected as interest-bearing long-term receivables on the statement of financial position. The interest rate for 2012 was 5,0% (2011: 5,5%); and
- transactions for which WesBank requires support, either due to the credit risk profile of the customer or the specific structuring of the financing deal. The group is entitled to a share of the profits from these transactions which is accounted for as other operating income. Applications from customers are categorised into WesBank's risk grading system, with the risk category determining the level of risk shared by the group. No collateral investment is required by the group to support these transactions.

The group has also entered into similar shared risk arrangements with other financial institutions including Sunlyn Rentals (Proprietary) Limited, W Ferguson Investments CC, ABSA Bank Limited and Standard Bank of South Africa Limited. No collateral has been provided in respect of these arrangements.

In respect of the first category above, where the group carries all the risk, the group is liable for the full balance due to WesBank by default customers. In respect of the shared risk deals with WesBank and the other institutions listed above, the group is at risk for a portion of the balance due to the institutions by default customers. This contingent liability is reflected in note 31.1.

** *Deposits held by financial institutions as security for residual values on units guaranteed by the group. The recoverability of these deposits is dependent on the units realising the guaranteed residual values at the end of the guarantee period. This contingent liability and the group's provision for non-recovery is included in note 31.3.*

The directors consider that the carrying amount of interest-bearing long-term receivables approximates their fair value.

10. DEFERRED TAXATION

The deferred taxation analysed by major category of temporary difference and the reconciliation of the movement in the deferred taxation balance is as follows:	GROUP Net deferred taxation asset at beginning of year R000	GROUP Recognised in profit or loss for year R000	GROUP Net deferred taxation asset at end of year R000
2012			
Capitalised development expenditure	**(19 978)**	**(9 655)**	**(29 633)**
Deferred income	**27 338**	**(1 793)**	**25 545**
Excess taxation allowances over depreciation charge	**(35 638)**	**457**	**(35 181)**
Finance leases	**160**	**(33)**	**127**
Investment subsidies	**119**	**(14)**	**105**
Import duty rebates	**(7 916)**	**6 613**	**(1 303)**
Prepayments	**(1 253)**	**(51)**	**(1 304)**
Accrual for bonuses	**20 457**	**(20 457)**	**–**
Provision for doubtful debts	**1 705**	**47**	**1 752**
Provision for lease escalation	**8 188**	**1 912**	**10 100**
Accrual for leave pay	**6 600**	**1 614**	**8 214**
Accrual for unit additional costs	**2 290**	**(1 722)**	**568**
Provision for warranty expenditure	**18 718**	**(995)**	**17 723**
Future expenditure allowance	**(762)**	**(2 925)**	**(3 687)**
Revaluation of properties	**(22 605)**	**–**	**(22 605)**
Sales in advance	**5 115**	**5 781**	**10 896**
Taxable losses	**79 254**	**(13 399)**	**65 855**
Unrealised foreign currency gains and losses	**(5 546)**	**4 685**	**(861)**
Unrealised profit in inventory	**36 918**	**4 712**	**41 630**
Totals	**113 164**	**(25 223)**	**87 941**
2011			
Capitalised development expenditure	(14 751)	(5 227)	(19 978)
Deferred income	37 982	(10 644)	27 338
Excess taxation allowances over depreciation charge	(39 634)	3 996	(35 638)
Finance leases	132	28	160
Investment subsidies	118	1	119
Import duty rebates	(2 630)	(5 286)	(7 916)
Prepayments	(1 255)	2	(1 253)
Accrual for bonuses	–	20 457	20 457
Provision for doubtful debts	2 481	(776)	1 705
Provision for lease escalation	5 981	2 207	8 188
Accrual for leave pay	4 092	2 508	6 600
Provision for residual value risk	352	(352)	–
Accrual for unit additional costs	2 713	(423)	2 290
Provision for warranty expenditure	13 430	5 288	18 718
Future expenditure allowance	(1 384)	622	(762)
Revaluation of properties	(23 406)	801	(22 605)
Sales in advance	3 406	1 709	5 115
Taxable losses	128 512	(49 258)	79 254
Unrealised foreign currency gains and losses	4 428	(9 974)	(5 546)
Unrealised profit in inventory	26 729	10 189	36 918
Totals	147 296	(34 132)	113 164

Further information on the group's estimated taxation losses and the recognition of deferred taxation assets for these losses is set out in note 28.1.

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	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
11. INVENTORY				
Merchandise spares, components and raw materials	**794 063**	878 710	**–**	–
Work-in-progress	**218 211**	177 862	**–**	–
Finished goods	**805 485**	1 004 257	**–**	–
Total inventory	**1 817 759**	2 060 829	**–**	–

Included above is inventory of R237,4 million (2011: R197,0 million) carried at net realisable value.

Total inventory expensed, included in cost of sales, amounts to R4 352,5 million (2011: R3 809,7 million).

Cost of sales includes an amount of R54,4 million (2011: R78,6 million) in respect of write-downs of inventory to net realisable value, and has been reduced by R2,3 million (2011: R5,2 million) in respect of the reversal of such write-downs.

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
12. TRADE AND OTHER RECEIVABLES				
Amounts receivable from the sale of goods and services	**558 195**	752 428	**–**	–
Allowance for estimated irrecoverable amounts	**(7 883)**	(9 543)	**–**	–
	550 312	742 885	**–**	–
Sundry receivables	**100 244**	139 285	**3 557**	1 964
Total trade and other receivables	**650 556**	882 170	**3 557**	1 964

In assessing the amounts recoverable from trade receivables, assumptions are made based on past default experience, estimations of the value of any security, including security in the form of second-hand equipment, and the estimated costs of preparing the equipment for re-sale, including transport.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Further information regarding the group's credit risk management is set out in note 35.3.

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
13. OTHER FINANCIAL ASSETS				
Financial assets carried at fair value through profit or loss				
Forward foreign exchange contracts (Level 2)	**3 213**	4 479	**–**	–

Level 2 fair value measurements are those derived from inputs other than quoted prices.

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
14. STATED CAPITAL				
Authorised:				
100 000 000 (2011: 100 000 000) ordinary shares of no par value				
Issued:				
94 974 000 (2011: 94 958 000) ordinary shares of no par value	**228 749**	228 605	**228 749**	228 605

At 31 December 2012, the company had granted options in terms of Share Option Scheme 1 to executive directors and employees to subscribe for nil (2011: 17 000) shares in the company as set out in note 30.3.

At 31 December 2012, the company had granted options in terms of Share Option Scheme 2 to executive directors and employees to subscribe for 4 784 500 (2011: 4 062 500) shares in the company as set out in note 30.3.

The unissued shares are under the unrestricted control of the directors until the next annual general meeting of shareholders.

15. NON-DISTRIBUTABLE RESERVES

	Net surplus arising from revaluation of freehold land and buildings R000	Statutory reserves of foreign subsidiaries R000	Foreign currency translation reserve of foreign subsidiaries R000	Equity-settled employee benefits reserve R000	Total R000
GROUP					
Balance at 31 December 2010	82 582	6 142	–	1 764	90 488
Other comprehensive income	–	1 161	56 275	–	57 436
– exchange differences on foreign reserves	–	1 161	3 361	–	4 522
– exchange differences on translating foreign operations	–	–	56 950	–	56 950
– reclassification to profit or loss of foreign currency translation reserve on discontinued operations	–	–	(4 036)	–	(4 036)
Realisation of revaluation reserve	(2 808)	–	–	–	(2 808)
Deferred taxation on realisation of revaluation reserve	786	–	–	–	786
Reversal of prior year transfer of debit foreign currency translation reserve to retained earnings	–	–	(6 319)	–	(6 319)
Recognition of share-based payments*	–	–	–	4 506	4 506
Balance at 31 December 2011	**80 560**	**7 303**	**49 956**	**6 270**	**144 089**
Other comprehensive income	**–**	**509**	**47 144**	**–**	**47 653**
– exchange differences on foreign reserves	**–**	**509**	**1 549**	**–**	**2 058**
– exchange differences on translating foreign operations	**–**	**–**	**45 595**	**–**	**45 595**
Recognition of share-based payments*	**–**	**–**	**–**	**5 308**	**5 308**
Balance at 31 December 2012	**80 560**	**7 812**	**97 100**	**11 578**	**197 050**
COMPANY					
Balance at 31 December 2010	–	–	–	1 764	1 764
Recognition of share-based payments*	–	–	–	4 506	4 506
Balance at 31 December 2011	**–**	**–**	**–**	**6 270**	**6 270**
Recognition of share-based payments*	**–**	**–**	**–**	**5 308**	**5 308**
Balance at 31 December 2012	**–**	**–**	**–**	**11 578**	**11 578**

* *Details of the employee share option plan are set out in note 30.*

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
16. NON-CONTROLLING INTEREST				
Interest of Kagiso Strategic Investments 111 (Proprietary) Limited (Kagiso) (22,5%) and group employees in the South African, Namibian and Swazi operations (7,5%) in Bell Equipment Sales South Africa Limited (BESSA), which comprises the sales and customer service centres in South Africa as well as the investments in IA Bell Equipment Co Namibia (Proprietary) Limited and Bell Equipment Co Swaziland (Proprietary) Limited.				
Balance at beginning of the year	**33 557**	12 454	**–**	–
Share of total comprehensive income for the year	**18 108**	21 103	**–**	–
Balance at end of the year	**51 665**	33 557	**–**	–

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16. NON-CONTROLLING INTEREST continued

Kagiso has the option to put all of its shares in BESSA to the company and the company will be obliged to buy such shares in the following circumstances:

- at any time during a period of 135 days after finalisation of the audited financial statements of BESSA for the year ended 31 December 2012; or
- if at any time IA Bell & Company (Proprietary) Limited ceases to hold an effective interest of at least 26% of the issued share capital of the company; or
- if at any time IA Bell & Company (Proprietary) Limited and John Deere Construction and Forestry Company collectively cease to hold an effective interest of at least 51% of the issued share capital of the company.

If the option is exercised, the purchase price of the shares will be determined by applying a formula contained in an agreement between Kagiso, BESSA and the company. The major inputs into the formula are BESSA's earnings before interest, taxation, depreciation and amortisation (EBITDA) and debt, for the year ended 31 December 2012.

17. INTEREST-BEARING LIABILITIES

	Variable rate of interest %	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Secured:					
Finance lease liabilities repayable in instalments by:					
May 2012	7,3	**–**	134	**–**	–
August 2012	6,5	**–**	1 072	**–**	–
April 2014	3,6	**145**	–	**–**	–
August 2014	8,0	**1 171**	1 820	**–**	–
January 2015	8,5	**163**	222	**–**	–
September 2015	3,6	**1 207**	–	**–**	–
December 2015	8,5	**2 094**	2 676	**–**	–
January 2016	3,4	**713**	–	**–**	–
November 2016	8,5	**4 813**	5 799	**–**	–
October 2019	4,1	**2 298**	887	**–**	–
Total secured liabilities		**12 604**	12 610	**–**	–
Less: current portion		**(4 423)**	(3 948)	**–**	–
Long-term portion		**8 181**	8 662	**–**	–
Unsecured:					
Industrial Development Corporation of South Africa – medium-term loan repayable in monthly instalments by:					
July 2017	9,5	**140 000**	151 849	**–**	–
Less: current portion		**(30 000)**	(14 349)	**–**	–
Long-term portion		**110 000**	137 500	**–**	–
Unsecured – no fixed repayment:					
Loan – Kagiso Strategic Investments 111 (Proprietary) Limited	8,5	**82 247**	82 411	**–**	–
Less: current portion		**(82 247)**	(3 548)	**–**	–
Long-term portion		**–**	78 863	**–**	–
Total current portion of interest-bearing liabilities		**116 670**	21 845	**–**	–
Total long-term portion of interest-bearing liabilities		**118 181**	225 025	**–**	–

17. INTERESTING-BEARING LIABILITIES continued

The following property, plant and equipment, at net book value, is encumbered as security for the secured borrowings above:

– plant and equipment in South Africa R6,8 million (2011: R10,1 million)

– vehicles in France and Russia R4,1 million (2011: R0,7 million)

The medium-term loan from the Industrial Development Corporation of South Africa is repayable in equal monthly instalments, expiring on 31 July 2017.

In terms of the loan agreement Bell Equipment Company SA (Proprietary) Limited is required to maintain a ratio of shareholder's interest to total assets of at least 40%. The actual ratio at 31 December 2012 was 63% (2011: 46%).

Nedbank Limited's consent is required prior to any repayment of the loan from Kagiso Strategic Investments 111 (Proprietary) Limited. Interest on this loan is determined annually.

The company has provided suretyship for the repayment of the medium term loan from the Industrial Development Corporation of South Africa.

The directors have unlimited borrowing powers in terms of the articles of association of the company.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
18. REPURCHASE OBLIGATIONS AND DEFERRED LEASING INCOME				
Total repurchase obligations and deferred leasing income	**105 164**	134 299	**–**	–
Less: current portion	**(48 066)**	(54 717)	**–**	–
Long-term portion of repurchase obligations and deferred leasing income	**57 098**	79 582	**–**	–
Repurchase obligations and deferred leasing income are in respect of the rental assets reflected in note 6 and relate to sales transactions combined with buy-back agreements or residual value guarantees where the revenue was not recognised on the transaction.				
19. DEFERRED WARRANTY INCOME				
Balance at beginning of the year	**85 699**	90 587	**–**	–
Extended warranty contracts sold during the year	**51 069**	40 720	**–**	–
Costs in excess of contract value	**2 103**	1 990	**–**	–
Expired during the year	**(13 274)**	(15 520)	**–**	–
Utilised during the year	**(9 001)**	(7 108)	**–**	–
Revenue recognised during the year	**(15 118)**	(24 970)	**–**	–
	101 478	85 699	**–**	–
Less: current portion	**(40 138)**	(24 178)	**–**	–
Long-term portion of deferred warranty income at end of the year	**61 340**	61 521	**–**	–
Deferred warranty income relates to extended warranty contracts sold.				
The extended warranty contract periods commence after expiry of the standard warranty provided in the standard conditions of sale of machines and the liability is in respect of this extended period.				
20. LEASE ESCALATION				
Total lease escalation	**36 085**	29 290	**–**	–
Less: current portion	**(1 426)**	(4 094)	**–**	–
Long-term portion of lease escalation	**34 659**	25 196	**–**	–

The lease escalation liability relates to rental and lease contracts with escalation clauses. Rentals payable under the contracts are charged to profit or loss on a straight-line basis over the term of the relevant lease.

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	GROUP			COMPANY		
	Warranty provision R000	Provision for residual value risk R000	Total R000	Warranty provision R000	Provision for residual value risk R000	Total R000
21. PROVISIONS						
Balance at 31 December 2010	43 834	1 255	45 089	–	–	–
Raised during the year	84 636	–	84 636	–	–	–
Utilised during the year	(73 896)	(1 255)	(75 151)	–	–	–
Balance at 31 December 2011	54 574	–	54 574	–	–	–
Less: current portion	(47 808)	–	(47 808)	–	–	–
Long-term provisions at 31 December 2011	6 766	–	6 766	–	–	–
Balance at 31 December 2011	54 574	–	54 574	–	–	–
Raised during the year	81 487	–	81 487	–	–	–
Utilised during the year	(88 606)	–	(88 606)	–	–	–
Balance at 31 December 2012	**47 455**	**–**	**47 455**	**–**	**–**	**–**
Less: current portion	**(42 426)**	**–**	**(42 426)**	**–**	**–**	**–**
Long-term provisions at 31 December 2012	**5 029**	**–**	**5 029**	**–**	**–**	**–**

The warranty provision represents management's best estimate of the group's liability under standard warranties granted on product sold, based on past experience and current warranty campaigns.

The provision for residual value risk relates to sales transactions combined with buy-back agreements or residual value guarantees where the revenue was recognised on the transaction.

Residual value risk is the risk that the group in the future will have to dispose of used products at a loss if the price realised for these products is less than what was expected when the contracts were entered into. The provision represents the discounted value of management's best estimate of the group's liability.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
22. TRADE AND OTHER PAYABLES				
Trade creditors	**486 941**	819 763	**233**	5
Industrial Development Corporation of South Africa – trade finance*	**52 815**	151 719	**–**	–
Accruals	**198 689**	238 728	**537**	469
Total trade and other payables	**738 445**	1 210 210	**770**	474

* *The trade finance is unsecured and is a rolling credit facility, repayable six-monthly, with an ultimate repayment date of 30 June 2014. The interest rate is linked to prime and is charged at 8,5% (2011: 9,0%) per annum.*

The directors consider that the carrying amount of trade and other payables approximates their fair value.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
23. NON-INTEREST-BEARING LIABILITIES				
Unsecured:				
Amounts owing to subsidiary company	**–**	–	**7 952**	–
The loan has no fixed repayment terms. The directors consider that the carrying amount of the unsecured loan approximates the fair value.				
24. OTHER FINANCIAL LIABILITIES				
Financial liabilities carried at fair value through profit or loss				
Forward foreign exchange contracts (Level 2)	**1 435**	1 820	**–**	–
Level 2 fair value measurements are those derived from inputs other than quoted prices.				
25. REVENUE				
Revenue represents:				
Sale of machines	**4 144 779**	3 693 840	**–**	–
Sale of parts	**1 141 207**	1 042 917	**–**	–
Service income	**271 174**	228 334	**–**	–
Rental income	**113 028**	105 693	**–**	–
Total revenue	**5 670 188**	5 070 784	**–**	–
Related party sales are disclosed in note 36.				
26. INVESTMENT INCOME				
Dividend income earned on equity investments	**–**	–	**250 000**	–

The company received the dividend from its subsidiary Bell Equipment Company SA (Proprietary) Limited.

No withholding taxation is accounted for on dividends received from subsidiary companies in South Africa.

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	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
27. PROFIT FROM OPERATING ACTIVITIES				
Profit from operating activities is arrived at after taking into account:				
Income				
Currency exchange gains	**239 544**	177 440	**30**	85
Deferred warranty income	**37 393**	47 598	**–**	–
Decrease in warranty provision	**7 895**	–	**–**	–
Import duty rebates	**23 451**	44 385	**–**	–
Royalties	**2 397**	7 996	**–**	–
Utilisation of provision for residual value risk	**–**	1 255	**–**	–
Net surplus on disposal of property, plant and equipment and intangible assets	**403**	1 202	**–**	–
Reversal of impairment loss recognised on investment in subsidiary	**–**	–	**–**	10 755
Expenditure				
Amortisation of intangible assets				
– capitalised software	**5 363**	7 173	**–**	–
– capitalised development expenditure	**13 932**	8 463	**–**	–
Auditors' remuneration				
– audit fees – current	**7 528**	7 378	**521**	456
– prior	**424**	10	**–**	–
– expenses	**6**	–	**–**	–
– other services	**726**	1 149	**–**	–
Consulting fees	**14 774**	14 728	**238**	212
Currency exchange losses	**243 720**	163 515	**95**	–
Depreciation				
– freehold buildings	**6 102**	6 053	**–**	–
– leasehold buildings	**216**	356	**–**	–
– plant and equipment	**41 374**	28 973	**–**	–
– rental assets	**57 898**	62 294	**–**	–
– aircraft	**612**	628	**–**	–
– vehicles	**9 241**	6 765	**–**	–
Directors' remuneration				
Paid by company:				
– non-executive directors' fees	**1 647**	1 764	**1 647**	1 764
Paid by subsidiaries:				
– executive directors – salaries	**7 839**	7 198	**–**	–
– benefits	**1 286**	4 116	**–**	–
Equity-settled share-based payments	**5 308**	4 506	**–**	–
Increase in warranty provision	**–**	9 929	**–**	–
Operating lease charges				
– equipment and vehicles	**28 804**	22 521	**–**	–
– land and buildings	**71 529**	63 118	**–**	–
Research expenses (excluding staff costs)	**23 738**	28 328	**–**	–
Staff costs	**964 363**	892 986	**–**	–
Number of employees at the end of the year	**3 242**	3 294	**–**	–

Details of remuneration paid to directors and prescribed officers of the company are set out on page 100 to 102.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
28. TAXATION				
28.1 Taxation recognised in profit				
South African normal taxation				
Current taxation				
– current year	**17 263**	32 822	**–**	–
– prior year	**(4 896)**	(6 403)	**–**	–
Deferred taxation				
– current year	**26 508**	28 928	**–**	–
– prior year	**852**	7 108	**–**	–
Foreign taxation				
Current taxation				
– current year	**31 847**	34 945	**–**	–
– prior year	**9 316**	6 425	**–**	–
Deferred taxation				
– current year	**(1 641)**	(1 486)	**–**	–
Withholding taxation	**348**	2 050	**–**	–
Wealth taxation	**837**	860	**–**	–
Total taxation charge recognised in profit	**80 434**	105 249	**–**	–
Reconciliation of rate of taxation (%)				
Standard rate of taxation	**28**	28	**28**	28
Adjustment for:				
Exempt income	**–**	–	**(28)**	–
Disallowable expenditure	**–**	1	**–**	–
Special allowances for taxation	**(4)**	(4)	**–**	(38)
Prior year taxation	**2**	2	**–**	–
Wealth and withholding taxation	**–**	1	**–**	–
Taxation loss	**–**	–	**–**	10
Different taxation rates of subsidiaries operating in other jurisdictions and the effect of unused taxation losses not recognised as deferred taxation assets by these subsidiaries	**(1)**	(2)	**–**	–
Effective rate of taxation	**25**	26	**–**	–

The group's estimated taxation losses amount to approximately R308,1 million (2011: R394,3 million).

Included in this amount are losses of R62,5 million (2011: R38,5 million) that will expire as set out below:

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Less than one year	**15 944**	–	**–**	–
Two to five years	**280**	3 052	**–**	–
Six to ten years	**16 449**	8 112	**–**	–
More than ten years	**29 859**	27 318	**–**	–
	62 532	38 482	**–**	–

Other losses may be carried forward indefinitely.

A deferred taxation asset of R65,9 million (2011: R79,3 million) has been recognised in respect of such losses as reflected in note 10, as future taxable income of sufficient amount is expected to be earned.

Unused taxation losses for which no deferred taxation assets have been recognised are revenue in nature and amount to R72,9 million (2011: R111,2 million).

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		GROUP 2012	GROUP 2011
29. EARNINGS PER SHARE			
29.1 Earnings per share (basic)			
Profit attributable to owners of Bell Equipment Limited	(R000)	**224 810**	275 782
Weighted average number of shares in issue	('000)	**94 968**	94 958
Earnings per share (basic)	(cents)	**237**	290
29.2 Earnings per share (diluted)			
Profit attributable to owners of Bell Equipment Limited	(R000)	**224 810**	275 782
Fully converted weighted average number of shares	('000)	**96 756**	95 154
Earnings per share (diluted)	(cents)	**232**	290

The number of shares in issue for this calculation has been adjusted for the effect of the dilutive potential ordinary shares relating to the unexercised options in employee Share Option Scheme 2 as set out in note 30.3.

		GROUP 2012	GROUP 2011
29.3 Headline earnings per share (basic)			
Profit attributable to owners of Bell Equipment Limited	(R000)	**224 810**	275 782
Net surplus on disposal of property, plant and equipment and intangible assets	(R000)	**(403)**	(1 202)
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R000)	**113**	337
Reclassification to profit or loss of foreign currency translation reserve on discontinued operations	(R000)	**–**	(4 036)
Headline earnings	(R000)	**224 520**	270 881
Weighted average number of shares in issue	('000)	**94 968**	94 958
Headline earnings per share (basic)	(cents)	**236**	285
29.4 Headline earnings per share (diluted)			
Profit as calculated in 29.3 above	(R000)	**224 520**	270 881
Fully converted weighted average number of shares per 29.2 above	('000)	**96 756**	95 154
Headline earnings per share (diluted)	(cents)	**232**	285

30. SHARE-BASED PAYMENTS

30.1 Employee share option plan

The company had two operating employee share option schemes for executives and senior employees during the year.

The last options on Scheme 1 were exercised during 2012 and this scheme has now terminated.

The directors in their sole discretion may from time to time, after giving due consideration to the purpose of Scheme 2, 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.

The maximum number of shares any employee may acquire in terms of Scheme 2 may not exceed 200 000 shares. The options of Scheme 2 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.

Scheme 2 was approved by the board in December 2009 and share options were granted to employees on 15 February 2010, 15 April 2011 and 15 May 2012. Five million ordinary shares have been reserved for this scheme. The options on Scheme 2 are equity-settled, each year's allocation of options will vest 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.

30. SHARE-BASED PAYMENTS continued

30.1 Employee share option plan continued

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

Options tranches	Number	Grant date	Expiry date	Exercise price R	Fair value at grant date R
Scheme 1 – Granted 28 February 2002	17 000	28-Feb-02	28-Feb-12	9,00	N/A
Scheme 2 – Granted 15 February 2010 (tranche 1)	993 333	15-Feb-10	14-Feb-20	10,48	5,39
Scheme 2 – Granted 15 February 2010 (tranche 2)	993 333	15-Feb-10	14-Feb-20	10,48	5,83
Scheme 2 – Granted 15 February 2010 (tranche 3)	993 334	15-Feb-10	14-Feb-20	10,48	6,18
Scheme 2 – Granted 15 April 2011 (tranche 1)	510 000	15-Apr-11	14-Apr-21	13,06	7,12
Scheme 2 – Granted 15 April 2011 (tranche 2)	510 000	15-Apr-11	14-Apr-21	13,06	7,71
Scheme 2 – Granted 15 April 2011 (tranche 3)	510 000	15-Apr-11	14-Apr-21	13,06	8,17
Scheme 2 – Granted 15 May 2012 (tranche 1)	316 666	15-May-12	14-May-22	21,35	12,79
Scheme 2 – Granted 15 May 2012 (tranche 2)	316 667	15-May-12	14-May-22	21,35	13,18
Scheme 2 – Granted 15 May 2012 (tranche 3)	316 667	15-May-12	14-May-22	21,35	13,54

30.2 Fair value of share options granted in the year

The fair value of the share options is determined once-off at grant date and is expensed on a straight-line basis over the vesting period. The weighted average fair value of Scheme 2 share options granted on 15 May 2012 was R13,17 (2011: R7,67). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 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 3,339 times the exercise price.

For options granted on 15 February 2010 and 15 April 2011, an exercise multiple of 2,2 times was assumed.

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

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30. SHARE-BASED PAYMENTS continued

30.3 Movements in share options during the period

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

	GROUP			
	2012 Number of options	**2012 Weighted average exercise price R**	2011 Number of options	2011 Weighted average exercise price R
Scheme 1				
Balance at beginning of the year	**17 000**	**9,00**	17 000	9,00
Exercised	**(16 000)**	**9,00**	–	–
Expired during the year	**(1 000)**	**9,00**	–	–
Balance at end of the year	**–**	**–**	17 000	9,00
Scheme 2				
Balance at beginning of the year	**4 062 500**	**11,40**	2 795 000	10,48
Granted and accepted during the year	**950 000**	**21,35**	1 530 000	13,06
Forfeited during the year	**(228 000)**	**12,79**	(262 500)	11,29
Balance at end of the year	**4 784 500**	**13,31**	4 062 500	11,40

The share options outstanding at the end of the year under Scheme 1 had a weighted average remaining contractual life of nil years (2011: 0,2 years).

The share options outstanding at the end of the year under Scheme 2 had a weighted average remaining contractual life of 7,9 years (2011: 8,5 years).

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
31. CONTINGENT LIABILITIES				
31.1 The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited, as well as Sunlyn Rentals (Proprietary) Limited, W Ferguson Investments CC, ABSA Bank Limited and Standard Bank of South Africa Limited.				
In respect of the different categories of financing provided by these financial institutions, the group is liable for the full balance due to these financial institutions by default customers with regard to Bell-backed deals and a portion of the balance with regard to Bell-shared risk deals.				
At year-end the amount due by customers to financial institutions for which the group is liable totalled	**64 454**	67 037	**–**	–
In the event of default, the units financed would be recovered and it is estimated that they would presently realise the following towards the above liability	**98 433**	59 525	**–**	–
	(33 979)	7 512	**–**	–
Less: provision for non-recovery	**500**	500	**–**	–
Net contingent liability	**–**	7 012	**–**	–
Where customers are in arrears with these financial institutions and there is a shortfall between the estimated realisation values of units and the balances due by the customers to these financial institutions, an assessment of any additional security is done and a provision for any shortfall is made.				
31.2 The repurchase of units sold to customers and financial institutions has been guaranteed by the group for an amount of	**2 069**	1 158	**–**	–
In the event of repurchase, it is estimated that these units would presently realise	**3 389**	1 850	**–**	–
Net contingent liability	**–**	–	**–**	–
31.3 The residual values of certain equipment sold to financial institutions have been guaranteed by the group.				
In the event of a residual value shortfall, the group would be exposed to an amount of	**10 886**	10 316	**–**	–
Less: provision for residual value risk	**1 154**	–	**–**	–
Net contingent liability	**9 732**	10 316	**–**	–
The provision for residual value risk is based on the assessment of the probability of return of the units.				
31.4 The company provided unlimited suretyship for the overdrafts, short-term borrowings and loans made to subsidiaries	**–**	–	**324 208**	847 234
31.5 Letters of support have been issued by the company to certain of the subsidiaries to the effect that financial assistance would be provided should the subsidiaries be unable to meet their commitments.				
31.6 Performance guarantees have been provided to certain customers for an amount of	**4 265**	–	**–**	–
31.7 Guarantees have been provided to certain suppliers for an amount of	**567**	–	**–**	–

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	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
32. CAPITAL EXPENDITURE COMMITMENTS				
Contracted	**27 136**	13 924	**–**	–
Authorised, but not contracted	**94 072**	175 223	**–**	–
Total capital expenditure commitments	**121 208**	189 147	**–**	–
This capital expenditure is to be financed from internal resources and long-term facilities.				
33. OPERATING LEASE ARRANGEMENTS				
33.1 Operating lease commitments				
The group has commitments under non-cancellable operating leases as set out below:				
Land and buildings				
Less than one year	**54 193**	53 883	**–**	–
One to five years	**219 610**	173 473	**–**	–
More than five years	**120 688**	201 084	**–**	–
Equipment and vehicles				
Less than one year	**14 234**	10 768	**–**	–
One to five years	**14 946**	10 452	**–**	–
Total operating lease commitments	**423 671**	449 660	**–**	–
33.2 Operating lease receivables				
Non-cancellable operating lease receivables are set out below:				
Equipment and vehicles				
Less than one year	**9 217**	50 662	**–**	–
One to five years	**–**	17 815	**–**	–
Total operating lease receivables	**9 217**	68 477	**–**	–

34. RETIREMENT BENEFIT INFORMATION

South African group employees in certain scheduled occupations are required by legislation to join an industrial defined contribution plan. The pension fund is governed by the Pension Funds Act and retirement benefits are determined based on the level of future contributions for retirement by employees and future investment returns. Employees carry the investment risk and the group has no commitment to meet any unfunded benefits.

Other South African employees are eligible to join the Old Mutual Superfund Evergreen Pension and Provident Funds, which are externally managed defined contribution plans with multiple participating employers, including Bell Equipment Limited. These funds are governed by the Pension Funds Act and retirement benefits are determined with reference to the employees' contributions to the fund. These funds are actuarially valued but by their nature the group has no commitment to meet any unfunded benefits.

Certain of the foreign subsidiaries offer pension fund plans to their employees. These funds are externally managed defined contribution plans and are not actuarially valued. These companies have no commitment to meet any unfunded benefits.

The employer contributions to retirement funds were R71,5 million during the current year (2011: R55,6 million) and were charged to staff costs in profit or loss.

There is no obligation to meet any post retirement medical costs of employees.

35. FINANCIAL INSTRUMENTS

Financial instruments as disclosed in the statement of financial position include long and short-term borrowings, interest-bearing investments, cash resources, interest-bearing long-term receivables, trade receivables, trade payables and forward foreign exchange contracts.

	GROUP	
Categories of financial instruments	**2012 R000**	2011 R000
Financial assets		
Loans and receivables at amortised cost		
– Interest-bearing long-term receivables (including current portion)	**51 656**	54 981
– Trade and other receivables	**616 950**	882 170
– Cash resources	**188 821**	122 396
Financial assets at fair value through profit or loss	**3 213**	4 479
Total financial assets	**860 640**	1 064 026
Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing liabilities (including current portion)	**234 851**	246 870
– Trade and other payables	**731 570**	1 210 210
– Short-term interest-bearing debt	**133 314**	281 818
Financial liabilities at fair value through profit or loss	**1 435**	1 820
Total financial liabilities	**1 101 170**	1 740 718

The indebtedness of the subsidiary to the holding company, which amounted to Rnil million (2011: R67,0 million), is categorised as loans and receivables at amortised cost.

The holding company's indebtedness to its subsidiary company, which amounted to R7,9 million (2011: Rnil million), is categorised as financial liabilities at amortised cost.

Financial risk management

The group's approach to risk management includes being able to identify, describe and analyse risks at all levels throughout the group, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored by the board. The overall risk strategy remains unchanged with emphasis on sustainability and liquidity.

In the normal course of its operations, the group is exposed to capital, liquidity, credit and market risks (foreign currency and interest rate risks). In order to manage these risks, the group may enter into transactions which make use of derivatives.

They include forward foreign exchange contracts. The group does not speculate in derivative instruments.

The group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to operations of the group through internal risk reports which analyse exposures and the magnitude of risks.

35.1 Capital risk management

The group's overall strategy is to secure the long-term sustainability of the group and to generate cash.

This is consistent with the prior year.

The capital structure of the group consists of debt, which includes short-term and long-term borrowings as disclosed in note 17, cash and cash equivalents, all components of equity, comprising issued capital, reserves and non-controlling interest, as disclosed in notes 14 to 16, and retained earnings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2012

35. FINANCIAL INSTRUMENTS continued

35.1 Capital risk management continued

Gearing ratio

The board reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with the capital structure.

The gearing ratio at the year-end was as follows:

	GROUP	
	2012 R000	2011 R000
Short-term and long-term borrowings	**368 165**	528 688
Cash resources	**(188 821)**	(122 396)
Net debt	**179 344**	406 292
Total equity	**2 073 559**	1 777 536
Attributable to owners of Bell Equipment Limited	**2 021 894**	1 743 979
Non-controlling interest	**51 665**	33 557
Net debt-to-equity ratio (%)	**9**	23

35.2 Liquidity risk

The group manages liquidity risk by management of working capital and cash flows. Banking facilities are constantly monitored for adequacy. The general banking facilities are repayable on demand and their utilisation at 31 December 2012 is as follows:

	GROUP			
	Facilities 2012 R000	**Utilisation 2012 R000**	Facilities 2011 R000	Utilisation 2011 R000
General banking facilities	**704 554**	**133 314**	603 985	281 818

Short-term interest-bearing debt comprising bank overdrafts and borrowings on call are unsecured and floating interest rates linked to prime are charged.

There are no covenants in place on short-term interest-bearing debt.

The utilisation at 31 December 2012 on other facilities made available by the Industrial Development Corporation of South Africa is as follows:

	GROUP			
	Facilities 2012 R000	**Utilisation 2012 R000**	Facilities 2011 R000	Utilisation 2011 R000
Industrial Development Corporation of South Africa				
Trade finance	**300 000**	**51 697**	150 000	150 000
Interest accrued	**–**	**1 118**	–	1 719
	300 000	**52 815**	150 000	151 719
Medium term loan	**140 000**	**140 000**	150 000	150 000
Interest accrued	**–**	**–**	–	1 849
Total	**440 000**	**192 815**	300 000	303 568

The additional trade finance facility of R150 million raised in the current year attracts interest at prime plus 1%. This increased facility has not been utilised.

35. FINANCIAL INSTRUMENTS continued

35.2 Liquidity risk continued

The following details the group's remaining contractual maturities for its non-derivative financial liabilities.

The table has been drawn up based on the undiscounted cash flows and where applicable includes both interest and principal cash flows.

	GROUP				
Non-derivative financial liabilities	**Less than 1 year R000**	**1 to 2 years R000**	**2 to 3 years R000**	**More than 3 years R000**	**Total R000**
2012					
Secured interest-bearing liabilities	**4 695**	**4 217**	**2 832**	**2 377**	**14 121**
Unsecured interest-bearing liabilities	**123 997**	**38 900**	**36 050**	**51 261**	**250 208**
Trade and other payables	**731 570**	**–**	**–**	**–**	**731 570**
Short-term interest-bearing debt	**133 314**	**–**	**–**	**–**	**133 314**
Total	**993 576**	**43 117**	**38 882**	**53 638**	**1 129 213**
2011					
Secured interest-bearing liabilities	4 619	3 474	3 100	3 583	14 776
Unsecured interest-bearing liabilities	32 764	121 219	38 920	87 801	280 704
Trade and other payables	1 210 210	–	–	–	1 210 210
Short-term interest-bearing debt	281 818	–	–	–	281 818
Total	1 529 411	124 693	42 020	91 384	1 787 508

The following details the group's maturity analysis for its derivative financial instruments.

The table has been drawn up based on the undiscounted gross cash inflows (outflows) on the derivative instruments that settle on a gross basis.

	GROUP	
	2012 R000	2011 R000
Derivative financial instruments		
Less than one year		
Gross settled forward foreign exchange contracts – imports	**(138 720)**	(188 394)
Gross settled forward foreign exchange contracts – exports	**110 466**	104 655
Total	**(28 254)**	(83 739)

35.3 Credit risk

Credit risk consists mainly of short-term cash deposits, interest-bearing long-term receivables, trade receivables and indebtedness by subsidiaries. The group only deposits short-term cash with approved financial institutions and counterparty credit limits are in place.

Trade receivables comprise a wide spread customer base, and operations management undertake ongoing credit evaluations of the financial condition of their customers. Before accepting any new customer, the group assesses the potential customer's credit quality and defines credit limits by customer.

The group's credit risk is regularly monitored by a credit committee, consisting of certain directors and senior executives, which reports to the board. As part of its function the committee assesses credit limits by customer and customers' credit quality. The company's credit risk in respect of the indebtedness of its subsidiaries is monitored by management on an ongoing basis.

The average credit period on sales of goods and services is 30 days (2011: 30 days). Other than in specific circumstances, no interest is charged on overdue balances. An allowance has been made for estimated irrecoverable amounts from the sale of goods and has been determined by reference to past default experience and the value of the underlying security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2012

35. FINANCIAL INSTRUMENTS continued

35.3 Credit risk continued

With the exception of the credit risk disclosed in note 31.1, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's and company's maximum exposure to credit risk. At 31 December 2012, the group and company do not consider there to be any material credit risk that has not been adequately provided for.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Included in the group's trade receivable balance are debtors with a carrying amount of R161,1 million (2011: R126,6 million) which are past the original expected collection date (past due) at the reporting date for which the group has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable.

A summarised age analysis of past due debtors is set out below.

	GROUP	
	2012 R000	2011 R000
Ageing of past due but not impaired		
60 to 90 days	**60 280**	42 752
90 to 120 days	**31 160**	39 116
120+ days	**69 656**	44 764
Total	**161 096**	126 632
Movement in the allowance for doubtful debts		
Balance at beginning of the year	**9 543**	20 234
Amounts written off as uncollectible	**(4 522)**	(7 586)
Amounts recovered during the year	**(704)**	(833)
Increase (decrease) in allowance	**3 566**	(2 272)
Balance at end of the year	**7 883**	9 543

35.4 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risks.

35.4.1 Currency risk

The group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The group follows a policy of matching import and export cash flows where possible. The majority of any remaining inward or outward trade exposure is covered forward. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, but which were entered into to cover foreign commitments not yet due. The foreign subsidiaries do not hedge their intra-group purchases.

35. FINANCIAL INSTRUMENTS continued

35.4 Market risk continued

35.4.1 Currency risk continued

The details of contracts held at 31 December 2012 are listed below. These contracts will be utilised during the next six months.

These contracts have been fair valued at the year-end as follows:

	GROUP			
	Foreign amount 000	Rate	Market value in Rands R000	Fair value gain (loss) R000
2012				
Import contracts				
Euro	**11 376**	**11,33**	**127 962**	**(928)**
Japanese Yen	**52 178**	**9,74**	**5 086**	**(271)**
United States Dollar	**500**	**8,83**	**4 236**	**(179)**
Export contracts				
United States Dollar	**12 746**	**8,67**	**108 288**	**2 220**
2011				
Import contracts				
Euro	7 865	10,79	82 871	(2 018)
Japanese Yen	179 719	9,59	18 927	193
United States Dollar	10 111	8,15	82 481	26
British Pound	183	12,69	2 295	(21)
Export contracts				
Euro	1 534	10,66	16 663	700
United States Dollar	10 519	8,39	87 543	3 779

The group is mainly exposed to the United States Dollar and the Euro. The analysis below details the group's sensitivity to a 20% strengthening or weakening in the South African Rand against all currencies. The analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A 20% strengthening or weakening in the South African Rand represents management's assessment of the reasonably possible change in foreign exchange rates.

For a 20% weakening in the South African Rand against all currencies and if all other variables were held constant, the group's:

- profit before taxation for the year ended 31 December 2012 would have increased by R19,6 million (2011: increase in profit of R25 million); and
- other equity at the year-end would have increased by R34,2 million (2011: R34,0 million).

For a 20% strengthening, there would have been an equal and opposite impact on the profit and other equity.

35.4.2 Interest rate risk

The group is exposed to interest rate risk as entities in the group borrow funds at floating interest rates.

Exposure to interest rate risk on borrowings and investments is monitored on a proactive basis.

The group's interest rate profile of borrowings at 31 December 2012, is as follows:

		GROUP			
		Net (cash) overdraft and call balances	Trade finance	Long-term borrowings	Total borrowings
2012					
Borrowings	(R000)	**(55 507)**	**52 815**	**234 851**	**232 159**
Rate profile		**Floating**	**Floating**	**Floating**	
Percentage of total borrowings	(%)	**(24)**	**23**	**101**	
2011					
Borrowings	(R000)	159 422	151 719	246 870	558 011
Rate profile		Floating	Floating	Floating	
Percentage of total borrowings	(%)	29	27	44	

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 December 2012

35. FINANCIAL INSTRUMENTS continued

35.4 Market risk continued

35.4.2 Interest rate risk continued

The sensitivity analysis below has been determined based on the exposure to interest rates on borrowings at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the period was outstanding for the whole year. A 100 basis points increase or decrease is used and presents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the group's:

– profit before taxation for the year ended 31 December 2012 would have decreased by R1,7 million (2011: decrease in profit of R5,6 million).

For a 100 basis points decrease, there would have been an equal and opposite impact on the profit.

36. RELATED PARTY TRANSACTIONS

Details of transactions between the group and other related parties are disclosed below.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related party relationships exist between certain directors and trading partners.

All transactions are carried out on an arm's length basis.

The nature and value of the transactions concluded during the year and balances at the year-end are detailed below:

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
Shareholders				
John Deere Construction and Forestry Company				
– sales	**146 862**	164 250	**–**	–
– purchases	**346 716**	463 444	**–**	–
– royalties received	**2 397**	7 996	**–**	–
– royalties paid	**5 718**	5 697	**–**	–
– interest paid	**37**	290	**–**	–
– interest received	**310**	132	**–**	–
– amounts owing to – trade and other payables	**85 263**	78 060	**–**	–
– amounts owing by – trade and other receivables	**21 290**	19 899	**–**	–
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 rental paid	**4 859**	4 650	**–**	–

* *During the year Loinette Company Limited changed its name to Ario Properties Limited.*

36. RELATED PARTY TRANSACTIONS continued

Enterprises over which directors and shareholders are able to exercise significant influence and/or in which directors and shareholders have a beneficial interest continued

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
Loinette Company Leasing Limited				
– commission paid	**1 466**	1 809	**–**	–
– commission received	**102**	–	**–**	–
– amounts owing by	**1 581**	1 375	**–**	–
Minosucra SARL				
– sales	**23 696**	8 342	**–**	–
– amounts owing by	**604**	630	**–**	–
Triumph International Madagascar SARL				
– sales	**–**	1 096	**–**	–
– amounts owing by	**–**	5	**–**	–
Triumph International Trading Limited				
– sales	**948**	7 563	**–**	–
– amounts owing by	**187**	1	**–**	–
Tractor and Equipment (Mauritius) Limited				
– sales	**5 714**	3 889	**–**	–
– amounts owing by	**437**	617	**–**	–
Buttery Family Investments (Proprietary) Limited				
– management fees paid	**35**	48	**–**	–
– commission paid	**–**	1	**–**	–
Ruthbut Investments (Proprietary) Limited				
– property rental paid	**81**	157	**–**	–
Castle Crest Properties 33 (Proprietary) Limited				
– property rental paid	**534**	481	**–**	–
– amounts owing by	**49**	–	**–**	–
Matriarch Trading Close Corporation				
– sales	**20**	–	**–**	–
– aircraft hire paid	**24**	77	**–**	–
– other income	**–**	6	**–**	–
– amounts owing to	**–**	5	**–**	–
BAC Aviation (Proprietary) Limited				
– property rental received	**31**	186	**–**	–
– profit on sale of assets	**22**	–	**–**	–
– aircraft hire and related income	**5**	31	**–**	–
– aircraft rebuild expenses	**228**	467	**–**	–
– aircraft hangar, maintenance and related expenses	**728**	318	**–**	–
– amounts owing by	**–**	1	**–**	–
Latin Equipment Group				
– sales	**47 523**	28 380	**–**	–
– amounts owing to	**17**	–	**–**	–
– amounts owing by	**7 502**	8 116	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2012

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
36. RELATED PARTY TRANSACTIONS continued				
Subsidiaries				
Bell Equipment Company SA (Proprietary) Limited				
– management fee received	**–**	–	**1 650**	150
– administration fee paid	**–**	–	**466**	476
– dividend received	**–**	–	**250 000**	–
– amounts owing to	**–**	–	**8 185**	233
– amounts owing by	**–**	–	**1 500**	66 954
Bell Equipment (Deutschland) GmbH				
– bank guarantee fee received	**–**	–	**16**	7
– amounts owing by	**–**	–	**16**	7
Bell Equipment International SA				
– bank guarantee fee received	**–**	–	**1 020**	936
– amounts owing by	**–**	–	**978**	933
Bell Equipment Switzerland SA				
– bank guarantee fee received	**–**	–	**–**	169
– amounts owing by	**–**	–	**–**	168
Bell Equipment UK Limited				
– bank guarantee fee received	**–**	–	**906**	817
– amounts owing by	**–**	–	**878**	800

Amounts owing by related parties that are in respect of the sale of equipment by the group, are secured by the underlying second-hand equipment. Other amounts outstanding are unsecured. Amounts will be settled in cash.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel
The remuneration of executive directors and prescribed officers is reflected on pages 100 to 102.

The remuneration of executive directors and key management is determined by the board having regard to the performance of individuals and market trends.

37. SUBSEQUENT EVENTS
No fact or circumstance material to the appreciation of these annual financial statements has occurred between the financial year-end and the date of this report.

SUBSIDIARIES

as at 31 December 2012

Subsidiaries	Business type	Issued share capital 2012 R	Effective holding 2012 %	Share of profit (loss) 2012 R000	Share of profit (loss) 2011 R000	Interest of Bell Equipment Limited: Book value of shares 2012 R000	Book value of shares 2011 R000	Amounts owing (to) by 2012 R000	Amounts owing (to) by 2011 R000
SOUTHERN AFRICA									
Bell Equipment Company SA (Proprietary) Limited	O	**2**	**100**	**118 578**	136 568	**19 725**	16 320	**–**	–
– amounts owing to – non-interest-bearing liabilities						**–**	–	**(7 952)**	–
– amounts owing to – trade and other payables						**–**	–	**(233)**	(233)
– amounts owing by – trade and other receivables						**–**	–	**1 500**	66 954
Bell Equipment Sales South Africa Limited	O	**3 000 000**	**70**	**35 662**	48 279	**4 237**	3 222	**–**	–
Bell Equipment Group Insurance Brokers (Proprietary) Limited	D	**–**	**100**	**–**	(10)				
IA Bell Equipment Co Namibia (Proprietary) Limited	O	**4**	**70**	**6 520**	2 641				
Bell Equipment Co Swaziland (Proprietary) Limited	O	**2**	**70**	**71**	(1 679)				
Bell Equipment Finance Company (Proprietary) Limited	D	**–**	**100**	**–**	–				
OTHER AFRICA									
Bell Equipment (Zambia) Limited	O	**14 070 146**	**100**	**6 072**	31 741				
Bell PTA (Pvt) Limited	O	**4 174 249**	**100**	**4 424**	9 901				
Bell Equipment (Malawi) Limited	O	**2**	**100**	**(2 773)**	(892)				
Bell Equipment Mozambique Limitada	O	**965 513**	**100**	**2 788**	12 856				
Bell Equipment (DRC) SPRL	O	**84 868**	**100**	**9 362**	14 964				
EUROPE									
Bell Equipment International SA	H	**672 402 000**	**100**	**12 659**	18 305	**614 130**	291 029	**978**	933
Bell France SAS	O	**38 254 003**	**100**	**7 625**	2 599				
Bell Equipment UK Limited	O	**63 869 068**	**100**	**14 108**	16 839	**–**	–	**878**	800
Heathfield Haulamatic Limited	D	**–**	**100**	**–**	–				
Bell Equipment Switzerland SA	O	**1 273 619**	**100**	**(245)**	15 202	**–**	–	**–**	168
Bell Equipment (Deutschland) GmbH	O	**50 430 150**	**100**	**18 979**	13 795	**–**	–	**16**	7
Bell Equipment Spain SA	O	**1 120 670**	**100**	**(2 153)**	(2 681)				
LLC Bell Equipment Russland	O	**1 683 661**	**100**	**2 853**	4 661				
UNITED STATES OF AMERICA									
Bell Equipment North America Inc	O	**53 792 160**	**100**	**(1 685)**	(1 429)				
ASIA									
Bell Equipment (SEA) Pte Ltd	R	**–**	**100**	**–**	(2 996)				
AUSTRALASIA									
Bell Equipment (NZ) Limited	R	**–**	**100**	**–**	(649)				
Bell Equipment Australia (Proprietary) Limited	O	**26**	**100**	**2 927**	1 184				
Interest in subsidiary companies						**638 092**	310 571	**(4 813)**	68 629

D *Dormant companies*
H *Holding companies*
O *Operating companies*
R *Deregistered*

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

for the year ended 31 December 2012

Paid to directors and prescribed officers of the company by the company and its subsidiaries:	Salary R	Pension/ Provident fund R	Other benefits and allowances R	2012 Total R	2011 Total R
Executive directors					
GW Bell	**2 347 048**	**120 000**	**147 334**	**2 614 382**	3 183 671
L Goosen	**1 836 744**	**251 256**	**96 000**	**2 184 000**	2 718 626
GP Harris (resigned 4 October 2012)	**446 990**	**66 978**	**74 139**	**588 107**	1 006 922
AR Mc Duling	**1 697 052**	**230 548**	**76 400**	**2 004 000**	2 373 120
KJ van Haght	**1 511 398**	**199 602**	**24 000**	**1 735 000**	2 031 967
Total	**7 839 232**	**868 384**	**417 873**	**9 125 489**	11 314 306
Prescribed officers					
Executive A	**2 394 913**	**69 603**	**–**	**2 464 516**	3 070 835
Executive B	**1 333 941**	**191 779**	**142 212**	**1 667 932**	2 047 275
Executive C	**1 598 194**	**222 610**	**152 109**	**1 972 913**	2 455 721
Total	**5 327 048**	**483 992**	**294 321**	**6 105 361**	7 573 831
		Retirement grant R	**Fees R**	**2012 Total R**	2011 Total R
Non-executive directors					
PJC Horne (retired 7 May 2008)		**157 290**	**–**	**157 290**	147 000
MA Mun-Gavin		**–**	**384 000**	**384 000**	361 500
TO Tsukudu		**–**	**164 500**	**164 500**	211 000
DJJ Vlok		**–**	**360 000**	**360 000**	404 000
JR Barton		**–**	**381 000**	**381 000**	416 500
B Harie		**–**	**200 500**	**200 500**	224 000
Total		**157 290**	**1 490 000**	**1 647 290**	1 764 000

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

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

Executive directors and prescribed officers:	Balance at beginning of year		Granted and accepted 15 May 2012		Exercised		Closing balance at end of year	
	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
L Goosen	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	–	–	30 000	21,35	–	–	30 000	21,35
Total	150 000		30 000		–		180 000	
AR Mc Duling	15 000	9,00	–	–	(15 000)	9,00	–	–
	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	–	–	30 000	21,35	–	–	30 000	21,35
Total	165 000		30 000		(15 000)		180 000	
KJ van Haght	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	–	–	30 000	21,35	–	–	30 000	21,35
Total	150 000		30 000		–		180 000	
Executive A	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	–	–	30 000	21,35	–	–	30 000	21,35
Total	150 000		30 000		–		180 000	
Executive B	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	–	–	30 000	21,35	–	–	30 000	21,35
Total	150 000		30 000		–		180 000	
Executive C	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
Total	150 000		–		–		150 000	
Grand total	915 000		150 000		(15 000)		1 050 000	

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION
for the year ended 31 December 2012

Executive directors and prescribed officers 2011	Balance at beginning of year Number of options	Exercise price	Granted and accepted 15 April 2011 Number of options	Exercise price	Closing balance at end of year Number of options	Exercise price
L Goosen	100 000	10,48	–		100 000	10,48
	–	–	50 000	13,06	50 000	13,06
Total	100 000		50 000		150 000	
GP Harris	50 000	10,48	–		50 000	10,48
	–	–	25 000	13,06	25 000	13,06
Total	50 000		25 000		75 000	
AR Mc Duling	15 000	9,00	–		15 000	9,00
	100 000	10,48	–		100 000	10,48
	–	–	50 000	13,06	50 000	13,06
Total	115 000		50 000		165 000	
KJ van Haght	100 000	10,48	–		100 000	10,48
	–	–	50 000	13,06	50 000	13,06
Total	100 000		50 000		150 000	
Executive A	100 000	10,48	–		100 000	10,48
	–	–	50 000	13,06	50 000	13,06
Total	100 000		50 000		150 000	
Executive B	100 000	10,48	–		100 000	10,48
	–	–	50 000	13,06	50 000	13,06
Total	100 000		50 000		150 000	
Executive C	100 000	10,48	–		100 000	10,48
	–	–	50 000	13,06	50 000	13,06
Total	100 000		50 000		150 000	
Grand total	665 000		325 000		990 000	

SHAREHOLDER INFORMATION
for the year 31 December 2012

Combined register	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued share capital
ANALYSIS OF SHAREHOLDINGS				
1 – 5 000	1 070	82,06	1 388 562	1,46
5 001 – 10 000	87	6,67	666 721	0,70
10 001 – 50 000	86	6,60	1 889 971	1,99
50 001 – 100 000	26	1,99	1 859 897	1,96
100 001 – 1 000 000	25	1,92	9 047 574	9,53
1 000 001 – and more	10	0,76	80 121 275	84,36
Total	1 304	100,00	94 974 000	100,00
MAJOR BENEFICIAL SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)				
John Deere Construction & Forestry Company			30 000 000	31,59
I A Bell And Company (Pty) Ltd-Pled			17 861 785	18,81
I A Bell And Company (Pty) Ltd No 2			17 861 784	18,81
In terms of section 56 of the Companies Act of South Africa, No 71 of 2008 (as amended) and rule 8.63(e) of the JSE Limited, it is confirmed that the above major beneficial shareholders are the direct or indirect beneficial holders.				
TOP TEN HOLDERS INCLUDING FUND MANAGERS				
John Deere Construction & Forestry Company			30 000 000	31,59
I A Bell And Company (Pty) Ltd-Pled			17 861 785	18,81
I A Bell And Company (Pty) Ltd No 2			17 861 784	18,81
PIC			6 043 307	6,36
Old Mutual			3 500 449	3,69
SBSA			3 223 644	3,39
Discovery Equity Fund-CIS			1 742 210	1,83
JP Morgan			1 640 735	1,73
Basfour 3014 CC			1 200 000	1,26
Eskom Pension and Provident Fund			896 829	0,94
NON RESIDENTS	44	3,37	32 775 958	34,51
SHAREHOLDER SPREAD				
Non-public	7	0,54	65 873 209	69,36
Directors	4	0,31	149 640	0,16
Associates	–	0,00	–	0,00
10% of issued capital or more	3	0,23	65 723 569	69,20
Public	1 297	99,46	29 100 791	30,64
Total	1 304	100,00	94 974 000	100,00
DISTRIBUTION OF SHAREHOLDERS				
Individuals	1 044	80,06	3 256 959	3,43
Private companies	33	2,53	37 544 860	39,53
Public companies	3	0,23	100 216	0,11
Nominees and trusts	84	6,44	525 257	0,55
Close corporations	26	1,99	2 206 496	2,33
Other corporate bodies	25	1,92	30 172 267	31,77
Banks	16	1,23	3 163 669	3,33
Insurance companies	8	0,61	3 553 336	3,74
Pension funds and medical aid societies	28	2,15	8 264 113	8,70
Collective investment schemes and mutual funds	37	2,84	6 186 827	6,51
Total	1 304	100,00	94 974 000	100,00

SHAREHOLDER INFORMATION
for the year 31 December 2012

EXCHANGE RATES

The following rates of exchange were used in the preparation of the financial statements:

	31 December 2012		31 December 2011	
	Weighted average	**Year-end**	Weighted average	Year-end
United States Dollar:Australian Dollar	**1,04**	**1,04**	1,03	1,02
United States Dollar:British Pound	**1,59**	**1,62**	1,61	1,54
United States Dollar:Euro	**1,29**	**1,32**	1,40	1,29
Japanese Yen:United States Dollar	**79,98**	**86,08**	79,50	77,51
Malawian Kwacha:United States Dollar	**247,58**	**321,00**	155,73	162,11
Mozambique Meticais:United States Dollar	**28,15**	**29,40**	28,54	26,50
Russian Ruble:United States Dollar	**31,06**	**30,49**	29,40	32,21
South African Rand:United States Dollar	**8,18**	**8,50**	7,25	8,11
Swiss Franc:United States Dollar	**0,93**	**0,92**	0,88	0,94
Zambian Kwacha:United States Dollar	**5 172**	**5 185**	4 848	5 115

GLOSSARY

ADT	Articulated Dump Truck
“Bell Equipment” 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
BEIO	Bell Equipment International Operations
BESSA	Bell Equipment Sales South Africa Limited
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
DRC	Democratic Republic of the Congo
GDP	Gross Domestic Product
IDC	Industrial Development Corporation
IPAP2	Industrial Policy Action Plan 2
ISO	International Standards Organisation
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
LTIFR	Lost Time Injury Frequency Rate
LTRS	Lifetime Revenue Stream
MIDP	Motor Industry Development Programme
MOI	Memorandum of Incorporation
NUMSA	National Union of Metalworkers of South Africa
NVC	National Vocational Curriculum
OROA	Operating Return on Assets
SVA	Shareholder Value-Add
TMP cycle	Trough, Mid and Peak cycle
TRZFC	Thanda Royal Zulu Football Club

NOTICE OF ANNUAL GENERAL MEETING

BELL EQUIPMENT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1968/013656/06)
ISIN: ZAE000028304
Share code: BEL
("Bell Equipment" or "the company" or "the group")

Notice is hereby given that the 45th annual general meeting of members of Bell Equipment will be held at the company's registered office, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Tuesday, 30 April 2013 at 11:00 to attend to the following matters, with or without modification.

The board of directors of the company has determined that the record date for the purposes of determining which shareholders of the company are entitled to receive a notice of the 45th annual general meeting was Friday, 22 March 2013 and the record date for purposes of determining which shareholders can participate in and vote at the annual general meeting is Friday, 19 April 2013.

Accordingly, the last day to trade in the company's shares in order to be recorded on the securities register of the company in order to be able to participate, attend and vote at the annual general meeting is Friday, 12 April 2013.

MEMORANDUM OF INCORPORATION

Until the Companies Act, No 71 of 2008, as amended, ("Act") came into effect on 1 May 2011, the memorandum of incorporation ("MOI") of the company comprised its memorandum of association and its articles of association. On the date that the Act came into effect, the memorandum of association and articles of association of the company automatically converted into the company's MOI.

Accordingly, for consistency of reference in this notice of annual general meeting, the term "MOI" is used throughout to refer to the company's memorandum of association and its articles of association (which now form the company's MOI, as aforesaid). All references to a provision in the company's MOI in this notice of annual general meeting (including all of the relevant ordinary and special resolutions contained herein) refer to provisions of the company's MOI that was previously called the company's articles of association.

ORDINARY BUSINESS

1. **ORDINARY RESOLUTION 1: FINANCIAL STATEMENTS**
To adopt and approve the annual financial statements of the company and the group for the year ended 31 December 2012 that accompanied the notice to the annual general meeting, together with the auditors' and directors' reports therein.

2. **ORDINARY RESOLUTION 2: RE-ELECTION OF DIRECTORS**
Re-election of directors in terms of article 94.1 of the company's MOI by way of separate resolutions:

   2.1 To re-elect MA Mun-Gavin as a director.

   2.2 To re-elect KJ van Haght as a director.

   2.3 To re-elect TO Tsukudu as a director.

   who retire by rotation in terms of the company's MOI at this annual general meeting and, being eligible, make themselves available for re-election. Brief particulars of the qualifications and experience of the above mentioned directors are available on page 7 of this report.

3. **ORDINARY RESOLUTION 3: APPOINTMENT OF THE MEMBERS OF THE AUDIT COMMITTEE**
"Resolved that, pursuant to the requirements of Section 94 of the Companies Act, 2008, as amended, the following non-executive, independent directors of the company be and they are hereby appointed as members of the Audit Committee until the next annual general meeting:

   3.1 JR Barton (Chairman)

   3.2 DJJ Vlok

   3.3 B Harie

   Brief particulars of the qualifications and experience of the above mentioned directors are available on page 7 of this report.

4. **ORDINARY RESOLUTION 4: APPOINTMENT OF AUDITORS**

   To authorise the directors to re-appoint Deloitte & Touche, upon the recommendation of the current Audit Committee, as the independent auditors of the company and C Howard-Browne as the individual registered auditor who will undertake the audit for the company for the ensuing year.

SPECIAL BUSINESS

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

5. **SPECIAL RESOLUTION 1: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES**

"Resolved that the directors, in terms of and subject to the provisions of Section 45 of the Companies Act, No 71 of 2008 ("the Act"), are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or interrelated companies, during the period 1 January 2014 to 31 December 2014."

Reason and effect

This resolution is required in order to comply with the requirements of Section 45 of the Act as read with Section 7 (6) of the transitional arrangements which are set out in Schedule 5 of the Act. In terms of the said provisions, a company cannot render financial assistance to a related or inter-related company or corporation unless the board of the company is authorised thereto either in terms of an employee share scheme that satisfies the requirements of Section 97 of the Act, or pursuant to a special resolution of the shareholders. It is the intention that the company should be authorised to render financial assistance to its subsidiary companies or other related or interrelated companies from time to time and to facilitate this by way of a general authority, for which a special resolution is required.

6. **SPECIAL RESOLUTION 2: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FOR THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE MEETINGS HELD BETWEEN 1 JANUARY 2013 AND 31 DECEMBER 2013**

"Resolved that the directors' fees payable to the non-executive members of the Social, Ethics and Transformation Committee of the company, for the period 1 January 2013 to 31 December 2013, will be determined by reference to the following:

Fees to be paid per meeting:

Social, Ethics and Transformation Committee: R11 880 per meeting

Reasons and effect

The Social, Ethics and Transformation Committee of Bell Equipment Limited was incorporated during November 2012. This resolution is required to give effect to the payment of non-executive directors that serve on this committee.

This special resolution is done in conjunction with Section 65(11) (h) that 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.

Although the company's annual general meeting is held in April or May of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined annually in advance for the then forthcoming period that commences at the beginning of January and ends at the end of the following December, this resolution is required to authorise the payment of fees in the current period.

The effect of this special resolution, if passed, will be the authorisation of the abovementioned fees.

7. **SPECIAL RESOLUTION 3: BASIS OF REMUNERATION PAYABLE TO MA MUN-GAVIN FOR THE NOMINATIONS AND REMUNERATION COMMITTEE MEETINGS HELD BETWEEN 1 JANUARY 2013 AND 31 DECEMBER 2013**

"Resolved that the meeting fees payable to MA Mun-Gavin as member of the Nominations and Remuneration Committee for the period 1 January 2013 to 31 December 2013, will be determined by reference to the following:

Fees to be paid per meeting:

Nominations and Remuneration Committee: R15 120 per meeting

Reasons and effect

In accordance with JSE requirement 3.84(a) the Nominations Committee must be chaired by the Chairman of the board. To this effect it was confirmed in November 2012 that MA Mun-Gavin would be the Chairman of the Nominations Committee.

This resolution is required to give effect to the payment of the Nominations and Remuneration Committee meeting fees for MA Mun-Gavin during the period 1 January 2013 to 31 December 2013.

This special resolution is done in conjunction with Section 65(11) (h) that 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.

Although the company's annual general meeting is held in April or May of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined annually in advance for the then forthcoming period that commences at the beginning of January and ends at the end of the following December, this resolution is required to authorise the payment of fees in the current period.

The effect of this special resolution, if passed, will be the authorisation of the abovementioned fees.

NOTICE OF ANNUAL GENERAL MEETING

8. **SPECIAL RESOLUTION 4: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014**

"Resolved that the directors' fees payable to the non-executive directors of the company, for the period 1 January 2014 to 31 December 2014, will be determined by reference to the following:

MA Mun-Gavin	R275 875
JR Barton	R151 632
B Harie	R65 902
TO Tsukudu	R65 902
DJJ Vlok	R151 632
Fees to be paid per meeting	
Board	R25 661
Audit Committee	R16 330
Risk and Sustainability Committee	R12 830
Nominations and Remuneration Committee	R16 330
Social, Ethics and Transformation Committee	R12 830
Bell Audit Services Committee	R8 165

In addition to the board meeting fee of R25 661, the Chairman shall be entitled to an additional fee of R15 163 per board meeting.

Reasons and effect

This special resolution is required in order to comply with the requirements of the Companies Act which came into effect on 1 May 2011. 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 annual general meeting is held in April or May of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined annually in advance for the then forthcoming period that commences at the beginning of January and ends at the end of the following December.

The effect of this special resolution, if passed, will be the authorisation of the abovementioned fees.

9. **SPECIAL RESOLUTION 5: Repurchase of shares**

"Resolved that the board of directors of the company is hereby authorised, by way of a renewable 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 provisions of Section 48 read with Section 46 of the Companies Act, as the case may be, the MOI of the company and the Listings Requirements of the JSE Limited ("JSE") being that:

- the general repurchase of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year;
- the general repurchase of securities 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 counter party (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 annual general meeting, 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% above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period;
- 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 of directors confirming that the board has authorised the general repurchase, that the company and any subsidiary repurchasing 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 number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number of issued shares in the company at the relevant times;

- the company or its subsidiary may not repurchase securities 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 securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

The directors undertake that the company will not commence a general repurchase of shares as contemplated above unless the following can be met:

- the company and the group will be able to repay its debts in the ordinary course of business for a period of 12 months following the date of the general repurchase;
- the company and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the 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;
- 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;
- upon entering the market to proceed with the general repurchase, the company's sponsor has confirmed the adequacy of the company's and the group's working capital for the purposes of undertaking a general repurchase of shares, in writing to the JSE.

Reason and effect
The reason and effect for this special resolution 5 is to authorise the company and/or its subsidiary company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above.

Statement of board's intention
The directors of the company have no specific intention to affect the provisions of special resolution 5 but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution 5.

Other disclosures in terms of Section 11.26 of the JSE Listings Requirements
The JSE Listings Requirements require the following disclosures for purposes of the general authority to repurchase the company's shares, some of which appear elsewhere in the Integrated Annual Report of which this notice forms part.

Directors and management – pages 7, 20 and 21;

Major shareholders of the company – page 103;

Directors' interests in securities – page 52;

Share capital of the company – page 103.

Litigation statement
In terms of Section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 7 of the Integrated Annual Report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the group's financial position.

Directors' responsibility statement
The directors, whose names are given on page 7 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 5 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 contains all information required by law and the JSE Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING

No material changes to report

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

10. OTHER BUSINESS

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

INFORMATION SCHEDULE

Proxies/representation at the meeting

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration who are unable to attend the meeting, are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms must be received by the Group Company Secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or posted to Private Bag X20046, Empangeni, 3880 or the company's share transfer secretaries, Link Market Services SA (Proprietary) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein or posted to PO Box 4844, Johannesburg, 2000 by 11:00 on Friday, 26 April 2013 Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration. Any forms of proxy not received by this time must be handed to the Chairperson of the annual general meeting immediately prior to the meeting.

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

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement:

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

Equity securities held by a share trust or scheme will not have their votes taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

IDENTIFICATION

Pursuant to the requirements of Section 62(3) of the Companies Act, No 71 of 2008, as amended ("the Act"), notice is hereby given that in terms of Section 63(1) of the Act, shareholders and proxies who attend the annual general meeting will be required to provide satisfactory identification (for example, valid drivers' licences, identity documents or passports).

VOTING RIGHTS

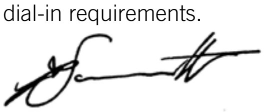
The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution. The percentage of voting rights that will be required for the adoption of each ordinary resolution is the support of more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

SHARES HELD BY SHARE TRUST OR SCHEME

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

ELECTRONIC COMMUNICATION

With regard to Section 61(10) of the Act, any shareholder or proxy eligible to attend the annual general meeting but unable to do so, may make arrangements with the company to be connected to the meeting via a teleconference facility. Shareholders may not vote electronically. Should any shareholder or proxy wish to use this facility, they should contact the Group Company Secretary, P van der Sandt, telephone +27 35 907 9212 by no later than 11:00 on Friday, 26 April 2013, so as to be advised of the relevant dial-in requirements.



P van der Sandt
Group Company Secretary

14 March 2013

FORM OF PROXY

BELL EQUIPMENT LIMITED
Company registration number: 1968/013656/06
Share code: BEL
ISIN code: ZAE000028304
("Bell" or "the company" or "the group")

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

An ordinary shareholder entitled to attend and vote at the general meeting to be held in the visitors' centre of Bell Equipment Limited, 16 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Tuesday, 30 April 2013 at 11:00, is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the company.

The completed forms of proxy must be received by the Group Company Secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or posted to Private Bag X20046, Empangeni, 3880 or the company's share transfer secretaries, Link Market Services SA (Pty) Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein or posted to PO Box 4844, Johannesburg, 2000 by not later than 11:00 on Friday, 26 April 2013.

I/ We (please print full names)

Of (address)

Being an ordinary shareholder(s) of the company holding ordinary shares in the company, do hereby appoint:

1. or failing him/her

2. or failing him/her

3. the Chairman of the annual general meeting as my/our proxy to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the annual general meeting or at any adjournment thereof for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the annual general meeting:

	Proposed resolutions	For	Against	Abstain
1.	**Ordinary resolution 1**			
	Adoption of annual financial statements			
2.	**Ordinary resolution 2**			
	To re-elect directors who retire in terms of article 94.1 of the company's Memorandum of Incorporation:			
2.1	MA Mun-Gavin			
2.2	KJ van Haght			
2.3	TO Tsukudu			
3.	**Ordinary resolution 3**			
	Appointment of the following independent non-executive directors as members of the Audit Committee until the next annual general meeting:			
3.1	JR Barton (Chairman)			
3.2	DJJ Vlok			
3.3	B Harie			
4.	**Ordinary resolution 4**			
	Appointment of auditors			
5.	**Special resolution 1**			
	Approval for the granting of financial assistance in terms of Section 45 of the Companies Act, No 71 of 2008, as amended			
6.	**Special resolution 2**			
	Approval of the fees of Social, Ethics and Transformation Committee			
7.	**Special resolution 3**			
	Approval of the fees payable to MA Mun-Gavin for Nominations and Remuneration Committee			
8.	**Special resolution 4**			
	Approval of fees for non-executive directors			
9.	**Special resolution 5**			
	General authority to repurchase shares			

Signed at (place) on 2013

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

NOTES TO THE FORM OF PROXY

In accordance with Section 58 of the Companies Act, No 71 of 2008, a person who holds ordinary shares in Bell Equipment ("member") is entitled to attend and vote at the annual general meeting and to appoint one or more proxies to attend, speak and vote in his/her stead or give or withhold written consent on behalf of the shareholder to a decision contemplated in Section 60 of the Act.

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

A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the Chairperson of the annual general meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the Chairperson of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

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

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

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

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

A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, 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 annual general meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is

recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.

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

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairperson of the annual general meeting. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

The Chairperson of the annual general meeting 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 Group Company Secretary or that of the transfer secretaries not later than 48 hours before the meeting.

Note: In order to be valid this form must be completed and returned to the:

Group Company Secretary
Bell Equipment Limited
Private Bag X20046
Empangeni
3880

or the company's share transfer secretaries:
Link Market Services SA (Pty) Limited
PO Box 4844
Johannesburg
2000

by no later than 11:00 on Friday, 26 April 2013.

Any forms of proxy not received by this time must be handed to the Chairperson of the annual general meeting immediately prior to the meeting.

SHAREHOLDERS' DIARY

Financial year-end	31 December 2013
Integrated Annual Report	March 2013
Interim results announcement	August 2013
Annual general meeting	30 April 2013

CORPORATE INFORMATION

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ATTORNEYS
Edward Nathan Sonnenbergs Inc.

JSE SPONSORS
RMB Corporate Finance

SHARE CODE
BEL

WEB ADDRESS
www.bellequipment.com

INVESTOR RELATIONS
www.bellir.co.za

COMPANY REGISTRATION NUMBER
1968/013656/06

ISIN CODE
ZAE000028304

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BELL

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