STRONG RELIABLE MACHINES • STRONG RELIABLE SUPPORT

2016

BELL EQUIPMENT LIMITED • INTEGRATED ANNUAL REPORT

CONTENTS

ABOUT THIS REPORT

WE ARE PLEASED TO PRESENT BELL EQUIPMENT LIMITED'S 2016 INTEGRATED ANNUAL REPORT

This integrated annual report, which is the group's primary communication to stakeholders, covers the financial year 1 January 2016 to 31 December 2016.

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

The group's 2016 integrated annual report is primarily guided by the International Integrated Reporting Council recommendations for integrated reporting (the <IR> framework guidelines). The financial information in this report follows IFRS and is examined by independent auditors in conformity with International Standards on Auditing. This report is also prepared in accordance with the requirements of the Companies Act and the JSE Listings Requirements. A register of the group's application of King III governance principles is available online.

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The scope of this report includes all of Bell Equipment's subsidiaries and operating regions. Bell Equipment continues to embed management, sustainability and governance-related reporting systems and processes in the operations. The content focuses on the material issues that have occurred during the financial reporting period and in certain instances up to the date of finalisation of this report. Matters which could substantively impact on Bell Equipment's ability to generate and sustain stakeholder value are considered material. The process to identify, define, prioritise and approve material matters for disclosure is depicted in the diagram below.

IDENTIFY | DEFINE AND PRIORITISE

- Group risk management processes
- Group strategic processes
- Group executive meetings
- Board meetings and committee meetings
- Regulatory requirements
- Economic environment
- Stakeholder engagement

APPROVAL

- Group executive
- Board committees
- Board

The material issues, identified by the board, affecting the group are:

- the enhancement of Bell Equipment's sales and returns in global markets;
- maximising the cost efficiency of Bell Equipment's products to market;
- leveraging of strategic alliances;
- positioning the southern African business for the long-term;
- optimising the Bell corporate structures, capital structure, shareholder dynamics and governance for business sustainability and growth;
- minimising currency risk;
- leveraging of Bell Equipment's people;
- transformation;
- niche product dependence;
- health and safety; and
- investment in IT solutions in order to facilitate the group's strategic objectives.

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

Assurance in relation to its financial statements continues to be provided by the independent external auditors, Deloitte & Touche. Bell Equipment applies the combined assurance model which seeks to optimise the assurance obtained from management and internal and external assurance providers. The group continues to maintain internal accounting and administrative control systems and procedures designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

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

RESPONSIBILITY STATEMENT

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

The board is of the opinion that this integrated annual report addresses all material issues, and presents fairly the integrated performance of the group. The integrated annual report and the full audited consolidated financial statements were approved by the audit committee and the board on 14 March 2017.

JR Barton
Independent non-executive chairman

GW Bell
Chief executive

14 March 2017

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

02 OUR TIMELINE AND KEY MILESTONES

1954
Founder Irvine Bell establishes the group. A self-loading sugar cane trailer is amongst his early inventions.

1964
Irvine Bell invents the revolutionary **tri-wheeled** loading machine.

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

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

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

1989
Launch of the B40 ADT, targeting heavy duty mining applications.

1998
Bell **C-series ADT and wheeled loader** range launched.

2001
Launch of the **D-series ADT sets a new standard of excellence.**

2002
World's largest ADT, 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 excavators in Africa.**

2012
Bell Equipment **re-enters the Americas** and commences the **appointment of distributors and dealers** in the region.

2013
Bell Equipment **launches the new E-series ADT** and is **granted distributorship rights for the Terex Finlay** range of mobile crushing, screening and recycling equipment.

2014
Bell celebrates 60 years in business along with the **50th** anniversary of **its tri-wheeled product and 30 years of ADT** design and manufacture.

2015
Bell concludes a **two-year investment into new, upgraded CSCs** in Middelburg, Nelspruit and Rustenburg in South Africa as well as Kitwe, Zambia.

2016
Launch of the E-series large truck programme ranging from the B35E to the B60E.

ABOUT US

With over sixty years of experience, the group provides equipment solutions to the agriculture, forestry, waste handling, construction, mining and quarrying industries, and delivers to stakeholders through living its motto of 'Strong Reliable Machines, Strong Reliable Support'.

The Articulated Dump Truck (ADT) is the group's core product and Bell is acknowledged globally as an ADT specialist for its ongoing innovation and the class-leading performance of its ADTs. Bell ADTs are exported worldwide from the group's manufacturing and assembly facilities in South Africa and Germany respectively.

In southern Africa, along with its own designed and manufactured products, the group holds strategic dealerships with several leading global manufacturers to achieve the group's objective of being a full range material handling distributor to the region. Bell is able to offer over 100 products well suited to all applications by complementing its ADT product with a range of wheeled loaders, haulage tractors, excavators, motor graders, dozers, TLBs, tri-wheeled rough terrain handling equipment, as well as a complete range of compaction, crushing and screening machinery.

Additionally the group is well established in key markets as a supplier of low-cost-per-tonne equipment solutions to agriculture and forestry where it again provides a blend of own and partner products to meet the varying levels of mechanisation and machine complexity of these industries in the different markets.

A driving force that impacts on, and supports, the aforementioned business areas is Bell Equipment's customer support and aftermarket services. The group has a proud reputation for listening to its customers and delivering on their needs. This is achieved through a professional network of branches and independent dealers, which provide strategically placed support close to the major customer bases.

This network is supported by a robust OEM structure, with two large logistics centres servicing the northern and southern hemispheres, to ensure quick and efficient lines of communication globally between end-users of the product and the group.

Together these business areas play an important role in driving the group's objectives of growth and long-term sustainability.

04 OUR BUSINESS AND PRODUCT PROFILE

WITH A COMMON THREAD OF PROVIDING SOLUTIONS FOR CUSTOMERS WHO REQUIRE MATERIALS HANDLING MACHINERY, THE BELL BUSINESS AND PRODUCTS CAN BE CLEARLY DEFINED WITHIN FOUR GROUPINGS:

- as a global ADT specialist;
- as southern Africa's full range material handling distributor;
- as a low cost-per-tonne agriculture and forestry solutions provider; and
- as a provider of aftermarket services.

BELL AS A GLOBAL ADT SPECIALIST

The decrease in commodity prices and increased pressure on the mining industry in recent times has resulted in greater emphasis being placed on the efficiency of operations. Mines and mining contractors are becoming more circumspect in their choice of capital equipment and choosing the right tool for the job is one way of getting the best possible results.

Although traditional rigid trucks have a long pedigree in the mining environment, the ADT - first introduced in the 1960s - has been gaining popularity in the mining environment since the 1980s and has also become a common feature on medium to large construction sites due to its versatility.

The ADT market can be divided into three main industries - construction, mining and quarrying. While there are exceptions, there is also an approximate geographical split with most ADTs seeing service in construction and quarrying in the northern hemisphere while the use of ADTs in the southern hemisphere is more concentrated on mining activities.

Generally speaking an ADT is an all-wheel-drive haulage vehicle. Most have three axles and are six-wheel drive, however, a smaller number are sold with two axles and a four-wheel drive configuration and Bell Equipment also provides three axle, four-wheel-drive ADTs for customers not needing all-wheel-drive capability.

The front and rear chassis can rotate independently about the longitudinal axis using an oscillation joint, which effectively keeps the wheels on the ground at all times. The walking beam rear suspension for the middle and rear axles provides additional capability in this regard. This machine configuration, in combination with large earthmoving tyres with a low ground pressure, provides all-terrain capability that enables these trucks to effectively haul without having to spend time and money on infrastructure development. In addition, ADTs are able to continue working in adverse weather where conventional rigid and road trucks would need to be parked.

ADT customers enjoy the flexibility of the machine. One day it can be operating on good quality mine roads as part of the mining production and the next it can be breaking new ground in another part of the mine where there are no roads whatsoever. Another benefit is an ADT's ability to be easily adapted to various roles such as a water or fuel tanker or a service truck. This is very popular in the Australian mining industry and is a growing trend in South Africa.

Bell Equipment has manufactured ADTs for the global market since the mid-1980s when the first imported machines arrived in South Africa and the group saw the opportunity to improve the product to better suit the harsh African operating conditions. Trucks are now produced from either the Richards Bay factory in South Africa or the Kindel factory in Germany depending on the vehicle emission requirement of the final destination.

Today Bell ADTs are widely accepted in the world's largest ADT markets - North America, southern Africa and the United Kingdom as well as in France, Germany and Australia. This has been achieved by focusing on delivering the lowest cost-per-tonne to customers in these markets.

As a global ADT specialist Bell has the largest range on the market and is recognised as a world leader and innovator for the ground breaking technological advancements that it has pioneered over the past three decades.

Innovations are designed to improve safety and productivity on job sites and include Hill Stop, Bin Tip Prevention, Turbo Spin Protection, On Board Weighing and an Auto Park Application, all of which are standard on Bell trucks. Linked to productivity is Bell Fleetm@tic®, a satellite fleet management system that provides productivity, utilisation and machine condition data.

Bell is now on its E-series generation of trucks having first introduced this significant upgrade to the smaller B18E, B20E, B25E and B30E ADTs in 2013. This was completed across the range in 2016 with the launch of the large truck update, which comprises the B35E, B40E, B45E, B50E and the 4x4 crossover concept, the B60E.

The group's evolutionary approach to design for this upgrade relied heavily on concepts that had been proven over the 15 years that the D-series product had been operating on some of the harshest job sites. The E-series models have also been characterised by an increase in payload. The introduction of the new Mercedes Benz HDEP engine platform, renowned for efficiency and reliability, has brought about a useful increase in power while the seven gear ratios of the large trucks deliver better grade ability with reduced fuel consumption.

The group's 60-ton truck is a unique concept in response to a need among mining contractors making use of rigid trucks in the 60-ton range. The B60E is a 4x4 with full articulation steering and oscillation joint that has the ability to keep all four driving wheels on the ground and fully utilise the traction that is available to deliver more off-road capability than a conventional rigid truck.

While the Bell B60E is able to run alongside rigid trucks within the 60- to 80-ton class, the concept is ideally targeted at mines, quarries and bulk earthworks that experience conditions that rigid dump trucks cannot cope with, such as rainy periods which compromise underfoot conditions. When traditional 4x2 rigids can no longer operate, the superior 4x4 traction, oscillation tube and retardation characteristics of the Bell B60E pay off by keeping production going, which is a huge opportunity for many customers. In addition to delivering cost efficiencies related to economies of scale, the economical drive-train of the B60E delivers significantly lower fuel consumption than a traditional rigid truck, as established during six years of product testing on sites around the world.

Across the range the ADT product's versatility is further enhanced through the Bell Versatruck programme that uses the ADT platform as a base for tailor-made solutions. The range is extensive and includes ejector trucks, water tankers, lube trucks, hooklift trucks, flat deck trucks, timber trucks, waste handlers, container trucks and even an underground concrete mixer.

With a long history in and a renewed focus on underground mining, Bell also has a range of dedicated low profile underground ADTs. Recent upgrades have concentrated on replicating some of the class leading technologies that have been developed for the surface trucks, into this highly specialised market segment.

BELL AS SOUTHERN AFRICA'S FULL RANGE MATERIAL HANDLING DISTRIBUTOR

Business is easier for customers when they only have one supplier and one point of contact for their equipment needs, particularly if that supplier is able to deliver strong, reliable support.

One of Bell Equipment's key strategies has therefore been to complement its ADTs by expanding its product offering to provide a full line solution to customers in the southern African region. This decision has provided a win-win scenario with customers enjoying Bell Equipment's strong support network across the region. Similarly the group's high level of customer focus has seen support by customers for the business.

To grow the product offering Bell has continually looked at forging relationships with like-minded global OEMs. A family heritage coupled with innovative products that deliver high performance and reliability have been major considerations when selecting partners.

Deere & Company, founded in 1837 by John Deere, a blacksmith and inventor, is one of the world's most respected businesses. The company had a similar beginning to Bell Equipment having started out serving the agricultural sector. The Construction & Forestry Division was established in the mid-1950s and follows the founder's original core values by providing advanced products and services and remaining committed to the success of customers whose work is linked to the land.

The strong relationship between Bell Equipment and John Deere dates back to 1996 when Bell Equipment was awarded distribution rights for the Deere range of construction equipment in southern Africa. Bell continues to be amongst the largest

06 OUR BUSINESS AND PRODUCT PROFILE (CONTINUED)

Deere forestry and construction dealers outside of the USA, with a competitive and comprehensive range that comprises motor graders and dozers for site preparation along with wheeled loaders for the initial bulk earthworks and a TLB, which offers versatility for the laying of services and intricate site work.

The range of seven wheeled loaders offer operating weights from 9 to 30 tons and GP bucket capacity ranging from 1,9 to 4,7 cubic metres. The G-series motor graders are available in tandem or six-wheel drive configurations with features like cross-slope control, automatic differential lock and a rear-view camera while the J-series dozers have dual path hydrostatic drive-trains providing full power turns, counter rotation and infinitely variable track speeds. The TLB, which was upgraded to the new L-series generation towards the end of 2016, has been manufactured locally in Richards Bay for over 10 years by Bell under licence.

In 2009 Bell Equipment added compaction equipment and road building equipment to its offering when the group became a proud partner to Bomag in southern Africa. Founded in 1957, Bomag has 500 dealers in over 120 countries worldwide and, as part of the Fayat Group of Companies, it also shares the same strong family-business values as Bell.

Bomag is a world leader in the highly specialised area of compaction and delivers the best in German engineering. Products include a full range of single drum rollers for soil compaction, tandem drum rollers for asphalt and rubber-wheeled machines for final finishing.

Road rehabilitation through in-situ recycling as well as soil stabilisation with additives have become popular options for both maintenance and new projects in southern Africa and the range of recyclers, and cold milling machines to be introduced in 2017, provide Bell with solutions to this niche business. Bomag finishers are available for asphalt application before final compaction.

For smaller construction projects and repair work a full range of walk-behind compaction equipment is also distributed.

In line with the growing global focus to improve management of the environment and the handling of solid waste, the Bomag range of refuse compactors allows Bell to offer purpose-built machines to the industry. This ensures customers the best possible compaction and highest uptime in the harsh environment of landfill sites.

The partnership with Liebherr, forged in 2011, provides Bell with tracked excavators ranging from 23 tons to 100 tons. These loading tools, well matched for the range of Bell ADTs, feature high efficiency and availability combined with an ergonomic working environment for the operator and easy serviceability for the service crew.

With a workforce of over 35 000 people and more than 130 companies across the globe, Liebherr is a giant in the industry and their products are world renowned for their German engineering, quality and mining pedigree.

This family-run company started in Kirchdorf, Germany in 1949 and the Liebherr name has come to epitomise new ideas and innovations. In the earthmoving equipment sector, Liebherr manufactures an extensive range of equipment that incorporates advanced technologies. The Liebherr strategy of manufacturing important assemblies in-house guarantees the high standard of quality required by Liebherr of its products.

In 2013 Bell seized the opportunity to partner with Finlay, a manufacturer of mobile crushing, screening and recycling equipment in Northern Ireland for the worldwide market. With roots dating back to 1958, Finlay is a global pioneer in mobile solutions and offers a comprehensive range of equipment to the quarrying, mining, construction, demolition and recycling industries. The company's ranges of innovative machines are manufactured to provide efficient production, low operational costs and ease of maintenance.

Finlay machines are distributed across the globe by an expansive dealer network and securing the southern African dealership enables Bell to offer quarry and mining customers a complete range of Finlay mobile crushers and screens. Bringing innovative concepts to market, for example Dual Power units and Spaleck screens, ensures Finlay continues to set the benchmark in power, quality and efficiency when producing all sizes of aggregates for the industry.

Combined, these four partnerships enable Bell to meaningfully augment its own manufactured products, thereby providing the full spectrum of equipment for mining, quarrying, construction, roads and rehabilitation as well as waste management.

BELL AS A LOW COST-PER-TONNE AGRICULTURE AND FORESTRY SOLUTIONS PROVIDER

Bell is a pioneer in the field of mechanisation having started out in the sugar industry where the unique tri-wheeler, the purpose-built rigid hauler and trailers were some of the group's founding products. They have proven to be durable and reliable with many of the earlier machines still in operation today.

Bell Equipment's presence in the forestry sector dates back to the 1960s when the group's range of tri-wheelers, rigid haulers and trailers was extended from sugar cane handling to cope with the more arduous forestry environment.

Today the group's agricultural and forestry equipment provides solutions that meet customers' needs as they move from manual to fully mechanised operations. This is achieved through a carefully selected combination of own and partner products.

Different markets require different levels of mechanisation and machinery complexity based on a number of factors such as access to labour, skills and production. Low levels of mechanisation have found acceptance in South America, Central America and South East Asia where conditions and the environment are similar to southern Africa. Labour is still abundant in these regions but low cost mechanisation solutions have found a niche for the safety and productivity benefits they bring to an operation.

Whether it is sugar or forestry, Bell Equipment always focuses on giving customers what they require. Driven by providing lowest cost-per-tonne solutions, the group looks at the whole mechanised system and not only specific parts, with a keen view to improve operational safety and reduce costs.

The product range caters for low to high levels of mechanisation with the Bell tri-wheeler sugar cane and timber handling machines providing the lowest cost solutions in rough terrain. Variations of this versatile workhorse include forklift models for industrial and agricultural applications and the all-round versalift handler with quick changing implements.

A recent innovation from Matriarch has added a slew loader to Bell Equipment's product offering to provide a solution to those sugar cane farmers wishing to embark on controlled traffic practices.

During 2016 Bell introduced its Series IV generation of rigid haulers, fitted with Mercedes Benz water-cooled engines to deliver key performance and productivity benefits. The range, which includes 4x4 variations, comprises tractors suited to single trailers and short hauls through to larger tractors designed for longer hauls and multi rigs.

In addition, and based on the group's mainstream ADT products, Bell provides versatile alternatives for transport, including infield self-loading forwarders for forestry and articulated tractors geared for large sugar estates. While these products fulfil a niche to handle differing haul distances as well as poor underfoot conditions, the articulated tractors are also used in large-scale land preparation throughout developing African countries.

Complementing the rigid and articulated haulage vehicles is a range of well-matched, robust timber and cane trailers.

For forestry operations that are trending towards more mechanisation Bell has again teamed up with innovative, like-minded partners to broaden the scope of its range and offer greater levels of mechanisation.

John Deere forestry equipment provides purpose-built fully-mechanised systems, which are seen as the global benchmark in terms of safety, productivity, lowest daily operating costs and uptime. The range includes feller bunchers, forwarders, harvesters and skidders.

Waratah provides harvesting and processing heads for the John Deere range and as stand-alone units. Their 'Built to Work' tagline complements Bell Equipment's 'Strong Reliable Machines' philosophy, with their products designed to meet the harshest conditions while delivering excellent power-to-weight ratios.

With an in-depth knowledge of the agriculture and forestry industries, and products well suited to meet customer's requirements, Bell remains a key player in these industries.

08 OUR BUSINESS AND PRODUCT PROFILE (CONTINUED)

BELL AS A PROVIDER OF AFTERMARKET SERVICES

Bell understands that business is about more than just supplying strong, reliable machines and that providing strong, reliable support is equally important. With this in mind Bell is determined to provide customers with the good, old fashioned assurance that all their aftermarket requirements are covered.

Global customers are supported by an expansive dealer network, which is in turn bolstered by strategically placed, locally staffed Bell-owned operations. A culture of treating dealers as partners ensures a commitment to direct customer communication, which ensures that the group can understand the key focus areas that promote long standing customer relations.

The global logistics centre close to OR Tambo International Airport in Johannesburg, coupled with the strategically placed European logistics centre, are ideally positioned to provide quick and efficient parts supply to anywhere in the world. The group's SAP roll out will be continued in 2017 with the completion of the modern, larger European logistic centre facility that comes online in the first half of 2017.

Bell distributors also carry parts closer to their markets, in their own logistics centres, most notably in the USA, Singapore and Australia.

The distribution and coverage offered by Bell in southern Africa is unrivalled in the industry largely due to the group's local knowledge and proven ability to 'grow its own timber' through a well established apprenticeship programme.

The Bell Assure programme includes a number of unique and diverse products with which the group strives to meet every customer's unique needs. These range from financing, extended warranty, maintenance contracts through to tailor-made lubricants and remanufactured components.

Machines are available with the advanced onboard satellite communication software, Bell Fleetm@tic®, designed by Bell Equipment to keep customers up-to-date on both machine status and production through real-time internet-based reporting.

Underpinning the support to customers with the simple mantra 'if we help our customers succeed so will we' ensures that Bell continues to be closely aligned to what its customers need.


Hours Operated in Shift...
Fuel Consumption...
Payload...
Payload...
Fuel Consumption...
Hours Operated

10 STRATEGIC OVERVIEW

GROUP VISION AND STRATEGIC OBJECTIVES

Bell Equipment's vision is to be a global leader in the capital equipment and industrial goods sector, supplying leading, quality brands into the construction, mining, forestry, agriculture and industrial sectors in a number of chosen markets. This vision is achieved by creating enduring partnerships with its customers and underpinned by efforts in the following four areas:

- **to capture global ADT volumes by being the leading product innovator globally**

Bell continues to invest heavily in research and development, manufacturing capabilities, and distribution alliances in order to develop, produce, and distribute world class products. Value is embedded by co-developing products that deliver performance in rugged environments. Product performance is achieved through maximising uptime and productivity while reducing operating costs.

- **to be the preferred full range material handling provider in southern Africa**

Bell continues to apply an integrated OEM/dealer model with appropriate investment in sales and distribution divisions to provide customers with world class after-sales support. The company continuously analyses its product portfolio to ensure that it can provide solutions to changing customer needs and at the same time deliver returns from distribution of these products. Additions to the product portfolio are achieved organically, acquisitively or through partnerships with other OEMs.

- **to continue to provide solutions for specific agricultural industries**

With a long history in providing equipment for whole stalk cane harvesting and small-to medium-scale forestry, Bell continues to provide solutions to this niche. An understanding of the customers' requirements and close development during design ensures that the company remains a provider of choice. Other agricultural opportunities, and products, are continually being evaluated with a view to increasing the offering through either organic development, acquisition or alliances.

- **to continue to grow the provision of goods and services to users after the initial machine sale**

In line with the company's motto of 'Strong Reliable Machines, Strong Reliable Support' these efforts are furthered by striving to efficiently deliver the appropriate mix of spares, service and other aftermarket solutions.

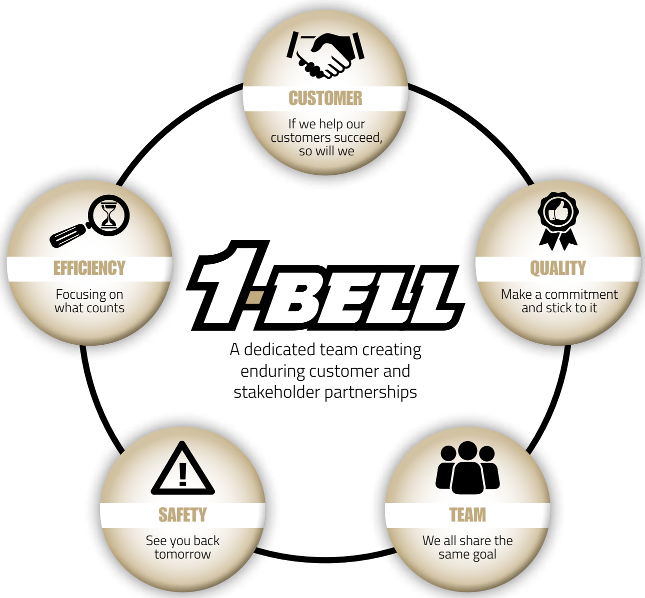
STRATEGIC PRIORITIES

The group's current strategic priorities centre around two key opportunities that will develop the highest return:

- growth through capturing additional ADT volumes in global markets; and
- growth in the provision of aftermarket products to existing customers.

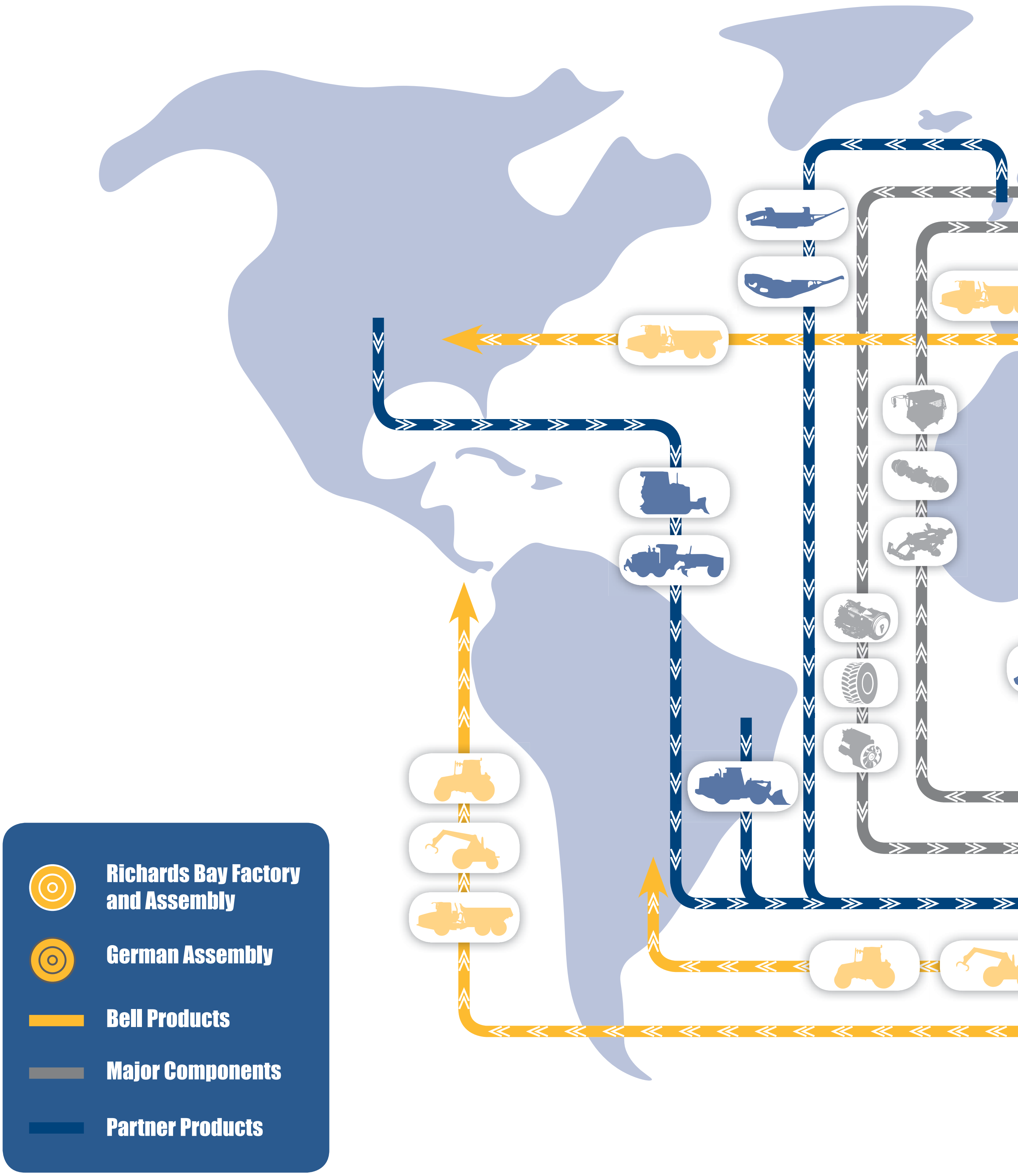
1-BELL

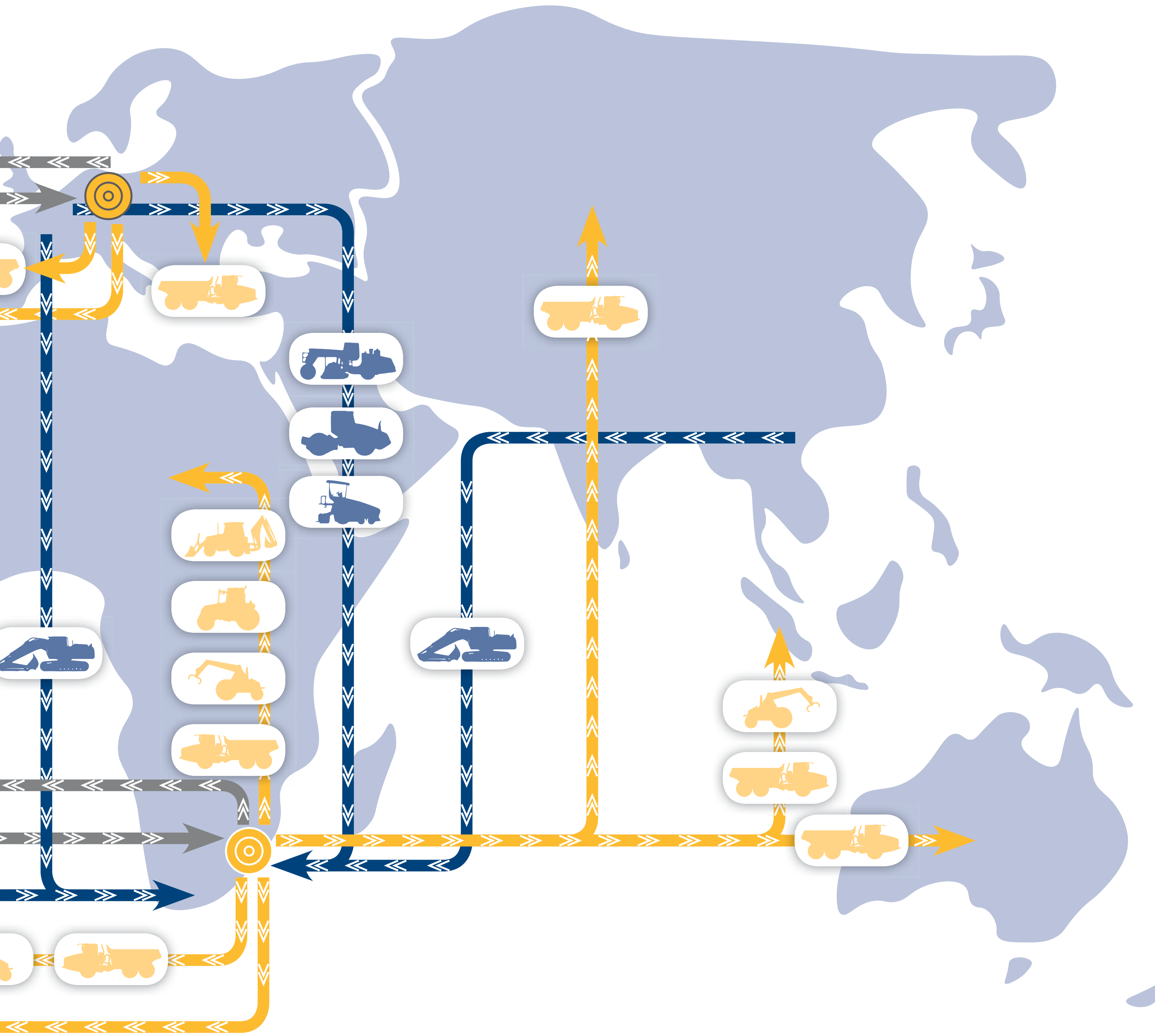
The 1-BELL philosophy is used to unite the greater Bell organisation through adopting a number of common areas of focus and key values associated with these. A focus on customer and quality ensures that the company continues to meet or exceed the expectations of its customers while efficiency and teamwork ensure a focus on business returns and long-term sustainability of the group. Safety is critical for the business and is therefore also included as the fifth focus area. The roll out of the 1-BELL philosophy is a key part of the strategy and is undertaken through continual sharing of examples, and agreed behaviours, within all levels of the organisation.



STRATEGIC FOCUS AREAS	
Project 2014/18 (financial returns and capturing global volumes)	Maintain shareholder value through the trough cycle and sustainably create shareholder value through the mid and peak cycles. Financial disciplines and learnings from Project 2014 and Project 2018 have been embedded in business processes. These processes are regularly reviewed through governance structures. Sustainably grow revenue by increasing sales volumes of manufactured products in key markets through the design and manufacture of superior products and execution of our dealer development strategy.
TMP business modelling	Continued focus on dealer development strategy. There is a continuous process of reviewing Bell Equipment's design engineering and manufacturing business models to achieve agile and responsive manufacturing processes and design engineering philosophy to enable the business to sustain and create value through the business cycles.
Diversification	One of the key aspects of Bell Equipment's corporate development strategy is to mitigate exposure to the deep commodity cycles. Key themes of the strategy are organic and acquisitive growth and diversification. The identity of the Bell Equipment group will be maintained through the execution of the strategy, which will leverage the existing core competencies of design engineering, heavy metal manufacturing and distribution.
Continued innovation and development	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 ever-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 it to maximise growth opportunities, through responsiveness to customers' needs.
Empowerment and transformation	As a proudly South African company Bell Equipment is committed to transformation. Transformation initiatives are aligned to the BBBEE scorecards and plans have been formulated to address gaps identified following the implementation of the BBBEE Revised Codes of Good Practice. The most significant of these plans is the board-approved plan to re-introduce a BBBEE partner at the BESSA operation. Additionally Bell Equipment continues to support the 'Buy South African' initiative as prioritised by government as a mechanism to support sustainable transformation.
Superior customer satisfaction	Customers are an important stakeholder in the business. By Bell Equipment meeting its strategic objectives and creating value for all stakeholders, customers have 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 a value-for-money investment in class-leading products. The group's relationship teams are committed to providing service excellence to its customers. The group's strategic alliances and full product and service line will also ensure that it retains the ability to meet customers' needs.
Human capital	Bell Equipment's employees are an important asset of the group and the group will continue to focus on developing and harnessing the skills and knowledge of employees to deliver world class products and services. Employees will continue to be appropriately rewarded and incentivised for their contributions towards the group's successes.
Full product and service line	By offering customers fully-integrated yellow metal solutions, the group is able to maintain a competitive advantage in the market. These solutions include: ▪ a comprehensive range of new equipment; ▪ parts and maintenance services; ▪ a pre-owned equipment and parts offering; ▪ repair and maintenance contracts; ▪ financing solutions; ▪ remote equipment monitoring and tracking (Fleetm@tic®); ▪ remanufacturing of equipment; and ▪ customised solutions through the group's 'application equipment' business unit.
Strategic alliances	The group's strategic alliance partners, including John Deere, Liebherr, Finlay and Bomag, are among the most respected brands in the industry and share the group's vision. The group will continue to focus on building/improving relationships with strategic alliance partners, supporting mutually beneficial relations.

12 OUR BUSINESS MODEL



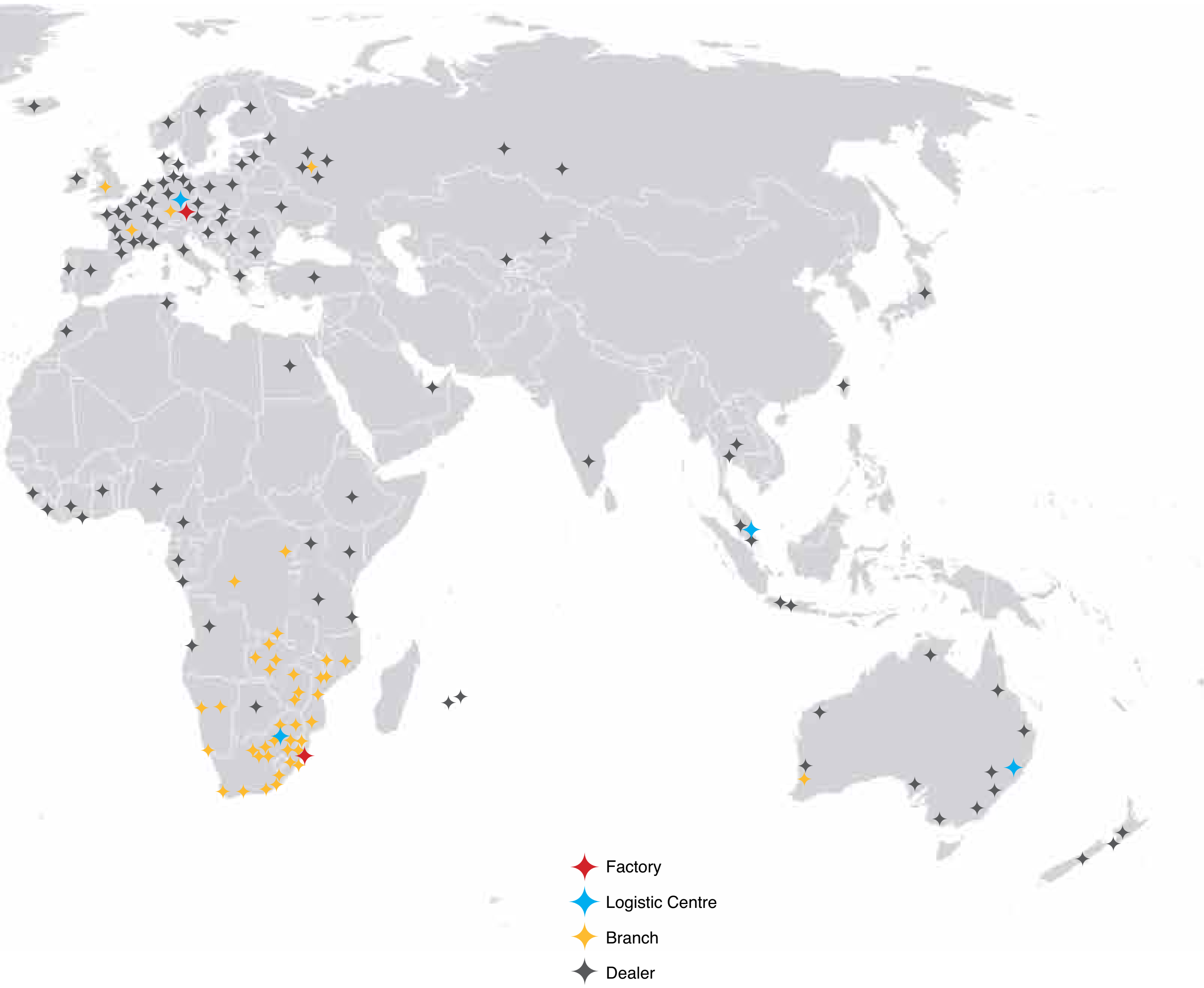


14 OUR GLOBAL FOOTPRINT

Over the years Bell has systematically developed a professional network of branches and independent dealers, which provides strategically placed support close to the major customer bases.

This comprehensive network supplies equipment solutions, ancillary products and after-sales services to the agriculture, forestry, waste handling, construction and mining industries worldwide.

This network is, in turn, supported by a robust OEM structure to ensure quick and efficient lines of communication between end-users of the product and the group globally.


Factory
Logistic Centre
Branch
Dealer

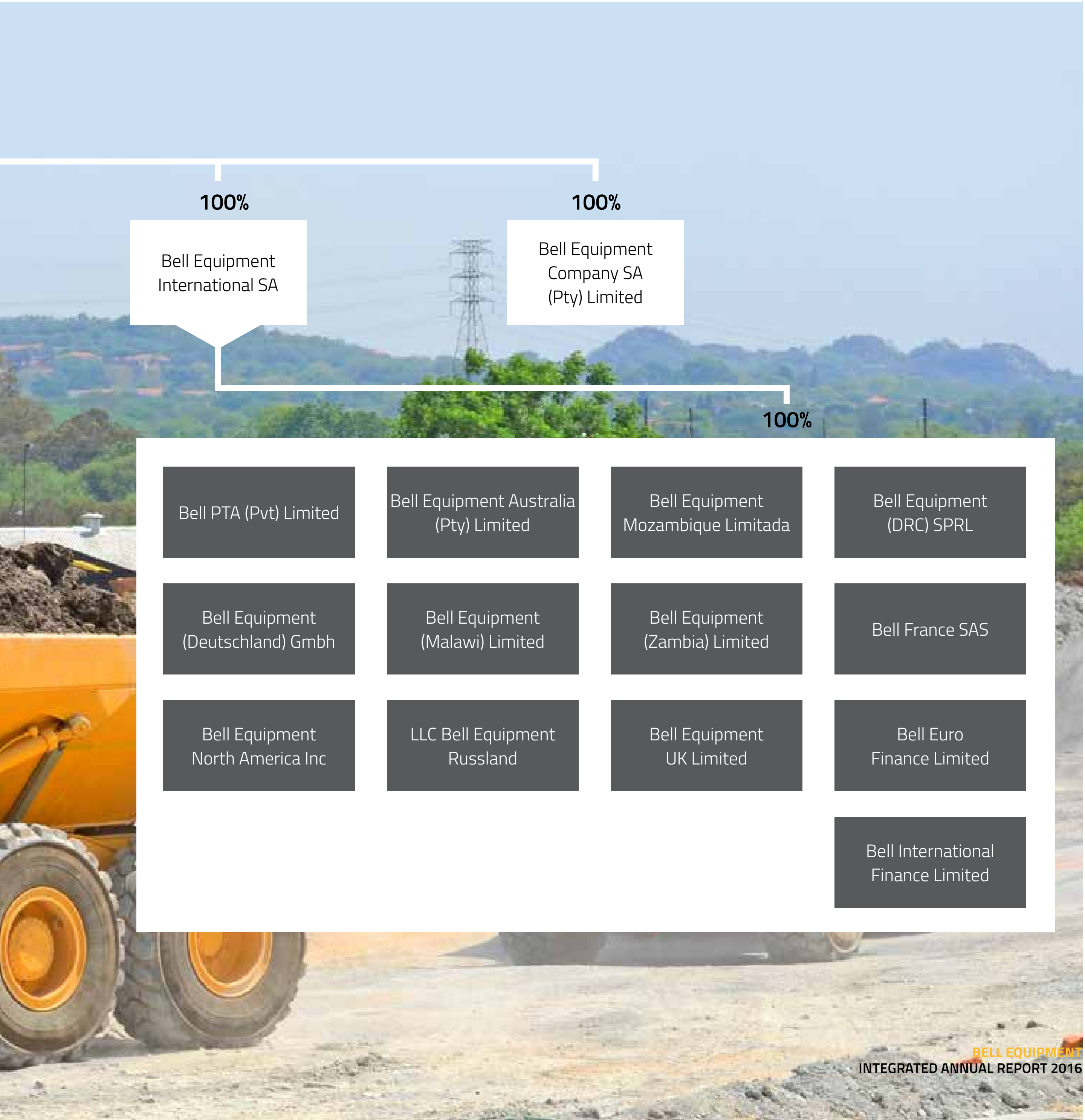
GLOBAL CORPORATE STRUCTURE

BELL EQUIPMENT LIMITED

100%
Bell Equipment Sales South Africa Limited

100%
IA Bell Equipment Company Namibia (Pty) Limited

100%
Bell Equipment Company Swaziland (Pty) Limited



100%

Bell Equipment International SA

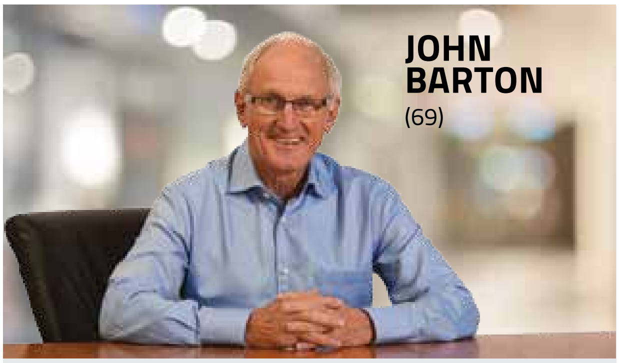
100%

Bell Equipment Company SA (Pty) Limited

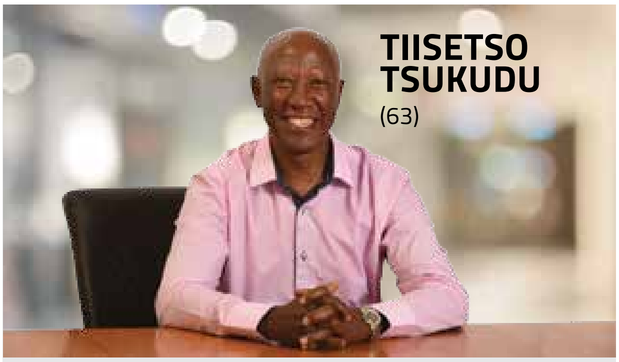
100%

- Bell PTA (Pvt) Limited
- Bell Equipment Australia (Pty) Limited
- Bell Equipment Mozambique Limitada
- Bell Equipment (DRC) SPRL
- Bell Equipment (Deutschland) Gmbh
- Bell Equipment (Malawi) Limited
- Bell Equipment (Zambia) Limited
- Bell France SAS
- Bell Equipment North America Inc
- LLC Bell Equipment Russland
- Bell Equipment UK Limited
- Bell Euro Finance Limited
- Bell International Finance Limited

BOARD OF DIRECTORS

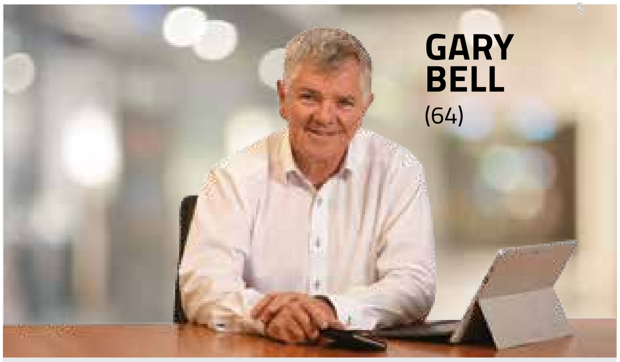


Independent non-executive chairman
FCMA (UK), AMP (Harvard), GCMA
Appointed to the board: 2009
Chairman of the nominations committee; audit committee member; risk and sustainability committee member; remuneration committee member



Independent non-executive director
BA (University of the North),
MBA (Strathclyde Graduate Business School, Glascow)
Appointed to the board: 2004
Chairman of the social, ethics and transformation committee; nominations committee member;
remuneration committee member

Independent non-executive director
BA LLB (Natal), LLM (Wits)
Attorney, Notary and Conveyancer
Appointed to the board: 2010
Audit committee member;
social, ethics and transformation committee member

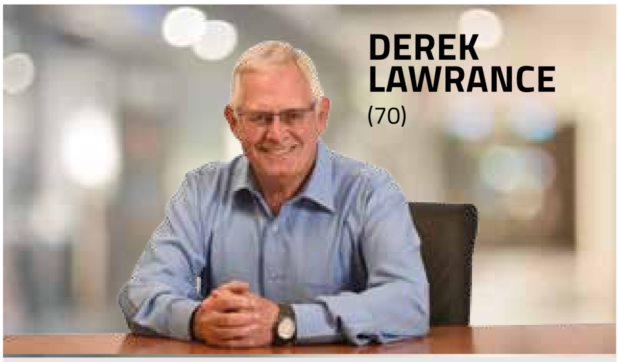


Group chief executive
Mech Eng Diploma (Natal Technikon)
Appointed as an employee: 1971
Social, ethics and transformation committee member;
risk and sustainability committee member

Group finance director
BCompt (Hons) (UNISA), CA (SA)
Appointed as an employee: 2000
Risk and sustainability committee member

Executive director
BAcc (Stellenbosch), BCompt (Hons), CTA (UOFS), CA (SA)
Appointed as an employee: 2007
Risk and sustainability committee member

Non-executive director
BCom (Marketing) (UNISA)
Appointed to the board: 2015
Risk and sustainability committee member;
remuneration committee member;
social, ethics and transformation committee member



Independent non-executive director
BCom (Economics) (Wits), CA (SA)
Appointed to the board: 2016
Chairman of the audit committee;
chairman of the remuneration committee;
risk and sustainability committee member

Independent non-executive director
BA (Law) LLB (Stellenbosch), LLM (Tax) (Wits)
Appointed to the board: 2016
Chairman of the risk and sustainability committee;
nominations committee member

GROUP EXECUTIVE COMMITTEE

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

GARY BELL (64)
GROUP CHIEF EXECUTIVE
Mech Eng Diploma
(Natal Technikon)
Appointed as an employee in 1971

KAREN VAN HAGHT (50)
GROUP FINANCE DIRECTOR
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2000

LEON GOOSEN (44)
GROUP CHIEF OPERATING OFFICER
MANAGING DIRECTOR: BELL EQUIPMENT COMPANY SA
BAcc (Stellenbosch)
BCompt (Hons)
CTA (UOFS)
CA (SA)
Appointed as an employee in 2007

MARC SCHÜRMANN (48)
MANAGING DIRECTOR: BELL EQUIPMENT EUROPEAN OPERATIONS
B Eng (Mech)
Prof Eng (Pretoria)
Appointed as an employee in 1994

MENZI DUMISA (43)
MANAGING DIRECTOR: AFRICA SALES AND DISTRIBUTION
BCom (Hons) (UKZN)
ACMA, CGMA (UK)
Appointed as an employee in 2007

NEVILLE PAYNTER (52)
MANAGING DIRECTOR: BELL EQUIPMENT NORTH AMERICA
NTC 3 & 4 Aircraft Technology (Germiston Technical College)
Diploma in Business Management (Damelin)
Diploma in Business Enterprise Studies (Institute of Commercial Management, Bournemouth, UK)
Appointed as an employee in 2002

AVISHKAR GOORDEEN (37)
DIRECTOR: GROUP CORPORATE DEVELOPMENT
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2006

HENNIE VAN DER WALT (42)
DIRECTOR: GROUP AFTERMARKET AND CUSTOMER SUPPORT
B Eng (Mech) (NWU)
Masters in Business Administration (UNISA)
Appointed as an employee in 2016

DOMINIC CHINNAPPEN (48)
DIRECTOR: GROUP SUPPLY CHAIN AND SOP
BCom (Hons) (Logistics) (UNISA)
CPIM (APICS)
Appointed as an employee in 1987

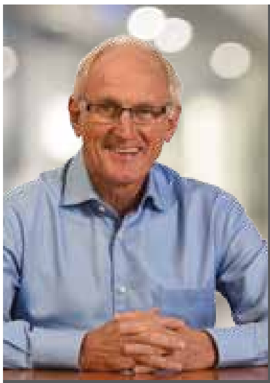
ALDO MAYER (44)
DIRECTOR: GLOBAL MANUFACTURING AND ENGINEERING
National Higher Diploma - Mech Eng (Natal Technikon)
B Tech (Business Management) (Natal Technikon)
Appointed as an employee in 1996

STEPHEN JONES (46)
DIRECTOR: GROUP MARKETING, ALLIANCES AND DEALERS
National Higher Diploma - Mech Eng (Natal Technikon)
B Tech (Business Management) (Natal Technikon)
Appointed as an employee in 2006

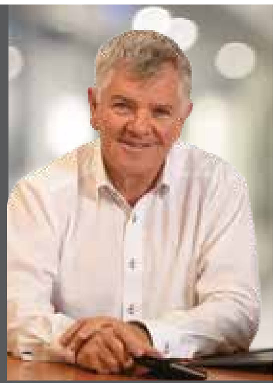
DIANA MCILRATH (43)
GROUP COMPANY SECRETARY
BCom (UKZN)
LLB (UKZN)
Appointed as an employee in 2016

JOHAN VAN WYNGAARDT (48)
DIRECTOR: GROUP HUMAN RESOURCES
DMS Dip HRM (Damelin)
DMS Dip IR (Damelin)
B Tech (Advanced Business Management) (Natal Technikon)
Appointed as an employee in 2005

JOINT REPORT BY THE CHAIRMAN AND CHIEF EXECUTIVE



OUR AIM IN THIS INTEGRATED ANNUAL REPORT IS TO PRESENT STAKEHOLDERS WITH A BALANCED VIEW OF BELL'S FINANCIAL, OPERATIONAL, GOVERNANCE, SOCIAL AND ENVIRONMENTAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016.



OVERVIEW

2016 will be remembered as one of the most challenging years in Bell Equipment's history. The tough trading conditions of the past few years continued unabated with mining activity deteriorating further across most markets, particularly Africa.

The discovery of fraud and mismanagement in the group's operation in the DRC in the first half of 2016 and the losses reported by that entity during the clean-up process that followed has been taken extremely seriously by the board. Significant time and effort has been spent on understanding the findings of the independent investigation and on ensuring that adequate steps are taken to address control deficiencies identified.

Rand volatility during 2016, and particularly the Rand strength in the second half of the year, was not favourable for Bell as a local manufacturer and exporter and put further strain on an already very difficult year. Delivery delays into the North American market were caused by administrative compliance weaknesses identified, which have now been attended to and should not disrupt any further deliveries into this market.

In line with a focal point of the group strategy to grow ADT market share globally, 2016 saw the worldwide launch of the E-series large trucks, successfully completing the range, which was first introduced in 2013 with the E-series small trucks. Customer feedback thus far confirms these vehicles as world class machines, well positioned to build on the D-series legacy of providing a package that optimally delivers in the key areas of productivity, reliability, safety, operator comfort and fuel economy.

Additionally, the B60E was launched to the international market and the positive reaction is affirmation of the niche that can be filled by this ADT/rigid truck crossover.

The group's range of haulage tractors has also been recently upgraded and offers the market significant advantages provided by the introduction of Mercedes Benz engines across the range. We are confident that these tractors will start delivering immediate returns for our agricultural customers when the season commences. There are signs that we are coming to the end of the protracted dry cycle and good rains could bode well for this industry, which is so closely linked to Bell Equipment's roots.

In line with our ongoing focus on key strategic objectives, in southern Africa, our alliance partnerships continued to grow from strength to strength with the ability to supply product to a diverse range of industries. As global leaders in supplying equipment to industries where confidence in machine application output is essential, and can be extremely costly for the contractor if wrong, Finlay crushing and screening and Bomag road building equipment continue to be a safe bet for contractors in the field.

The group redirected resources across its global markets to focus activity on the more buoyant construction equipment sectors.

FINANCIAL

The group did not achieve its goal of delivering financially sustainable results in 2016. The very modest profit of R39 million for the year represents a significant decline on the previous year profit of R142 million.

The results for 2016 were dominated by the findings in the DRC and the losses reported by that entity, particularly relating to increased provisions for inventory and taxation. The group's business model and cost structures in the DRC and certain other African countries, where critical mass in sales volumes has not been demonstrated, where the cost of doing business is high and where the local governance structures and environment is weak, is being critically assessed.

Markets contracted further in 2016 and group sales were flat on the previous year. While there was some recovery in ADT sales volumes in South Africa and Europe, ADT sales volumes in the rest of Africa and in North America were disappointing. Sales volumes of alliance partner products in southern Africa declined compared with 2015. The right-sizing and cost reduction initiatives implemented in 2015 were not sufficient to mitigate against weak market conditions. The depreciation of the British Pound following Brexit also had a negative impact on the important United Kingdom market.

While the investment in inventory at year-end in most group operations was at satisfactory levels, the group's exposure to certain large overdue receivables in the DRC at year-end contributed to the mixed success in managing working capital during the year.

Despite the challenges, the group generated positive cash flow from operating activities of R88 million.

Further alignment of costs with market conditions in certain regions, more responsible credit control in Africa and enhancing the control environment and systems of internal control throughout the group are the priorities for the period ahead. We still expect some further trading losses in the DRC operations in the first half of 2017 while the operation undergoes further right-sizing.

OPERATIONAL ISSUES

Our major markets were weighed down by political and economic challenges presented by the Brexit vote in the United Kingdom, the US presidential election and the local government election in South Africa.

In South Africa, confidence in the current government continues to be tested and concerns regarding the exchange rate volatility and the increasing cost of doing business in the country remain.

We still engage with the government regularly to provide more meaningful support and reconsideration of existing barriers to help the local design and manufacturing industries. As the only significant South African manufacturer in our industry this is particularly important to us and we hope that 2017 will provide some fruits to our efforts. We remain committed to southern Africa and it is important that the support we receive from our local customers is ploughed back into the economy in a meaningful way.

SUSTAINABILITY

Risks associated with the sustainability of the group are dealt with directly by the board. To promote sustainability the group's strategic priorities are currently focused on opportunities to capture additional ADT volumes in global markets and business growth through the provision of aftermarket products to current customers.

Therefore, with our objective of growth in North American sales, it is prudent that the group investigate the feasibility of setting up a production facility in the US to allow better flexibility and quicker response to improve our customer experience and support additional market penetration in that region.

CORPORATE GOVERNANCE

The group is committed to sound corporate governance and the board is responsible for ensuring that this is practiced throughout the group. The group's audit and risk and sustainability committees play an important role through their focus on internal controls, risk management, legislative compliance and financial reports.

During 2016 considerable time and effort was spent on ensuring adherence to the principles embodied in King III in addition to those items specifically required of the audit committee in the Companies Act. The group's 2017 integrated annual report will substantially deal with the King IV report, which was launched in November 2016.

The board and its committees, the company secretary as well as the internal and external audit functions were all assessed in December 2016 by means of a questionnaire-based evaluation undertaken by the directors. This is an important tool for identifying areas for improvement in the governance structures of the group and this evaluation again identified certain development areas.

JOINT REPORT BY THE CHAIRMAN AND CHIEF EXECUTIVE (CONTINUED)

TRANSFORMATION

We are pleased to report that subsequent to year-end the board approved a BBBEE ownership transaction for BESSA. In terms of this transaction, a selected BBBEE partner and a newly formed broad based trust will acquire 22,5% and 7,5% respectively of the issued share capital of BESSA. After this transaction, BESSA will qualify as a 30% black women owned entity. The conclusion of this transaction is expected to be announced in the first half of 2017. The transaction has been specifically structured to pursue real transformation through the economic empowerment of black women and also aligns the BESSA business strategy with government's economic transformation policies.

At the same time the objectives of creating a sustainable BEE funding structure that is not reliant on external finance or dividend flow, improving BESSA's ownership score under the Revised Code of Good Practice and preserving value for the existing Bell shareholders have also been met.

Importantly for our customers in South Africa, they will be able to claim the benefit of purchasing from a 30% black women owned entity.

CEO SUCCESSION

As part of the succession planning of Bell Equipment at senior management level, the board has initiated a programme to ensure that a successor will be in place when Gary Bell, the current chief executive officer, elects to retire. This programme will include a talent search process, both internal and external.

OUTLOOK

Looking to 2017, there are some signs of commodity price recovery for a number of base materials and the indices we track are showing more positivity than the past few years. Despite this we do see that the volume of commodities mined globally remains relatively depressed. This increases pressure on contractors and mines to continue to focus on input costs in an effort to be the best choice globally for their outputs.

The introduction of our ADTs into the Americas will continue to be a focus area and some sustained market recovery in Europe has seen these markets becoming more important to our overall business.

To continue to deliver on customer needs globally, our newly built distribution facility in Germany will open in the first half of 2017 to ensure that we keep pace with servicing the ever increasing vehicle park in the northern hemisphere. We will also expand our product offering to these markets by introducing a low ground pressure variant of the smaller 20 ton ADT that has historically been successful in South Africa.

Placing more 60 tonners in specific markets will remain a focus as we have seen that every demonstration results in a sale. Anyone who tries the concept immediately sees the benefit and we continually find that our demo units end up staying on the initial site.

While we don't see significant increases in market demand for 2017, we believe that companies that are more closely aligned with what their customers find important, in their own businesses, will achieve more growth. We feel strongly that this alignment with our customers has always been one of our key advantages and that by helping our customers succeed, so will we.

APPRECIATION

We are grateful to the board for their hard work and unstinting commitment to act in the best interests of the group as well as the GEC for its hands-on leadership and motivation of Bell employees. Bell employees are a distinguishing feature of our business and their collective drive to work together as 1-BELL and do their part to achieve our strategic goals is commendable.

We similarly thank all our stakeholders and associates for their ongoing confidence and support of our group.

JR Barton
Independent non-executive chairman

GW Bell
Chief executive


BELL
B60E
BELL

SUSTAINABILITY REPORT

HOW BELL EQUIPMENT CREATES VALUE THROUGH THE USE OF THE SIX CAPITALS

The International Integrated Reporting Council's Framework requires organisations to, as a fundamental concept underpinning the framework, report on the resources and relationships that it uses or affects, and the critical inter-dependencies between them. These resources and relationships are referred to as 'the six capitals'. Bell Equipment's approach to corporate sustainability has been enhanced by reporting in terms of the six capitals. In the section below Bell Equipment shows the value that has been created through the use of the six capitals in order to strive towards the continued sustainability of the group.

Human capital

Intellectual capital

Manufactured capital

Social and relationship capital

Environmental capital

Financial capital

1. HUMAN CAPITAL

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

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

INPUTS

Key environmental conditions and inputs are required to ensure the success and sustainability of the group through its human capital and, therefore, the key inputs focus on:

- a safe, healthy, engaged and productive workforce with the relevant skills, knowledge and experience;
- a strong leadership team driving a culture of high performance and caring; and
- service by delivering against agreed terms and conditions.

OUTCOMES

The human resources value proposition aims to strengthen the intangible capital of the group by contributing to the success of the business. By creating value for employees, they in turn create value for the group by delivering on strategic objectives that maximise stakeholder benefit.

By managing its human capital outcomes efficiently and effectively, Bell Equipment strives to deliver on its strategic objectives and ensures the sustainability of the group. The following human capital outcomes are its focus areas:

- driving a risk-based safety, health and environment (SHE) excellence approach to deliver a world class safety performance and realise the group's goal of zero harm;
- promoting a work environment that allows employees to deliver strong, reliable machines with strong, reliable support;
- instilling its 1-BELL philosophy to create a common shared identity and culture;
- engaging, enabling and motivating teams by encouraging the critical behaviours of the 1-BELL philosophy and a high-performance culture;
- developing critical skills to drive business performance;
- building leadership capability to facilitate a culture of efficiency, productivity and high performance to promote delivery of sustainable growth objectives; and

- focusing attention on talent-sourcing, recruitment and succession planning to enable the group's long-term strategy and to accelerate diversity and transformation.

PROMOTING HUMAN CAPITAL SUSTAINABILITY

Bell Equipment contributes positively towards its employees, believing this to be a key factor towards growth, prosperity and sustainability in the long-term. This is achieved through the group's commitment to retain critical skills as well as to train and develop its workforce on an ongoing basis.

Sustainability of human capital is sought through:

- specialised training and education for talent improvement;
- wellness programmes to promote overall health and well-being;
- implementation of human resources' policies and procedures;
- fair remuneration and reward; and
- stimulating career opportunities.

MATTERS OF MATERIALITY

Mitigating skills shortages in the industry

Recruiting, developing and training individuals who possess the qualifications and people skills necessary to support the group's business is an ongoing challenge that Bell Equipment seeks to address in order to continue to deliver on growth objectives.

Growing the Bell Equipment brand amidst increased competition for human capital

Bell Equipment strives to differentiate itself from other employers through its people-centric approach to business, which focuses on relationships. The group's people are the key to its success in growing its brand in a fiercely competitive market.

Employment equity and transformation

A continuous focus area in mitigating skills shortage risks is making use of opportunities to improve the South African operation's employment equity and transformation through recruiting and retaining suitable black individuals with the skills to support its people-oriented business focus, and inculcating Bell Equipment's unique ethos and improved organisational structure throughout the group.

HOW WE CREATE VALUE

The group's human resources (HR) department is dedicated to supporting the ongoing human capital and people focus of all business units in the group. Policies and practices are developed and monitored at corporate level, with specialists overseeing remuneration, transformation, stakeholder engagement, labour relations and training; while managing people is a designated line function.

New employees undergo a thorough induction programme during which the group's various policies are explained. The group's intention is to guide staff to ensure that their conduct and actions reflect the group's 1-BELL philosophy. Bell Equipment's aim as an employer is to offer stimulating careers and career progression to employees, in line with the strategic mandate of the business to retain key staff and comply with the relevant legislation. Management and supervisory employees are evaluated against predetermined key performance areas, which are reviewed, discussed and agreed upon during planned performance appraisals.

Employee relations

Bell Equipment fully supports the promotion of progressive employee relations with the relevant representative unions and enjoys a healthy employee relations climate. The strong foundation of mutual respect and understanding between employer, employees and trade unions has been created and sustained over several years.

Skills development and training

The group's operating divisions formulate training and development according to their own specific requirements. These training initiatives contribute towards developing the skills of the workforce in the countries in which it operates. In South Africa, in particular, these initiatives are in line with government's stated objectives in this regard.

The group continues to provide in-service training for Industrial and Mechanical Engineering National Diploma students, and for BSc Mechanical Engineering graduates. In addition Bell Equipment invests in skills training for welders, assemblers and machinists as well as a large number of apprentices, both to meet the needs of the operations and to provide a superior after-sales service to its customers. The group is committed to nurturing and growing scarce and critical skills through its efforts as an accredited training service provider for machining, assembly and welding and providing a decentralised trade test centre for earthmoving mechanics.

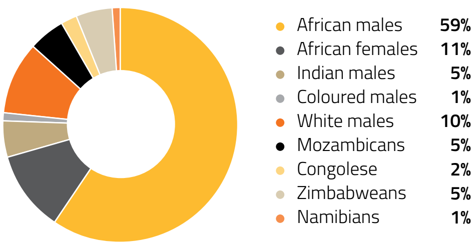
Bell Equipment, the Department of Higher Education and Training and Umfolozi College have also entered into a partnership aimed at training unskilled and unemployed youth in various technical fields to equip them with skills for employment.

In 2016, Bell Equipment trained 165 apprentices, of those, 81 internal apprentices completed phase training. This comprised 48 African males, nine African females, four Indian males, one coloured male, eight white males, four Mozambicans, two Congolese, four Zimbabweans and one Namibian. In 2016, 56 apprentices wrote and 51 passed trade tests on their first attempt and three passed on their second attempt. A success rate of 96,43% was achieved. Of these 54 successful candidates, nine were employed by the group after qualifying. The remaining candidates are trained and equipped for employment in the open market.

Within the South African apprentice training facility, the group also trained nine African males and three African females for external paying customers. Product-specific technical training

SUSTAINABILITY REPORT (CONTINUED)

Breakdown of internal apprenticeships



was provided to the group's 233 qualified artisans, which entails three courses per year as part of a skills development programme.

During 2015 the group took steps to address skills development shortages in its other markets by establishing a technical training centre at its Zambian operation's new Kitwe CSC. This facility trains local and regional heavy duty mechanics to a world class standard through the Bell apprentice programme, effectively contributing to the development of local citizens of that country, which will eventually lead to employment creation. The process of getting this facility accredited to conduct trade test assessments is currently underway.

The demand for operator training at the Zambian facility has grown substantially. The training is recognised throughout southern Africa and the facility expects to train about 100 candidates in 2017.

Furthermore, Bell Zambia works closely with five colleges and universities in the country to provide practical experience to 10 students each year.

Bell Zimbabwe is involved closely with the Harare Polytech where Bell Equipment apprentices attend a one-year compulsory mechanical training course. Certain of the Polytech students are taken on by Bell Zimbabwe on a one-year apprenticeship. Various mechanical components such as differentials, transmissions and engines have been donated to the Polytech to assist them with their training.

Bell Equipment's aim is to position the group as a leading provider of technical skills through its dedicated training and experienced learnership team in order to cater for the continuous demand for scarce skills in South Africa and other countries in which it has a presence.

Recognition and reward

In appreciation and recognition of the role that Bell Equipment employees play in the growth and sustainability of the business, employees with 10, 20, 30 and 40 years of continuous service with the group are recognised annually and celebrated across the group. Bell Equipment's traditional awards event is a momentous occasion where the group expresses its gratitude for the integral role these long-serving employees play as members of the larger Bell Equipment family while the employees reflect on the impact of Bell Equipment on their careers and lives.

Decent working conditions, well-being, health and safety

Coupled with safeguarding the well-being, health and safety of employees, Bell Equipment is committed to providing decent working conditions that ensure freedom, equity, financial security and dignity.

During the 2016 financial year the group started the implementation of equal pay for work of equal value in accordance with the amended Employment Equity Act, by engaging labour unions in this regard. Bell Equipment aims to finalise this process during 2017.

The group provides a comprehensive range of employee wellness benefits that promote both physical and psychological health, in an effort to reduce absenteeism rates and improve efficiency and productivity. Management of health and safety at Bell Equipment is decentralised and is a function of line management to ensure adherence to the applicable health and safety legislation and specifically the Occupational Health and Safety Act in the South African operations for both the permanent and temporary employees.

The group's European operations continue to improve in reducing their incident frequency trend, having revitalised the audit system in the operations with centralised reporting. This is supported by regular safety induction sessions to increase safety awareness. Bell Equipment encourages a safety-conscious workforce that adheres to rigorous safety standards through constant education and training throughout all of its operations.

HIV/AIDS

HIV/AIDS remains a major social issue around the world. Bell Equipment's approach to this pandemic is based on the view that HIV can be managed with appropriate education and assistance. The group offers a health and well-being programme, focusing on the well-being of all employees and provides personalised wellness interventions including treatment and counselling. Operations host wellness days for employees to raise awareness and education on health issues through a unique, fun and interactive approach which focuses on physical and mental health.

Transformation

Bell Equipment remains committed to transformation and BBBEE in South Africa. Strategies and action plans have been developed to achieve compliance under the Revised Codes of Good Practice.

A key strategic element in achieving compliance will be the introduction of a BBBEE equity partner at BESSA and the process to achieve this is well underway.

Employment equity

The group regularly submits its employment equity reports and plans to the Department of Labour and monitors progress against set targets. This is done in a consultative process that involves all groups of employees through representation on the employment equity committee. Executives, senior managers and line managers are accountable to the group chief executive for the achievement of employment equity objectives, and it forms part of their performance KPIs.

Code of ethical conduct

Bell Equipment is committed to conducting business with honesty and integrity to ensure a stable employment environment for everyone as well as the continued success of the group. The group recognises that fraud, abuse of power and the acceptance of bribes is an increasing problem in many countries. Too often, it is undetected and goes unreported, resulting in financial losses to companies, eventually to the detriment of all its stakeholders.

For this reason, Bell Equipment subscribes to a service that enables its employees, customers and suppliers, to report anonymously on unlawful activities and/or otherwise unacceptable conduct within the Bell Equipment operations. This facility involves the professional services of an audit firm and is therefore a totally independent, anonymous ethics line that is managed by the audit committee and controlled by the board. Bell Equipment has a code of ethics and a code of business conduct which continue to be updated and communicated to staff and strategic suppliers across all business units. A fraud working committee meets on a quarterly basis to discuss reports of fraud, theft and dishonest behaviour within Bell Equipment and determine ways to combat such activities.

SUSTAINABILITY REPORT (CONTINUED)

REFLECTION ON 2016

Bell Equipment continued to focus on driving the 1-BELL philosophy by improving on its communication through team feedback sessions. During the year Bell Equipment enhanced its organisational operating structures, aligning them to the group's strategy. A leadership conference for its senior executives focused on their roles as leaders in relation to Bell Equipment's strategy and building team synergy and cohesion. Change management remains a key priority as Bell Equipment continues to integrate new staff into the group.

In 2016 the group employed 86 new permanent employees and promoted 114 employees internally to higher positions. Of these, three were disabled employees and 86 were transformation appointments. Bell Equipment had 140 employees leave during 2016 due to natural attrition.

In 2016 succession planning was implemented and remains a key priority going forward as one of the group's main risks in the industry is skills shortages. During 2017 Bell Equipment will take steps towards refining employees' KPIs in order to accurately assess each employee's performance and training needs.

In 2016 Bell Equipment assisted 44 employees with education assistance, accommodated six graduates in training and had six university students on in-service training programmes. A further eight students were assisted with vocational work opportunities. Bell Equipment also placed 33 employees on internal employment development programmes, sent 324 employees on short courses and technical training courses, and a further 552 employees attended legislative training (training required by current safety legislation). Bell Equipment also granted bursaries to three previously disadvantaged school children and two disadvantaged university students.

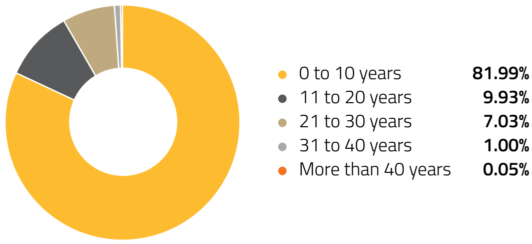
OUTLOOK AND PRIORITIES

Bell Equipment believes in prioritising and planning for the future and has identified the following priorities for 2017 and beyond:

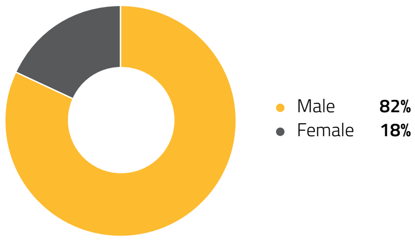
- ongoing improvement of its employee engagement practices;
- refining key performance areas in order to accurately assess employee performance;
- continuing leadership development through formal and informal programmes;
- focusing on instilling the 1-BELL philosophy throughout the group;
- ongoing efforts to reinforce Bell Equipment's brand as an employer of choice; and
- continuing with change management to drive and reach Bell Equipment's employment equity and transformation objectives.

BECSA

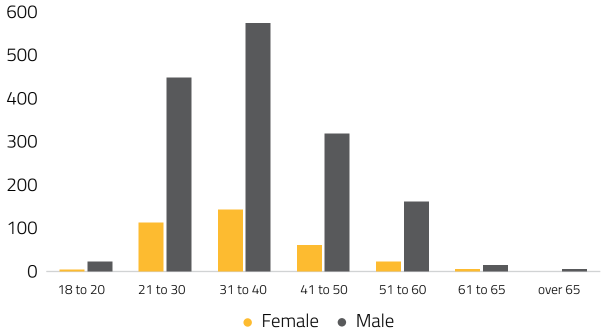
BECSA length of service



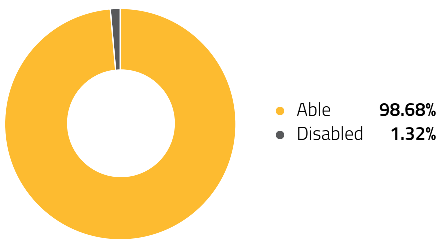
BESCA gender split



BECSA age analysis



BECSA disabled employees



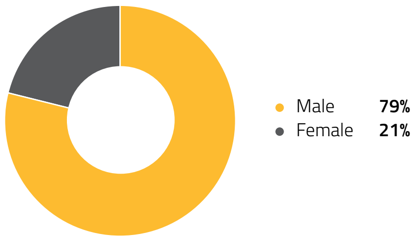
BECSA Occupational levels	Male				Female				Foreign nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
Top management	0	0	0	1	0	0	0	0	0	0	1
Senior management	1	0	2	8	0	0	0	2	0	0	13
Professionally qualified and experienced specialists and mid-management	12	1	24	97	1	0	1	16	2	0	154
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	75	12	119	96	18	4	18	35	2	0	379
Semi-skilled and discretionary decision-making	606	38	191	65	138	15	30	33	0	0	1 116
Unskilled and defined decision-making	157	5	21	9	32	3	5	3	0	0	235
Total permanent	851	56	357	276	189	22	54	89	4	0	1 898
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	851	56	357	276	189	22	54	89	4	0	1 898

BECSA Employees with disabilities only Occupational levels	Male				Female				Foreign nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	1	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	2	4	0	0	0	1	1	0	9
Semi-skilled and discretionary decision-making	10	1	3	0	1	0	0	0	0	0	15
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	11	1	5	5	1	0	0	1	1	0	25
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	11	1	5	5	1	0	0	1	1	0	25

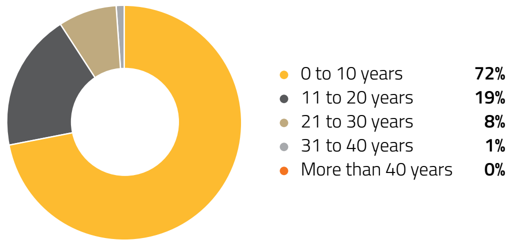
SUSTAINABILITY REPORT (CONTINUED)

BESSA

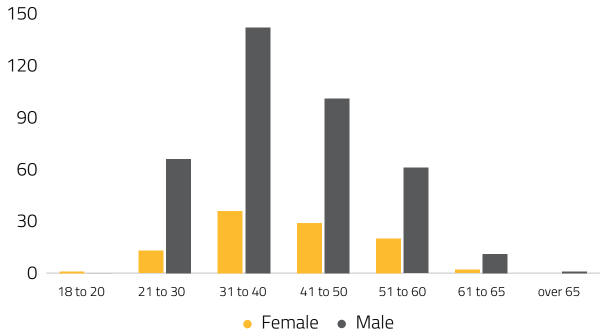
BESSA gender split



BESSA length of service



BESSA age analysis



BESSA Occupational levels	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	1	1	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	1	2	3	19	0	2	0	2	0	0	29
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	73	8	16	134	1	1	3	6	0	1	243
Semi-skilled and discretionary decision-making	77	11	14	12	25	9	7	38	0	0	193
Unskilled and defined decision-making	10	1	0	0	4	0	0	0	0	0	15
Total permanent	162	22	33	166	31	12	10	46	0	1	483
Temporary employees	0	0	0	0	0	0	1	1	0	0	2
Grand total	162	22	33	166	31	12	11	47	0	1	485

BESSA Employees with disabilities only Occupational levels	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	6	0	1	0	0	0	0	9
Semi-skilled and discretionary decision-making	0	0	0	1	1	0	0	0	0	0	2
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	2	0	0	7	1	1	0	0	0	0	11
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	2	0	0	7	1	1	0	0	0	0	11

2. INTELLECTUAL CAPITAL

Bell Equipment has a wealth of intellectual capital, which has been continually developed and honed over the past six decades in alignment with the group's key strategic areas to add value and promote sustainability of the business.

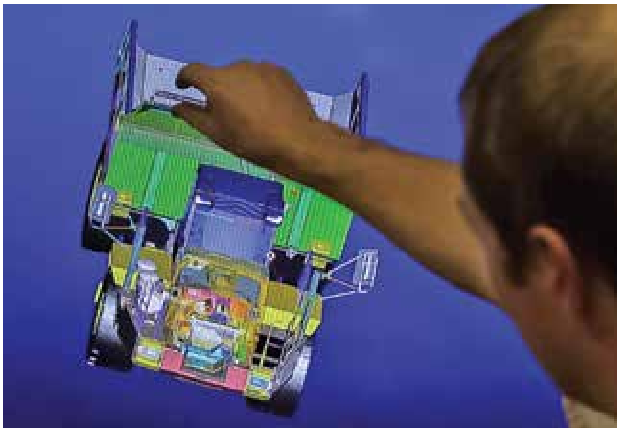
INPUTS

The group's intellectual capital consists of its brand, know-how and the technical acumen of its research and development staff, the company culture and world class systems and processes.

HOW WE CREATE VALUE

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

Driven by customer needs, Bell Equipment, in addition to developing machines, has also made headway in the field of telematics and machine management systems, enabling the group to offer customers valuable insights that improve fleet management and maximise the profitability of their operations.



OUTCOMES

Product development within the group is based on the needs and requirements of its customers, legislation, product and job site safety as well as opportunities created by new technology. In the past year the group introduced a number of products and innovative solutions featuring improvements in energy efficiency, safety, driver comfort, productivity and performance as well as exhaust emissions. An example is the introduction of Mercedes Benz water-cooled engines in the new series IV haulage tractors to deliver key performance and productivity benefits as well as the new technologies incorporated into the E-series large truck design.

MATTERS OF MATERIALITY

Bell Equipment together with its customers find themselves in a competitive landscape and a global economy that presents a number of key challenges ranging from changing health and environmental legislation and growing emphasis on product and job site safety to the progressive introduction of increasingly stringent exhaust emissions standards, advancing vehicle management technology and control driving expectations in collision detection/avoidance and machine automation. In addition the market is driving operator and drive-by machine noise exposure reduction in the African forestry and agriculture industry.

PROMOTING SUSTAINABILITY

Bell Equipment continues to focus its investment in research and development on innovative solutions to achieve the lowest cost-per-tonne, reduced exhaust emissions as well as setting new standards in safety, driver comfort, energy efficiency and machine management through automation and control.

3. MANUFACTURED CAPITAL

INPUTS

The group's manufactured capital is the investment in its people, property, infrastructure, buildings, plant, production-oriented equipment, machines and tools that Bell Equipment relies on to efficiently enable the group to be flexible and responsive to customer demand in getting its products to market. The group continuously monitors its inventory management and works at developing flexible or customised production techniques to reduce resource use.

OUTCOMES

The group continues to supply quality products to satisfy market demand from its assembly facility located in Eisenach, Germany and its manufacturing facility in Richards Bay, South Africa.

SUSTAINABILITY REPORT (CONTINUED)

MATTERS OF MATERIALITY

The group's manufacturing operation in South Africa is labour intensive and is reliant on infrastructure stability insofar as power, water, port facilities and roads are concerned. Infrastructure reliability in South Africa is becoming more uncertain and manufacturing input costs such as labour, power, water and supply chain reliability are growing disproportionately compared to leading economies.

HOW WE CREATE VALUE

Manufactured capital and technology is important to Bell Equipment's sustainability because its efficient use allows Bell Equipment to be more flexible and innovative and increases the cost-effectiveness and speed at which it is able to manufacture and deliver its product to the market. Bell Equipment continues to invest in and grow its people and assets for the ongoing improvement of skills, knowledge, know-how, productivity, efficiency and to reduce our impact on the environment. Bell Equipment ensures adequate investment continues to be allocated to maintenance ensuring that manufacturing operations continue to operate sustainably.

PROMOTING SUSTAINABILITY

Bell Equipment manufacturing facilities have third party audited quality certificates while ongoing investment into these facilities allows Bell Equipment to operate safely and reliably. The location of manufacturing and assembly facilities in relation to the markets being served is under consideration with a view to promoting sustainability of the group.

4. SOCIAL AND RELATIONSHIP CAPITAL

The group recognises its responsibility as a global corporate citizen to provide meaningful corporate social investment (CSI) and social economic development (SED) programmes and initiatives to uplift and empower its stakeholders and the communities within which it operates. In this regard the group is guided by its group CSI and SED policies, which identify priority areas, outline implementation strategies and enable the group to monitor CSI and SED expenditure as well as measure the impact of projects, ensuring that they are aligned to the group strategy and contribute to the group's overall mission, vision and adherence to its core values.

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

INPUTS

Bell Equipment actively seeks to build, maintain and strengthen long-term relationships with its stakeholders by understanding the interests of its various stakeholder groups and by facilitating regular engagement with stakeholders aimed at creating mutual value for stakeholders and the group. The stakeholder relations report on page 58 details the group's efforts in this regard.

PROMOTING SUSTAINABILITY

The group promotes sustainability of its social and relationship capital by:

- building positive employee and union relationships through mutual respect;
- upholding the right to collective bargaining and freedom of association;
- driving its diversity and transformation plan and strategy through recruitment, development and retention of candidates from previously disadvantaged and underrepresented employment equity groups, thereby enabling gender equity and equality;
- prioritising CSI and SED investment projects in skills development, community development and the environment in order to satisfy the interests of all stakeholders and achieve maximum impact; and
- continually creating awareness of its code of ethics and any revisions to it, and supporting it through the independent Tip-Offs Anonymous facility.

MATTERS OF MATERIALITY

Stakeholder awareness around Bell Equipment's brand promise presents both an opportunity and a risk in ensuring that, through its internal processes, the group's stakeholder interactions are channelled to drive its brand promise of delivering strong reliable machines with strong reliable support as well as to deliver on its CSI and SED at all times.

Continually improving the group's stakeholder engagement initiatives will better enable Bell Equipment to take advantage of opportunities and mitigate risks through a better understanding of its stakeholder needs.

Every day strengthening of its employee and union representative relationships and communication will mitigate risks of labour action and provide opportunity for greater employee engagement, increased efficiency, productivity and quality of Bell Equipment's products.

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

Many opportunities exist where Bell Equipment employees are able to be actively involved in community-based programmes by giving of their time and talent to assist organisations and initiatives in order to make a difference in the lives of community stakeholders. These opportunities will be further investigated for participation during 2017.

Our brand

Bell Equipment's external branding initiatives are one of the most fundamental ways in which it communicates with its stakeholders. The essence of Bell Equipment's brand promise is to prioritise its stakeholder relationships by distributing strong, reliable machines with strong, reliable support, and to provide strong, reliable CSI and SED support to its stakeholders and communities in which it operates. Bell Equipment views its relationship with stakeholders as being a continuous feedback loop, with stakeholder inputs informing its decision-making, while the group's communication with each stakeholder group enables them to make well-informed decisions regarding Bell Equipment.

Communication with stakeholders

The group's stakeholder engagement strategies, systems and processes enable Bell Equipment to understand and respond to its stakeholders' legitimate concerns and to form collaborative partnerships to find solutions to collective challenges. Bell Equipment has identified all its material stakeholder groups and prioritised stakeholder concerns as part of its risk management activities.

Proactive and transparent engagement is essential to preserving the group's reputation and therefore stakeholder engagement and communication is proactively managed and driven through various channels and platforms, both formal and informal, as highlighted more fully in the stakeholders' relations report.

Stakeholder complaints are taken seriously and dealt with promptly by the relevant executive and line managers.

HOW WE ADDED VALUE IN 2016

During 2016 Bell Equipment revised its corporate social responsibility strategy and targets to better align with its business mission, vision and objectives. This resulted in the implementation of revised group CSI and SED policies.

BESSA's enterprise development activities were focused on utilising the Bell-backed financing arrangement to assist emerging contractors in procuring equipment.

CSI and SED spend in 2016 amounted to R5 881 838, which included donations to the four selected beneficiaries:

Amangwe Village

BECSA is a founder member of Amangwe Village, which was established in 2002. Amangwe Village caters for early childhood development, home-based care, women empowerment, food security as well as care to orphans and vulnerable children. BECSA has to date been instrumental in the advancement and development of this initiative by providing funds to help Amangwe Village in its operations, through the support of its employees and managers by making available their expertise and time, and by serving on the Amangwe management committee and assisting where needed with other direct and indirect support. In 2016 BECSA assisted with a donation to Amangwe Village to procure a vehicle that is used to transport the village children to and from school as well as the collection of food and clothing donated from donors.

Thuthukani Special School

Thuthukani Special School in Empangeni is a school for learners from multi-cultural and multi-language backgrounds, of which more than 97% are black learners, aged from six to 18 years, with severe to profound intellectual disability. The school programme aims to build learners' self-esteem and functional ability by equipping them with life skills and functional academic skills through a specially adapted curriculum, based on the National Curriculum Statement (NCS) and CAPS. The objective is to ensure learners leave the school as independent as possible and equipped with skills they can use to contribute to their own, and their communities', well-being. In 2016 BECSA assisted with a donation to Thuthukani Special School to provide for the educational and other needs of its enrolled children.

SUSTAINABILITY REPORT (CONTINUED)

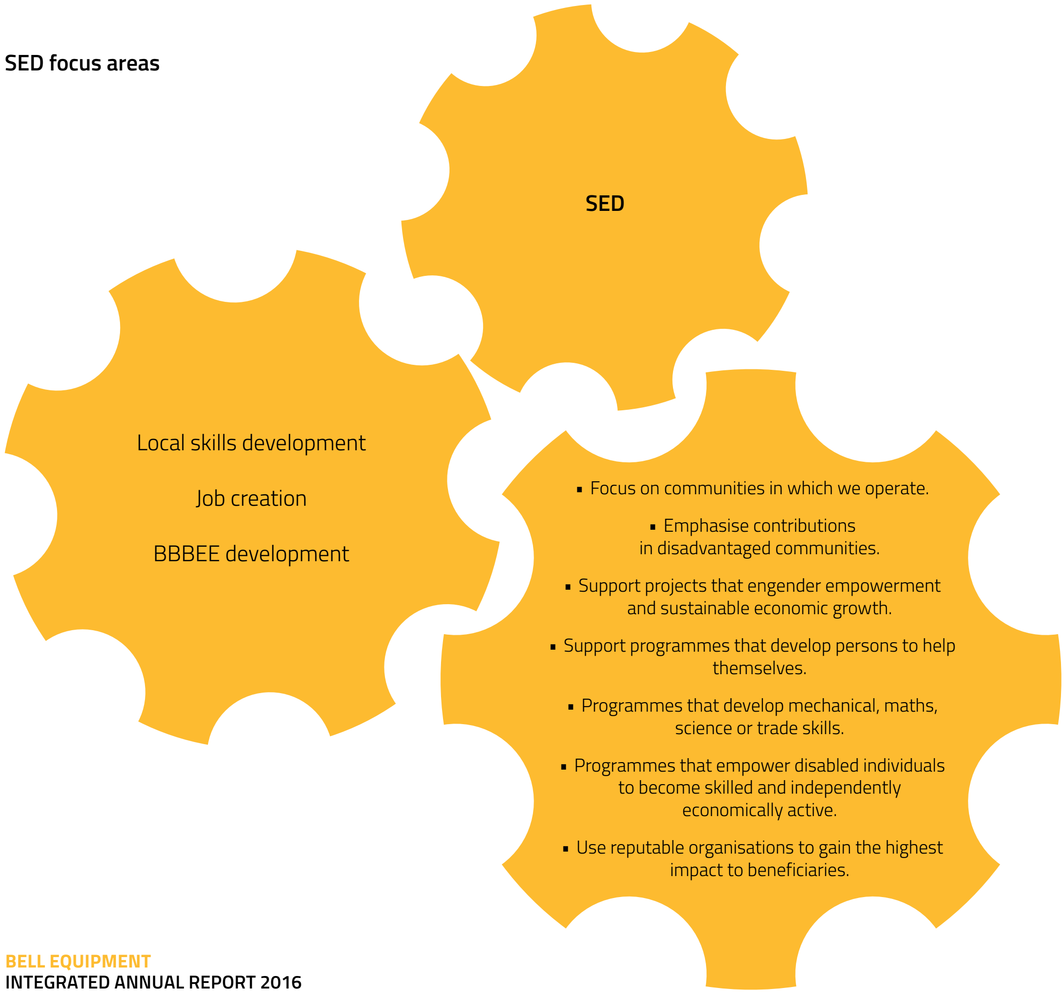
Tiso Foundation

Established in 2009, the Tiso Foundation Artisan Development Programme offers artisanal training to disadvantaged, talented young people, to prepare them for jobs critically required in South Africa's growing economy. The Tiso Foundation partners with the Artisan Training Institute (ATI), which provides high quality technical training for electricians, diesel mechanics, boilermakers and millwrights. Beneficiaries of the programme are black adults between the ages of 18 and 34 years.

ATI, accredited with the Mine Qualifications Authority (MQA) and the Manufacturing, Engineering and Related Services Sector (MERSETA), offers six month theoretical and technical training courses. Following completion of the course, the learner is placed in an 18 month apprenticeship with a relevant and suitable company to enable them to sharpen their skills, prepare for the trade tests and receive valuable work experience. Thereafter, they return to be examined for their trade test, which is the final hurdle to pass before they become fully certified and qualified artisans. Many of the newly qualified artisans have returned to full-time positions in these companies. The programme focuses on building skills in boilermaking, welding, fitting and turning and the electrical trades, as these trades continue to be the priority skills required in the market. Over the next five years the programme aims to train 500 skilled and qualified artisans, of which at least half will be black women.

CSI FOCUS AREAS		
Guiding principles of CSI spend: focus on communities in which we operate, emphasise investments in disadvantaged communities, and support programmes that engender empowerment and development	Community development	▪ Social development through sport development ▪ Primary healthcare and welfare projects ▪ Education – Support of community-based education facilities – Bursaries for underprivileged without employment obligation – Bridging the digital divide – Promoting levels of mathematics, engineering and science
	Training and skills development	▪ Community training ▪ Skills development for the unemployed ▪ Internships and expertise-based programmes
	Job creation	▪ External to the workplace ▪ Aimed at creating self-sustainability for CSI beneficiaries
	Conservation and environment	▪ Support that increases conservation awareness and environmental protection

SED focus areas



Integral to the success of the programme is partnerships with leading South African companies and Bell Equipment has been a proud partner of Tiso Foundation since 2013.

SA Back Office Solutions (SBO)

SBO is a 51% broad based black owned company and represents a partnership between the Simanye Trust, Simanye Consulting and the BEE Shop Inc. SBO has a current Exempted Micro Enterprise (EME) certificate obtained on inception of Level 2, with 51% black ownership. SBO is a Qualifying Small Enterprise (QSE) and based on the old and new BBBEE Codes is a Level 2 with 51% black ownership. SBO is a business process outsourcing service provider that connects employable, unskilled youth to meaningful employment while offering clients simple, cost effective solutions for their everyday back office needs. From basic data entry to more complex data processing and call centre type work, SBO is an answer to transactional, repeatable and high volume back-office processes.

SBO focuses on impact sourcing, creating opportunities for unemployed youths to improve their lifestyles, increasing confidence levels, and contributing significantly to their professional development and future employability. This, in turn, has a significant impact on the community in terms of benefit to immediate family members and the economic development of the community at large. Bell Equipment has partnered with SBO in an effort to fund and assist in training, upskilling and assisting young talent to become employable and economically self-reliable so that they are able to contribute to the country's greater economy and to their families and communities.

Additional development grants, donations and initiatives

In terms of supplier development, a five year interest-free loan in the sum of R3 million was made to Toolpro in order to assist the beneficiary to procure machinery that will increase its capacity and range of products that can be supplied to BECSA. The beneficiary is required to provide proof of the purchases made and a BECSA representative is entitled to inspect the equipment purchased from time to time.

An enterprise development grant of R877 000 was paid to RaizCorp, an enterprise development incubator with a Richards Bay presence and a keen understanding of the developmental opportunities in the local business community. RaizCorp has expressed an interest in identifying black owned enterprises that can be uniquely developed for incorporation into the BECSA supply base.

R400 000 was used to fund three full secondary school bursaries and two full university bursaries to deserving previously disadvantaged scholars. Donations to the value of R70 646 were also made as part of giving back to communities, and in assisting with special requests to the following institutions: CANSA, Con Amore School, Georges Valley Association, Clay Brick Association, Rainbows & Smiles, Umlamuni Trust, SA Guide Dogs and Noah's Ark in Europe.

Bell Zambia gave back to the community by sponsoring an award for the best geometry student in Grade 12 at Kalulushi Trust School. This initiative has been ongoing for several years. In addition 200 bags of cement were donated to the Chibote Girls High School in Kitwe to construct a new classroom block. Seven student interns were taken onboard to transfer skills for heavy equipment repair to graduate skills to ensure they are employable. To improve public safety, Bell Zambia has also undertaken the continuous maintenance of a community traffic circle to ensure visibility and promote accident-free traffic flow in the central business district of Kitwe.

5. ENVIRONMENTAL CAPITAL

Bell Equipment currently operates in 12 different countries, each with its own environmental laws and regulations. Although most of these operations are low risk in terms of environmental exposure, compliance must still be ensured. The group's focus is primarily on the Richards Bay facility due to the size and nature of the operation. Other operations are monitored and managed by the individual appointed managers, and reports are filed in terms of the applicable legislation, as required.

INPUTS

Bell Equipment understands and accepts its responsibility towards the environment and practices environmental management daily. The safety department is tasked with monitoring environmental issues, including any spillages and high risk environmental areas. This is done in line with the group environmental policy, which is aligned to international standards and best practices.

The group actively strives for high standards of environmental performance throughout its operations by integrating world class environmental principles into its business strategy.

OUTCOMES

In order to meet its environmental vision, the group has committed to:

- implementing and maintaining environmental management systems that drive continual improvement;
- identifying, assessing and managing risks to the environment and to the communities in which it operates;
- ensuring employee knowledge of environmental risks by providing effective assessment and training;
- reducing, re-using and recycling waste to minimise final disposal and promote the efficient use of natural resources;
- preventing and reducing all forms of pollution by employing effective technologies;
- meeting and, where applicable, exceeding legal requirements;
- maintaining transparent, consultative relationships with all stakeholders through effective communication channels;
- supporting the fundamental human rights of employees, contractors and the communities in which it operates; and
- contributing to the long-term social, economic and institutional development of its employees and the communities within which the operations are located.

PROMOTING SUSTAINABILITY

Bell Equipment has a dedicated used division that offers used refurbished parts or completely refurbished machines to customers. These parts and equipment are sold with a conditional warranty as agreed between the company and the customer.

Bell Equipment also has a full ReMan facility in South Africa that offers remanufactured machines and major components that are economical to remanufacture. Bell Equipment ReMan components are rebuilt to Bell Equipment specifications using Bell Equipment approved parts and carry the same warranty as new genuine parts.

By refurbishing parts and remanufacturing components, Bell Equipment reduces the need for additional raw materials and ultimately reduces the waste footprint.

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

Bell also participates in the Recycling and Economic Development Initiative of South Africa (REDISA), which aims to support and promote the recycling of tyres by providing the collection and depot infrastructure necessary to collect waste tyres from across the country and deliver them to approved recyclers.

MATTERS OF MATERIALITY

Audits

Currently monitoring of environmental issues is undertaken by the safety department. Any related environmental problems are reported to the safety department and are actioned accordingly. Environmental management is practised on a daily basis and spillages and high risk environmental areas are monitored closely.

External audits are undertaken annually and during 2016 there were no significant incidents reported to the Department of Environmental Affairs (DOE) in terms of reportable incidents.

A third party compliance audit is scheduled for 2017 to monitor compliance with regards to:

- air quality;
- water and waste management;
- NEMA: EIA regulations;
- fauna and flora;
- fire protection;
- hazardous substance/flammable liquids/dangerous goods;
- energy management; and
- international laws.

Environmental compliance at the Kindel factory in Germany is controlled by the facility's quality representative in conjunction with the respective authorised organisations for environmental control and waste disposal. The environmental requirements are spelt out in the labour law and quality management system namely ISO 9001:2008. No significant incidents were reported during 2016 and the next internal audit will be conducted during 2017.

Water management

A new storm water management plan is being drafted in terms of municipal by-law requirements and will be presented during 2017. A rain water harvesting project has also been completed at the Richards Bay factory whereby rain water is captured and utilised at the vehicle wash bay. This has alleviated the water supply restriction imposed by the local municipality and will contribute significantly towards the Richards Bay factory's water saving initiatives.

Waste management

Bell Equipment has initiated a programme to classify waste as per the Waste Act Regulations promulgated in August 2016. The waste management site is continuously monitored to ensure compliance and to eliminate cross-contamination risks. Future plans include the upgrade of the waste separation and waste storage facility in line with national norms and standard guidelines. This will be done in collaboration with local service providers to ensure these are undertaken both efficiently and cost effectively.

HOW WE CREATE VALUE

A large portion of product development is focused on meeting the global trend of reducing engine emissions. Bell Equipment ensures that it either meets or exceeds these stringent limits in all the markets in which it operates. The current focus is on reducing NOx, hydrocarbons and particulates, but future trends will be focused on CO_2 emissions. Bell ADTs are the market leader in low fuel consumption, enabling the product to offer the lowest environmental footprint.

Bell Equipment is also represented on the uMhlathuze Crisis Committee. The purpose of this committee is for stakeholders to be involved in the water and environmental management plan of the local municipality and to make recommendations towards water saving initiatives and a cleaner environment.

OUTLOOK

Provision was made in the 2017 budget for carbon footprint measures and reporting. Initial calculations, based on the proposed legislation, indicate that the Richards Bay factory will have to report on carbon emissions, but will be below the threshold for paying carbon tax. The carbon tax regulations have not yet been promulgated and are only expected to be implemented during 2017.

6. FINANCIAL CAPITAL

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

FINANCIAL PERFORMANCE

Mining related demand remained very suppressed in 2016 and this, together with the financial impact of mismanagement and fraud detected in the group's operation in the DRC in the first half of the year, made 2016 an extremely challenging year.

OPERATING PERFORMANCE

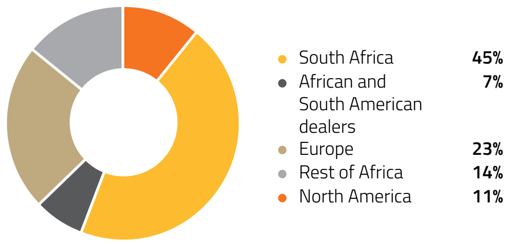
The group reported a profit after tax for the year of R39 million for 2016, which was substantially lower than the 2015 result and the budget for the year, and earnings per share of 39 cents (2015: 148 cents). The operating profit margin decreased from 4,6% in 2015 to 2,5% in 2016.

The decrease in profitability was mainly due to the poor performance of the Rest of Africa operating segment, especially the group's operation in the DRC. Without the loss reported by the DRC in 2016, the group result would have been better than that reported for 2015 and the group's budget for 2016 would have been achieved. The losses in the DRC related mainly to increased provisions for inventory and taxes and very low trading activity.

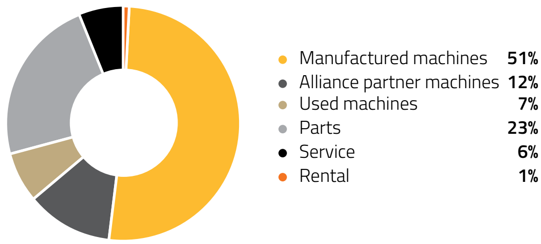
Movements in exchange rates in the second half of 2016 were not favourable for Bell. The stronger Rand in the second half of 2016 negatively impacted Bell as a South African manufacturer and exporter. The weaker British Pound following Brexit also had a severe impact on the profitability of the group's operation in the UK in the second half of the year.

Revenue

2016 Revenue Analysis – Geographic



2016 Revenue Analysis – Product



Group revenue in Rand terms increased by just 2% compared with 2015 from R5,9 billion in 2015 to R6 billion in 2016. The majority of the group's sales in the southern hemisphere are into the mining industry, which remains depressed with many projects and related capital expenditure deferred until commodity prices improve. Revenue from external sales in South Africa increased by 14% compared with 2015 and contributed 45% of group sales in 2016, up compared with 41% in 2015. Sales in Africa outside South Africa and to independent dealers contracted by a further 31% in 2016 and contributed 21% of external group sales in 2016.

Total group sales in Europe decreased by 16%, with the contribution by the European market to total external group sales increasing from 20% in 2015 to 23% in 2016. Sales in the North American market increased by 19% and contributed 11% to group revenue, compared with 9% in the prior year.

GROSS MARGIN

The gross margin is dependent on product and geographic mix and the exchange rate. The average gross margin improved to 23,3% for 2016 compared with 22,8% for 2015.

OTHER OPERATING INCOME

Other operating income reduced by 9% in 2016 due to once off items in 2015 which were not repeated in 2016, such as the sale of an aircraft and a helicopter.

Other income consists mainly of import duty rebates relating to the government's production based APDP programme of R65 million and revenue from the sale of extended warranty contracts of R51 million.

Deferred revenue on extended warranty contracts sold reflected on the statement of financial position and which will be recognised in other income in future periods amounts to R133 million.

SUSTAINABILITY REPORT (CONTINUED)

EXPENSES

Group overheads increased by 12% in 2016. Excluding foreign currency losses, overheads decreased by 1% compared with 2015. Most costs were well controlled. Although the group's cost reduction measures taken in 2014 and 2015 were of assistance, the losses in the African operations negated the impact of those right-sizing efforts.

The group has continued its investment in research and development and development costs totalling R36 million were capitalised during 2016. These development costs were mainly related to the group's range of large E series ADTs which were released to market in 2016. These costs are amortised over the life of new machines once projects have been completed. The total cumulative carrying value of capitalised development costs at year end amounted to R193 million and total amortisation of development costs for the year amounted to R27 million.

INTEREST PAID

Net interest paid was significantly lower in 2016 compared to 2015 due to borrowings being at lower levels during 2016 than in 2015. Borrowings remained at very stable, low levels throughout 2016, mainly due to low market activity and suppressed production volumes.

TAXATION

The effective tax rate of 67% in 2016 is exceptionally high due to the losses in certain group operations and especially the DRC, on which deferred tax assets have not been raised.

FINANCIAL POSITION

The net asset value per share decreased by 7% from 3 098 cents in 2015 to 2 894 cents in 2016. The reduction was due to foreign currency exchange losses on the translation of the foreign operations' results and net assets as a result of the stronger Rand at the end of 2016. The decrease in the foreign currency translation reserve resulted in a total comprehensive loss for the year and a reduction in net asset value per share.

RETURN ON NET ASSETS

The group's objective of delivering sustainable financial returns to shareholders through the business cycle was not met in 2016. Return on total assets decreased from 5,6% to 3,4% year-on-year. The effect of the reduced operating profit was partially offset by the reduction in total assets in 2016, mainly inventory.

WORKING CAPITAL

The working capital cycle for the group is high due to long lead times into the factory in South Africa and a number of owned distribution operations. Optimisation of inventory levels remains a focus area for the group and systems are in place to monitor levels and respond on a timely basis when necessary. Inventory days improved in 2016 from 230 days at the end of 2015 to 193 days at the end of 2016.

Receivables at 46 days have improved since 47 days at the end of 2015. There are however a few large customer balances in the African operations and especially in the DRC, which are being recovered slowly due to customer liquidity challenges.

BORROWINGS

There was a net cash outflow from bank overdrafts and borrowings on call of R63 million for the year. This was after settling R300 million relating to IDC trade finance during the year. The decrease in inventory assisted with maintaining low borrowings levels. Borrowings remain at acceptable levels at the date of this report and there is adequate headroom on banking facilities. At year-end, the group had general banking facilities totalling R901 million of which R446 million was drawn down. Gearing (net debt, including cash reserves, to equity ratio) was maintained at satisfactory levels during 2016 and ended the year at 15% which is within the group's internal target limit of 20%.

EXCHANGE RATES

The Rand strengthened sharply against major currencies during the second half of 2016. This increased pressure on both local and export sales margins.

The group's approach to managing foreign currency exposures remains the same as in the prior year. A substantial portion of the group's purchases and sales transactions are in foreign currency and as such the group has a strong natural currency hedge. Forward cover contracts are utilised to manage the remaining trade exposure to the Rand. Currency exchange gains and losses relating to factory imports of components for manufacture and machines for resale are included in cost of sales.

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

LOOKING AHEAD

Further rationalisation of the group's operations in Africa is necessary and underway. Costs are being aligned with market conditions and demonstrated sales volumes. During the process of right-sizing in the first half of 2017, some further trading losses are expected, but not to the extent incurred in 2016.

The group will continue to focus on reducing the cost base and improving margins. With the strong Rand continuing into 2017, this is particularly important.

CORPORATE GOVERNANCE REPORT

OVERVIEW

Bell Equipment aims to achieve high standards of corporate governance, aligning its strategy and risk management with its performance to ensure that the group is able to be sustainable in the long-term and add value to its stakeholders. The board of directors remains committed to applying the principles of sound corporate governance and embraces the principles of King III and benchmarks its compliance against this framework.

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

FINANCIAL STATEMENTS AND EXTERNAL REVIEW

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

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

During the year under review the management team and certain other employees in the group's DRC operation were dismissed following the detection of unlawful activities and mismanagement in that operation. This collusion and non-compliance with the group's policies, standards and systems of internal control resulted in a material loss to the group, as reported on elsewhere in this report. These findings were disclosed to the shareholders during the reporting period. No other matters came to the attention of the directors to indicate that a breakdown in the functioning of controls, resulting in material loss to the group, had occurred during the year and up to the date of this report.

For more information on the group's financial strength and sustainability, please refer to the financial capital portion of the sustainability report on pages 39 to 40 as well as the annual financial statements from page 63.

GOING CONCERN

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

DIRECTORS AND COMPOSITION OF BOARD AND COMMITTEES

The board of directors comprises a unitary board of nine directors, three of whom are executive directors and six are non-executive directors. Five of the non-executive directors are independent. Mr Derek Lawrance and Mr Hennie van der Merwe were appointed as independent non-executive directors on 1 January 2016. Mr Danie Vlok, an independent non-executive director, retired at the AGM on 5 May 2016 after being on the board for 20 years. A non-executive director, Mr Derek Crandon, was appointed to the board on 1 June 2016 but subsequently resigned on 28 September 2016 due to a potential conflict of interest. Subsequent to year-end, Mr Raj Naidu and Ms Mamokete Ramathe were appointed as independent non-executive directors with effect from 20 March 2017.

The nominations committee conducts an assessment of the independence of its non-executive directors during the year to ensure that those directors, who have been classified as such, meet the requirements for independence as set out in King III. During the year under review the nominations committee evaluated the independence of the non-executive directors and confirmed that five of the non-executive directors are independent as defined by King III and the JSE Listings Requirements. The nominations committee is also mindful of its responsibility to preserve an appropriate balance of skills and experience on the board, and it is therefore of the view that the retention of certain members beyond nine years may be beneficial in certain circumstances to ensure this balance and that orderly succession can take place. Accordingly the committee has concluded that Mr Tiisetso Tsukudu, despite having been a director of Bell Equipment for more than nine years, retains both financial independence and independence of character and judgement.

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

A lead independent director will be appointed to 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 roles of the non-executive chairman and the chief executive are formalised, separate and clearly defined. The board can confirm that there is a clear balance of power and authority at the board of directors' level and no one director has unfettered powers of decision-making.

In accordance with Bell Equipment's MOI, at least one-third of the non-executive directors must retire by rotation each year but may offer themselves for re-election. The non-executive directors retiring by rotation and standing for re-election by the shareholders are Mr Tiisetso Tsukudu and Ms Bharti Harie.

The board recognises the benefits of gender diversity at board level and a policy on the promotion of gender diversity was approved by the board on 28 November 2016. At the date of adoption of the policy, the board's objective to ensure that at least 20 percent of the board was comprised of women by the end of 2016 has been attained. The nominations committee shall continue to consider and apply the policy on gender diversity in the nomination and appointment of directors.

BOARD CHARTER

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

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

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

The directors retain overall responsibility and accountability for:

- monitoring corporate governance, approval of the group's strategy, setting objectives, monitoring implementation of board plans and strategies, effective leadership on an ethical foundation;

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

The board met with the GEC over a two-day period during the reporting period to debate and agree on the proposed strategy for the forthcoming year and review the progress made against previously approved strategic initiatives.

COMMITTEES' MANDATE AND CHARTERS

The board applies responsible governance in managing the business within the approved risk appetite through various board committees. Delegation is formal and involves:

- approved and documented charters for each committee, which are reviewed annually; and
- ensuring that members of each committee have the appropriate skills and expertise.

The audit committee, nominations committee, remuneration committee, risk and sustainability committee and the social, ethics and transformation committee are established committees of the board which assist the board in performing its duties. They play an important role in enhancing good corporate governance and improving internal controls, thus assisting in the sustainable performance of the group.

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

ROLES AND RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE	
Chief executive: full time executive director	Chairman: independent non-executive director
The role of the chief executive, as determined by the board, is to: ▪ own the vision and build the culture of the group; ▪ oversee and deliver the group's performance; ▪ lead the group and the management team; ▪ be ultimately responsible for all day-to-day management decisions and operations of the group in order to implement the strategic goals set by the board through the GEC; ▪ be the group's principal spokesperson; and ▪ act as direct liaison between the board and management and communicate to the board on behalf of management.	The role of the chairman is to: ▪ provide leadership and firm guidance to the board, while encouraging proper deliberation; ▪ lead the board and not the company; ▪ be the link between the board and management; and ▪ be the main link between the board and shareholders.

APPLICATION OF KING III

The group has applied the principles of King III throughout the financial year and continues to identify areas where the recommended practices can be enhanced and entrenched in its governance structures, systems, processes and procedures. The register summarising Bell Equipment's application of the principles of King III is available on the group's website at www.bellir.co.za.

King IV report on Corporate Governance for South Africa 2016 (King IV) was launched in November 2016 and will be substantially dealt with in the group's 2017 report.

GROUP COMPANY SECRETARY

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

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

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

The board conducted a formal evaluation of the company secretary in December 2016 and satisfied itself that the company secretary had the requisite competence, qualifications and experience to carry out the required responsibilities.

The board is satisfied that the company secretary is the gatekeeper of good governance, that an arms-length relationship exists between the company secretary and the board, and that the directors are able to look to the company secretary for guidance on their responsibilities and duties. The company secretary is not a director of the company.

BOARD AND COMMITTEE EVALUATIONS

An annual questionnaire-based evaluation was undertaken by the directors in December 2016 which included an assessment of the board and all of the board committees, the company secretary and the internal and the external audit functions. The feedback from the evaluations and the overall process will be discussed at the board meeting to be held in March 2017.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The board meets at least once every quarter. Additional meetings can be convened to consider specific business issues that may arise between scheduled meetings. One additional board meeting was required during the year under review.

LEGISLATIVE AND REGULATORY COMPLIANCE

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

CONFLICTS OF INTEREST AND SHARE DEALINGS

The board recognises the importance of acting in the best interest of the group and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their interests in general annually and specifically at each meeting of the board in accordance with the requirements of the Companies Act.

As required by the JSE Listings Requirements, a closed period is implemented at both half-year and at year-end until the release of the interim and year-end results respectively. During closed periods, directors and designated senior executives may not deal

ATTENDANCE REGISTER: 1 JANUARY 2016 TO 31 DECEMBER 2016

	Board meetings	Strategy workshop	Audit committee	Risk and sustainability committee	Nominations committee	Remuneration committee	Social, ethics and transformation committee
Number of meetings held	5	1	4	3	3	2	3
John Barton	5	1	4	3	3	2	
Gary Bell	5	1		3			3
Karen van Haght	5	1		3			
Leon Goosen	5	1		3			
Ashley Bell[1]	4	1		2		1	2
Tiisetso Tsukudu	5	1			3	2	3
Bharti Harie	4	1	4				3
Hennie van der Merwe[2]	5	1		2	2		
Derek Lawrance[3]	5	1	2	2		2	
Derek Crandon[4]	1						
Danie Vlok[5]	2		2	1	1		

1. *Appointed to the Risk and Sustainability Committee, Social, Ethics and Transformation Committee and Remuneration Committee on 11 March 2016.*
2. *Appointed to the Risk and Sustainability Committee and Nominations Commitee on 11 March 2016.*
3. *Appointed to the Audit Committee on 5 May 2016 and Risk and Sustainability Committee and Remuneration Committee on 11 March 2016.*
4. *Resigned on 28 September 2016.*
5. *Retired on 5 May 2016.*

in the shares or in any other instrument linked to the shares of the group. Directors and senior designated employees are required to instruct their portfolio or investment managers not to trade in Bell Equipment securities without their written consent.

Details of all dealings by directors during the reporting period are contained in the directors' report in the audited annual financial statements on the website.

EXTERNAL AUDIT

The external auditors are responsible for reporting on whether the financial statements are fairly presented and whether they are prepared in all material respects in compliance with IFRS. Their audit also includes an assessment of selected internal controls. The preparation of the annual financial statements and the adequacy of the systems of internal control remain the responsibility of the directors.

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. An effective internal control system provides reasonable assurance with respect to financial statement preparation and asset safeguarding. The effectiveness of internal control systems can change with circumstances and, for this reason, these are reviewed and updated regularly. The systems presently in place are suitably aligned with the monitoring requirements and nothing has come to the attention of the directors, or internal auditors, to indicate that any material breakdown in the functioning of Bell Equipment's key internal controls and systems occurred during 2016, other than the unlawful activities uncovered in the group's DRC operation during the reporting period, which were duly notified to the shareholders and are being actively managed by management with oversight and monitoring by the board.

INTERNAL AUDIT

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

RISK AND SUSTAINABILITY COMMITTEE	
Composition	Summary of roles and responsibilities
Mr Danie Vlok chaired the committee until his retirement on 5 May 2016. Mr Hennie van der Merwe, an independent non-executive director, was duly appointed as chairman in his stead. The members include two other independent non-executive directors, one non-executive director and all three executive directors. During the year under review, the committee met three times.	The risk and sustainability committee is responsible for: ▪ the review and monitoring of the implementation of the group's risk management policy and plan; ▪ the review of the Bell Equipment group risk appetite and risk tolerances and the review of the risk appetite and risk tolerance matrices, the Bell Equipment group strategic risk register and the high-impact risks that are reported on at the risk and sustainability committee meetings; ▪ the review and assessment of the risk philosophy, strategy and policies recommended by the GEC and the consideration of the reports by the GEC on these issues; ▪ reporting to the audit committee on its findings in respect of material legal and compliance risks and in respect of the company's policies on risk assessment and risk management which may have an impact on the group's financial statements; ▪ reviewing the adequacy of insurance coverage; ▪ focusing on the development, progressive implementation and monitoring of the policies and plans to deal with the sustainability issues which relate to the long-term sustainability of the group; ▪ reviewing the integrated annual report to shareholders with regard to the relevant sustainability considerations; and ▪ considering whether and to what extent external assurance is required on integrated reporting to shareholders with regards to the relevant sustainability considerations.

NOMINATIONS COMMITTEE	
Composition	Summary of roles and responsibilities
In compliance with King III and the JSE Listings Requirements, the chairman of the board is also the chairman of the nominations committee. The committee consists of the chairman and two independent non-executive directors. Three meetings were held during the year.	The roles and responsibilities of the nominations committee are: ▪ to ensure appropriate board composition in order to achieve the appropriate balance of skills, experience and diversity required to lead, control and best represent the group; ▪ to review the policy which details the procedures for appointments to the board, and which ensures a balance of power and authority at board of directors' level so that no one director has unfettered powers of decision-making; and ▪ to review succession planning arrangements for the board and the executive management of the group.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	
Composition	Summary of roles and responsibilities
The committee consists of two independent non-executive directors, one non-executive director and one executive director. The chairman of this committee, Mr Tiisetso Tsukudu, is an independent non-executive director. During the year under review, the committee met three times.	The responsibilities of the social, ethics and transformation committee, which are aligned with the statutory functions as set out in the Companies Act and the Regulations to the Companies Act, include: ▪ monitoring group activities on social, transformation and economic development, good corporate citizenship, environment, environmental risks, health and safety, consumer relationships, labour and employment; ▪ compliance with the Employment Equity Act and BBBEE legislation; and ▪ educational development of its employees. The full report by the chairman of the social, ethics and transformation committee can be found on page 52.

AUDIT COMMITTEE	
Composition	Summary of roles and responsibilities
Ms Bharti Harie was the chairman of the committee until 5 May 2016 whereafter Mr Derek Lawrance, an independent non-executive director, was appointed as the chairman. Ms Harie remained on the committee, together with the chairman of the board, as independent non-executive directors during the reporting period. Ms Harie and Mr Barton will step down as audit committee members at the AGM and Mr Raj Naidu and Ms Mamokete Ramathe will be appointed in their stead. The committee met four times during the reporting period.	The roles and responsibilities of the audit committee are aligned with the statutory functions as set out in the Companies Act and include: ▪ oversight of the group's financial reporting; ▪ ensuring continued independence of external auditors; ▪ overseeing the external audit process; ▪ overseeing the integrated reporting; ▪ applying, as practical, the combined assurance model to ensure a coordinated approach to all assurance activities; ▪ reviewing the expertise, resources and experience of the finance function; ▪ considering the appropriateness of the expertise and experience of the finance director; and ▪ overseeing the internal audit function. The full mandate of the audit committee can be found in the detailed audit committee report included in the audited 2016 annual financial statements on the group's website at www.bellir.co.za.

REMUNERATION COMMITTEE	
Composition	Summary of roles and responsibilities
The committee was chaired by Mr Danie Vlok until his retirement on 5 May 2016, whereafter Mr Derek Lawrance, an independent non-executive director, was appointed as chairman. The balance of the members consist of two independent non-executive directors and one non-executive director. The chief executive attends all remuneration committee meetings by invitation. Two meetings were held during the year.	The roles and responsibilities of the remuneration committee are to: ▪ oversee the establishment of and regularly review the group remuneration policy; ▪ ensure that the remuneration policy is put to a non-binding advisory vote at the AGM of shareholders ; ▪ oversee the preparation of the remuneration report for inclusion in the integrated annual report; ▪ advise on non-executive directors' remuneration; ▪ advise and monitor executive remuneration and ensure that the group's executive directors and management are rewarded fairly in accordance with their individual contribution to the group's overall performance objectives; ▪ approve and review incentive bonus or share schemes, and ▪ evaluate the chief executive's performance. The detailed responsibilities of the remuneration committee can be found under the remuneration committee report on page 54.

CORPORATE GOVERNANCE REPORT (CONTINUED)

IT GOVERNANCE AND COMPLIANCE

IT is an integral part of Bell's business operations, and acts as an enabler to the group's strategic and operational goals. The board has appointed an IT steering committee to manage IT governance across the group. This committee meets on a quarterly basis and reviews adherence to the IT controls framework. The IT controls framework is aligned to COBIT and includes controls that ensure strategic alignment, deliver value and manage performance, provide information security, manage IT risk and compliance, and ensure business continuity management. Deloitte & Touche continue to conduct a general computer controls review to evaluate the IT general control environment at BECSA.

ETHICS MANAGEMENT

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

The code of ethics, business conduct policy and the group fraud and commercial crimes policy continue to be entrenched into the culture of the group. These policies amongst others set stringent standards relating to fraud and the prosecution of offenders, the acceptance of gifts from third parties and declarations of potential conflicts of interest. Bell Equipment has established a fraud working group that meets quarterly or more regularly when required. The fraud working group monitors and oversees the investigation of all fraud-related matters and reassesses the adequacy of the internal control environment (particularly those controls directly impacting on the incident) and assesses whether there is a need for modification or additional training. All matters reported through the tip-off anonymous line are also assessed by the fraud working group and meetings are set up with the internal auditors and investigators to ensure matters are effectively investigated in terms of the group fraud and commercial crime policy.

Should investigations uncover evidence of economic crime, including fraud and corruption, the group risk manager in conjunction with the fraud working group will review the facts at hand before the matter is reported to the applicable law enforcement agency. In all instances where the allegations of fraud, corruption and/or economic crime have been confirmed the matter will be reported to the applicable law enforcement agency.

One of the best defences against fraud is a workforce that is trained in prevention and detection. The fraud working group provides strategic guidance to different departments on fraud detection and preventative actions. This is done through management briefs, presentations and training initiatives. Fraud awareness training is ongoing and the staff are encouraged to report suspected fraudulent or unethical behaviour on a confidential basis via a toll-free telephone or email service managed by an external service provider. Awareness of this facility is created through presentations, newsletters and encouragement of staff to report such incidents before significant losses are incurred. During the period under review, the group took decisive action against certain employees that were found to be undertaking unlawful activities in its operating company in the DRC.

The board continually monitored the matter and the group's stakeholders were notified of the activities in the DRC via SENS, ensuring transparency and ethical leadership throughout this difficult time. Comprehensive processes continue to be embedded into the group to ensure accountability and corporate responsibility.

ACCESS TO INFORMATION

Bell Equipment continues to comply with the requirements of the Promotion of Access to Information Act of 2000. The corporate manuals are available on the website at www.bellir.co.za.

SPONSOR

Investec Bank Limited was appointed as Bell Equipment's corporate sponsor on 1 March 2017, in compliance with the JSE Listings Requirements.

RISK MANAGEMENT

The board is responsible for the governance of risk management within the Bell Equipment group and has delegated oversight to the risk and sustainability committee, which is a committee of the board. The Bell Equipment group risk management process is governed by a board approved policy and framework which is used to identify, analyse, report and mitigate risks. The board sets the Bell Equipment group risk appetite and risk tolerances annually on the recommendation from the risk and sustainability committee. The risk appetite and risk tolerance matrices, the Bell Equipment group strategic risk register and the high-impact risks are reported on at the risk and sustainability committee meetings.

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

INHERENT RISKS	
Strategic risk	Risk mitigation factors
Competitor risk The risk that the Bell Equipment group's competitors' actions have a significant negative influence on the group's business and shareholders' value.	▪ Live the Bell Equipment group motto of 'Strong Reliable Machines, Strong Reliable Support'. ▪ Constantly exceed customer expectations through superior, innovative products and aftermarket support. ▪ Maintain research and development spend through the trough and mid cycles and accelerate spend in the peak cycles, thus ensuring that the Bell ADT continues to be technologically advanced. ▪ Adopt and practice the 1-BELL philosophy in all activities. ▪ A focused ADT global volume growth strategy is being deployed together with dealer migration and development objectives to capture additional volumes. ▪ A process has commenced to investigate the viability of an offshore manufacturing facility closer to major ADT markets.
Currency risk Currency volatility, not only in the Rand but also in other major currencies that the group is exposed to, is a significant risk because the group trades in different currencies and has operations in many countries. The group is exposed to increasing risks relative to the cost of imports into South Africa and the translation of non-Rand profits. The group is also exposed to operational and financial currency exposures due to changes in the value of trading accounts and loans, especially intra-group accounts, denominated in foreign currencies. This has a direct impact on the group's trading results, statement of financial position, cash flows and competitiveness.	▪ A group treasury policy is in place. Projections of import and export cash flows are maintained. The principle of matching South African import and export cash flows is followed wherever possible. The majority of any remaining net foreign currency receipt and payment flows are covered forward. Foreign subsidiaries do not hedge their intra-group purchases. ▪ The timely application of pricing policies on exports facilitate hedging against movements of major currencies to the Rand and other volatile currencies to which the group is exposed. ▪ Cost containment and consideration of alternative suppliers, markets and manufacturing locations. ▪ The size of equity and loans in foreign subsidiaries is monitored to ensure these are appropriate considering commercial requirements.
Strategic alliance partners and key supplier relations risk The brands represented by Bell form an integral component of the Bell Equipment group's strategic goal of being an integrated OEM. These international brands become synonymous with Bell Equipment in relevant distribution territories. Therefore careful thought and effort goes into selecting strategic alliance partners and suppliers. Revenue derived from these products contributes materially to the Bell Equipment group revenue. Therefore risks associated with a breakdown in relations and/or material non-performance by either party poses significant risks.	▪ Continually build/improve the group's relationships with strategic alliance partners and suppliers at all levels within the organisation, supporting mutually beneficial objectives. ▪ Formal process of setting, monitoring and evaluating key performance matrices to meet strategic objectives. ▪ Add value by enforcing effective communication to all partners and suppliers on market movements and our strategy. ▪ Maintain the Quest for Gold programme which acknowledges key suppliers for outstanding service. ▪ Adopt the 1-BELL philosophy in dealing with strategic alliance partners and suppliers.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INHERENT RISKS CONTINUED	
Strategic risk	Risk mitigation factors
Political risks in the countries in which the group operates The group is exposed to the varying political landscapes in the regions in which it operates due to the global nature of the group's business and new markets. Therefore it is susceptible to the associated political risks in certain regions in which it operates or plans to operate.	▪ As a responsible corporate citizen that contributes to the well-being of the 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 strives to minimise exposure in perceived high-risk countries through effective risk management practices. ▪ Maintain business continuity plans catering for all eventualities the group may be susceptible to in the higher political risk regions to which it is exposed.
Cyclical nature of the construction and mining equipment industry The business model is highly dependent on achieving sales volumes of the core manufactured products. This is due to the upfront and substantial investment in research and development, production capabilities as well as inventory which is required to maintain a competitive advantage. The inherent cyclicality of the industry is affected by the continued uncertainty in the commodity and emerging markets which has resulted in fluctuations in demand for the group's products in these key sectors. Accordingly, the financial performance and achievement of strategic goals of Bell Equipment is directly dependent on its ability to react to the changes in the business environment. The company is currently facing a number of economic challenges including weak economic growth prospects in an environment where consumer prices and interest rates are on the rise.	▪ Perform regular evaluations of the order book and forecasts to ensure the validity thereof. ▪ Secure adequate committed funding lines and actively manage cash flows. ▪ Actively manage working capital, reduce expenses and increase efficiencies within the group. ▪ Deliver exceptional customer service to capture the available business. ▪ Diversify geographically, away from dependence on traditional mining territories. ▪ Grow diversified revenue streams leveraging the Bell distribution network and manufacturing capabilities. ▪ Robust capital planning and budgeting processes. ▪ Monitor impact of business environment on key customers' access to and ability to service credit.
Regulatory risk The group acknowledges its obligation to comply with laws, rules, codes and standards in the regions in which it conducts business. The board is responsible for overseeing the group's compliance with such laws, rules, codes and standards and has delegated this responsibility to management, through the supervision by the company secretary. It is recognised that there is an increased risk of regulatory non-compliance to laws and rules due to the geographic spread of the operations and therefore the size of the regulatory environment as well as the different languages and cultures. The inherent risk is further increased due to a disconnect between first and third world regulatory environments.	▪ A group-wide compliance programme continues to be improved and tailored to the unique regulatory requirements and product and operational restrictions are assessed on a periodic basis. ▪ Local management is tasked with keeping abreast of regulatory changes within their respective jurisdictions. ▪ A review of the contract management system, employee contracts and tender guidelines have been undertaken on a high-level to ensure compliance with existing and new regulatory requirements. ▪ Management training and compliance framework training has been undertaken by the company secretary with high level executives from the global operations.
Human capital The Bell Equipment group recognises that human capital is instrumental to its success. Human capital risks manifest under the following themes: **Skills retention** Due to the locations it operates in and the fact that the world is becoming a so-called global village, Bell Equipment's ability to retain key skills is constantly under threat. **Health and safety** This risk refers to the possibility of human capital being exposed to an unsafe work environment and/or practices which result in injury whilst on duty.	▪ Significant training and investment in employees assists in creating an increasing and enhanced skills base. ▪ Implementation of performance management systems. ▪ Retention strategy for critical skilled employees. ▪ A risk-based health and safety management system that clearly establishes the company's expectations of employees in terms of health and safety performance. The system is aligned with OHSAS 18001:2007, a leading international standard for occupational health and safety management systems. ▪ A comprehensive behaviour-based health and safety training programme was implemented across the group to promote safe behaviour and awareness. ▪ The 1-BELL philosophy is actively practised on all levels through leadership, teamwork, personal accountability and effective communication. This, together with the safety management system, ensures the creation of a safe working environment and culture, reducing the likelihood of workplace injuries.

INHERENT RISKS CONTINUED	
Strategic risk	Risk mitigation factors
Global competitiveness As a South African-based manufacturer supplying the global market, the increased cost of doing business in South Africa directly influences Bell Equipment's competitiveness. Pressure from organised labour for above inflation wage increases, disruptions to business across the value chain due to strikes, declining productivity, escalating fuel and electricity prices, compounded with the necessity of private back-up power generation due to power outages and increasing compliance costs are some of the expenses that contribute to the high costs of doing business in South Africa. This hinders the marketability and profitability of export products.	▪ Continuously evaluate component country sourcing for suitable price advantages. ▪ Continuously monitor the effect of cost pressures and strategically evaluate the option of offshore manufacturing where feasible. ▪ Monitor productivity and critically evaluate the case for mechanisation, where possible. ▪ Continuously evolve the group's design philosophy to incorporate new technology, safety and best practices.
Niche product dependence Whilst Bell Equipment has carved out a niche in the global earthmoving equipment industry and continues to strive to be the leading global ADT OEM, the group is cognisant of its dependence on this product, which is exposed to the commodity cycles.	▪ Grow diversified revenue streams leveraging the Bell distribution network and manufacturing capabilities.
Lack of transformation There is pressure on corporate South Africa to transform in accordance with government's transformation objectives. Government business and incentives are often aligned to the BBBEE Codes thereby making the transformation decision an economic decision.	▪ Plans are underway to introduce a BBBEE partner at BESSA and also to address the various elements of the revised BBBEE Codes. ▪ Pursuit of interventions in management control, skills development and procurement to improve BBBEE points.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The social, ethics and transformation committee ('the committee') is pleased to present its report for the financial year ended 31 December 2016.

The committee is a statutory committee, established by the board in accordance with the Companies Act read with the Regulations in terms of the Companies Act. The committee operates according to a formal charter approved by the board and reviewed by the board annually.

This report is presented in accordance with the requirements of the Companies Act and should be read together with the stakeholder relations report on page 58 as well as the human capital and social and relationship capital portions of the sustainability report on pages 26 to 32 and pages 34 to 37 respectively of the integrated annual report. This report describes how the committee discharged its responsibilities in respect of the financial year ended 31 December 2016.

COMPOSITION AND MEETING ATTENDANCE

The chairman of this committee is Mr Tiisetso Tsukudu, an independent non-executive director, and the composition of the committee is indicated in the table on page 46 of the corporate governance report. In accordance with its charter, the committee meets at least twice a year. During the year under review, the committee met three times. The attendance of the committee members at those meetings is indicated in the table on page 45 of the corporate governance report.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The role of the committee is to assist the board with the oversight of social, ethical and transformation matters relating to the group and with the oversight of the attendant risks attached to the matters within the committee's mandate. The objectives and responsibilities of the committee are recorded in its charter and are aligned with the committee's statutory functions. A summary of its roles and responsibilities are set out on page 46 of the corporate governance report.

During the year under review, the committee carried out the following activities:

- evaluated the group's CSI policy and the SED policy and considered the CSI and SED annual budget in line with the group's social and economic development;
- received reports on sponsorships, donations and charitable giving and monitored the group's activities relating to good corporate citizenship;
- reviewed the committee's charter and annual work plan to ensure that the correct focus was being undertaken by the committee;
- received reports from management on the South African operations' BBBEE status, considered management's various initiatives including revised procurement strategies, BBBEE ownership and supplier and enterprise development initiatives aimed at addressing the South African operations' BBBEE status during the course of the 2017 financial period. The specific focus of the board was to re-introduce black ownership at BESSA. The details are disclosed on page 24 of the integrated annual report;
- received proposed and new relevant legislation updates as and when applicable;
- monitored development in employment practices locally and internationally and monitored progress against transformation targets and the group's employment equity plan;
- reviewed the succession planning report reflecting the progress of the company towards transformation and the employment equity goals of the South African operations;
- reviewed the report on education and training of employees and monitored the legislation relating to ensuring equal pay for work of equal value;
- reviewed compliance with the group's code of ethics and received reports on all breaches of Bell Equipment's policies, including the non-compliance by the ex-management team in the group's DRC operation with the group's policies, standards and systems of internal control;
- assessed the group's actions in relation to the 10 principles of the United Nations Global Compact and reviewed international protocols and guidelines;
- reviewed and monitored HIV/AIDS and other dread disease statistics and prevalence with the aim of promoting a healthy workforce and working environment;
- reviewed labour relations reports including reports on adversarial incidents and dismissals;
- monitored the reports on the environment, health and public safety, including the impacts of the group's activities and products on the environment and society; and
- reviewed the group's consumer relationships reports.

Bell Equipment strives to apply relevant codes of good practice and ensure compliance within the group with worldwide codes.

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 of interest upon appointment to Bell Equipment and as part of an annual scheduled certification. Executives and line management continue to be responsible and accountable for the implementation of the fraud policy, the code of ethics and resultant procedures.

The group whistle-blowing policy, which facilitates the group's tip-offs anonymous reporting line continues to provide an appropriate balance between encouraging reporting and discouraging malicious and frivolous reporting. All material disclosures received, resultant investigations and the outcome thereof are communicated and reported to the audit committee.

EVALUATION OF COMMITTEE PERFORMANCE

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process. It was noted during the review of the committee's performance in February 2017 following the December 2016 evaluation that a substantial improvement in the substance of the meetings had taken place and general pleasing progress had been made by the committee since the 2015 evaluation and continues to be made in order to enhance the committee's performance.

The committee confirmed that its members continued to have sufficient qualifications and experience to fulfil their duties.

The committee is aware of and the group shall comply with the reporting duties required of it in terms of the regulations to the BBBEE Act. Bell Equipment will submit the company's report to the BEE commission within the prescribed period.

The Employment Equity Act requires that a summary of its annual employment equity plan is included in the integrated annual report. This can be found on pages 31 to 32 of the integrated annual report.

The activities outlined in this report reflect the group's initiatives in relation to its responsibility to the society and environment in which it operates, while remaining accountable to shareholders in terms of financial performance.

TO Tsukudu
Chairman

Social, ethics and transformation committee
14 March 2017

REMUNERATION COMMITTEE REPORT

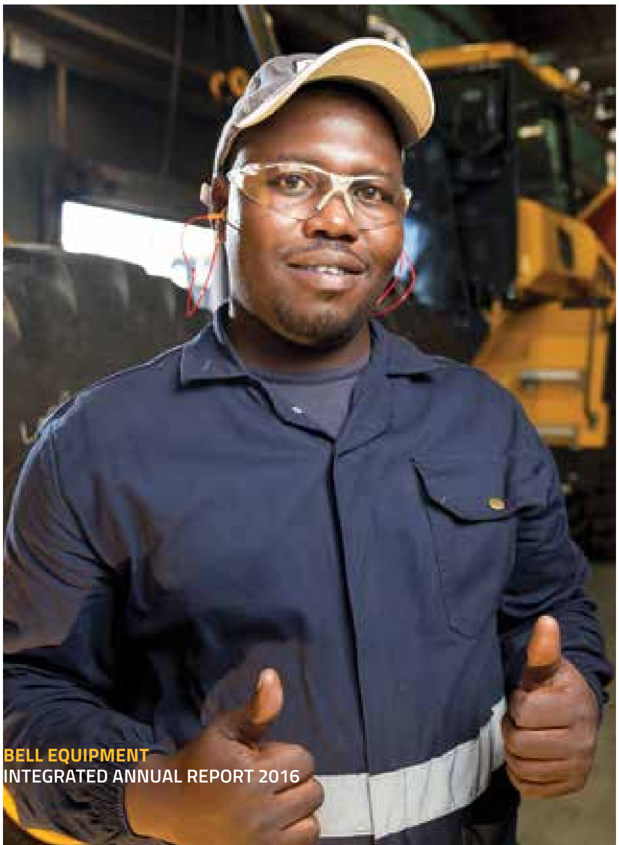
The Bell Equipment Limited Remuneration Committee ('the committee') report for the year ended 31 December 2016 is set out below.

The committee is a standing committee of the board of directors of Bell Equipment Limited and has been mandated to satisfy itself that the group's remuneration policy remains fair and relevant in a dynamic environment in order to ensure that the businesses of the group are optimally resourced and that staff are properly accountable and equitably rewarded both from an internal and external perspective; internally in terms of fairness, which necessitates a demonstrable equivalence between similar levels of responsibility and performance across the group, and externally in terms of market place competitiveness.

The committee's terms of reference, which are available on request, are subject to the provisions of the Companies Act, the MOI and any other applicable law or regulatory provision. The committee complies with King III recommendations insofar as reporting to the board and attendance at the AGM is concerned. The new requirements arising from King IV will be adopted in due course.

During the year, the board reviewed and approved the committee's terms of reference and annual work plan and were satisfied that the committee fulfilled its responsibilities in compliance with its terms of reference.

The group received the support of 76,95% of shareholders who voted in favour of the remuneration policies tabled at the 2016 AGM. The structure, content and layout of this remuneration report continues to evolve taking into account the feedback received from investors on the remuneration policy and the disclosure items required by the JSE.



REMUNERATION POLICY AND PHILOSOPHY

Bell Equipment's remuneration philosophy promotes the group's entrepreneurial culture in a decentralised environment with the aim of achieving sustainable growth within all businesses. The group's philosophy emphasises the fundamental value of all its employees and their role in attaining sustainable growth through fair and balanced remuneration practice. Bell's employees are pivotal in meeting its strategic objectives and the group is committed to paying fair, competitive and market related remuneration to ensure that the company can attract, retain and motivate top-quality and talented employees, while recognising affordability constraints.

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

Apart from fixed remuneration, an element of variable remuneration that is aligned to value creation in the form of short and longer-term incentive schemes is also catered for and linked to the achievement and performance of specified targets and objectives, with payment being made out of increased returns. The company takes cognisance of its external environment through an understanding of national remuneration trends and by regular benchmarking against comparable companies, independent salary surveys and compliance with all applicable laws and regulatory codes.

GOVERNANCE

BOARD RESPONSIBILITY

The committee operates in accordance with a board-approved mandate but the board carries ultimate responsibility for the remuneration policy and may, when required, refer matters for shareholder approval, for example new and amended share-based incentive schemes and non-executive board and committee fees. During the year, the board accepted the recommendations made by the committee.

THE REMUNERATION COMMITTEE

The committee operates independently from executive management as an overseer and makes recommendations on remuneration decisions to the board for its consideration and final approval. Members of the committee and its chairman are appointed by the board, on the recommendation of the nominations committee.

The chairman of the committee is an independent non-executive director and in line with King III, the majority of the members of the committee are independent non-executive directors. The chief executive attends meetings by invitation, but is not present when his own remuneration is reviewed. Other members of executive management are invited when appropriate. Invitees to the committee meetings have no vote and no individual, irrespective of position, is present when their performance is evaluated and their remuneration is discussed. The composition of the committee and the full details of attendance are set out on pages 47 and 45 respectively in the integrated annual report.

The committee oversees the establishment and implementation of the company's remuneration policy and ensures that it promotes strategic objectives and encourages individual performance.

The committee performed the following duties and responsibilities during the reporting period:

- reviewed the company's remuneration policy for approval by the board, which will be put to a non-binding vote by shareholders at the 2017 AGM;
- reviewed and approved the remuneration of the executive directors of the group;
- approved the salary mandate to be implemented for the group's employees;
- reviewed and approved the short-term performance bonus scheme for the forthcoming year and the awards achieved in the current year;
- agreed the principles for senior management increases and cash incentives in both South African and offshore operations were fair and responsible;
- considered the performance of the chief executive, executive directors and prescribed officers, both as directors and as executives in determining remuneration; and
- approved the incentive scheme presented by management to ensure continued contribution to long-term shareholder value creation.

During the 2016 financial year, the committee received advice from Deloitte & Touche, as independent advisers, in respect of executive salary benchmarking and job grading.

REMUNERATION

NON-EXECUTIVE DIRECTORS

Non-executive directors' remuneration

Group policy is to pay competitively for the role while recognising the required time commitment. Fees are benchmarked against a comparator group of JSE-listed companies. No contractual arrangements are entered into to compensate for loss of office. Non-executive directors do not participate in any incentive schemes. Mr D Vlok and Mr T Tsukudu were granted retirement grants after a qualifying service period of 10 years as agreed to by the committee in 2006; further details are set out in the AGM Notice on page 83. The practice of extending such retirement grants to newly appointed non-executive directors has since ceased.

Management reviews non-executive directors' fees annually. After discussions with the committee, recommendations are made to the board, which in turn proposes fees for approval by shareholders at the AGM.

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

At the Bell Equipment AGM held on 5 May 2016, the basis for the remuneration payable to non-executive directors for the 2017 period was approved by way of a special resolution of the shareholders as follows:

	Rand
Retainer fees to be paid annually for 2017	
Non-executive chairman	308 400
Non-executive directors	168 500
Fees per meeting payable to the chairman of the board and the chairmen of board committees	
Board	28 100
Audit committee	16 900
Risk and sustainability committee	16 900
Nominations committee	8 500
Remuneration committee	8 500
Social, ethics and transformation committee	16 900
Fees to be paid to non-executive directors per meeting	
Board	28 100
Audit committee	22 500
Risk and sustainability committee	16 900
Nominations committee	7 050
Remuneration committee	7 050
Social, ethics and transformation committee	16 900
Bell audit services committee	11 200

REMUNERATION COMMITTEE REPORT (CONTINUED)

At the company's AGM on 3 May 2017 the basis of determining the remuneration payable to non-executive directors for their services as such will be determined for the 2018 period. The board has recommended that the non-executive directors' fees for the 2018 period be increased by 6% in line with the 6% annual increase in the employees' remuneration as approved by the committee in July 2016.

The amounts are set out below:

	Rand
Retainer fees to be paid annually for 2018	
Non-executive chairman	326 900
Non-executive directors	178 610
Fees per meeting payable to the chairman of the board and the chairmen of board committees	
Board	29 790
Audit committee	17 910
Risk and sustainability committee	17 910
Nominations committee	9 010
Remuneration committee	9 010
Social, ethics and transformation committee	17 910
Fees to be paid to non-executive directors per meeting	
Board	29 790
Audit committee	23 850
Risk and sustainability committee	17 910
Nominations committee	7 470
Remuneration committee	7 470
Social, ethics and transformation committee	17 910
Bell audit services committee	11 870

EXECUTIVE DIRECTORS

Executive directors receive a remuneration package shaped by a total-cost-to-company philosophy (including basic remuneration and retirement/medical and other benefits – all on a defined contribution basis) and, like other senior management, qualify for a short-term incentive. Pay ranges represent the level of compensation paid in respect of similar positions in the market. The group aims at paying basic salaries between the mid-point and the first quartile of those paid by competitors for similar positions, with the minimum and maximum of the range informed by the lower and upper market quartiles.

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

EXECUTIVE REMUNERATION SCALES:

The tables summarising the remuneration paid to executive directors, and prescribed officers are contained on page 74 of the integrated annual report.

TERMS OF SERVICE

The minimum terms and conditions applied to South African executive directors are governed by legislation. The notice period for these directors is three months.

BELL SHARE OPTION INCENTIVE SCHEME

This is Bell Equipment's second share option scheme and was approved by the shareholders at the AGM in 2009. Following the above approval, management (with the necessary approval from the nominations and remuneration committees and the board) allocated share options to senior employees of the company.

5 000 000 authorised unissued ordinary no par value shares were reserved for the scheme. The purpose of this scheme was to retain key employees and to attract new, skilled and competent personnel; promote an identity of interest between the company and its subsidiaries and their respective employees and act as an incentive to employees to promote the continued growth of the company by giving them an opportunity to acquire shares therein.

Options were granted at the option price which was the 30 (thirty) day volume weighted average of the closing market price of the ordinary share immediately preceding the option date. The last allocation was done in May 2012. The company is currently considering a replacement scheme in order to continue with long-term incentivisation.

Recognising the group's strategic initiative to attract, develop and retain the people and skills required to deliver on the group's strategy, the group is committed to ensure that all staff, prescribed officers and executive directors are fairly rewarded for their contributions to the company's corporate objectives and strategy. Therefore a short-term incentive scheme was approved by the board at the end of 2016, taking into account the current trading conditions and challenges faced by the group, and incorporating a meaningful stretch to motivate and retain senior employees, as more fully detailed below.

The short-term incentive scheme is based on an incentive pool of 50% of the excess NPAT above the budgeted NPAT for the 2017 financial year. 70% of the incentive is based on audited Bell group NPAT exceeding budgeted NPAT and 30% of the incentive is based on the division within the group exceeding budgeted NPAT. All permanent staff who do not already receive a guaranteed thirteenth cheque participate in the scheme in terms of the rules of the scheme and incentive payments will be proportionate to employees' cost-to-company salary packages and limited to only one salary cheque. The scheme furthermore makes provision for a bonus for group executive management at the discretion of the board.

Further discussions will take place in 2017 at committee level to propose the approval of an incentive scheme for 2018 onwards that would be aligned to the group's OROA targets, utilising 2017 as the base year.

DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, none of the current directors had a material interest in any contract of significance to which the company or any of its subsidiaries was a party. Full details of the directors' interests in the company at 31 December 2016 are shown in the directors' report of the audited 2016 annual financial statements on the group's website at www.bellir.co.za.

DH Lawrance
Chairman

Remuneration committee
14 March 2017

STAKEHOLDER RELATIONS REPORT

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

Through carefully identifying the interests and expectations of each stakeholder group Bell is able to create value through the use of the relevant capital/s, thereby striving to ensure sustainability of its business.

The following table illustrates Bell Equipment's stakeholder engagement in more detail:

STAKEHOLDERS	REASON FOR ENGAGEMENT	STAKEHOLDER INTERESTS AND EXPECTATIONS	METHODS OF ENGAGEMENT AND VALUE CREATION	ACCOUNTABLE CAPITALS
1. Employees and trade unions	▪ Bell Equipment's people are the heart and soul of its business. Their skills and commitment determine the group's ability to realise its strategy.	▪ Healthy working conditions. ▪ Fairly remunerated for their service. ▪ Recognition. ▪ Health and safety. ▪ Career advancement. ▪ Employment equity.	▪ Employee forums (e.g. health and safety, employment equity committees). ▪ Training and skills development. ▪ Learning programmes for disabled black employees. ▪ Information road shows about employee benefits (e.g. medical aid and pension funds). ▪ Quarterly GEC feedback sessions. ▪ Internal newsletter and intranet. ▪ Health and safety 'toolbox talks'. ▪ Employee wellness days. ▪ Long service awards. ▪ Anonymous employee hotline. ▪ Regular engagement with trade union representatives on key issues.	 

STAKEHOLDERS	REASON FOR ENGAGEMENT	STAKEHOLDER INTERESTS AND EXPECTATIONS	METHODS OF ENGAGEMENT AND VALUE CREATION	ACCOUNTABLE CAPITALS
2. Customers	▪ To meet the group's customers' needs and build long-term loyalty. ▪ To enhance Bell Equipment's brand and grow market share.	▪ Innovative products that meet operational needs. ▪ World class after-sales support. ▪ Overall value proposition. ▪ Personally committed and trusted advisor.	▪ 'EYE' external customer service monitoring service. ▪ Face-to-face engagement with sales and customer service teams. ▪ Trade exhibitions. ▪ Product launches and demonstrations. ▪ Ongoing research and development. ▪ Factory tours. ▪ Advertising. ▪ Traditional and social media including Bell Bulletin magazine and facebook. ▪ Website. ▪ Ongoing product testing.	
3. Local communities	▪ Empowering local economies builds trust in Bell Equipment while communities benefit from social and environmental initiatives.	▪ Socio economic empowerment. ▪ Community involvement on key issues. ▪ Employment creation. ▪ Environmentally responsible.	▪ Social development through sports development: sponsorship of local sports events. ▪ Providing air assistance for crime fighting initiatives. ▪ Earthmoving equipment apprenticeship programmes. ▪ Trade-ins and the Bell Backed Loan Scheme for qualifying small black-owned businesses. ▪ Welfare projects within the communities in which the company operates. ▪ Support of CANSA events.	

STAKEHOLDER RELATIONS REPORT (CONTINUED)

STAKEHOLDERS	REASON FOR ENGAGEMENT	STAKEHOLDER INTERESTS AND EXPECTATIONS	METHODS OF ENGAGEMENT AND VALUE CREATION	ACCOUNTABLE CAPITALS
4. Government	▪ The group's relationship with governments impacts on its ability to contribute towards job creation, broader economic, social and environmental objectives.	▪ Socio economic growth. ▪ Skills development. ▪ Employment creation. ▪ Transformation. ▪ BBBEE.	▪ Local design and manufacture of equipment and the use of locally produced materials. ▪ Employer of 2 518 South Africans. ▪ Participation in industry consultative bodies and public forums including: – National Economic Development and Labour Council; – Business Unity South Africa; – South African Capital Equipment Export Council; – Steel and Engineering Industries Federation of South Africa. ▪ Economic empowerment leading to social upliftment programmes and initiatives including: – trade-ins and the Bell Backed Loan Scheme for qualifying small black-owned businesses; – earthmoving equipment apprenticeship programmes.	
5. Shareholders, investors, financiers and insurers	▪ To create an informed perception of the group and its activities.	▪ Group strategy implementation. ▪ Group performance and sustained returns on investment. ▪ Leadership strength and management depth. ▪ Risk management. ▪ Transparent executive remuneration.	▪ AGM. ▪ Integrated annual report and interim results. ▪ Board and executive management strategy sessions. ▪ SENS announcements. ▪ Media. ▪ Group website including a dedicated investor relations page. ▪ Employee share schemes. ▪ Dividend policy. ▪ Sound corporate governance.	
6. Suppliers and alliance partners	▪ Suppliers and alliance partners are key to the group's performance and core to the group's strategic positioning.	▪ Timely payment and fair terms. ▪ Future growth of the group and understanding the expectations of the group. ▪ Reputational consistency. ▪ Responsible and positive brand management.	▪ Product launches and demonstrations. ▪ Trade exhibitions. ▪ Quest for Gold supplier improvement initiative. ▪ 975 South African suppliers form part of Bell Equipment's supplier network. ▪ Ongoing regular direct engagements. ▪ Service level agreements and audits. ▪ Suppliers conference. ▪ Factory and site visits.	


BELL
Strong Reliable Machines
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INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BELL EQUIPMENT LIMITED

OPINION

The summarised consolidated financial statements of Bell Equipment Limited as set out on pages 63 to 76, which comprise the summarised consolidated statement of financial position as at 31 December 2016, the summarised consolidated statement of profit or loss, the summarised consolidated statement of profit or loss and other comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Bell Equipment Limited for the year ended 31 December 2016.

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

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

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

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 March 2017. That report also includes:

- The communication of other key audit matters as reported in the auditor's report of the audited financial statements.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated 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 whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: C Howard-Browne
Partner

14 March 2017

National Executive: **LL Bam *Chief Executive Officer* *TMM Jordan *Deputy Chief Executive Officer*
*MJ Jarvis *Chief Operating Officer* *GM Pinnock *Audit* *N Sing *Risk Advisory* *NB Kader *Tax* TP Pillay *Consulting*
S Gwala *BPaaS* *K Black *Clients & Industries* *JK Mazzocco *Talent & Transformation* *MJ Comber *Reputation & Risk*
*TJ Brown *Chairman of the Board*
Region Leader: *R Redfearn

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

BBBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

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

Deloitte & Touche
Registered Auditors
Audit – KZN
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15 Club Road
Mzingazi Golf Estate
Meerensee 3901

PO Box 101679
Meerensee 3901
South Africa

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

R'000	31 December 2016	31 December 2015 Restated*	1 January 2015 Restated*
ASSETS			
Non-current assets	**1 029 444**	1 032 725	1 011 357
Property, plant and equipment	**704 295**	686 608	672 106
Intangible assets	**216 419**	213 305	203 078
Investments	**568**	665	548
Interest-bearing long-term receivables	**16 964**	35 573	45 357
Deferred taxation	**91 198**	96 574	90 268
Current assets	**3 477 504**	3 855 778	3 483 147
Inventory	**2 427 921**	2 862 652	2 403 437
Trade and other receivables	**751 672**	737 964	728 638
Current portion of interest-bearing long-term receivables	**56 546**	77 331	42 519
Prepayments	**21 828**	34 352	25 346
Other financial assets	**5 641**	12 783	2 071
Non-current assets held for sale	**–**	–	11 850
Current taxation assets	**29 601**	26 475	10 331
Cash and bank balances	**184 295**	104 221	258 955
Total assets	**4 506 948**	4 888 503	4 494 504
EQUITY AND LIABILITIES			
Capital and reserves	**2 758 247**	2 947 416	2 518 457
Stated capital (Note 5)	**232 139**	230 567	230 567
Non-distributable reserves	**553 298**	752 269	465 551
Retained earnings	**1 972 810**	1 957 219	1 814 703
Attributable to owners of Bell Equipment Limited	**2 758 247**	2 940 055	2 510 821
Non-controlling interest	**–**	7 361	7 636
Non-current liabilities	**321 787**	293 056	214 273
Interest-bearing liabilities	**103 175**	117 695	87 161
Repurchase obligations and deferred leasing income	**2 034**	3 820	–
Deferred income	**84 083**	66 543	65 616
Long-term provisions and lease escalation	**47 781**	51 376	44 813
Deferred taxation	**84 714**	53 622	16 683
Current liabilities	**1 426 914**	1 648 031	1 761 774
Trade and other payables	**759 463**	1 068 804	1 386 621
Current portion of interest-bearing liabilities	**51 268**	90 344	40 304
Current portion of repurchase obligations and deferred leasing income	**763**	1 042	34 980
Current portion of deferred income	**82 903**	71 774	59 079
Current portion of provisions and lease escalation	**69 562**	53 783	65 941
Other financial liabilities	**952**	20 593	4 404
Current taxation liabilities	**15 615**	37 898	36 666
Bank overdrafts and borrowings on call	**446 388**	303 793	133 779
Total equity and liabilities	**4 506 948**	4 888 503	4 494 504

** Refer to restatements of prior periods in note 11.*

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2016

R'000		2016	2015 Restated*
Revenue		**6 002 341**	5 901 431
Cost of sales		**(4 604 486)**	(4 556 343)
Gross profit		**1 397 855**	1 345 088
Other operating income		**168 448**	184 523
Expenses		**(1 418 055)**	(1 261 195)
Profit from operating activities (Note 2)		**148 248**	268 416
Net interest expense (Note 3)		**(32 557)**	(61 364)
Profit before taxation		**115 691**	207 052
Taxation		**(77 072)**	(65 308)
Profit for the year		**38 619**	141 744
Profit for the year attributable to:			
– Owners of Bell Equipment Limited		**37 472**	141 169
– Non-controlling interest		**1 147**	575
Earnings per share (basic) (Note 4)	(cents)	**39**	148
Earnings per share (diluted) (Note 4)	(cents)	**39**	148

** Refer to restatements of prior periods in note 11.*

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

R'000	2016	2015 Restated*
Profit for the year	**38 619**	141 744
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising during the year	**(221 639)**	285 630
Exchange differences on translating foreign operations	**(210 970)**	272 161
Exchange differences on foreign reserves	**(10 669)**	13 469
Items that may not be reclassified subsequently to profit or loss:	**17 340**	–
Surplus arising on revaluation of properties	**24 300**	–
Taxation relating to surplus arising on revaluation of properties	**(6 960)**	–
Other comprehensive (loss) income for the year, net of taxation	**(204 299)**	285 630
Total comprehensive (loss) income for the year	**(165 680)**	427 374
Total comprehensive (loss) income attributable to:		
- Owners of Bell Equipment Limited	**(166 827)**	426 799
- Non-controlling interest	**1 147**	575

** Refer to restatements of prior periods in note 11.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

R'000	Attributable to owners of Bell Equipment Limited Stated capital	Non-distributable reserves	Retained earnings	Total	Non-controlling interest	Total capital and reserves
Balance at 31 December 2014 – (restated)*	230 567	465 551	1 814 703	2 510 821	7 636	2 518 457
Total comprehensive income for the year (restated)*	–	285 630	141 169	426 799	575	427 374
Recognition of share-based payments	–	1 585	–	1 585	–	1 585
Decrease in statutory reserves of foreign subsidiaries	–	(497)	497	–	–	–
Transactions with non-controlling interest	–	–	850	850	(850)	–
Balance at 31 December 2015 – (restated)*	**230 567**	**752 269**	**1 957 219**	**2 940 055**	**7 361**	**2 947 416**
Total comprehensive (loss) income for the year	**–**	**(204 299)**	**37 472**	**(166 827)**	**1 147**	**(165 680)**
Transfer between reserves relating to expired share options	**–**	**(3 220)**	**3 220**	**–**	**–**	**–**
Decrease in equity-settled employee benefits reserve relating to forfeited share options	**–**	**(702)**	**–**	**(702)**	**–**	**(702)**
Share options exercised	**1 572**	**–**	**–**	**1 572**	**–**	**1 572**
Increase in statutory reserves of foreign subsidiaries	**–**	**9 250**	**(9 250)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(14 273)**	**(14 273)**	**–**	**(14 273)**
Transactions with non-controlling interest	**–**	**–**	**(1 578)**	**(1 578)**	**(8 508)**	**(10 086)**
Balance at 31 December 2016	**232 139**	**553 298**	**1 972 810**	**2 758 247**	**–**	**2 758 247**

** Refer to restatements of prior periods in note 11.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

R'000	2016	2015 Restated*
Cash generated from operations before working capital changes	**406 005**	361 045
Cash utilised in working capital	**(208 338)**	(602 925)
Cash generated from (utilised in) operations	**197 667**	(241 880)
Net interest paid	**(32 377)**	(54 369)
Taxation paid	**(76 951)**	(54 141)
Net cash generated from (utilised in) operating activities	**88 339**	(350 390)
Net cash utilised in investing activities	**(117 390)**	(54 194)
Net cash (utilised in) generated from financing activities	**(33 470)**	79 836
Net cash outflow	**(62 521)**	(324 748)
Net (bank overdrafts and borrowings on call) cash at beginning of the year	**(199 572)**	125 176
Net bank overdrafts and borrowings on call at end of the year	**(262 093)**	(199 572)
Comprising:		
Bank overdrafts and borrowings on call	**(446 388)**	(303 793)
Cash and bank balances	**184 295**	104 221
Net bank overdrafts and borrowings on call at end of the year	**(262 093)**	(199 572)

** Refer to restatements of prior periods in note 11.*

SUMMARISED NOTES TO THE SUMMARISED CONSOLIDATED RESULTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

The consolidated financial statements, from which these summarised consolidated financial statements have been derived, have been prepared in accordance with International Financial Reporting Standards (IFRS) and the policies and methods of computation are consistent with those applied to the previous year, except for the adoption of amended standards and interpretations and the changes as described below. The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of properties and financial instruments.

The group has adopted all of the amended standards and interpretations relevant to its operations and effective for annual reporting periods beginning 1 January 2016. The adoption of these amended standards and interpretations has not had any significant impact on the amounts reported in the financial statements and in this summarised consolidated financial statements.

In the current year the group reclassified certain revenue transactions and related receivables balances from the South African manufacturing and logistics operation to the Rest of Africa operation. The operating segment information for the previous periods has been restated accordingly. Refer to note 7.

Due to fraud and mismanagement in the group's operation in the Democratic Republic of the Congo, Bell Equipment (DRC) SPRL, the group's results in prior periods have been restated. Comparative information has been restated and details of these adjustments are disclosed in note 11.

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

R'000	2016	2015 Restated
2. PROFIT FROM OPERATING ACTIVITIES		
Profit from operating activities is arrived at after taking into account:		
Income		
Currency exchange gains	**388 753**	239 526
Deferred warranty income	**50 764**	51 627
Decrease in warranty provision	**–**	21 330
Import duty rebates	**65 020**	57 153
Net surplus on disposal of non-current assets held for sale	**–**	7 073
Net surplus on disposal of property, plant and equipment and intangible assets	**26**	6 041
Expenditure		
Amortisation of intangible assets	**33 229**	25 374
Amounts written off as uncollectible	**33 898**	11 924
Auditors' remuneration - audit and other services	**10 772**	9 683
Consulting fees	**33 270**	30 353
Currency exchange losses	**419 694**	234 940
Depreciation of property, plant and equipment	**110 985**	143 304
Increase in warranty provision	**14 060**	–
Operating lease charges	**127 370**	135 468
Research expenses (excluding staff costs)	**35 501**	29 978
Severance pay	**9 739**	26 240
Staff costs (including directors' remuneration)	**1 203 963**	1 225 182

R'000	2016	2015 Restated
3. NET INTEREST EXPENSE		
Interest expense	**48 174**	77 384
Interest income	**(15 617)**	(16 020)
Net interest expense	**32 557**	61 364
4. EARNINGS AND NET ASSET VALUE PER SHARE		
Basic earnings per share is arrived at as follows:		
Profit for the year attributable to owners of Bell Equipment Limited (R'000)	**37 472**	141 169
Weighted average number of ordinary shares in issue ('000)	**95 159**	95 147
Earnings per share (basic) (cents)	**39**	148
Diluted earnings per share is arrived at as follows:		
Profit for the year attributable to owners of Bell Equipment Limited (R'000)	**37 472**	141 169
Fully converted weighted average number of shares ('000) *	**95 289**	95 147
Earnings per share (diluted) (cents)	**39**	148
** The number of shares has been adjusted for the effect of the dilutive potential ordinary shares relating to the unexercised options in the group's share option scheme.*		
Headline earnings per share is arrived at as follows:		
Profit for the year attributable to owners of Bell Equipment Limited (R'000)	**37 472**	141 169
Net surplus on disposal of property, plant and equipment, intangible assets and non-current assets held for sale (R'000)	**(26)**	(13 114)
Taxation effect of net surplus on disposal of property, plant and equipment, intangible assets and non-current assets held-for-sale (R'000)	**7**	3 672
Headline earnings (R'000)	**37 453**	131 727
Weighted average number of ordinary shares in issue ('000)	**95 159**	95 147
Headline earnings per share (basic) (cents)	**39**	138
Diluted headline earnings per share is arrived at as follows:		
Headline earnings calculated above (R'000)	**37 453**	131 727
Fully converted weighted average number of shares ('000)	**95 289**	95 147
Headline earnings per share (diluted) (cents)	**39**	138
Net asset value per share is arrived at as follows:		
Total capital and reserves (R'000)	**2 758 247**	2 947 416
Number of shares in issue ('000)	**95 297**	95 147
Net asset value per share (cents)	**2 894**	3 098
5. STATED CAPITAL		
Authorised		
100 000 000 (2015: 100 000 000) ordinary shares of no par value		
Issued		
95 296 885 (2015: 95 146 885) ordinary shares of no par value	**232 139**	230 567

The increase in issued share capital relates to 150 000 (2015: nil) share options exercised at an average share price of R10,48 per share.

SUMMARISED NOTES TO THE SUMMARISED CONSOLIDATED RESULTS (CONTINUED)

for the year ended 31 December 2016

R'000	2016	2015
6. CAPITAL EXPENDITURE COMMITMENTS		
Contracted	**13 228**	3 827
Authorised, but not contracted	**88 508**	46 260
Total capital expenditure commitments	**101 736**	50 087

7. SUMMARISED SEGMENTAL ANALYSIS

R'000	Revenue	Operating profit (loss)	Assets	Liabilities
December 2016				
South African sales operation	**2 731 470**	**115 347**	**1 093 956**	**699 513**
South African manufacturing and logistics operation	**3 334 624**	**80 506**	**2 858 072**	**1 278 889**
European operation	**2 180 950**	**60 801**	**1 074 298**	**694 993**
Rest of Africa operation	**799 706**	**(185 805)**	**624 312**	**511 340**
North American operation	**665 612**	**49 810**	**266 720**	**198 098**
All other operations	**–**	**(163 390)**	**1 117 089**	**239 591**
Inter-segmental eliminations *	**(3 710 021)**	**190 979**	**(2 527 499)**	**(1 873 723)**
Total	**6 002 341**	**148 248**	**4 506 948**	**1 748 701**
December 2015				
South African sales operation	2 435 925	70 112	1 155 685	822 850
South African manufacturing and logistics operation (restated) **	3 571 649	148 671	2 556 304	1 109 465
European operation	1 806 920	65 273	1 130 113	692 910
Rest of Africa operation (restated) **	1 127 479	(1 714)	909 980	785 352
North American operation	560 413	301	95 996	29 152
All other operations	-	(40 360)	1 342 185	153 523
Inter-segmental eliminations (restated) *	(3 600 955)	26 133	(2 301 760)	(1 652 165)
Total	5 901 431	268 416	4 888 503	1 941 087

Included in the Rest of Africa operation are past due debtors of R110,1 million (2015: R92,1 million) relating to a few customers in the group's operation in the Democratic Republic of the Congo. These customer accounts are being managed by senior group management with regular visits, review of business activities and business plans and in some cases the debts have been rescheduled and revised repayment agreements entered into. Subsequent to year-end scheduled repayments have been received in terms of these agreements.

* *Inter-segmental eliminations above relate to the following:*

i) Revenue - the elimination of intra-group sales transactions, mainly sales from the South African manufacturing and logistics operation, to the distribution operations.

ii) Operating profit (loss) - the elimination of profit (loss) on intra-group transactions, mainly sales transactions from the South African manufacturing and logistics operation to the distribution operations, where the inventory has not yet been on-sold by the distribution operations to a third party at year-end.

iii) Assets and liabilities - the intra-group transactions result in intra-group receivables and payables balances and furthermore intra-group loans are in place between certain group operations. These are eliminated on consolidation.

** *In the current year the group reclassified certain revenue transactions and related receivables balances from the South African manufacturing and logistics operation to the Rest of Africa operation. Previously revenue from certain customers in Africa was reported to the group's chief operating decision maker under the South African manufacturing and logistics operation. This is now reported under the Rest of Africa operation. The operating segment information for the previous periods has been restated accordingly. The effect of these reclassifications is presented on page 71. Refer adjustment (a). This reclassification had no impact on the operating profit (loss) of the segments.*

7. SUMMARISED SEGMENTAL ANALYSIS (CONTINUED)

The segment information for the Rest of Africa operation has been further adjusted for the prior period restatements as disclosed in note 11. Refer adjustment (b) below.

R'000	Revenue	Operating profit (loss)	Assets	Liabilities
December 2015				
South African manufacturing and logistics operation				
As previously reported	3 782 318	148 671	2 558 768	1 109 465
Adjustment (a)	(210 669)	–	(2 464)	–
Restated	3 571 649	148 671	2 556 304	1 109 465
Rest of Africa operation				
As previously reported	916 810	21 634	872 073	693 034
Adjustment (a)	210 669	–	2 464	–
Adjustment (b)	–	(23 348)	35 443	92 318
Restated	1 127 479	(1 714)	909 980	785 352

8. CONTINGENT LIABILITIES

8.1 The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited.

In respect of the different categories of financing provided by WesBank, the group carries certain credit risks. These are considered to be financial guarantee contracts.

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

R'000	2016	2015
At year-end the group's credit risk exposure to WesBank under Bell-backed deals for which the group carries all the credit risk totalled	**144 688**	211 581
At year-end the group's credit risk exposure to WesBank under Bell-shared risk deals for which the group carries a portion of the credit risk totalled	**2 682**	1 997
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	**249 936**	319 208
Net contingent liability	**–**	–
The group has entered into similar shared risk arrangements with various other institutions. These arrangements are first-loss undertakings and the group's exposure remains fixed until the capital is repaid. These are considered to be financial guarantee contracts.		
At year-end the group's credit risk exposure to these financial institutions totalled	**3 146**	14 566
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liability	**1 413**	27 839
	1 733	(13 273)
Less: provision for non-recovery	**(1 797)**	(262)
Net contingent liability	**–**	–

Where customers are in arrears with these financial institutions and there is a shortfall between the estimated realisation values of equipment and the balances due by the customers to these financial institutions, an assessment of any additional security is done and a provision for any residual credit risk is made on a deal-by-deal basis.

SUMMARISED NOTES TO THE

SUMMARISED CONSOLIDATED RESULTS (CONTINUED)

for the year ended 31 December 2016

R'000	2016	2015
8. CONTINGENT LIABILITIES (CONTINUED)		
8.2 The repurchase of equipment sold to customers and financial institutions has been guaranteed by the group for an amount of	**467**	945
In the event of repurchase, it is estimated that the equipment would presently realise	**1 860**	3 404
Net contingent liability	**–**	–

This relates to sales transactions with buy-back obligations where the probability of return of the equipment by the customer at the end of the buy-back period has been assessed as remote and revenue has been recognised upfront. A provision for residual value risk is recognised subsequent to initial recognition of the sale on a deal-by-deal basis, to the extent that the assessed market value of the equipment is less than the cost of meeting the buy-back obligation.

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

In the event of a residual value shortfall on this equipment, the group would be exposed to a maximum amount of	**8 469**	28 335
Net contingent liability	**8 469**	28 335
In certain other transactions the group has paid cash collateral as security for the residual value risk. This cash collateral is recognised as retention deposits under interest-bearing long-term receivables. In the event of a residual value shortfall on this equipment, the group would be exposed to a maximum amount equal to the cash collateral of	**–**	2 072
Less: impairment of retention deposits	**–**	(2 072)
Net retention deposits and net contingent liability	**–**	–
Total net contingent liabilities	**8 469**	28 335

The transactions described in note 8.3 above relate to sales transactions to financial institutions which lease the equipment to customers for an agreed lease term. In certain cases, the group has a remarketing agreement with the institution for the disposal of the equipment returned after the lease term, but in all instances the group's risk is limited to the residual value risk described above.

The provision for residual value risk and the impairment of the retention deposits are based on an assessment of the market value of the equipment.

9. RELATED PARTY TRANSACTIONS

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

Shareholders

John Deere Construction and Forestry Company

	2016	2015
– sales	**17 302**	106 458
– purchases	**392 769**	565 492
– amounts owing to	**57 020**	51 961
– amounts owing by	**3 664**	25 216
Enterprises over which directors and shareholders are able to exercise significant influence and/or in which directors and shareholders have a beneficial interest		
Latin Equipment Group		
– sales	**29 332**	43 728

10. FINANCIAL INSTRUMENTS

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

- Loans and receivables at amortised cost comprising interest-bearing long-term receivables, trade and other receivables and cash and bank balances. The directors consider that the carrying amount of loans and receivables at amortised cost approximates their fair value.
- Financial liabilities at amortised cost comprising interest-bearing liabilities, trade and other payables and bank overdrafts and borrowings on call.

  The directors consider that the carrying amount of financial liabilities at amortised cost approximates their fair value.
- Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts and fair value is determined based on a Level 2 fair value measurement. Level 2 fair value measurements are those derived from inputs other than quoted prices.
- Available for sale financial asset comprising an unlisted equity investment at cost for which a reliable fair value could not be determined.

11. PRIOR PERIOD RESTATEMENTS

As a result of fraud and mismanagement of the group's operation in the Democratic Republic of the Congo which was uncovered in the current period, the group's results in prior periods have been restated. This is due to the fact that:

1) A finance lease receivable had been discounted with a financial institution with recourse to the group and had been incorrectly derecognised. The outstanding receivable has been re-instated and the corresponding liability to the financial institution recognised (adjustment (a)).
2) Employees taxation, corporate income taxation and related penalties and interest, as well as certain other less significant expenses, had been understated in prior periods. Accordingly, the group's comparative information has been restated for these items (adjustment (b)).

R'000	As previously reported	Adjustment (a)	Adjustment (b)	Restated
December 2015				
Statement of financial position				
- Interest-bearing long-term receivables	29 763	5 810	–	35 573
- Trade and other receivables and prepayments	777 903	(2 947)	(2 640)	772 316
- Current portion of interest-bearing long-term receivables	41 759	35 572	–	77 331
- Current taxation assets	26 827	–	(352)	26 475
Net increase (decrease) in assets		38 435	(2 992)	
- Non-distributable reserve	765 277	–	(13 008)	752 269
- Retained earnings	2 001 086	–	(43 867)	1 957 219
- Interest-bearing liabilities	111 885	5 810	–	117 695
- Trade and other payables	1 014 921	–	53 883	1 068 804
- Current portion of interest-bearing liabilities	57 719	32 625	–	90 344
Net increase (decrease) in equity and liabilities		38 435	(2 992)	
Statement of profit or loss				
- Cost of sales	(4 554 157)	–	(2 186)	(4 556 343)
- Expenses	(1 240 033)	–	(21 162)	(1 261 195)
- Interest expense	(70 787)	(4 134)	(2 463)	(77 384)
- Interest income	11 886	4 134	–	16 020
- Taxation	(64 008)	–	(1 300)	(65 308)
Net decrease in profit		–	(27 111)	

SUMMARISED NOTES TO THE SUMMARISED CONSOLIDATED RESULTS (CONTINUED)

for the year ended 31 December 2016

11. PRIOR PERIOD RESTATEMENTS (CONTINUED)

R'000	As previously reported	Adjustment (a)	Adjustment (b)	Restated
Statement of profit or loss and other comprehensive income				
- Exchange differences arising during the year	297 520	–	(11 890)	285 630
Statement of cash flows				
- Net cash utilised in operating activities	(311 955)	(38 435)	–	(350 390)
- Net cash generated from financing activities	41 401	38 435	–	79 836
Earnings per share (basic) (cents)	177	–	(29)	148
Earnings per share (diluted) (cents)	177	–	(29)	148
January 2015				
Statement of financial position				
- Non-distributable reserve	466 669	–	(1 118)	465 551
- Retained earnings	1 831 459	–	(16 756)	1 814 703
- Trade and other payables	1 376 773	–	9 848	1 386 621
- Current taxation liabilities	28 640	–	8 026	36 666
Net increase in equity and liabilities		–	–	

12. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

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

	Salary R	Pension/ Provident fund R	Other benefits and allowances R	2016 Total R	2015 Total R
Executive directors					
GW Bell	**3 050 107**	**–**	**130 393**	**3 180 500**	3 047 668
L Goosen	**2 417 274**	**326 726**	**222 775**	**2 966 775**	2 601 242
KJ van Haght	**2 099 894**	**276 106**	**27 000**	**2 403 000**	2 149 330
Total	**7 567 275**	**602 832**	**380 168**	**8 550 275**	**7 798 240**
Paid to prescribed officers of the company's subsidiaries by the company's subsidiaries:					
Prescribed officers					
Executive A (expatriate salary)	**3 926 845**	**111 950**	**179 738**	**4 218 533**	3 697 693
Executive B (retrenched 31 January 2015)	**–**	**–**	**–**	**–**	2 460 534
Executive C (retired 31 December 2016)	**2 085 308**	**287 610**	**142 082**	**2 515 000**	2 327 319
Executive D (expatriate salary)	**4 169 046**	**313 990**	**907 759**	**5 390 795**	4 866 455
Total	**10 181 199**	**713 550**	**1 229 579**	**12 124 328**	**13 352 001**

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

12. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

	2016 R	2015 R
Paid to non-executive directors of the company by the company:		
Non-executive directors		
JR Barton	**868 833**	539 690
AJ Bell	**397 550**	243 270
B Harie	**479 650**	422 310
DH Lawrance (appointed 1 January 2016)	**487 750**	–
MA Mun-Gavin (resigned 4 May 2015)	**–**	233 099
TO Tsukudu	**446 650**	375 365
HR van der Merwe (appointed 1 January 2016)	**408 150**	–
DJJ Vlok (retired 5 May 2016)	**292 850**	515 000
Total	**3 381 433**	2 328 734

SUMMARISED NOTES TO THE SUMMARISED CONSOLIDATED RESULTS (CONTINUED)

for the year ended 31 December 2016

12. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

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

Executive directors and prescribed officers	Exercise price	Balance at 31 December 2014 Number of options	Exercised Number of options	Forfeited Number of options	Balance at 31 December 2015 Number of options	Exercised Number of options	Forfeited Number of options	Balance at 31 December 2016 Number of options
L Goosen	10,48	100 000	–	–	100 000	–	–	**100 000**
	13,06	50 000	–	–	50 000	–	–	**50 000**
	21,35	30 000	–	–	30 000	–	–	**30 000**
Total		**180 000**	**–**	**–**	**180 000**	**–**	**–**	**180 000**
KJ van Haght	10,48	100 000	–	–	100 000	–	–	**100 000**
	13,06	50 000	–	–	50 000	–	–	**50 000**
	21,35	30 000	–	–	30 000	–	–	**30 000**
Total		**180 000**	–	–	**180 000**	**–**	**–**	**180 000**
Executive A	10,48	100 000	–	–	100 000	–	–	**100 000**
	13,06	50 000	–	–	50 000	–	–	**50 000**
	21,35	30 000	–	–	30 000	–	–	**30 000**
Total		**180 000**	**–**	**–**	**180 000**	**–**	**–**	**180 000**
Executive B (retrenched 31 January 2015) *	10,48	100 000	–	–	100 000	–	**(100 000)**	**–**
	13,06	50 000	–	–	50 000	–	**(50 000)**	**–**
	21,35	30 000	–	–	30 000	–	**(30 000)**	**–**
Total		**180 000**	**–**	**–**	**180 000**	**–**	**(180 000)**	**–**
Executive C (retired 31 December 2016) *	10,48	100 000	–	–	100 000	–	–	**100 000**
	13,06	50 000	–	–	50 000	–	–	**50 000**
Total		**150 000**	**–**	**–**	**150 000**	**–**	**–**	**150 000**
Executive D	10,48	60 000	–	–	60 000	–	–	**60 000**
	13,06	30 000	–	–	30 000	–	–	**30 000**
	21,35	15 000	–	–	15 000	–	–	**15 000**
Total		**105 000**	**–**	**–**	**105 000**	**–**	**–**	**105 000**
GRAND TOTAL		**975 000**	**–**	**–**	**975 000**	**–**	**(180 000)**	**795 000**

** A retired or retrenched employee is entitled to exercise their options in full within twelve months after becoming a retired or retrenched employee. If not exercised within such period, the options lapse.*

13. SUBSEQUENT EVENTS

Subsequent to year-end the board approved a BBBEE ownership transaction for BESSA. In terms of this transaction, a selected BBBEE partner and a newly formed broad based trust will acquire 22,5% and 7,5% respectively of the issued share capital of BESSA. After this transaction, BESSA will qualify as a 30% black women owned entity. The conclusion of this transaction is expected to be announced in the first half of 2017.

No other facts or circumstances material to the appreciation of this report has occurred between 31 December 2016 and the date of this report.

SHAREHOLDER INFORMATION

Register date: 30 December 2016

Issued share capital: 95 296 885

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	564	50,58	208 940	0,22
1 001 – 10 000 shares	391	35,07	1 469 296	1,54
10 001 – 100 000 shares	116	10,40	3 353 262	3,52
100 001 – 1 000 000 shares	37	3,32	11 926 878	12,52
1 000 001 shares and over	7	0,63	78 338 509	82,20
Totals	1 115	100,00	95 296 885	100,00
DISTRIBUTION OF SHAREHOLDERS				
Banks/brokers	18	1,61	4 907 803	5,15
Close corporations	10	0,90	2 833 036	2,97
Endowment funds	3	0,27	19 634	0,02
Individuals	888	79,64	3 702 138	3,88
Insurance companies	7	0,63	6 087 634	6,39
Medical schemes	1	0,09	70 000	0,07
Mutual funds	25	2,24	5 482 419	5,75
Other corporations	6	0,54	22 340	0,02
Private companies	30	2,69	36 400 648	38,20
Public company	2	0,18	30 097 102	31,59
Retirement funds	60	5,38	5 325 918	5,59
Trusts	65	5,83	348 213	0,37
Totals	1 115	100,00	95 296 885	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	6	0,54	65 985 807	69,24
Directors and associates of the company	4	0,36	262 238	0,28
Strategic holders of more than 10%	2	0,18	65 723 569	68,96
Public shareholders	1 109	99,46	29 311 078	30,76
Totals	1 115	100,00	95 296 885	100,00
RESIDENT/NON-RESIDENT				
Resident	1 075	96,41	60 210 747	63,18
Non-resident	40	3,59	35 086 138	36,82
Totals	1 115	100,00	95 296 885	100,00

SHAREHOLDER INFORMATION (CONTINUED)

	Number of shares	%
TOP 10 BENEFICIAL SHAREHOLDERS		
I A Bell And Company (Pty) Ltd	35 723 569	37,49
John Deere	30 000 000	31,48
Sanlam	6 834 466	7,17
Allan Gray	2 721 832	2,86
Clark, IAJ	2 710 000	2,84
UBS (Custodian)	2 478 131	2,60
Government Employees Pension Fund	1 606 377	1,69
Eskom Pension & Provident Fund	1 005 231	1,05
Citibank (Custodian)	846 854	0,89
Investment Solutions	776 048	0,81
Totals	84 702 508	88,88
TOP 10 INSTITUTIONS		
Sanlam Investment Management	6 834 466	7,17
Allan Gray Asset Management	5 778 377	6,06
UBS (Custodian)	2 478 131	2,60
Investec Asset Management	2 151 170	2,26
Public Investment Corporation	1 606 377	1,69
Citibank (Custodian)	846 854	0,89
SIX SIS (Custodian)	422 825	0,44
Melville Douglas Investment Management	318 000	0,33
RMB Morgan Stanley	309 839	0,33
Clearstream Banking SA Luxembourg	241 506	0,25
Totals	20 987 545	22,02

GLOSSARY

ADT	Articulated Dump Truck
AGM	Annual General Meeting
APDP	Automotive Production and Development Programme
Bell Equipment or Bell or the group	Bell Equipment Limited and its subsidiaries
BEE or BBBEE	Black Economic Empowerment or Broad-Based Black Economic Empowerment
BECSA	Bell Equipment Company SA Proprietary Limited
BEEO	Bell Equipment European Operations comprising the Bell operations in Germany, UK, France and Russia
BENA	Bell Equipment North America
BESA	Bell Equipment Sales Africa comprising BESSA and the Bell operations in Zambia, DRC, Mozambique and Zimbabwe
BESSA	Bell Equipment Sales South Africa Limited
COBIT	Control Objectives for Information and Related Technology
Companies Act	Companies Act of South Africa No 71 of 2008 (as amended)
CRM	Customer Relations Management
CSC	Customer Service Centre
CSDP	Central Securities Depository Participant
DRC	Democratic Republic of the Congo
GDP	Gross Domestic Product
GEC	Group Executive Committee
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
ISO	International Standards Organisation
IT	Information Technology
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
JSE	Johannesburg Stock Exchange Limited
King III	King Code of Governance Principles and the King Report on Governance
KPI	Key Performance Indicators
LTIFR	Lost Time Injury Frequency Rate
LTRS	Lifetime Revenue Stream
Matriarch	Matriarch Trading Close Corporation
MOI	Memorandum of Incorporation
NPAT	Net Profit after Tax
NUMSA	National Union of Metalworkers of South Africa
OEM	Original Equipment Manufacturer
OROA	Operating Return on Assets
SENS	Stock Exchange News Service
SVA	Shareholder Value-Add
TLB	Tractor Loader Backhoe
TMP cycle	Trough, mid and peak cycle
1-BELL	Bell initiative used to unite the greater Bell organisation through the adoption of a number of common areas of focus and key values associated therewith

SHAREHOLDER DIARY

Financial year-end	31 December
Integrated annual report	March 2017
Annual general meeting	3 May 2017
Interim results announcement	August 2017

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 49th AGM of shareholders of Bell Equipment will be held at the company's registered office, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Wednesday, 3 May 2017 at 11:00 to attend to the following matters, with or without modification.

RECORD DATES

Shareholders are reminded to take note of the following dates:

- last day to trade in order to be eligible to attend, participate and vote at the AGM will be Tuesday, 18 April 2017;
- the record date in order to be eligible to attend, participate and vote at the AGM will be Friday, 21 April 2017.

ORDINARY BUSINESS

1. ORDINARY RESOLUTION 1: FINANCIAL STATEMENTS

To adopt the annual financial statements of the group for the financial year ended 31 December 2016, together with the social, ethics and transformation committee's, the audit committee's, the auditor's and the directors' reports thereon.

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

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

2.1 to re-elect T Tsukudu as a non-executive director who retires by rotation in terms of the MOI at this AGM and, being eligible, makes himself available for re-election. Brief particulars of the qualifications and experience of the abovementioned director is available on page 18 of the integrated annual report of which this notice forms part; and

2.2 to re-elect B Harie as a non-executive director who retires by rotation in terms of the MOI at this AGM and, being eligible, makes herself available for re-election. Brief particulars of the qualifications and experience of the abovementioned director is available on page 18 of the integrated annual report of which this notice forms part.

3. ORDINARY RESOLUTION 3: ELECTION OF DIRECTORS

To resolve the election of directors appointed by the board since the last AGM by way of separate resolutions;

3.1 To elect R Naidu as a non-executive director, appointed by the board since the last AGM and being obliged to retire at this AGM but being eligible and available for election, offers himself for election as an independent non-executive director.

Brief particulars of the qualifications and experience of the abovementioned director are reflected below:

Raj holds a BCom degree from the University of Cape Town; a postgraduate diploma in accountancy from the University of KwaZulu-Natal and a postgraduate diploma in banking law from the University of Johannesburg and is a chartered accountant.

Raj was a partner at Deloitte in the financial institutions team and corporate finance practices. He was previously a group general manager at Sasol Limited responsible for corporate finance, investor relations and shareholder value management and during this time, Raj chaired the audit committee of Sasol Petroleum International, served on the board of trustees for Sasol's Group Enterprise Development Trust and worked closely with global investment banks and global consulting firms. Raj currently manages the Pritor group of companies that provides corporate development advisory and investment services.

3.2 To elect M Ramathe as an independent non-executive director, appointed by the board since the last AGM and being obliged to retire at this AGM but being eligible and available for election, offers herself for election as an independent non-executive director.

Brief particulars of the qualifications and experience of the abovementioned director are reflected below:

Mamokete holds a BCom (financial accounting) (business finance) degree from the University of the Witwatersrand, a BCom Honours (business management) degree from the University of South Africa, a Masters degree (development finance) from the University of Stellenbosch and a Masters degree in leading innovation and change from York St John University.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Mamokete's career has spanned across corporate finance advisory services, private equity finance, mezzanine finance and infrastructure project finance. She is a member of the Institute of Directors Southern Africa, member of the International Women's Forum South Africa, member of the Board of Trustees for Vodacom Provident Fund and a non-executive director of Novate Advisory Proprietary Limited.

Mamokete is currently the executive head in the mergers and acquisitions division at Vodacom Group Proprietary Limited, responsible for evaluating and executing acquisition opportunities and other corporate activity.

4. ORDINARY RESOLUTION 4: APPOINTMENT OF THE MEMBERS OF THE AUDIT COMMITTEE

Pursuant to the requirements of Section 94 of the Companies Act to elect the following independent non-executive directors of the company as members of the audit committee until the conclusion of the AGM to be held in 2018:

4.1 DH Lawrance (chairman of the audit committee).

4.2 R Naidu (subject to his election as a director in terms of ordinary resolution 3.1).

4.3 M Ramathe (subject to her election as a director in terms of ordinary resolution 3.2).

Brief particulars of the qualifications and experience of the abovementioned directors are available on page 19 of the integrated annual report of which this notice forms part and in the previous ordinary resolution 3.

5. ORDINARY RESOLUTION 5: 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 to note the replacement of Mr BJ Botes (due to retirement) with Mrs C Howard-Browne as the individual designated auditor for the financial year ended 31 December 2017.

6. ORDINARY RESOLUTION 6: PLACEMENT OF AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

To resolve that the directors be authorised and empowered to allot and issue out of the authorised but unissued shares in the capital of the company up to 5% of the number of shares in issue immediately prior to that issue to such person or persons upon such terms and conditions and at such times as they may determine and deem fit, subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI and provided that this authority shall not extend beyond the AGM to be held in 2018 or 15 (fifteen) months from 3 May 2017, whichever date is earlier.

The directors of the company have no specific intention to effect a general issue of shares as contemplated in this resolution number 7 but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect such an issue.

7. NON-BINDING ADVISORY ENDORSEMENT OF THE COMPANY'S REMUNERATION POLICY

To endorse through a non-binding advisory vote, the company's remuneration policy and its implementation as set out in the remuneration committee report contained on page 54 of the integrated annual report of which this notice forms part.

SPECIAL BUSINESS

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

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

To resolve that to the extent required by Section 45 of the Companies Act, the board may, subject to compliance with the provisions of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, by way of a general authority, authorise the company to provide at any time and from time to time any direct or indirect financial assistance to any one or more related or inter-related companies or corporations of the company but not to a director and/or a prescribed officer of the company, for a period of one year from 1 January 2018 to 31 December 2018.

Reasons and effect

The reason for and effect of this special resolution number 1 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance to the company's related and/or inter-related companies in accordance with the provisions of Section 45 of the Companies Act, as and when required in the normal course of its business. This special resolution does not authorise the provision of financial assistance to a director and/or a prescribed officer of the company or of any related and/or inter-related companies.

9. SPECIAL RESOLUTIONS 2.1 TO 2.15: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FOR THE PERIOD 1 JANUARY 2018 TO 31 DECEMBER 2018

To resolve as separate special resolutions that the directors' fees payable to the non-executive directors of the company, for the period 1 January 2018 to 31 December 2018, be approved as follows:

Special resolution No.		Rand
	Retainer fees to be paid annually	
2.1	Non-executive chairman	326 900
2.2	Non-executive directors	178 610
	Fees per meeting payable to the chairman of the board and the chairmen of board committees	
2.3	Board	29 790
2.4	Audit committee	17 910
2.5	Risk and sustainability committee	17 910
2.6	Nominations committee	9 010
2.7	Remuneration committee	9 010
2.8	Social, ethics and transformation committee	17 910
	Fees to be paid to non-executive directors per meeting	
2.9	Board	29 790
2.10	Audit committee	23 850
2.11	Risk and sustainability committee	17 910
2.12	Nominations committeew	7 470
2.13	Remuneration committee	7 470
2.14	Social, ethics and transformation committee	17 910
2.15	Bell audit services committee	11 870

The proposed fees for 2018 set out above are exclusive of VAT

Reasons and effect

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

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

The company's AGM is held in 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 these special resolutions, if passed, will be the authorisation of the abovementioned fees.

10. SPECIAL RESOLUTION 3: BASIS OF REMUNERATION PAYABLE TO EX- NON-EXECUTIVE DIRECTOR D VLOK FOR PAST SERVICES AS A DIRECTOR OF THE COMPANY

To resolve, as a special resolution, that the board is authorised to pay Mr D Vlok (or should he die prior to the full amount determined by the board having been paid to him, an amount determined by the board, to his widow, but not to her estate) further remuneration for his services as a director in an amount of not more than R1 484 000 (one million four hundred and eighty four thousand Rand) excluding VAT as a once-off lump sum payment in the aggregate payable in such manner as the directors may determine.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Reasons and effect

The reason for this special resolution is to authorise the board to pay Mr D Vlok remuneration for his past services as a director of the company not more than R1 484 000 (one million four hundred and eighty four thousand Rand) excluding VAT, but to allow the board to determine the exact amount to be paid to Mr Vlok or should he die, his widow and the other terms applicable to such payment. Mr Vlok was a non-executive director of the company until last year's AGM when he retired from such position after having served as such for 20 (twenty) years. The effect of this special resolution is to enable the board to adhere to an undertaking which the board gave to Mr Vlok in 2006.

The retirement grant has since been discontinued for all new non-executive directors appointed to the board, other than Mr T Tsukudu.

11. SPECIAL RESOLUTION 4: GENERAL AUTHORITY TO REPURCHASE SHARES

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

- the general repurchase of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year;
- the general repurchase of shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorisation thereto has been given by the company's MOI;
- this general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this special resolution;
- general repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the shares for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, a company may only appoint one agent to effect any repurchases on the company's behalf;
- a resolution has been passed by the board confirming that the board has authorised the general repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group, or in the case of a purchase by a subsidiary, a resolution of the board of such subsidiary confirming that such board has authorised the general repurchase, that such subsidiary passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
- any such general repurchases are subject to exchange control regulations and approval at that point in time;
- the company or its subsidiaries may not repurchase shares during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE in writing prior to the commencement of the prohibited period; and
- when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of shares, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

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

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

Reason and effect

The reason and effect for this special resolution number 4 is to authorise the company and/or its subsidiaries by way of a general authority to acquire the company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company, subject to the limitations set out above.

Statement of board's intention

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

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

The JSE Listings Requirements require certain disclosures for purposes of the general authority to repurchase the company's shares as contemplated by special resolution 4, some of which appear elsewhere in the integrated annual report of which this notice forms part:

Major shareholders of the company	page 78
Stated capital of the company	page 69

Directors' responsibility statement

The directors, whose names are given on pages 18 to 19 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 4 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of Section 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by the JSE Listings Requirements.

No material changes

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

12. OTHER BUSINESS

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

INFORMATION SCHEDULE

QUORUM

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

Proxies/representation at the meeting

Shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration who are unable to attend the meeting, are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder. Forms of proxy must be received for administrative purposes by the company secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or at Private Bag X20046, Empangeni, 3880 or by the company's share transfer secretaries, Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein or at PO Box 4844, Johannesburg, 2000 by 11:00 on Friday, 28 April 2017. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration. Any forms of proxy not received by this time must be handed to the chairperson of the AGM immediately prior to the meeting.

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

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

IDENTIFICATION

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

VOTING RIGHTS

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

SHARES HELD BY SHARE TRUST OR SCHEME

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

ELECTRONIC COMMUNICATION

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

By order of the board

D McIlrath
Group Company Secretary

14 March 2017

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

FORM OF PROXY

BELL EQUIPMENT LIMITED

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

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

An ordinary shareholder entitled to attend and vote at the AGM to be held in the visitors' centre of Bell Equipment Limited, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Wednesday, 3 May 2017 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 are requested to be provided to the company secretary for administrative purposes at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or at Private Bag X20046, Empangeni, 3880 or to the company's share transfer secretaries, Link Market Services SA Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein or at PO Box 4844, Johannesburg, 2000 by no later than 11:00 on Friday, 28 April 2017.

I/We (please print full names)

of (address)

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

ordinary shares in the company, do hereby appoint:

1. or failing him/her

2. or failing him/her

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

ORDINARY RESOLUTION NUMBER		For	Against	Abstain
1.	Adoption of annual financial statements			
2.	To re-elect directors who retire in terms of clause 5.1.10 of the company's MOI			
2.1	T Tsukudu			
2.2	B Harie			
3.	To elect non-executive directors appointed by the board since the last AGM and who retire and offer themselves for election			
3.1	R Naidu			
3.2	M Ramathe			
4.	Appointment of the following independent non-executive directors as members of the audit committee until the conclusion of the AGM to be held in 2018:			
4.1	DH Lawrance (chairman of the audit committee)			
4.2	R Naidu			
4.3	M Ramathe			
5.	Appointment of Deloitte & Touche as auditors of the company; and to note the appointment of Mrs C Howard-Browne as the individual designated auditor			
6.	Placement of authorised but unissued shares under the control of the directors			
7.	Non-binding advisory endorsement of the company's remuneration policy			
SPECIAL RESOLUTION NUMBER		**For**	**Against**	**Abstain**
1.	Approval for the granting of financial assistance in terms of Section 45 of the Companies Act			
2.	Approval of fees for non-executive directors			
	Annual retainer fees			
21	Non-executive chairman			
2.2	Non-executive directors			
	Fees paid per meeting to the chairman of the board and the chairmen of the committees			
2.3	Board			
2.4	Audit committee			
2.5	Risk and sustainability committee			
2.6	Nominations committee			
2.7	Remuneration committee			
2.8	Social, ethics and transformation committee			
	Fees paid to non-executive directors per meeting			
2.9	Board			
2.10	Audit committee			
2.11	Risk and sustainability committee			
2.12	Nominations committee			
2.13	Remuneration committee			
2.14	Social, ethics and transformation committee			
2.15	Bell audit services committee			
3.	Basis of remuneration payable to ex-non-executive director D Vlok for past services as a director of the company			
4.	General authority to repurchase shares			

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

Please read the notes following this form of proxy.

Signed at (place) on 2017

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

NOTES TO THE FORM OF PROXY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The chairman of the AGM shall be entitled to decline or accept the authority of a person signing the proxy form:

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

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

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

D McIlrath
Private Bag X20046
Empangeni
3880

Link Market Services SA Proprietary Limited
PO Box 4844
Johannesburg
2000

by no later than 11:00 on Friday, 28 April 2017.

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

CORPORATE INFORMATION

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ATTORNEYS
Edward Nathan Sonnenberg Inc.

JSE SPONSORS
Investec Bank Limited

SHARE CODE
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www.bellequipment.com

INVESTOR RELATIONS
www.bellir.co.za

COMPANY REGISTRATION NUMBER
1968/013656/06

ISIN CODE
ZAE000028304

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