SERIOUSLY DRIVEN

BELL

BELL EQUIPMENT LIMITED
INTEGRATED ANNUAL REPORT

2013

STRONG RELIABLE MACHINES, STRONG RELIABLE SUPPORT

CONTENTS

SCOPE AND BOUNDARY OF REPORT

THIS INTEGRATED ANNUAL REPORT, COMPILED FOR BELL EQUIPMENT LIMITED (BELL EQUIPMENT) AND ITS SUBSIDIARIES, PROVIDES INFORMATION RELATING TO GOVERNANCE PRACTICES, STAKEHOLDER ENGAGEMENT AS WELL AS FINANCIAL AND SUSTAINABILITY PERFORMANCE FOR THE YEAR 1 JANUARY 2013 TO 31 DECEMBER 2013, INCLUDING THE 73 GEOGRAPHICAL TERRITORIES IN WHICH IT TRADES.

This is Bell's third integrated annual report, a style of reporting that seeks to provide a concise and balanced account of performance over the reporting period and to detail the approach taken by the group to identify and address the financial, social, economic, environmental and governance issues and risks that could have a material impact on the long-term success of the business and the strategy going forward.

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), requirements of the South African Companies Act, regulations of the JSE Limited (JSE) and recommendations of the South African Code of Corporate Practice and Conduct (King III).

The consolidated data incorporates the company and all entities controlled by Bell Equipment as if they are a single economic entity. Both financial and non-financial data is aligned to the same financial reporting period, allowing for comparison of performance data including any material matters affecting the various stakeholder groups.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

In addition, information is provided on the group's strategy.

The board accepts responsibility for the integrity of the group's integrated annual report. In accordance with King III, the board has delegated the responsibility to evaluate sustainability disclosure to the Audit Committee, which recommended that the board approve this report.

Feedback

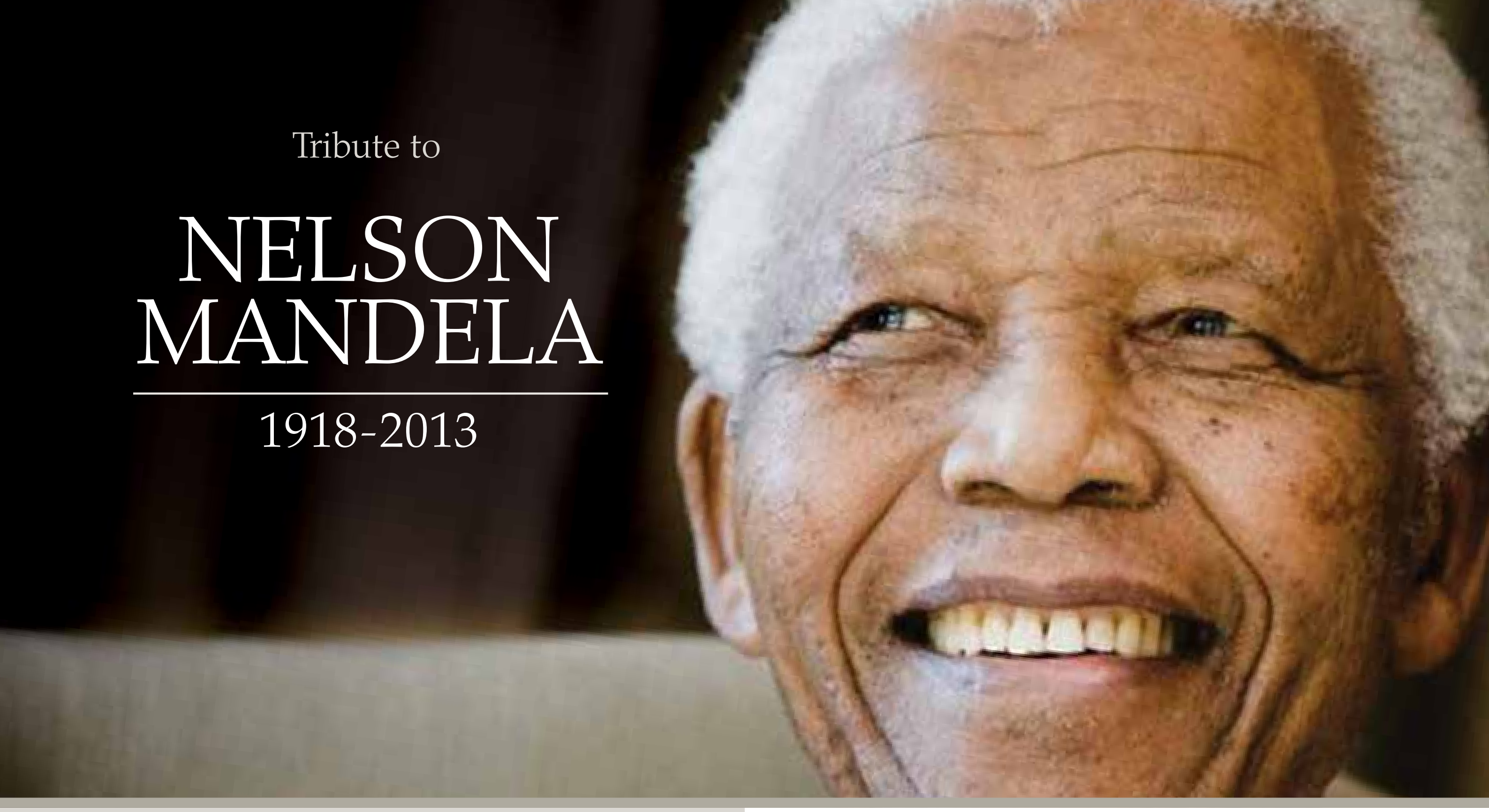
Bell Equipment welcomes feedback ensuring the things that matter to you are included in the future.
Go to http://www.bellir.co.za or email investor@bell.co.za for the feedback form or scan the code below with your Smartphone.

Scan this barcode to download this report or visit our website at http://www.bellir.co.za

This integrated annual report, including the Bell Equipment annual financial statements, sustainability report and corporate governance report, is available through a mobile application available for either the Apple or Android platform.

Available on android

Available on the App Store



Tribute to

NELSON MANDELA

1918-2013

On Madiba's first visit to Richards Bay in 1995, Gary Bell had an opportunity to present the Bell Company to him. Following a short tour of the manufacturing facilities and on seeing what the company was doing he said, "what I see here today gives me great hope and confidence in the future of our country."

Twenty years ago, in 1994 – Nelson Mandela became the first democratically elected president of South Africa. In the same year, Bell Equipment CEO Gary Bell, was awarded the President's Award for export achievement. Mr Bell was honoured to have received the award from President Mandela himself at the Bell Equipment operations in Richards Bay. This occasion lives on with each of us who work at Bell Equipment and, as a proudly South African company, would like to take this opportunity to pay tribute to his exceptional leadership and the monumental challenges that he overcame.

On 5 December 2013, the day of Madiba's passing at the age of 95, Bell Equipment joined people from around the world in expressing condolences. Our Customer Service Centres flew their flags at half-mast in honour of his passing.

Bell Equipment's people have long been inspired by the role of the former president who was known by his clan name, Madiba. He was a peacemaker, a philanthropist and an activist for positive change. His name became synonymous with the selfless struggle for liberty and democracy – the unwavering pursuit of equality and social justice.

One of Madiba's most famous quotes was at the 90th birthday celebration of fellow freedom fighter and ANC member, Walter Sisulu in May 2002 when he said, ***"What counts in life is not the mere fact that we have lived. It is what difference we have made in the lives of others that will determine the significance of the life we led."***

Full name: Nelson Rolihlahla Mandela
Nickname: Madiba
Born: 18 July 1918
Died: 5 December 2013
Education: Clarkebury Boarding Institute, Wesleyan College, University College of Fort Hare, University of London, University of Witwatersrand
Place of birth: Mvezo, Transkei, South Africa
Place of death: Johannesburg, South Africa

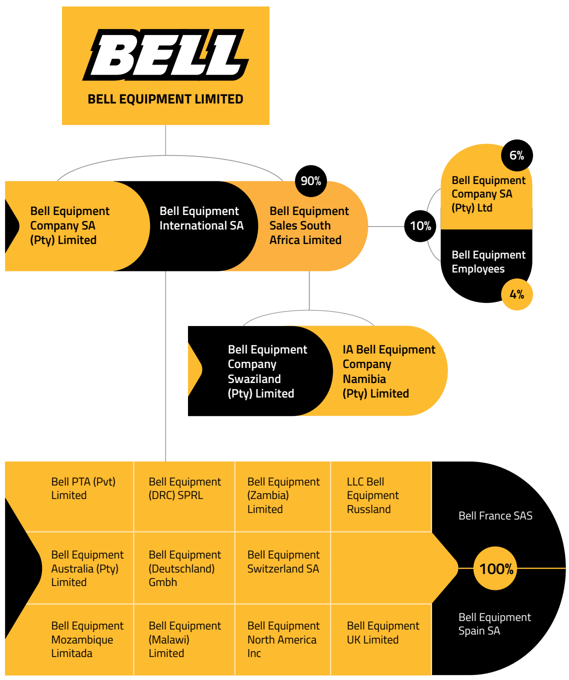
BELL EQUIPMENT IS A PROUDLY SOUTH AFRICAN COMPANY WITH ALMOST 60 YEARS OF EXPERIENCE IN THE MANUFACTURE, DISTRIBUTION AND SUPPORT OF MATERIALS HANDLING EQUIPMENT.

Bell Equipment's comprehensive network of branches and independent dealers supplies equipment solutions, ancillary products and after-sales services to the agriculture, forestry, waste handling, construction and mining industries worldwide.

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

The Bell Articulated Dump Truck (ADT) is the group's core product and globally, Bell Equipment is acknowledged as an ADT specialist for its ongoing product innovation and class-leading performance. Bell Equipment's diverse and complementary product range also includes Wheeled Loaders, Rigid and Articulated Haulers, Excavators, Motor Graders, Dozers, Tractor Loader Backhoes, Tri-Wheeler rough terrain material handling equipment and a complete range of compaction, crushing and screening machinery. As such Bell Equipment is strategically placed as a one-stop shop with over 100 products well suited to all applications.

GLOBAL CORPORATE STRUCTURE



TIMELINE

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 Equipment enters the Wheeled Loader market
1984	From the new production facility in Richards Bay, South Africa, the first Articulated Truck enters service
1989	Launch of the B40 Articulated Dump Truck, targeting heavy duty mining applications
1998	Bell C-series ADT and Wheeled Loader range launched
2001	Launch of the D-series Articulated Truck sets a new standard of excellence

INTERNATIONAL FOOTPRINT

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

1. EUROPE
Belgium – Dealer 1
France – Branch 1/Dealer 23
Greece – Dealer 1
Italy – Dealer 1
Netherlands – Dealer 1
Tunisia – Dealer 1
Turkey – Dealer 1
Armenia – Dealer 1
Austria – Dealer 1
Bulgaria – Dealer 1
Croatia – Dealer 1
Czech Republic – Dealer 1
Denmark – Dealer 2
Finland – Dealer 2
Georgia – Dealer 1
Germany – Branch 2/Dealer 18
Hungary – Dealer 2
Iceland – Dealer 1
Kosovo – Dealer 1
Latvia – Dealer 1
Lithuania – Dealer 1
North Ireland – Dealer 1
Norway – Dealer 1
Poland – Dealer 3
Romania – Dealer 1
Serbia – Dealer 1
Slovenia – Dealer 1
Portugal – Dealer 1
Spain – Branch 1/Dealer 18
Switzerland – Dealer 2
United Kingdom – Branch 1

2. AFRICA
Botswana – Dealer 1
DRC – Branch 2/Dealer 1
Egypt – Dealer 1
Ethiopia – Dealer 1
Ghana – Dealer 1
Kenya – Dealer 1
Malawi – Branch 1
Mauritius – Dealer 1
Morocco – Dealer 1
Mozambique – Branch 3
Nigeria – Dealer 1
Tanzania – Dealer 1
Uganda – Dealer 1
Zambia – Branch 2
Zimbabwe – Branch 5

3. SOUTH EAST ASIA AND OCEANIA
Australia – Branch 1/Dealer 2
India – Dealer 1
Indonesia – Dealer 1
Japan – Dealer 1
Malaysia – Dealer 4
New Zealand – Dealer 2
Singapore – Dealer 2
Taiwan – Dealer 1
Thailand – Dealer 2

4. SOUTH AMERICA
Argentina – Dealer 2
Barbados – Dealer 1
Bolivia – Dealer 1
Brazil – Dealer 2
Chile – Dealer 3
Colombia – Dealer 1
Dominican Republic – Dealer 1
Panama – Dealer 1
Uruguay – Dealer 1

5. RUSSIA
Kazakhstan – Dealer 1
Russian Federation –Branch 1/Dealer 5
Ukraine – Dealer 2

6. SOUTHERN AFRICA
South Africa – Branch 22
Namibia – Branch 3
Swaziland – Branch 1

7. MIDDLE EAST
Bahrain – Branch 1

8. NORTH AMERICA
USA – Branch 1/Dealer – 1
Canada – Dealer 1

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

Truck assembly operations commence in Europe

Global logistics centre commissioned in Jet Park, Johannesburg

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

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

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

LAUNCH OF THE E-SERIES
Bell Equipment launches the new E-series ADT at their factory in Richards Bay. Bell Equipment is granted distributorship rights for Terex Finlay range of mobile crushing, screening and recycling equipment.

2002 2003 2008 2009 2011 2012 2013

STRATEGIC DIMENSIONS

GROUP VISION

The vision of Bell Equipment is to be a growing, sustainable, capital equipment solution provider of choice.

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

THE BELL WAY

Mutual respect, honesty and integrity, commitment, quality and teamwork.

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

THE BELL EQUIPMENT VALUE PROPOSITION

Bell Equipment seeks to create enduring partnerships with its customers. This starts with world-class equipment co-developed to deliver performance in rugged environments. Value is embedded by maximising customer uptime, thereby optimising return on their capital, productivity and operating costs. This is the goal of the dedicated relationship teams who will deliver the appropriate mix of spares, service and performance solutions. The value proposition is encapsulated by the motto "Strong Reliable Machines, Strong Reliable Support".

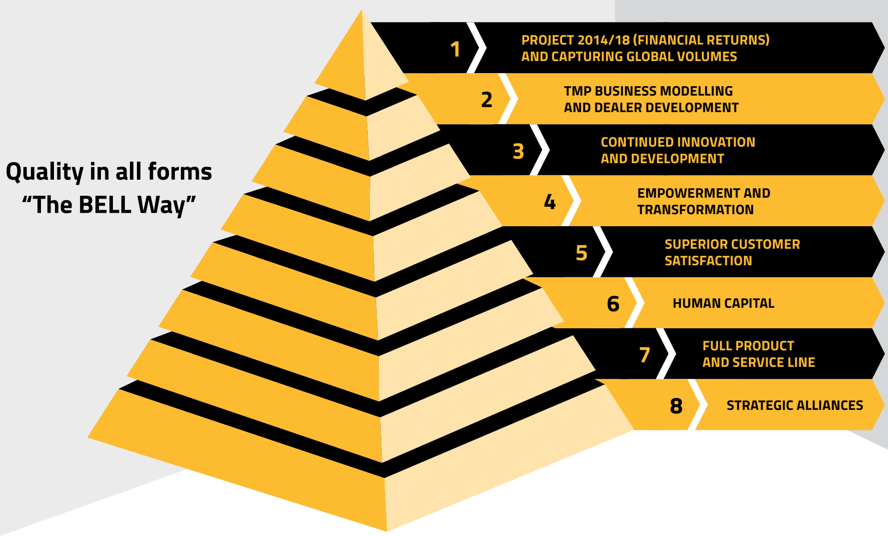
STRATEGIC OBJECTIVES

In accordance with its vision, Bell Equipment continues to invest significantly in research and development, engineering expertise and manufacturing capabilities, thus ensuring Bell Equipment continues to design and build world-class products.

Bell Equipment delivers through an integrated OEM/dealer business model, which focuses additional investment in sales and distribution divisions to provide customers world-class aftersales support, which is a critical and often decisive factor in the group's customers' buying decision.

It is through this philosophy that Bell Equipment is well positioned to capture global volumes, particularly in regions that were previously restricted through distribution agreements. The renegotiation of these agreements has provided Bell Equipment with the opportunity to grow the brand in some of the biggest ADT markets in the world. To this end, global ADT volumes is defined as the backbone of its strategic thrust, and in support of this objective "dealer development" has been identified as one of the key strategic objectives.

To effectively capture the opportunity in the new markets strategic partnerships are being formed to distribute and support the group's products. A dealer development programme will allow Bell Equipment to share its philosophy and methodologies in the aftermarket and support areas of the business to ensure that its customers continue to receive strong reliable machines, strong reliable support. The executive leadership of the group has been tasked with ensuring the required attention and resources are committed to these strategic objectives.



STRATEGIC PRIORITIES AND OBJECTIVES

Project 2014/18 is a business improvement project aimed at ensuring that the group is Shareholder Value-Add (SVA)-positive or at least neutral during trough business cycle conditions. The group has adopted the Operating Return on Assets (OROA) model as the group's measure of shareholder returns and has set minimum OROA targets throughout the business cycle to ensure shareholder value is maintained. These financial targets are referred to as SVA targets.

By analysing and understanding the drivers of OROA, the group has identified seven initiatives embarked upon, all with the aim of improving the business and, ultimately, financial returns to shareholders. The project has the full and unwavering commitment of all employees, management and the board of directors. It is continuously monitored by the executive management and the board of directors, with corrective actions identified and implemented as and when required. The renegotiation of certain distribution agreements has opened up the global market to Bell Equipment to distribute its ADTs. This has provided Bell Equipment with an exciting opportunity to grow its global market share and brand, where they were previously represented by other parties.

Recognising the cyclical nature of the group's markets, being a trough, mid- and peak (TMP) cycle, together with the SVA principle as explained above, the business is being modelled in such a way as to ensure that it is able to sustainably create value as it migrates between the different business cycles. The key attributes of this model are: to grow the business responsibly and sustainably; and to react quickly and decisively during migration periods, particularly downturns.

Although the business model to date has been primarily one of an integrated OEM/dealer, the strategic plan around the previously restricted markets is to capture the volumes through the development of a distributor and dealer network, which will to some extent mitigate the effects of the cyclical nature of the business.

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 us to maximise growth opportunities, through responsiveness to customers' needs.

Bell Equipment is uniquely positioned in the South African market as an Original Equipment Designer and Manufacturer (OEM) of yellow metal products. The group is a proud enabler of infrastructure development and consequent economic growth in South Africa as well as the rest of Africa. Bell Equipment remains committed to answering government's call for job creation and transformation. The group continues to work closely with the Department of Trade and Industry, the Economic Development Department and the Industrial Development Corporation on a number of projects. The group is committed to achieving sustainable transformation and supporting the "Buy South African" initiative as prioritised by government.

Customers are the reason for Bell Equipment's continued existence. Being financially sustainable gives the customer peace of mind that the group will continue to support its products and invest in innovation and product development, which in turn allows customers to make a value-proposition 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.

Employees are considered the most important asset of the group. Bell Equipment will continue to focus on developing and harnessing the skills and knowledge of employees to deliver world-class products and services, facilitating sustainable growth. It will also continue to reward and incentivise employees appropriately and at market-related rates for their contributions towards the group's successes.

By offering customers fully integrated yellow metal solutions, the company is able to maintain a competitive advantage in the market. These solutions include:

- a comprehensive range of earth-moving, construction, mining and materials handling, road building and compaction, forestry and agricultural equipment;
- a pre-owned equipment and parts offering;
- repair and maintenance contracts;
- financing solutions;
- remote equipment monitoring and tracking (Fleetm@tic);
- parts and maintenance services;
- remanufacturing of equipment; and
- in keeping with the group's ability to innovate, it offers customised solutions to customers through the group's "application equipment" business unit, offering tailor-made equipment for customers with specialised requirements.

The group's strategic alliance partners, including John Deere, Hitachi, Liebherr, Finlay and Bomag, are some of the most respected brands in the industry. These organisations share the group's vision and together the group is able to provide world-class product offerings and services to customers globally. The group will continue to focus on building/improving relationships with strategic alliance partners supporting mutually beneficial relations.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B25E
B25E
BELL

A
MICHAEL MUN-GAVIN (64) + # ~
Independent Non-executive Chairman
Chairman of the Nominations Committee
BCom (Natal)
CA (SA)
Appointed to the board in 2005

B
JOHN BARTON (66) * + # ~
Independent Non-executive Director
Chairman of the Audit Committee
FCMA (UK) AMP (Harvard) GCMA
Appointed to the board in 2009

C
DANIE VLOK (68) * + # ~
Independent Non-executive Director
Chairman of the Remuneration Committee
Chairman of the Risk and Sustainability Committee
BCom; MBA
Appointed to the board in 1995

D
TIISETSO TSUKUDU (60) ^ # ~
Independent Non-executive Director
Chairman of the Social, Ethics and Transformation Committee
BA (University of the North)
MBA (Strathclyde Graduate Business School, Glasgow)
Appointed to the board in 2004

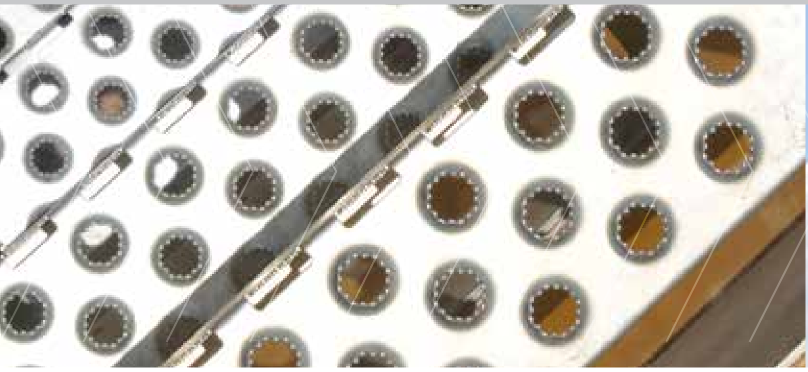
E
BHARTI HARIE (43) * ^
Independent Non-executive Director
BA LLB (Natal)
LLM (Wits)
Attorney, Notary and Conveyancer
Appointed to the board In 2010

F
GARY BELL (61) ^
Group Chief Executive
Mechanical Eng Diploma
(Natal Technikon)
Appointed as an employee in 1971

G
KAREN VAN HAGHT (47) +
Group Finance Director
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2000

H
LEON GOOSEN (41) +
Executive Director
BAcc (Stellenbosch)
BCompt (Hons)
CTA (UOFS)
CA (Namibia)
CA (SA)
Appointed as an employee in 2007

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



Michael Mun-Gavin
Chairman

CHAIRMAN'S REPORT

I am pleased to bring you my Chairman's report for the group's 2013 financial year.

OVERVIEW

Our aim in this Integrated 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 2013.

FINANCIAL

As with the previous year, 2013 proved to be a mixed year for Bell. The group recorded profit after tax of R206 million for the year under review, a reduction of 15% compared with the prior year, and earnings per share of 193 cents (2012: 237 cents). Of these consolidated profits, R183 million is attributable to Bell shareholders. On the other hand, total comprehensive income attributable to shareholders of Bell rose to R462 million compared with R272 million in the prior year. The improvement in the comprehensive income over the current year's profit after tax and the previous year's comprehensive income has arisen largely as a result of sizeable exchange differences on the translation of foreign operations and the surplus on revaluation of properties. The net outcome of these results saw shareholders wealth (capital and reserves) rise 20% from R2,07 billion (2,183 cents per share) to R2,49 billion (2,616 cents per share).

The current year's profit after tax is particularly disappointing as sales increased by 11,4% and overall gross profit in Rand terms improved by 13,4% compared to the previous year. Unfortunately, this improvement in gross profit was more than offset by increased expenses stemming largely from an increased salary and wage bill, under recovery of fixed overheads and currency losses in the second half of the year. Shareholders will recall that the group had achieved a profit after tax of R157 million at the half-year stage, which means that the second half of the year saw a profit after tax of only R49 million.

The abovementioned fall in profits is largely due to the continuing weakness and unpredictability of the resource-based economy and, closer to home, the weakening of our currency and the protracted strikes and labour unrest at many of South Africa's mines. This has caused disruption to mining production which, in turn, has resulted in orders for equipment not being fulfilled. Whilst management has responded by curtailing production, there is always a time lag and this has caused a significant increase in stock holding.

After a particularly pleasing improvement in working capital management in the previous year, much of this has been undone in the year under review. Both inventories and trade receivables, but particularly the former, are significantly up on the previous year. These, together with the outlay required to buy back the empowerment shareholding in one of the group's subsidiaries (R120 million) and the strategic once-off forward purchase of components and machines (R69 million), have resulted in a negative cash flow for the year under review of R516 million. Notwithstanding this, it does need to be stressed that gearing is still well within acceptable norms and stands at only 25%.

At the end of the last financial year, the directors of the company decided to commence what was hoped to be the payment of a regular pattern of dividends. Regrettably, with the rapid decline in profits in the second half of the year and the significant cash outflow for the year under review, it has been decided not to declare a dividend at this time.

OPERATIONAL ISSUES

The recently launched E-series range of trucks has been well accepted by our customers and, together with the expansion of our range to include a larger 60-ton capacity truck, we maintain our lead as innovators in the market. Significant investments continue in the upgrade of our Customer Service Centres and new facilities have been opened in Middleburg (Mpumulanga) and Mbombela (Nelspruit). A new Customer Service Centre is scheduled to open this year in Kitwe, Zambia.

The tailing off in demand for mining-related products in the latter half of the year has resulted in reduced throughput in the group's production facilities which, in turn, resulted in an under-recovery of fixed overheads during that period. Further capacity exists at each of Bell's plants and it is hoped that increased utilisation will return during the course of the year ahead. Management continues to be active in securing new markets for the group's products and has also been seeking out new sources of supply for the products required in our production processes with a view to achieving cost savings and reducing supply lead times.

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

As mentioned in last year's annual report, a change to the commercial relationship between the group and John Deere enabled Bell's entry into certain strategic markets such as Canada and the United States after a decade-long absence from these regions. With North America representing 50% of the global articulated dump truck market, this represents a significant expansion opportunity and the group is currently expanding its dealer network in those territories.

SUSTAINABILITY

The Risk and Sustainability Committee meets on a regular basis to review the risks facing the group, with a specific focus on the implementation and continuing effectiveness of the measures put in place to mitigate each identified risk. Risks are classified in terms of their possible impact and probability of occurrence

CHAIRMAN'S REPORT (continued)

and those with the highest perceived risk to the group's operations are then closely monitored by the committee and the board. All other risks and their mitigation measures are monitored on an ongoing basis at executive management level.

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

Management and the board continually monitor economic activity both locally and abroad and endeavour to be proactive in positioning the group for expected changes in demand for its products. This is not an easy task, as has been evidenced by the deterioration in working capital management for the year under review, but it remains a key aspect of our concern for sustainability within the group.

It is widely accepted that the African continent is likely to experience significant economic growth over the next decade or two. If this transpires, considerable infrastructural investment will be necessary. Bell is therefore well positioned to benefit from such growth, being the only significant African "yellow metal" manufacturer currently in existence on the continent.

Closer to home, the implementation of the National Development Plan should enhance civil and construction activity, both of which are positive for Bell.

GOVERNANCE

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

The board and its various committees conduct a self-appraisal review process on a two-yearly basis. This is designed to highlight areas of strength and weakness within each structure and in addition, for each member of the board. The last review was conducted at the beginning of 2013 and the outcomes were positive. Where weaknesses were highlighted we are endeavouring to improve our performance.

TRANSFORMATION

The Social, Ethics and Transformation Committee takes responsibility for monitoring issues such as health and safety within the workforce, all disciplinary issues, and issues relating to transformation and empowerment. This committee is still in its infancy and its impact is only likely to be felt in the years that lie ahead.

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

As mentioned above, Bell's strategic empowerment partner in its subsidiary, Bell Equipment Sales South Africa Limited, exercised its right to put its shares back to the group during the latter part of 2013. This has left the group without any significant empowerment shareholder and plans are being considered with a view to resolving this issue.

OUTLOOK

The start to the year ahead has been modest and unless conditions improve significantly, it is difficult to be too optimistic about the prospects for the year ahead. There are clearly obstacles in the Eurozone with the current political upheaval in Eastern Europe detracting from any confidence in economic growth for that region. Within South Africa, the projected increase in infrastructure spend should have a positive impact on Bell, but its timing is uncertain, particularly with the forthcoming elections likely to take our political leaders' eyes off the economic ball during the inevitable reshuffles to the cabinet and government portfolios that follow elections. We look forward to reaping the benefits that will flow through in the immediate to longer-term from Africa's economic and infrastructure growth, as well as the future benefits from our re-entry into the North American market.

APPRECIATION

On behalf of the board I would like to extend our gratitude to André McDuling for his service as an alternate director on the Bell Equipment board.

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

Michael Mun-Gavin
13 March 2014


BELL
B40D

Gary Bell
Chief Executive Officer

CHIEF EXECUTIVE'S REPORT

The year 2013 was challenging and although it started out looking stronger than 2012, it ended being another mixed year for the group. Bell Equipment, together with the broader industry, saw a rapid deterioration of business conditions in the second half. In terms of our own experience, there was a clear deterioration in global sentiment, particularly in commodities, due largely to China's slowing growth. In response, customers delayed buying decisions, which had an impact on the order book for the second half of the year.

In response to this sentiment we cut back substantially on production rates, unfortunately still resulting in an oversupply of products at year end. Fortunately most of the stock on hand are popular products that will be sold in the first few months of 2014.

Going forward it will be important to manage the triangle of our production, inventory and margins and measures have been put in place to better control the next cycle both upwards and downwards. A five to six-month order book is optimal for forward planning and our longer-term strategy to migrate a greater portion of our distribution channels to independent dealers will assist in this regard.

The 2013 profit after tax was disappointing as sales increased by 11,4% and overall gross profit in Rand terms improved by 13,4% from the previous year. However, this was offset by increased expenses, salary and wage bills, under-recovery of fixed overheads and currency losses in the second half of the year. While the group achieved a profit after tax of R157 million at the half year stage, the second half of the year saw a profit after tax of only R49 million. This was largely the result of the continuing weakness and unpredictability of the resource-based economy, and closer to home, the weakening of our currency.

Although there were protracted strikes and labour unrest at many of South Africa's mines, largely in the platinum sector, it had a limited effect on the group as the one mining sector that really has held out for us was the coal industry in South Africa. However, labour disruption does lead to uncertainty and a lack of confidence in the economy, and buying decisions tend to be held off.

Overheads are an area of constant focus and margins remained roughly the same for the year. Our markets depend on buoyant economic growth and this has still to return in most of Europe. We have seen continuing good recovery in the rest of Africa, North America and other areas of the developing world.

The focus on construction and infrastructure spend within South Africa, and many other developing African economies, bodes well for our future. Labour intensive value-adding industries such as Bell are increasingly important to the dynamo of local economic growth. None of the major projects have materialised from the South African Government's infrastructure programme, as outlined in the National Development Plan, although they hold great promise in the longer term. However, what we did see this year was an encouraging uptick in the smaller jobs from emerging and new contractors, resulting in a high demand for our smaller equipment. Due to us being well placed in Southern Africa in terms of our extensive distribution coverage and customer service centres, we are well positioned to service the big infrastructure projects when they do start to flow through. Our advantage, from a product point of view, is that as a supplier to the construction and infrastructure sectors, we can provide a comprehensive full-line coverage – from small to large equipment – and offer the best network support.

We continue to engage with government at various levels. As South Africa's leading earth-moving, construction, mining and materials-handling equipment provider, we remain extremely supportive of all initiatives to bolster our economy and improve prospects for the creation of employment in our industry, and in particular, for the communities surrounding our Richards Bay factory. In this context, we are fully supportive of, and encouraged by, the government's plans to expand support in the manufacturing sectors where high employment and growth multipliers are present. This will be good for Bell, its suppliers, direct and indirect employees and their dependents, and our total local supply chain. The multiplier effect in manufacturing generally, and at Bell Equipment specifically, is huge. Just by way of example, there are 1588 South African businesses – primarily suppliers of components and services – that support Bell. Of these 880 are in KwaZulu-Natal and 312 are based in the Richards Bay area where the Bell Equipment head office is located.

Bell Equipment works closely with the government departments, primarily the Department of Trade and Industry (DTI), the Industrial Development Corporation (IDC) and the International Trade Administration Commission of South Africa (ITAC). The support programmes are useful as are their research and development incentives. A particular highlight during 2013 was a visit to one of Bell Equipment's factories by DTI minister Rob Davies, who showed a great deal of interest. Manufacturing is still key to employment, which is understandably a focus of the government, given South Africa's crippling unemployment rate.

We have learnt to manage with a relatively volatile Rand but it is important that all aspects of South Africa's manufacturing competitiveness are examined and enhanced. While Rand weakness can be good for South African manufacturers, allowing them a measure of competitiveness, we would prefer a more stable currency. While we can respond quickly to Rand fluctuations the downside is that a weak or volatile Rand slows the local economy, which is a significant part of our total business.

Our core product remains the Articulated Dump Truck (ADT), the E-series of which was launched in 2013. Late 2013 saw the launch of the new B60 ADT, which is an even larger truck with a 60-ton capacity and an equal level of innovation. There has been a high level of interest in the B60 from mining clients and the product is being fast-tracked to production. Our products

CHIEF EXECUTIVE'S REPORT (continued)

have a high added-value for the local manufacturing sector as the machinery comprises 60% to 65% local content.

Looking ahead, the intent is to grow our global volume of products. During 2013, we had new opportunities in North and South America. In the US, we re-established our presence during 2013 via our distributor, Bell Trucks America, and we will be supporting that distribution channel with the aim of having a comprehensive dealer network across the US by 2015. The US is probably the most upbeat of all the markets that we are active in at the moment.

In Canada we have a coast-to-coast offering via Wajax, a leading Canadian distributor engaged in the sale and after-sale parts and service support of equipment, power systems and industrial components, through a network of over 30 branches across the country. North America is 50% of the global market for our core product, the ADT.

In the South American market we have appointed our first three Articulated dump truck dealers and aim to expand coverage in the region over the next two years.

The African market consumes 5% to 6% of all machinery sold globally, so the market is still fairly small. Thus, growth must come from our presence in and increasing coverage of the Northern hemisphere, the South East Asian market and South America, which completes our coverage in the global market.

The start to the year ahead has been modest. There are clearly obstacles in the Eurozone, with the current political upheaval in Eastern Europe detracting from any confidence in economic growth for that region. Within South Africa, the projected increase in infrastructure spend should have a positive impact on Bell. Our re-entry into the North American market is an exciting and positive move and provides our greatest growth potential.

I take this opportunity to again thank all our valued stakeholders, including shareholders, customers, suppliers, employees, financiers, government and other strategic partners for their continued support. The commitment of the shareholders to continue to support the company through the turbulent cycles of the last five years is greatly appreciated. However, and regrettably, with the decline in profit in the second half of the year and the cash outflow for the year under review, it has been decided not to declare a dividend at this time.

We will continue to bring our customers strong, reliable machines, while also consistently providing them with strong, reliable support across the 73 countries in which we are represented. We look forward to improved profitability and well-contained working capital as we move further into 2014.

Gary Bell

Gary Bell
Chief Executive Officer


BELL
BELL
BELL

Karen van Haght
Group Finance Director

GROUP FINANCE DIRECTOR'S REPORT

INTRODUCTION

Simply put, 2013 was a challenging year. The markets in which Bell operates were difficult and sales volumes were down as a result. A slowdown in the order book resulted in an oversupply of inventory. The level of the Euro and the US Dollar relative to the Rand placed substantial pressure on costs. This resulted in lower than expected profitability.

REVENUE

Whereas 2010 and 2011 delivered strong recoveries in sales volumes following the group's lowest point during the global economic crisis in 2009, 2012 delivered only a modest increase in sales volumes. While early 2013 showed indications of a positive increase in sales volumes, this increase did not materialise later in the year largely as a result of a slowdown in China, as well as a slowdown in commodities generally. The group had to respond quickly by cutting back production in the second half of the year to match reduced demand. Group sales ended the year at R6,3 billion, 11,4% up from the 5,7 billion of 2012. The strong Euro and USD contributed to this revenue growth.

With a relatively modest level of activity in recent years in the construction industry in the markets that Bell operates in, mining has historically been the main source of demand for the group's products. While serious unresolved challenges in the mining industry in South Africa resulted in a slowing of local demand in 2013, this was partly offset by the large level of support from the coal mining sector. Mining industry concerns remain a risk for the future, although an uptick in infrastructure development in South Africa bodes well going forward. Revenue from sales in South Africa was R2,8 billion compared to R2,5 billion in 2012. As a result, the contribution by the South African market to total group revenue increased to 45% from 44% in 2012.

Europe remains very depressed and this region experienced sales growth of just 9%. Europe contributed 18% of group sales.

Sales in Africa outside South Africa increased by 16% in 2013. We are optimistic that our increased footprint in Africa and our investment in and commitment to Africa will deliver returns in years to come. The rest of Africa contributed 30% of group sales.

We re-entered the North American market in 2013. Sales were R337 million and the region contributed 5% to group sales. This is expected to grow rapidly out of our network across the region. These volumes will add much-needed throughput to the production facilities which are currently operating at well-below capacity.

GROSS MARGIN

Despite the tough trading conditions, we maintained our margins for the period under review at 22,6% versus 22,2% in 2012. The further weakening of the Rand versus the Euro and the US Dollar also assisted in maintaining margins in the tough environment.

OTHER OPERATING INCOME

Other operating income increased by 29% compared with 2012, mainly due to higher import duty rebates associated with the new APDP programme in 2013.

EXPENSES

Group overheads increased by 23% in 2013 due to increased expenses stemming largely from an increased salary and wage bill, under-recovery of fixed overheads and currency losses in the second half of the year. The foreign operations incur Euro- and US Dollar-based costs, which when translated to a weaker Rand, increases overheads. Rising input costs in South Africa pose an increasing challenge. Labour productivity and the return earned on the group's investment in human capital will need to be increased in order to bring the group closer to achieving its operating return on assets objectives.

INTEREST PAID

Net interest paid reduced by 16% to R34,7 million from R41,5 million in 2012 due to lower average borrowings during the year in 2013. Although borrowings at the end of 2013 were considerably higher than at the end of 2012, group gearing stands at only 25%.

OPERATING PERFORMANCE

As a result of the challenges outlined above the group recorded profit after tax of R206 million for 2013, a reduction of 15% in comparison with 2012, and earnings per share of 193 cents (2012: 237 cents). Of these consolidated profits, R183 million is attributable to Bell shareholders. On the other hand, total comprehensive income attributable to Bell shareholders rose to R462 million compared with R272 million in 2012. The improvement in the comprehensive income over 2013's profit after tax and the previous year's comprehensive income has arisen largely due to sizeable exchange differences on the translation of foreign operations and the surplus on revaluation of properties. The outcome of this saw shareholders wealth (capital and reserves) rise by 20% from R2,07 billion (2,183 cents per share) to R2,49 billion (2,616 cents per share). Sales for 2013 increased by 11,4% and overall gross profit in Rand terms improved by 13,4% in comparison to 2012. While we are not satisfied with these results, we recognise the important investments made in 2013 in innovation (research and development) and in the group's distribution network, as well as our re-entry into the North American market in 2013, are longer-term in nature and that these initiatives will set the foundation for future growth.

WORKING CAPITAL

After a pleasing improvement in working capital management in 2012, there has been some undoing. Both inventories and trade receivables, but particularly the former, are up for 2013. Inventories, which we normally strive to maintain at a target of 150 days ended 2013 at 208 days due to the reduction in the order book. These, together with the outlay required to

GROUP FINANCE DIRECTOR'S REPORT (continued)

buy back the empowerment shareholding in one of the group's subsidiaries (R120 million) and the strategic once-off forward purchase of components and machines (R69 million), have resulted in a negative cash flow for 2013 of R516 million. However, as mentioned above, it does need to be stressed that gearing is still well within acceptable norms and stands at only 25%. There are plans in place to reduce the excess stock on hand by mid-2014 which will alleviate cash flow pressures.

EXCHANGE RATES

The South African Rand closed the year 29% weaker against the Euro and 24% weaker against the US Dollar compared with the end of 2012. As a net exporter with group companies and assets offshore, the weaker Rand has a positive impact on the margins and profitability of the group. Local selling prices in South Africa are also largely driven by the Rand/Euro exchange rate due to almost all competing products being imported. A substantial portion of Bell's purchase commitments are in foreign currency, both in respect of components for manufacture and in complete products purchased from alliance partners. As far as possible, the group uses its natural currency hedge to manage exchange rate exposure to the Rand. Forward cover contracts are used to manage the remaining trade exposure to the Rand.

Apart from the impact of changes in the Rand, the level of the Russian Ruble and certain African currencies, which depreciated relative to the Euro, also had an impact on reported currency losses during 2013, especially in the second half of the year.

LOOKING AHEAD

It is widely accepted that the African continent is likely to experience significant economic growth over the next decade or two. If this transpires, considerable infrastructural investment will be necessary. Bell is well-positioned to benefit from such growth, being the only significant African "yellow metal" manufacturer currently in existence on the continent. Closer to home, the implementation of the National Development Plan should enhance civil and construction activity, both of which are positive for Bell.

Looking abroad, we intend rapidly increasing the volume of sales in the North American market via our growing network in the territory, and the Rand-Dollar exchange could further assist us in this endeavour.

The main challenges going forward will be cost containment and increasing sales volumes.

2014 will be a year of consolidation and striving for improved efficiency given the previous two years of investment and expansion.

Karen van Haght
Group Finance Director

1. GARY BELL (61)

Group Chief Executive
Mechanical Eng Diploma (Natal Technikon)
Appointed as an employee in 1971

2. KAREN VAN HAGHT (47)

Group Finance Director
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2000

3. LEON GOOSEN (41)

Managing Director:
Bell Equipment Company SA
BAcc (Stellenbosch)
BCompt (Hons)
CTA (UOFS)
CA (Namibia)
CA (SA)
Appointed as an employee in 2007

4. MIKE DUTTON (48)

Managing Director:
Bell Equipment International Operations
NTC 2/3/4
Appointed as an employee in 1988

5. MARC SCHÜRMANN (45)

Managing Director:
Bell Equipment European Operations
B Eng (Mech)
Prof Eng (ECSA)
Appointed as an employee in 1994

6. BOKKIE COERTZE (62)

Managing Director:
Bell Equipment Sales South Africa
Post Graduate - Paper Technology
(Robert Gordon's - Aberdeen, Scotland)
Appointed as an employee in 1986

7. NEVILLE PAYNTER (49)

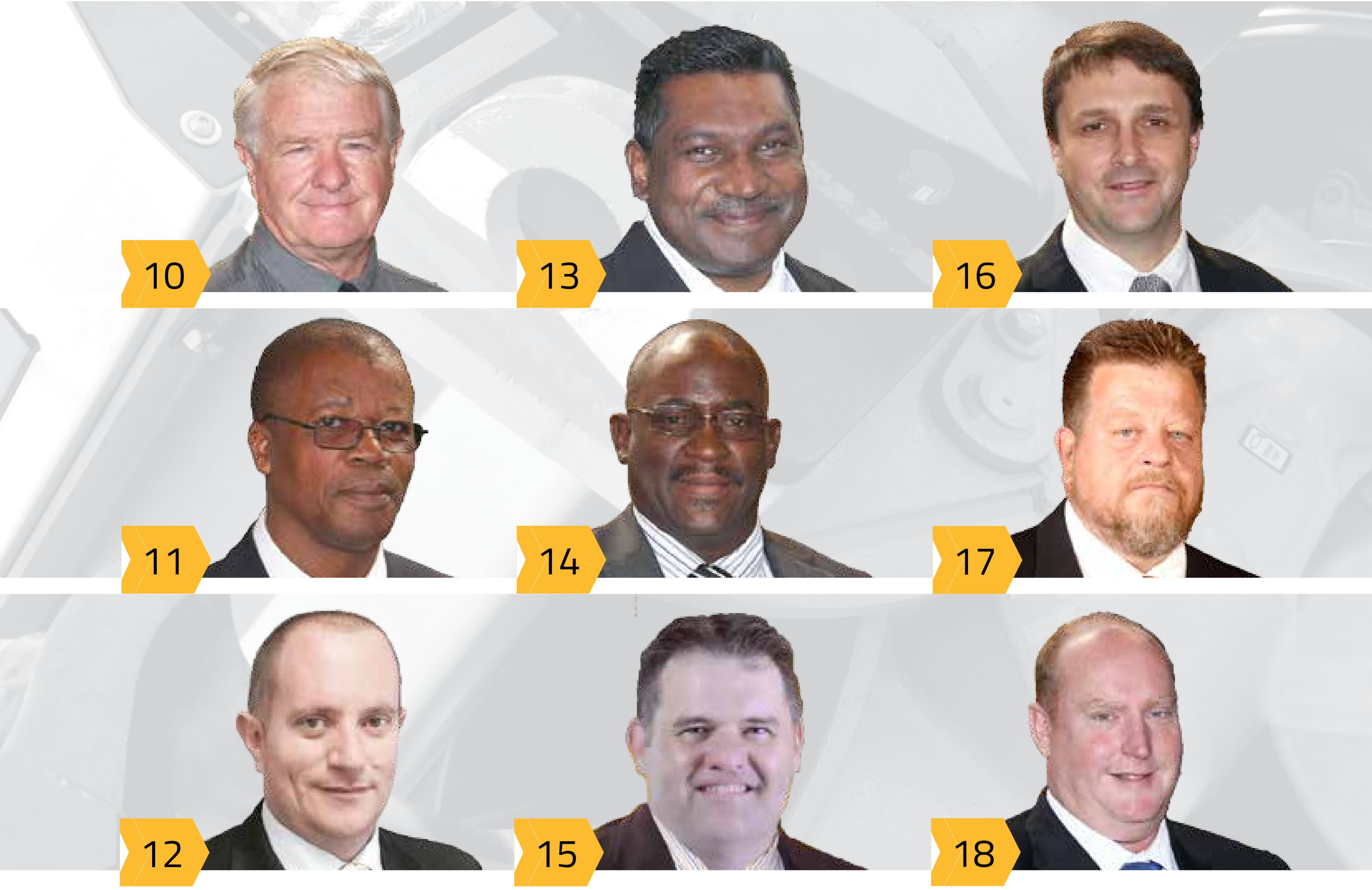
Managing Director: Bell Equipment North America
NTC 3 & 4 Aircraft Technology
(Germiston Technical College, Germiston, SA)
Diploma in Business Management
(Damelin Management College, JHB, SA)
Diploma in Business Enterprise Studies
(Institute of Commercial Management,
Bournemouth, UK)
Appointed as an employee in 2002

8. AVISHKAR GOORDEEN (34)

Executive: Commercial
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2006

9. RINO D'ALESSANDRO (50)

Executive: Group Information Systems
CPIM (APICS)
Senior Diploma (Datametrics) (UNISA)
BSc (UNISA)
Appointed as an employee in 1996



10. PETER BELL (64)
Executive: Engineering
Mech Fitting and Turner Dip
(Natal Technikon)
Appointed as an employee in 1974

11. LUCAS MALOKA (52)
Executive: Group Human Resources
BA University of Zululand
Masters of Management
(Human Resources)
Wits Business School
Appointed as an employee in 2007

12. RYAN BLAND (39)
Executive: Aftermarket Services
Advanced Business Management Diploma
NTSC 2/3/4
Appointed as an employee in 1994

13. DOMINIC CHINNAPPEN (45)
Executive: Supply Chain
BCom Hons (Logistics) (UNISA)
CPIM (APICS)
Appointed as an employee in 1987

14. BRUCE NDLELA (44)
Executive: Business and Public Sector Development
Diploma in Project Management
(Varsity College)
Diploma in Drafting and Design
(Academy of Drafting)
Appointed as an employee in 2003

15. PIETER VAN DER SANDT (38)
Group Company Secretary
LLB (Pretoria)
Advocate of the High Court of South Africa
Appointed as an employee in 2012

16. ALDO MAYER (41)
Executive: Global Manufacturing and Engineering
Mechanical Eng Diploma
B Tech Business Management
Appointed as an employee in 1996

17. PETER PURCHASE (55)
Executive: Aftermarket Logistics
Appointed as an employee in 1986

18. STEPHEN JONES (43)
Executive: Group Marketing
Mechanical Eng Diploma
B Tech Business Management
Appointed as an employee in 2006

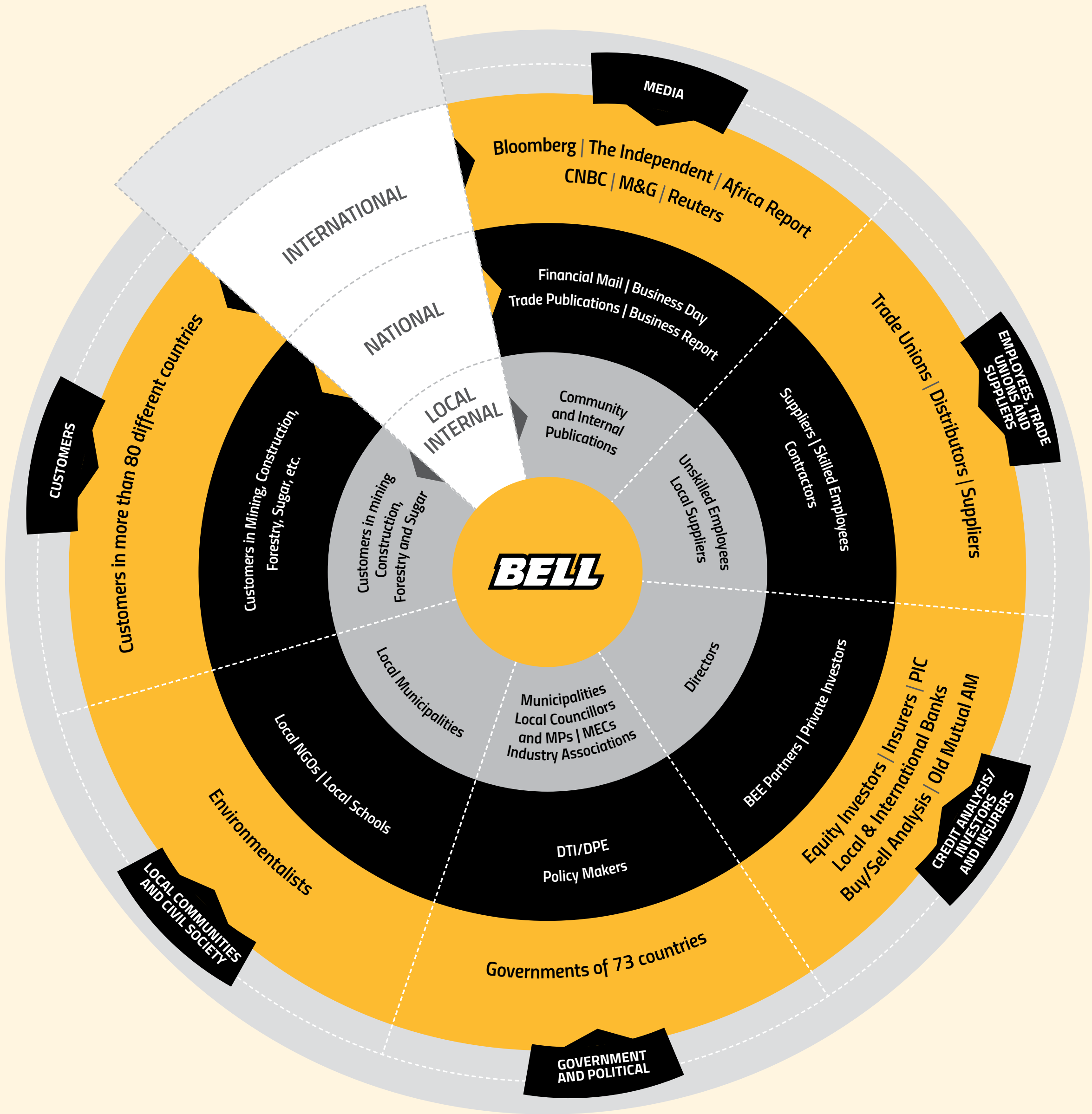
STAKEHOLDER **RELATIONS REPORT**

INTRODUCTION

Bell Equipment recognises that developing and nurturing positive relationships with major stakeholders is a key driver of the group's reputation and ultimately its business success. Consulting with these individuals and organisations enables the group to enhance its operational profile, to develop its strategy, and to anticipate and deal with any incorrect perceptions and issues that may arise. Bell Equipment is committed to mutually beneficial relationships with stakeholders that build trust and confidence in the company.

Bell Equipment engages with its stakeholders through a variety of means and channels, formal and informal, scheduled and *ad hoc*. The table below details the stakeholders with whom the group engages on a regular basis, how these engagements are undertaken and how the group has dealt with any major issues.

BELL EQUIPMENT **STAKEHOLDER UNIVERSE**



STAKEHOLDER	TYPES OF ENGAGEMENT	INTEREST AND KEY ISSUES	BELL EQUIPMENT'S RESPONSE
Customers	Meetings Conferences Functions Surveys Advertising Site visits Internet factory visits	Price Service Special solutions/requirements New products Organisational improvements	Close relationships between customers and sales team to identify and deliver correct solutions Leading information technology
Employees	Group newsletters Regular employee forums Open-door policy with all senior management One-on-one meetings with human resources Intranet Road shows Factory safety and environmental meetings	Salaries and employee benefits Individual performance and development Succession planning Health and safety Job security Training Transformation and BEE	Regular and committed employee engagement
Financiers and Insurers	Group strategy Business risk management Opportunities Prospects Financial results – relevant, timely reporting	Financial measurements such as order book, margins, cash flow and cost management Risk management Exchange rate Protection of capital investments	Active and open relationships with funding institutions
Industry associations: **NAAMSA** **CONMESA** **AEM** **Institute of Quarrying**	Meetings Conferences	Environmental issues Price of steel Market intelligence Legislative requirements	Analyse market trends Monitor industry movement Gain knowledge on new competitors' activity to market
Local communities and civil society	Company newsletters and advertising Sponsorship and promotion of community events and organisations Support of local charities, partnerships with local schools and other SED projects	Environmental impact Employment Community upliftment	Engagement on shared interests and concerns SED initiatives Environmental custodian/risk manager
Public Sector (national government, provincial government, municipalities, SARS and other regulatory bodies)	Regular meetings with relevant regulatory authorities Inspections	Environmental issues Use of scarce resources Creation of employment Compliance to relevant standards and legislation BEE Transparent disclosure on levels of compliance	Direct engagement with Public Sector or through bodies such as the Manufacturing Circle, the National Economic Development and Labour Council (NEDLAC), Business Unity South Africa (BUSA), the South African Capital Equipment Export Council (SACEEC), as well as the Steel and Engineering Industries Federation of South Africa (SEIFSA)
Financial and community media	Engagement with media when strategic and newsworthy events occur Financial results Community sponsorship and engagement	Community engagement Financial results Relevant, credible reporting	Engage through formal structures and on request
Shareholders, BEE partners and investing community	Company announcements published in the press, on SENS and posted on the group website CEO engage with financial media where appropriate Communication with institutional shareholders and investment analysts: – press announcements; – *ad hoc* meetings on request; and – site visits Executive directors are available to answer queries from shareholders Integrated annual report Website	Financial results Exchange rate Illiquid stock Succession planning Sustainability of the business Strategy including international strategy BEE Executive remuneration Market conditions Key growth areas Organisational improvements Pipeline and contract updates	Articulation of the business model and strategy Strategic alignment to identified industries Project 2014 – 2018 Integrated annual report Stakeholder communication via SENS announcements Financial results announced via SENS and printed media
Suppliers	Regular discussions with top management Service level agreements	Group strategy Environmental issues Price Health and safety of contractors	Guaranteed quality standards Cultivating skills throughout the supply chain
Trade unions	Meetings with management and representatives Meetings with employees	Salary adjustments Working conditions Employee benefits	Negotiated annually Regular meetings related to business matters. Invited to attend key events hosted by the company

PRODUCT **RANGE**

MINING & CONSTRUCTION

B18E Articulated Dump Truck
B20E Articulated Dump Truck
B25E Articulated Dump Truck
B30E Articulated Dump Truck
B35D Articulated Dump Truck
B40D Articulated Dump Truck
B45D Articulated Dump Truck
B50D Articulated Dump Truck
B60D Articulated Dump Truck

B25L Articulated Dump Truck
B30L Articulated Dump Truck
B33L Articulated Dump Truck
11m³ Dumper Trailer
12m³ Bottom Dumper Trailer
L1204E Wheeled Loader
L1506E Wheeled Loader
L1706E Wheeled Loader
L1806E Wheeled Loader

L2106E Wheeled Loader
L2606E Wheeled Loader
L2706E Wheeled Loader
315SK Backhoe Loader
315SK Work Pro Backhoe Loader
914K Loader
924K Tug Tractor
700J Dozer
850J Dozer
PR744 Dozer

PR754 Dozer
PR764 Dozer
670G Motor Grader
672G Motor Grader
770G Motor Grader
772G Motor Grader
870G Motor Grader
872G Motor Grader
HX230E Excavator

HX240E Excavator
HX270E Excavator
HX310E Excavator
HX390E Excavator
HX500E Excavator
R964C Excavator
R974C Excavator
2304E Articulated Tractor
2806E Articulated Tractor
4206D Articulated Tractor

SCREENS & CRUSHERS

J-1160 Jaw Crusher
J-1170 Jaw Crusher
J-1175 Jaw Crusher
J-1480 Jaw Crusher
C-1540 Cone Crusher

C-1540RS Cone Crusher
C-1550 Cone Crusher
I-100 Impact Crusher
I-110 Impact Crusher

I-110RS Impact Crusher
I-130 Impact Crusher
I-130RS Impact Crusher
595 Hydratrak

663 Inclined Screener
683 Inclined Screener
684 Inclined Screener
693+ Inclined Screener

694+ Inclined Screener
863 Heavy Duty Screener
883 Heavy Duty Screener
984 Horizontal Screener

ROADS & REHABILITATION

BT 65/4 Tamper
BVP 18/45 Plate
BPR 35/60 Plate
BW 65 H Pedestrian Roller
BW 75 H Pedestrian Roller
BW 55 E Single Drum Roller

BW 90 AD-5 & BW 120 AD-5 Tandem Drum Roller
BW 138 AD-5 Tandem Drum Roller
BW 151 AD-4 & BW 151 Tandem Drum Roller
BW 24RH Pneumatic Tyred Roller
BW 27RH Pneumatic Tyred Roller

BW 211 & 212 Single Drum Roller
BW 213 Single Drum Roller
BW 219 Single Drum Roller
BW 226 Single Drum Roller

BF 300 P & BF 600 P Paver
BF 800 P Paver
BC 462 Refuse Compactor
BC 472 Refuse Compactor
BC 572 Refuse Compactor

BC 672 Refuse Compactor
BC 772 Refuse Compactor
MPH 122-2 Stabilizer/Recycler
MPH 125 Stabilizer/Recycler
MPH 600 Stabilizer/Recycler

FORESTRY

125A Logger
225A Logger
220E Telelogger
225E Logger
225HP Debarker
TH403 Hauler 3 Bunk 6x6

TH302 Hauler 2 Bunk 6x6
TH302 Hauler 2 Bunk 4x4
TC403 Long Range Forwarder 6x6
TC302 Long Range Forwarder 6x6
Bell Tandem Timber Trailer
TC302 Long Range Forwarder 4x4

Bell Timber Trailer Rear Tip/Non Tip Sawlog
Afri Tractor: 904, 1216, 1716 2wd or 4wd Haulage Tractors
HX230E Excavator with Waratah Head
643J - JD Wheeled Feller Buncher
843J - JD Wheeled Feller Buncher
753J - JD Tracked Feller Buncher

759J - JD Tracked Feller Buncher
1710D & 1910D - JD Forwarder
1270D - JD Wheeled Harvester
703JH - JD Tracked Harvester
753JH - JD Tracked Harvester

759JH - JD Tracked Harvester
540G III - JD Cable Skidder
548G III - JD Grapple Skidder
640H - JD Cable Skidder
648H - JD Grapple Skidder

AGRICULTURAL

2304E Articulated Tractor
2806E Articulated Tractor
4206D Articulated Tractor
1716A & 1716AF Rigid Tractor

1216A & 1216AF Rigid Tractor
904A & 904AF Rigid Tractor
125A 3cyl Cane Loader

125A 4cyl Cane Loader
220A Cane Loader
220A Versalift

120A 2,75T Rough Terrain Forklift
220A 3,5T Rough Terrain Forklift
Std Tandem Spillerbar Rig

Wide Tandem Spillerbar Rig
High Roll Bin Tandem Rig
Non-spill/bundle Tandem Rig

VERSATRUCK

Standard Bin (Standard Chassis)
Coal Bin (Standard Chassis)
Low Profile Bin (Standard Chassis)
Fire Truck (Standard Chassis)
Water Tanker (Standard Chassis)
Ejector Bin (Standard Chassis)
Lube Truck (Standard Chassis)

Concrete Truck (Standard Chassis)
Container Truck (Standard Chassis)
Flat Deck (Standard Chassis)
Timber Truck (Standard Chassis)
Waste Compactor (Standard Chassis)
Wood Chipper (Standard Chassis)
Coal Bin (Extended Chassis)

Timber Truck (Extended Chassis)
Hooklift (Extended Chassis)
Flat Deck (Extended Chassis)
Jinker Trailer (Extended Chassis)
Forestry Truck with Pup Trailer (Extended Chassis)
Lube Truck (Extended Chassis)
Tractor (Hauler Chassis-4x4)

Scraper Tractor (Hauler Chassis-4x4)
Hauler with 5th Wheel (Hauler Chassis-4x4)
Bottom Dumper Trailer (Hauler Chassis-4x4)
Low Bed (Hauler Chassis-4x4)
Land Train-6 Trailers (Hauler Chassis-4x4)
Hauler with 5th Wheel (Short Chassis-4x4)
Short Dumper (Short Chassis-4x4)

Jinker Trailer (Short Chassis-4x4)
Underground Concrete Mixer (Short Chassis-4x4)
Timber Hauler (Std Chassis-Crane mounting)
Waste Handler (Std Chassis-Crane mounting)
Timber Hauler (Extended Chassis-Crane mounting)
Waste Handler (Extended Chassis-Crane mounting)

SCOPE **OF PRODUCTS**

Bell Equipment currently manufactures or distributes over 100 products into the following industries:

- MINING
- CONSTRUCTION
- FORESTRY
- AGRICULTURE
- ROADS AND REHABILITATION
- NICHE MARKETS
- WASTE MANAGEMENT
- BELL ASSURE

MINING

WITH A PRESENCE IN MAJOR MARKETS IN MINERAL-RICH COUNTRIES THROUGHOUT AFRICA, RUSSIA, AUSTRALIA, INDONESIA AND CANADA, A COMPREHENSIVE RANGE OF MINING EQUIPMENT IS KEY TO PROVIDING CUSTOMER-FOCUSED SOLUTIONS.

Bell Equipment provides machines ideally suited for small- and medium-sized operations. An extensive range of both Excavators and Front End Loaders provides equipment for loading while the hauling cycle is covered by the comprehensive and well-matched range of above-ground articulated trucks and low-profile machines operating underground.

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

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

The Bell Equipment range of mobile crushing and screening plants includes jaw, impact and cone crushers that are internationally renowned for their versatility and flexibility in the reduction and sizing of aggregates for mining and quarrying.

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

The mining industry remains Bell Equipment's largest contributor and further research and development into this strategic market remains a priority. The smaller E-series range of Articulated Dump Trucks was released in 2013, with the current range of large trucks due to receive facelifts during 2015. Larger truck concepts like the B60 will continue to be trialed and tested in an effort to enlarge its footprint into the mining markets.

CONSTRUCTION

OVER A PERIOD OF TIME BELL EQUIPMENT HAS BEEN STRATEGICALLY FOCUSED ON BUILDING ITS PRODUCT RANGE TO CATER FOR NEEDS OF THE CONSTRUCTION INDUSTRY. TODAY, A WIDE VARIETY OF EQUIPMENT IS AVAILABLE AS A RESULT OF BOTH STRATEGIC PARTNERSHIPS AND LOCAL MANUFACTURE.

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

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

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

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

FORESTRY

BELL EQUIPMENT'S PRESENCE IN THE FORESTRY SECTOR DATES BACK TO THE 1960s WHEN THE GROUP'S RANGE OF THREE-WHEELERS, HAULERS AND TRAILERS WERE ADAPTED FROM SUGAR CANE HANDLING TO COPE WITH THE MORE ARDUOUS FORESTRY ENVIRONMENT.

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

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

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

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

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

AGRICULTURE

BELL EQUIPMENT WAS BORN INTO THE SUGAR INDUSTRY AND THE FOCUS ON PROVIDING INNOVATIVE SOLUTIONS FOR AGRICULTURAL MARKETS REMAINS AN IMPORTANT PART OF THE GROUP'S BUSINESS.

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

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

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

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

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

ROADS AND REHABILITATION

BELL EQUIPMENT'S CONSTRUCTION RANGE HAS FOR MANY YEARS BEEN EMPLOYED IN THE CONSTRUCTION AND MAINTENANCE OF AFRICA'S ROAD NETWORK. THE AWARDING OF THE BOMAG DEALERSHIP TO BELL EQUIPMENT IN 2009 SIGNIFICANTLY INCREASED THE GROUP'S OFFERING AND PENETRATION INTO THIS SECTOR. BOMAG IS SEEN GLOBALLY AS THE LEADER IN RESPECT OF TECHNOLOGY AND DEVELOPMENT OF PRODUCTS SUPPORTING THE COMPLETE ROAD CONSTRUCTION PROCESS, WHETHER IT BE A GRAVEL ROAD OR BLACK TOP.

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

Recently, Bell Equipment added a range of mobile crushing and screening plants to its range, which includes jaw, impact and cone crushers. This range of crushers is internationally renowned for its versatility and flexibility in the reduction and sizing of aggregates for quarrying, construction materials and also recycling construction waste.

For road rehabilitation, as well as a higher level of sub-surface preparation, the newly introduced Stabilisers and Recyclers have proved to perform above expectation. As an industry leader, the Bomag units also incorporate the facility for the introduction of foamed bitumen, a new technology currently gaining favour with road builders. For smaller repair work, a full range of walk behind compaction equipment is distributed through Bell Equipment operations in Africa.

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

NICHE MARKETS

NOT EVERYONE'S NEEDS ARE IDENTICAL. THIS UNDERSTANDING PROMPTED BELL EQUIPMENT TO DEVELOP A UNIQUE VERSATRUCK PROGRAMME TO GIVE CUSTOMERS THE FLEXIBILITY AND OPPORTUNITY OF CHOOSING FROM A NUMBER OF BELL EQUIPMENT ADT PERMUTATIONS TO BEST SUIT THEIR APPLICATION REQUIREMENTS.

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

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

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

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

WASTE MANAGEMENT

IN LINE WITH THE CURRENT GLOBAL FOCUS TO IMPROVE MANAGEMENT OF THE ENVIRONMENT AND THE HANDLING OF SOLID WASTE, BELL EQUIPMENT HAS TAKEN STEPS TO ESTABLISH ITSELF IN THIS SECTOR.

As part of the Bell Equipment Versatruck programme, various options have been developed for the waste-handling industry, including low-density bins, hooklift trucks and dedicated hauler-trailer configurations. Bell Equipment's range of Excavators and Front-End Loaders can be fitted with custom-built attachments to facilitate loading of waste material.

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

BELL ASSURE

IN LINE WITH THE GROUP'S UNDERSTANDING THAT WORLD-CLASS PRODUCTS ARE ONLY EFFECTIVE WHEN BACKED BY WORLD-CLASS SUPPORT, BELL EQUIPMENT HAS DEVELOPED A COMPREHENSIVE RANGE OF SUPPLEMENTARY PRODUCTS SPECIFICALLY TAILORED TO ENHANCE A CUSTOMER'S OWNERSHIP EXPERIENCE AND RELATIONSHIP WITH BELL EQUIPMENT.

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

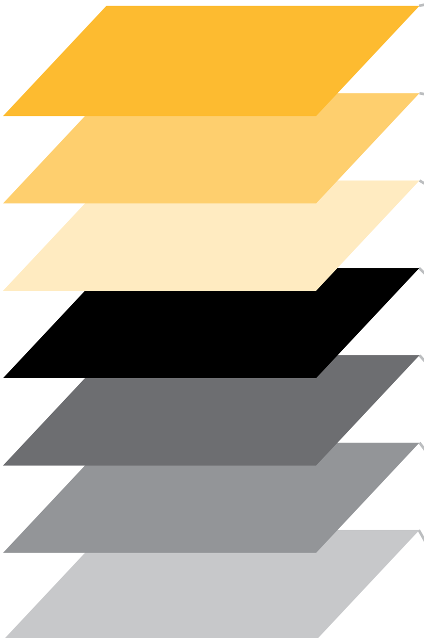
Before machine installation, both operator and maintenance training can be provided and the opportunity also exists to enter into repair and maintenance contracts.

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

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

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

CORPORATE **GOVERNANCE REPORT**



CHAIRMAN
Key objectives:
board leadership and performance, custodian of the corporate governance process

THE BOARD
Key objectives:
corporate governance, strategic planning, setting objectives, monitoring implementation of board plans and strategies

AUDIT COMMITTEE
Key objectives:
provide governance control over financial results, performance of internal and external audit and the group's systems of internal control

RISK AND SUSTAINABILITY COMMITTEE
Key objectives:
oversee implementation of an effective policy and plan for risk management and disclosure

NOMINATIONS COMMITTEE
Key objectives:
ensure appropriate board composition and succession planning

REMUNERATION COMMITTEE
Key objectives:
establish a remuneration policy, monitor executive remuneration and incentivisation

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE
Key objectives:
monitor group activities on social and economic development, good corporate citizenship, environment, labour and employment

OVERVIEW

The board of directors takes the ultimate responsibility for the group's adherence to sound corporate governance standards. It is Bell Equipment's intention to ensure that all business judgements at each level of the company are made with reasonable care, skill and diligence. **"Sound corporate governance structures and processes are applied at Bell and are considered by the board to be pivotal in allowing the group to deliver sustainable growth. Simultaneously, it is the board's responsibility to ensure that the group considers the full impact of its business on the social and natural environments within which it operates."** Bell Equipment's board of directors continues to provide effective leadership based on sound ethical business foundations. The board considers the group's appropriate application of King III as an essential feature of the way the group behaves as a responsible corporate citizen and an integral part of the group's drive to remain a world-class business.

The directors are ultimately responsible for the internal controls of the group. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Ensuring that the proper monitoring of systems and controls is in place throughout the group is essential to providing assurance to the board regarding their effectiveness.

Greater detail of these systems and controls, including the operation of the group's internal audit function, is provided in the sections of this report which deal with the Audit Committee and Risk and Sustainability Committee.

Accounting policies supported by judgements, estimates and assumptions in compliance with IFRS are applied on the basis that the group shall continue as a going concern.

Based on the information and explanations given by management and the internal auditors, the board and the directors are 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. Nothing has come to the attention of the directors to indicate that a breakdown in the functioning of these controls, resulting in a material loss to the group, has occurred during the year and up to the date of this report.

The directors have a reasonable expectation that the company and the group will have adequate resources to continue in operation and as a going concern for the foreseeable future.

BOARD MANDATE

The board is responsible for approving the strategic direction of the group and assisting management in achieving its strategic goals. The board is governed by a charter that sets out the framework of its accountability, responsibility and duty to the group.

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

GOVERNANCE FRAMEWORK
BOARD OF DIRECTORS
Independent Non-executive Directors
Michael Mun-Gavin *Independent Non-executive Chairman*
Danie Vlok
John Barton
Bharti Harie
Tiisetso Tsukudu
Executive Management Team
Gary Bell *Group Chief Executive Officer*
Leon Goosen *Managing Director: Bell Equipment Company SA*
Karen van Haght *Group Financial Director*

BOARD STRUCTURE

The board of directors is a unitary board of eight directors comprising three executive directors and five non-executive directors, all of whom are independent. The Nominations Committee has evaluated the independence of the non-executive directors and concluded that they are independent as defined by King III and the JSE Listings Requirements. The Chairman of the board is an independent non-executive director.

The only change to the board during the year under review was the resignation of Mr André McDuling as an alternate director.

BOARD SUB-COMMITTEES	
AUDIT COMMITTEE	
John Barton	*Chairman*
Danie Vlok	*Independent Non-executive*
Bharti Harie	*Independent Non-executive*
RISK AND SUSTAINABILITY COMMITTEE	
Danie Vlok	*Chairman*
Michael Mun-Gavin	*Independent Non-executive*
John Barton	*Independent Non-executive*
Leon Goosen	*Executive Director*
Karen van Haght	*Executive Director*
NOMINATIONS COMMITTEE	
Michael Mun-Gavin	*Chairman*
Danie Vlok	*Independent Non-executive*
Tiisetso Tsukudu	*Independent Non-executive*
John Barton	*Independent Non-executive*
REMUNERATION COMMITTEE	
Danie Vlok	*Chairman*
Michael Mun-Gavin	*Independent Non-executive*
Tiisetso Tsukudu	*Independent Non-executive*
John Barton	*Independent Non-executive*
SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	
Tiisetso Tsukudu	*Chairman*
Bharti Harie	*Independent Non-executive*
Gary Bell	*Group Chief Executive Officer*
Pieter van der Sandt	*Group Company Secretary and Legal Counsel*
EXECUTIVES	
Mike Dutton	*MD Bell Equipment International Operations*
Bokkie Coertze	*MD Bell Equipment Sales South Africa*
Marc Schürmann	*MD Bell Equipment European Operations*
Neville Paynter	*MD Bell Equipment North America*
Aldo Mayer	*Executive: Global Manufacturing and Engineering*
Dominic Chinnappen	*Executive: Supply Chain*
Lucas Maloka	*Executive: Group Human Resources*
Rino D'Alessandro	*Executive: Group Information Systems*
Peter Bell	*Executive: Engineering*
Bruce Ndlela	*Executive: Business and Public Sector Development*
Stephen Jones	*Executive: Group Marketing*
Ryan Bland	*Executive: Aftermarket Services*
Peter Purchase	*Executive: Aftermarket Logistics*
Pieter van der Sandt	*Group Company Secretary and Legal Counsel*
Avishkar Goordeen	*Executive: Commercial*

CORPORATE GOVERNANCE REPORT (continued)

BOARD CHARTER

KEY ROLES AND RESPONSIBILITIES

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

The powers and responsibilities of the board include:

- approving the strategic direction of the group and the budget necessary for the implementation of the strategy;
- being the guardian of the ethics and values of the group;
- retaining full and effective control of the group;
- appointing the Chief Executive Officer and ensuring proper succession planning for the senior executive team;
- monitoring and guiding management;
- safeguarding the integrity of corporate governance processes;
- implementing best practice disclosure and reporting practices that facilitate transparent and open communication with key stakeholders throughout the year;
- effecting proper strategic measures for the safeguarding and growth of the group's assets; and
- approving the financial statements.

THE ROLE OF THE CHAIRMAN

- The Chairman provides leadership and firm guidance to the board, while encouraging proper deliberation.
- To lead the board and not the company.
- Be the link between the board and management.
- Be the main link between the board and shareholders.

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 non-executive directors are individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board and are not involved in the daily operations of the company. All non-executive directors have unrestricted access to management at any time. When required, non-executive directors are entitled to access the external auditors and, at the company's expense, are able to seek independent professional or expert advice on any matters pertaining to the group. The board meets at least once every quarter and four board meetings were held during the year. Details of attendance are in the table on page 37.

THE ROLE OF THE CEO

(which is determined by the board)

- Lead the group and the management team.
- Responsible for the day-to-day operations of the group in order to implement the strategic goals set by the board through the Group Executive Committee, which he chairs.
- Is the group's principal spokesperson.

THE ROLE OF THE GROUP COMPANY SECRETARY

(largely determined in Section 88 of the Companies Act)

- Guiding the board members on their duties and responsibilities.
- Providing board members with all necessary information sufficiently ahead of the scheduled board meetings to enable effective discharge of their responsibilities.
- Making board members aware of any law and governance best practice that is relevant to the company.
- Reporting to the board any failure by the company or board members to comply with the memorandum of incorporation or the Companies Act.
- Ensuring that all shareholders' meetings, board meetings and sub-committee meetings are properly recorded.
- Certifying that the company has filed the required returns, and notices appear to be true, correct and up to date.
- Ensuring that a copy of the group's annual financial statements is sent to every person who is entitled to it.
- Coordinating a formal induction programme for new board members.
- Oversees the induction of new directors and the ongoing education of current directors.

In compliance with the JSE Listings Requirements, the board has performed an annual assessment of the Company Secretary and hereby confirms that:

- the Group Company Secretary has the necessary experience, expertise and competence to carry out his duties; and
- the Group Company Secretary has an appropriate arm's-length relationship with the board and is not a director of the company or any of its subsidiaries.

BOARD AND SUB-COMMITTEE EVALUATION

As per King III requirements, the board recognises the merits of regularly evaluating its collective performance. During the financial period under review, the board performed a comprehensive evaluation of itself and the sub-committees.

MEMBER'S MEETING ATTENDANCE

	HELD	MIKE MUN-GAVIN	JOHN BARTON	DANIE VLOK	BHARTI HARIE	TIISETSO TSUKUDU	GARY BELL	KAREN VAN HAGHT	LEON GOOSEN
Board	4	4	3	4	4	4	4	4	4
Audit Committee	4	n/a	4	4	4	n/a	n/a	n/a	n/a
Risk and Sustainability Committee	4	4	4	4	n/a	n/a	n/a	4	4
Nominations Committee	3	3	3	3	n/a	3	n/a	n/a	n/a
Remuneration Committee	3	3	3	3	n/a	3	n/a	n/a	n/a
Social, Ethics and Transformation Committee	3	n/a	n/a	n/a	3	3	3	n/a	n/a

During the board evaluation, each director was requested to evaluate the board, the board's committees, the Chairman's performance and the contribution of each director.

Although no significant problems were highlighted during the process, weaknesses were identified and plans for improvement were discussed and put in place.

The table above indicates the attendance of board members at scheduled board and sub-committee meetings during the period 1 January 2013 to 31 December 2013.

In accordance with Bell's memorandum of incorporation, at least one-third of the directors has to retire by rotation each year and may stand for re-election. Details of those directors retiring by rotation and standing for re-election are reflected in the notice of the annual general meeting contained on pages 123 to 130 of this report.

REGULATORY COMPLIANCE

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

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.

Directors are compelled to disclose their intended share dealings and obtain written approval from the Chairman and Group Company Secretary, prior to dealing in the shares of the company. The Group Company Secretary, in conjunction with the corporate sponsor, publishes details of the transaction on the JSE's stock exchange news service (SENS). Directors' interests and shareholdings are disclosed on page 54 of this report.

The group observes closed trading periods from the end of the relevant accounting period to the announcement of the interim or year-end results as well as any period when the company is trading under cautionary announcement. During these periods, neither directors nor employees, who by virtue of their position have access to unpublished price-sensitive information, may deal, either directly or indirectly, in the shares of the company or its listed subsidiaries.

The company has a policy that addresses the acceptance of gifts which requires that permitted gifts be officially declared and registered in the company's gift register.

BOARD SUB-COMMITTEES

The board delegates certain functions to sub-committees, but without abdicating its own responsibilities. Delegation is formal and involves:

- approved and documented terms of reference for each sub-committee, which are reviewed once a year; and
- the sub-committees are appropriately constituted with adequate skills.

The Audit Committee, Nominations Committee, Remuneration Committee, Risk and Sustainability Committee, and Social, Ethics and Transformation Committee are established sub-committees 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.

CORPORATE GOVERNANCE REPORT (continued)

AUDIT COMMITTEE

The Audit Committee has an independent role as a separate statutory committee with accountability to both the board and the group's shareholders. The committee was chaired by independent non-executive director, John Barton, and further comprises two independent non-executive directors. Committee members are assessed in terms of their qualifications, experience and independence in line with their required duties in compliance with corporate best practice and the Companies Act. The committee members are recommended to the board for approval on an annual basis and will be presented for shareholder election at the annual general meeting.

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

The committee has unrestricted access to the external and internal auditors. The Group Company Secretary is the secretary of the committee. The chairman of the committee represents the Audit Committee at the annual general meeting. The committee's terms of reference tasks the committee with overseeing all factors and risks that may impact on the integrity of the integrated annual report. Interim and annual results are reviewed to ensure that the financial results are valid, accurate and fairly represent the group's performance. The committee assists the board with all financial reporting and reviews the annual financial statements as well as the preliminary announcements and interim financial information. The committee also provides a level of assurance to the board on the sustainability reporting in addition to the financial reporting. It further provides the board with its views on a bi-annual assessment of the going concern status of the group and company, and regularly reviews the appropriateness of the capital structure. The committee also assesses internal controls governing accounting, auditing and financial reporting. The Audit Committee is responsible for recommending the integrated annual report to the board for approval.

The committee has the responsibility to review and monitor the structure, performance and activities of the Internal Audit function, the external auditors and the adoption of internal control procedures including accounting policies, legislative compliance, regulatory matters and governance. The committee is tasked with the responsibility of nominating the external auditors for appointment, approving the terms of engagement and remuneration for the external audit engagement, and monitoring and reporting on the independence of the external auditors in the annual financial statements. It also sets the criteria for recommending the engagement of the external auditors for non-audit services. It approves the internal audit plan and oversees the external audit process. The chief audit executive reports to the audit committee on the effectiveness of internal controls.

The committee has representation on the Risk and Sustainability Committee. The committee specifically oversees financial reporting risks, internal financial controls, fraud and IT risks, as they relate to financial reporting.

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

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

The Audit Committee recommended the integrated annual report to the board for approval.

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 2013.

INTERNAL AUDIT

During 2012, Ernst & Young Advisory Services were engaged as the outsourced internal audit service provider. The group's internal audit function uses 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. Bell Equipment's Group Executive Committee and the 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 under review, the group's internal audit function fulfilled its duties with the support and cooperation of the board of directors, management and staff.

NOMINATIONS COMMITTEE

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 three independent non-executive directors. Three meetings were held during the year.

BOARD SUCCESSION

The committee takes cognisance of the importance of balancing experience, best practice and the introduction of innovative ideas and concepts that ensure the group remains a leading player in its industry. The committee strives to accomplish this in such a manner as to ensure that there remains an acceptable measure of consistency and continuity in the direction given to the group.

SUCCESSION PLANNING

In terms of the company's current shareholding structure, the majority of its shares are held by two primary shareholders, with a longstanding history and legacy.

Succession planning is an essential part of any sustainable corporate strategy and Bell Equipment's board will review the group's succession planning strategy in the year ahead with a view to creating a long-term, sustainable plan which takes into consideration the group's adopted strategy. More information regarding the group's strategy can be found on pages 4 to 5.

BOARD NOMINATIONS

The Nominations Committee will again be conducting an assessment of the independence of its non-executive directors during the coming year to ensure that those directors who have been classified as such, meet the requirements for independence as set out in King III. The Group Chief Executive Officer and other executive directors are employed on indefinite-term service contracts. Bell promotes succession planning for all key positions. The plans are reviewed by the Nominations Committee and findings reported to the board at the next meeting.

APPOINTMENTS TO THE BOARD OF DIRECTORS

Appointments to the board of directors are proposed by the Nominations Committee, which takes into account the appropriate balance of skills, experience and diversity required to lead, control and best represent the company. There is a policy in place which details the procedures for appointments to the board, which are formal, transparent and a matter for the board as a whole. Such policy ensures a balance of power and authority at board of directors' level to ensure that no one director has unfettered powers of decision-making.

REMUNERATION COMMITTEE

The committee is responsible for ensuring that the group's executive directors and management are rewarded fairly in accordance with their individual contributions to the group's overall performance objectives. The chairman of the Remuneration Committee for the year under review was Danie Vlok. The committee consists of the chairman and three independent non-executive directors. The Group Chief Executive Officer attends all Remuneration Committee meetings by invitation. Three meetings were held during the year.

REMUNERATION POLICY

The group operates in a highly competitive market in which key skills and technical know-how are critical to the success of the group. The group seeks to reward employees fairly and in line with the market in similar industries, and in this regard the services of a reputable consulting firm are engaged from time to time to ensure an objective salary structure and equity within the group.

The Remuneration Committee oversees and makes recommendations to the board on matters such as salary increases and employee benefits in consultation with the Group Chief Executive Officer and group management. The group remunerates its executive directors based on reliable benchmarking data and seeks to achieve market-related cost-to-employer packages that are a combination of basic salaries augmented by incentives, provided that the group achieves set returns on assets. As recognition for superior performance, the group's incentive schemes pay annual bonuses provided that certain profit and performance targets are met. Incentive schemes have been structured to reward performance and to align management's interest with the interests of shareholders and other stakeholders. In determining the salary increases of executives and the payment of incentives, the Remuneration Committee evaluates the performance of each executive against the achievement of predetermined objectives. The performance of the Group Chief Executive Officer is evaluated annually by the chairman of the Remuneration Committee in order to determine his salary package for the ensuing year.

Likewise, the Group Chief Executive Officer conducts an annual review of the performance of all senior executives.

The remuneration of these executives and other executive directors is detailed in the annual financial statements (refer pages 117 to 119).

CORPORATE GOVERNANCE REPORT (continued)

NON-EXECUTIVE DIRECTORS

Following research into trends in non-executive director remuneration, non-executive directors' fees are proposed by the Remuneration Committee to the board for approval. The King III recommendations on the annual payment of a base or retainer fee to each non-executive director and a fee per meeting attended have been adopted. Additional fees are paid for the attendance of unscheduled meetings.

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

The proposed non-executive directors' fees are submitted to shareholders for approval at the annual general meeting in line with King III recommendations. Details of the non-executive directors' remuneration for the year under review are set out on page 117.

RISK AND SUSTAINABILITY COMMITTEE

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

The company's non-financial information and performance are guided by international reporting guidelines and transparency codes, such as the Global Reporting Initiative (G3.1), the United Nations Global Compact, the Extractive Industries Transparency Index (EITI), the JSE Social Responsibility Index (SRI), and laws and regulations governing the country of operation. Material sustainability information is managed as a fundamental part of the business against set standards and objectives and reported to the relevant operational committee, and to the board via the Risk and Sustainability Committee. Sustainability performance is reviewed on a regular basis and the necessary corrective actions and measures taken where required. For a more detailed review on risk, refer to pages 43 and 44 of this report.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Social, Ethics and Transformation Committee assists the board in ensuring that the group remains a good and responsible corporate citizen, and performs the statutory functions required of a social and ethics committee in terms of the Companies Act, 71 of 2008.

The committee consists of two independent non-executive directors, one executive director, one member of management, and the chairman of this committee was Tiisetsto Tsukudu.

Three meetings were held during the year:

The responsibilities and functioning of the committee are governed by a formal mandate which is approved and subject to regular review by the board. The committee monitors and evaluates the sustainable development performance of the group, with reference to the following responsibilities:

- **Policy review:** The committee is responsible for developing and reviewing the policies with regard to the commitment, governance and reporting of the group's sustainable development performance and for making recommendations to the board and management in this regard.
- **Monitoring sustainable development performance:** The committee performs a monitoring role in respect of the sustainable development performance of the group, specifically relating to:
  - stakeholder engagement;
  - health and public safety, which includes occupational health and safety as well as the quality of the group's clinical services;
  - broad-based black economic empowerment and transformation;
  - labour relations and working conditions;
  - training and skills development of employees;
  - management of the group's environmental impacts;
  - ethics and compliance; and
  - corporate social investment.

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

- **Material sustainability issues:** The committee is responsible for annually revising or determining, in conjunction with senior management and through effective stakeholder engagement processes, the group's material sustainability issues.
- **Public reporting and assurance:** The committee is responsible for reviewing and approving the annual sustainability content as far as they relate to social, ethics and transformation issues included in the integrated annual report and published on the company's website, as well as making recommendations on external assurance of the group's public reporting on sustainable development performance.

The committee is also required to report on matters within its mandate, through one of its members, to the company's shareholders at its annual general meetings.

As described, the board will assess the effectiveness of the committee annually, with the first assessment to be conducted during the next evaluation process towards the end of 2014.

For a more detailed review on sustainability, refer to pages 46 to 51 of this report.

MANAGEMENT REPORTING

Comprehensive management reporting disciplines are in place. These include the preparation of annual budgets by all operating divisions and group services departments. The group's budget is reviewed by senior management and approved by the board. Monthly results are reported against approved budgets and compared with the Project 2014/2018 objectives. Profit projections and cash flow forecasts are updated regularly, while working capital and cash levels are monitored on an ongoing basis.

INFORMATION TECHNOLOGY (IT) GOVERNANCE AND COMPLIANCE

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

ACCESS TO INFORMATION

Bell Equipment has complied 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 and from the Group Company Secretary.

ALTERNATIVE DISPUTE RESOLUTION

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

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

HUMAN RIGHTS

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

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

FRAUD AND ETHICS MANAGEMENT

Bell Equipment has a zero-tolerance stance on fraud and corruption. The group's expectation is that employees, business partners, contractors and associates conduct themselves with the highest level of integrity and in line with the Bell Equipment code of ethics and the fraud policy. A detailed code of ethics commits the group and its employees to the highest standards of ethical and professional behaviour and has the full support of the board of directors and the Group Chief Executive Officer.

CORPORATE GOVERNANCE REPORT (continued)

This code has been effectively communicated to all Bell Equipment's operations worldwide and is applied to all relationships between the group, its directors, management and employees, both amongst themselves and with outside stakeholders, customers, shareholders and society at large.

Bell Equipment's board of directors and management team will not tolerate unethical behaviour and are committed to ensuring that the group and its employees uphold the group's credible reputation. The Bell Equipment code of business conduct, which is supplementary to the code of ethics, is in place to provide guidelines for employees on the expected behaviour in relation to business integrity, prohibition of unethical conduct (such as bribery, fraud and theft), accountability and compliance with legislation, regulations and business controls. The safeguarding of confidential and price-sensitive information is also specified in this code, with insider-trading being strictly prohibited.

All employees are required to sign and accept both the code of ethics and the code of business conduct to acknowledge responsibility for their corporate fiduciary duty and to declare any conflicts, both upon appointment to Bell Equipment and as part of an annual scheduled certification. Executives and line management are responsible and accountable for the implementation of the fraud policy, the code of ethics and resultant procedures.

The code of ethics forms the foundation of the group's fraud policy which helps to promote a strong and healthy ethical organisational culture. Both policies are fully compliant with the Prevention and Combating of Corrupt Activities Act of 2004. The company's fraud policy prescribes that all reported allegations be investigated.

WHISTLE-BLOWING TIP-OFFS ANONYMOUS

As part of the efforts to enforce the code of business conduct, the group realises the importance of a facility for the reporting of any unethical or improper actions and to this extent the group has, in conjunction with Tip-Offs Anonymous, established a confidential reporting facility that is available 24 hours a day. All stakeholders are encouraged to use this facility to report unethical or improper behaviour and in this regard, the company made a concerted effort to raise awareness amongst customers and suppliers during the year. In addition, employees are encouraged to anonymously report incidents to line managers, senior executives, or to the Tip-Offs Anonymous facility.

All reports logged during the year were referred to the Risk department for further investigation. Where required, the appropriate action was taken and necessary control improvements were satisfactorily implemented. More information on this facility is available from the company's official website.

SPONSOR

Rand Merchant Bank Limited is appointed as the company's corporate sponsor, in compliance with the JSE Listings Requirements.

RISK MANAGEMENT

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

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

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

These sessions focus on risk management and strategy, thus ensuring risk management is integrated into strategic planning. Senior managers or "risk champions" periodically carry out self-assessments of the risks impacting the organisation. This process identifies critical strategic, operational, financial and compliance exposures that Bell Equipment may be faced with, as well as opportunities that may be available to the group. The adequacy and effectiveness of control factors at those levels are also regularly tested and reviewed. The assessment methodology takes into account the impact or severity and probability of occurrence and applies a rating based on the quality of control effectiveness, thereby ranking risks and setting priorities.

The identified top risks are elevated to the Group Executive Committee. All identified material risks, their possible implications for the group and management's action plans to mitigate and manage those risks are reported to the Risk and Sustainability Committee. The Group Executive Committee members are in attendance at the Risk and Sustainability Committee meetings to provide the committee with a comprehensive understanding of the risks and proposed mitigation plans. Set out in the table below are the strategic risks that the group is facing.

INHERENT RISKS

STRATEGIC RISK	RISK MITIGATION FACTORS
COMPETITOR RISK	
The risk that Bell Equipment's competitors' actions have a significant negative influence on its business.	▪ Live the Bell Equipment motto of, "Strong reliable machines, Strong reliable support". ▪ Constantly exceed customer expectations through superior, innovative products and aftermarket support. ▪ Maintain research and development spend through the trough and mid cycles and accelerate spend in the peak cycles, thus ensuring that the Bell Equipment ADT continues to be technologically advanced. ▪ Maintain and enhance relations with all stakeholders, with particular focus on the group's customer base, supported by "the Bell Way" of doing business.
CURRENCY RISK	
The group earns more than 50% of its revenue outside South Africa, has substantial payment flows for imports into South Africa and also has subsidiaries in many countries. These subsidiaries conduct their operations using different currencies. The group is therefore exposed to the following risks relating to significant movements in exchange rates: ▪ Operational currency exposures, due to changes in the value of receipt and payment flows in foreign currencies. ▪ Operational and financial currency exposures, due to changes in the value of trading accounts and loans, especially intra-group accounts, denominated in foreign currencies. ▪ Translational exposures, due to changes in the value of operating income, assets and liabilities in foreign subsidiaries when converted from their functional currencies to SA Rand. The above have a direct impact on the group's trading results, statement of financial position, cash flows and competitiveness.	▪ A group treasury policy is in place and follows the principle of matching import and export cash flows as far as 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 SA Rand and other volatile currencies to which the group is exposed. ▪ The size of equity and loans in foreign subsidiaries is monitored to ensure that these are appropriate, considering commercial requirements.
STRATEGIC ALLIANCE PARTNERS AND KEY SUPPLIER RELATIONS RISK	
Being an integrated Original Equipment Manufacturer has resulted in Bell Equipment establishing valuable strategic relations with various strategic alliance partners and suppliers globally. These alliance partners play an integral role within the business not only from a distribution and component supply perspective, but also through the supply of complimentary products which expand the group's revenue source beyond its core manufactured products. As with any relationship, there is a risk of breakdown in relations due to the action or inaction of one or both parties.	▪ Continually build/improve Bell Equipment's relationships with strategic alliance partners and suppliers at all levels within the organisation, supporting mutually beneficial objectives. ▪ There is a process of formal and regular communication that ensures that issues which arise are dealt with expediently and at the appropriate levels. ▪ Where possible, goal congruence with strategic alliance partners receives priority.
POLITICAL RISKS IN COUNTRIES IN WHICH THE GROUP OPERATES	
Due to the global nature of Bell Equipment's business and new markets, Bell Equipment is exposed to the varying political landscapes in the regions in which it operates. Therefore it is susceptible to the associated political risks in certain regions in which it operates or plans to operate.	▪ As a responsible corporate citizen that contributes to the wellbeing of the relevant region, Bell Equipment endeavours to cooperate with the local authorities in the regions in which it operates without aligning the group to any particular political organisation. ▪ The group minimises exposure in perceived high-risk countries through effective risk management practices. ▪ Develop business continuity plans catering for all eventualities that the group may be susceptible to in the higher political risk regions it is exposed to.

CORPORATE GOVERNANCE REPORT (continued)

INHERENT RISKS (continued)

STRATEGIC RISK	RISK MITIGATION FACTORS
CYCLICAL NATURE OF THE CONSTRUCTION AND MINING EQUIPMENT INDUSTRY	
The business model is highly dependent on achieving sales volumes of the core manufactured products. This is due to the upfront and substantial investment in research and development, production capabilities, as well as inventory, which are 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 the strategic goals of Bell Equipment is directly dependent on its ability to react to the changes in the business environment	▪ Perform regular evaluations of the order book and forecasts to ensure the validity thereof. ▪ Secure adequate committed funding lines. ▪ Actively manage working capital and expenses within the group.
REGULATORY RISK	
Being a global company requires Bell Equipment to comply with a myriad of changing regulations applicable to particular geographic locations. Due to the increasingly sophisticated and ever-changing regulatory environment there is an increased risk of non-compliance with applicable regulations.	▪ A group-wide compliance programme has been implemented and product and operational restrictions are assessed on a periodic basis. ▪ Local management is tasked with keeping abreast of regulatory changes within their respective jurisdictions.
HUMAN CAPITAL	
Bell Equipment recognises that human capital is instrumental to its success and due to the locations it operates in and the fact that the world is becoming a so-called global village, Bell Equipment's ability to retain key skills is constantly under threat.	▪ Bell Equipment strives to be the employer of choice within its industry. ▪ Significant training and investment in employees assists in creating an increasing and enhanced skills base. ▪ All employees participate in the group incentive scheme, which is directly linked to the group's strategic objectives. ▪ Implementation of performance management systems.
GLOBAL COMPETITIVENESS	
As a South African-based manufacturer supplying the global market, the increased cost of doing business in South Africa directly influences Bell Equipment's ability to compete against its competitors in the global market space.	▪ Continuously evaluate component country sourcing for suitable price advantages. ▪ Continuously monitor the effect of the cost pressures and strategically evaluate the option of offshore manufacturing where feasible. ▪ Monitor productivity and critically evaluate the case for mechanisation, where possible.

GROUP COMPLIANCE PROGRAMME

THE BOARD IS ULTIMATELY RESPONSIBLE FOR OVERSEEING THE GROUP'S COMPLIANCE WITH RELEVANT LAWS, RULES, CODES AND STANDARDS. THE RESPONSIBILITY FOR THE IMPLEMENTATION OF AN EFFECTIVE COMPLIANCE FRAMEWORK AND PROCESSES AS ENVISAGED BY KING III HAS BEEN DELEGATED TO MANAGEMENT AND, IN THIS REGARD, THE GROUP COMPANY SECRETARY HAS BEEN APPOINTED AS THE GROUP COMPLIANCE OFFICER. IN THIS ROLE HE PROVIDES THE BOARD WITH ASSURANCE THAT THE GROUP IS COMPLIANT WITH APPLICABLE LAWS AND REGULATIONS.

The Group Compliance Officer's functions include:

- identifying and advising the board and management on new and existing legislation applicable to the group's business;
- developing and implementing a group compliance programme;
- an annual review of the compliance procedure; and
- monitoring the development and implementation of new legislation and reporting quarterly on these matters to the Risk and Sustainability Committee and annually to the board.

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

NOTE ON THE GROUP'S FINANCIAL REPORTING

For more information on the group's financial strength and sustainability, please refer to the Group Financial Director's report on page 16 as well as the Annual Financial Statements on page 58.

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.

SUSTAINABILITY REPORT

OVERVIEW

This sustainability report presents a consolidated view of Bell Equipment's social and environmental performance for the year ended 31 December 2013. The group aims to provide a balanced, understandable and comparable view of its business by giving a frank account of its sustainability activities as well as challenges.

In compiling this report, Bell Equipment recognises the regulations, guidelines and recommendations of international sustainability best reporting practices, such as King III in South Africa and the Global Reporting Initiative (GRI), considered internationally as the benchmark for sustainability reporting. Bell Equipment acknowledges that the group still has some way to go in aligning reporting processes to the GRI. However, in keeping with the GRI's vision, Bell Equipment will continue to improve non-financial reporting processes over time, based on the principles of accountability and transparency.

The company believes that in order to grow and prosper in years to come, it needs to contribute positively towards the communities it operates in, employees and the macro economy. The group therefore remains dedicated to preserving and investing in the natural environment, to reducing its carbon footprint, and to playing a broader role in the economy and upliftment of the societies in which it operates.

Bell Equipment conducts its business in a sustainable way and pays special attention to fostering the development of its employees, caring for the environment and contributing to social development.

During the year the Social, Ethics and Transformation Committee continued to oversee the group's non-profit activities, placing a strong emphasis on the responsibility of the group towards the communities in which it operates as well as to the development of its employees.

The greatest impact to the sustainability of Bell Equipment's business is ensuring a motivated, talented and diverse workforce.

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

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

Hence, the group places a strong emphasis on the upskilling and development of all its employees.

Dedicated divisions at Bell Equipment, such as Human Resources (HR), serve to support the ongoing people focus of all business units. The HR teams are mandated to attract, develop and retain talent that can perform in a manner consistent with the group's culture and values.

BELL EQUIPMENT SEEKS SUSTAINABILITY OF HUMAN CAPITAL THROUGH:

- Specialised training and education for talent
- Wellness programmes to ensure health and wellbeing
- Implementation of Human Resources policies and procedures
- Ensuring safe working conditions
- Fair remuneration and reward
- Stimulating career opportunities

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

SOUND HUMAN RESOURCE POLICIES AND BEST PRACTICE APPROACH

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 go through a rigorous induction programme where emphasis is placed on the various policies within the group. The group's intention is to guide staff to ensure that their conduct and actions reflect the group's values and philosophies.

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.

Performance of management and supervisory employees is evaluated against predetermined targets, and performance appraisals determine annual performance-based incentives and career development opportunities. Performance appraisals are done twice a year, during which key performance areas are reviewed, discussed and agreed upon.

EMPLOYEE RELATIONS

The group continues to work with the relevant representative unions to ensure that the group is sustainable.

As an iconic OEM, Bell Equipment fully supports the promotion of progressive employee relations with these unions. The group continues to enjoy a healthy employee relations climate built on a strong foundation of mutual understanding between employer and employees that has been created over several years. This, in turn, leads to a happy workforce and successful operations. During the year under review no working days were lost due to strike action of the labour force.

SKILLS DEVELOPMENT AND TRAINING

Position the group as a leading provider of scarce technical skills

Bell Equipment's operating divisions are empowered and encouraged to formulate their training and development according to their specific requirements. At the same time, these training initiatives contribute to upskilling the South African workforce 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, aligned to the relevant University of Technology requirements, and selects its junior technicians from these groups. The group also runs a graduate programme for BSc Mechanical Engineering graduates on a two-year programme.

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

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

Bell Equipment's strategic priority for the year ahead is to position the group as a leading provider of scarce technical skills through its dedicated training and experienced learnership team, in order to cater for the continuous demand for scarce skills in South Africa.

Bursaries

Bell Equipment offers several secondary school and tertiary education bursaries to previously disadvantaged individuals that have shown excellence in academic performance. Tertiary bursaries are awarded for a wide variety of study courses ranging from Mechanical Engineering to Financial Management.

Learning and Development Programmes

The group has continued to focus on offering its employees training and development programmes, the benefits of which

SUSTAINABILITY REPORT (continued)

are many and varied. These programmes afford the company the opportunity to offer candidates greater career prospects and clients greater value for money. During the course of 2013, the group also provided opportunities for individuals to obtain workplace experience.

CODE OF ETHICAL CONDUCT

Bell Equipment is committed to conducting healthy business practices with honesty and integrity that not only ensures a stable employment environment for everyone, but also ensures the continued future success of the group.

In addition to the requirements and obligations of formal governance codes and legal requirements as set out in the King III Report on Corporate Governance Principles and the Companies Act, the group, as a member of Business Leadership South Africa (BLSA), abides by their stated values and code of good corporate citizenship which reinforces the importance of ethics and integrity, encouraging innovation, healthy competition, a safe and healthy work environment, a well-trained workforce, and adherence to legislative and regulatory requirements.

The group recognises that fraud, abuse of power or the acceptance of bribes, is an increasing problem in South Africa. 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 will enable all stakeholders, but most specifically its employees, clients and suppliers, to report anonymously on dishonesty.

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 Ethical Conduct which continues to be communicated to staff and strategic suppliers across all business units.

RECOGNITION AND REWARD – CHAIRMAN'S LONG-SERVICE AWARD

The loyalty of Bell Equipment employees is recognised annually and celebrated across the group. As a company that understands and appreciates the value of family, employees with 10 years of dedicated service and those with 20, 30 or 40 years' service are joined by their partners at an awards event where the Bell family expresses their sincere gratitude to these long serving employees, who each plays an integral role as members of the larger Bell family.

66,63% of Bell Equipment staff work in Richards Bay, and management's decision to base its plant outside one of the four major industrial nodes of South Africa, contributes to employment and the wellbeing of the local community.

DECENT WORKING CONDITIONS, WELLBEING, HEALTH AND SAFETY

Ensuring decent working conditions, the wellbeing and the health and safety of employees is a way of life at Bell Equipment.

Decent work is the availability of employment in conditions of freedom, equity, human security and dignity.

During the 2014 financial year, the group will roll out an information campaign to educate employees on the rights of employees to decent working conditions. As part of the induction process, new employees will be informed on what decent working conditions are and what tools are available to report suspected contravention of these rights within the group.

Bell Equipment provides a comprehensive range of employee wellness benefits aimed at promoting both physical and psychological health, with the end result being reduced absenteeism rates.

Fundamental to Bell Equipment business success is its ability to attract and retain quality people, emphasising affirmative action practices to ensure equality. With a temporary workforce of approximately 700, it has become key that this workforce has the chance of receiving life-enhancing benefits.

During the financial year under review, no major safety incidents were reported among employees.

Safety and health at Bell Equipment is managed per operating company and is a function of line management. Over and above the strict adherence to the Occupational Health and Safety Act for the permanent employees, the group's temporary workforce is well trained, ensuring that safety becomes a way of life.

Bell Equipment encourages a safety-conscious workforce that adheres to rigorous safety standards through constant education and training, particularly those employed within the blue-collar environment.

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. The group offers a Health and Wellbeing Programme, which expresses its focus on care and concern for the wellbeing of all employees and provides personalised wellness interventions offered in the form of counselling. Operations hosts wellness days for employees to raise awareness and education around health issues through a unique, fun and interactive approach which focuses on physical and mental health.

Empowerment – BBBEE accelerating transformation

In South Africa, the board of Bell Equipment remains committed to BBBEE. Unfortunately the group's BBBEE partner exited from the group in accordance with a put option exercised towards the end of 2013.

However, the board regards this as an opportunity to identify and strengthen the group's BBBEE strategy through identifying effective BBBEE opportunities that not only serve to strengthen its business strategy, but also add value to the business community in which it operates, and through the effective implementation of the new BBBEE codes.

Employment equity

The employment equity plan designed for the South African operations are scheduled to escalate transformation significantly from 2013 to 2015. To this extent the group will formally monitor the employment equity and evaluation policy to ensure that set targets are achieved.

It is imperative that employment equity opportunities are linked to budget and the long-term business strategy of the group. The group will also focus on developing a strategy to attract and retain senior employees from the designated groups.

Lastly, the group will align the current employment equity plans with the recent legislative amendments and mitigate the potential negative impact on the company.

SOCIO-ECONOMIC DEVELOPMENT

Socio-Economic Development (SED) is a vital part of Bell Equipment's identity, and it is with a great sense of pride that the group so positively influences the lives of many. Bell Equipment has a long history of creating, maintaining and supporting developmental, social and environmental projects which has contributed significantly towards the group's drive towards sustainability. Even during tough economic times, the group philosophy of financial generosity has contributed to the improvement of impoverished facets of South Africa's society. To this end, approximately 1% of annual profits are committed to sustainable projects.

Bell Equipment's SED projects meet both the requirements of the BBBEE Act and positively impact on the communities in which it operates.

ENVIRONMENTAL

ENCOURAGE INNOVATIVE "GREEN" INITIATIVES GROUP-WIDE

Implementing a group-wide environmental programme within a decentralised organisation is not without its challenges. However, there is definitely opportunity for innovative product development, particularly relating to technology offerings, enhancing existing procurement methods and introducing a data collation strategy for environmental measurement.

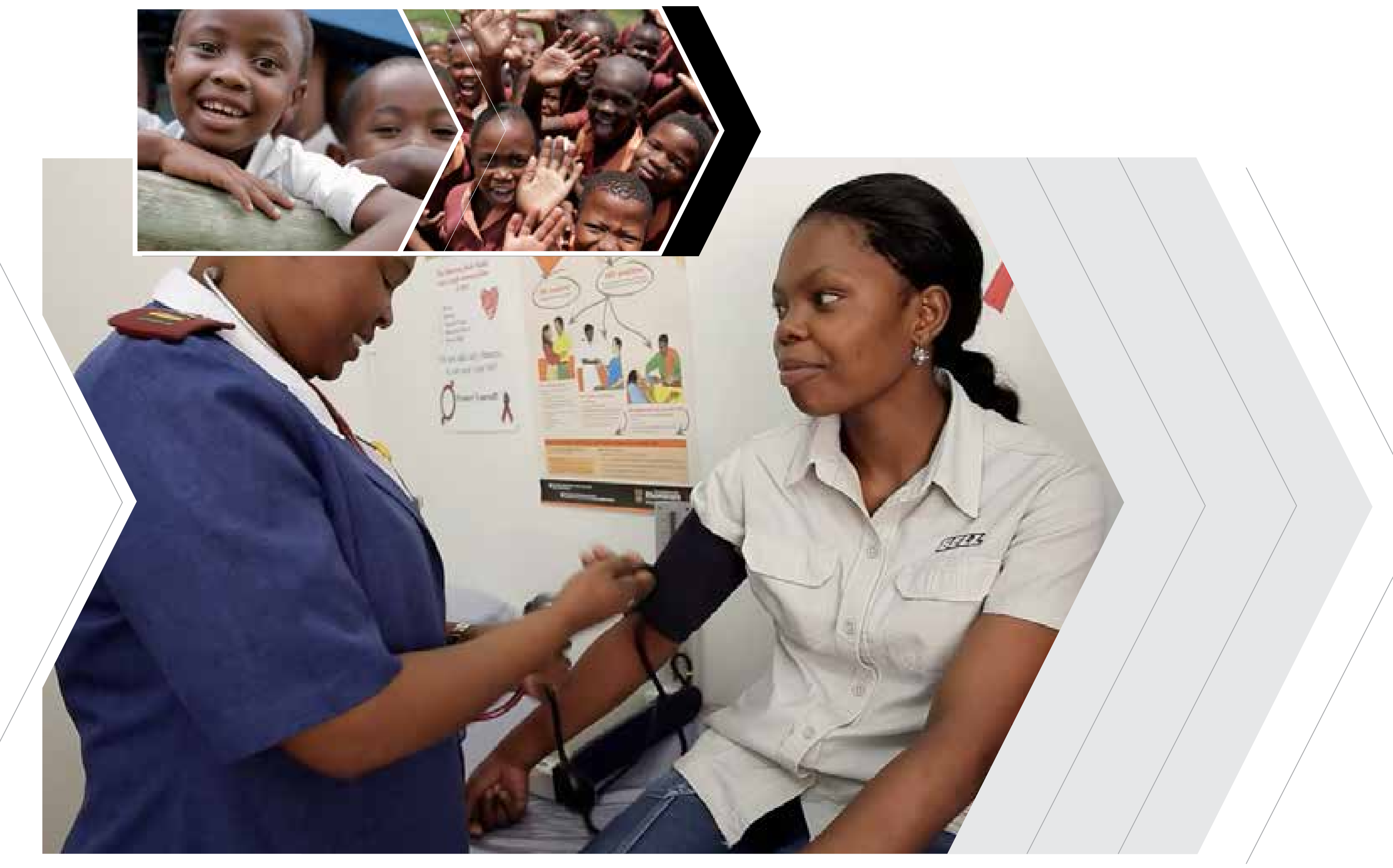
Bell Equipment is at the cutting edge of technology adoption, both introducing key technologies from abroad and developing its own in-house emergent technologies. The world of work is changing fast, and information technologies are increasingly being used to introduce efficiencies in the workforce management process.

SUSTAINABILITY REPORT (continued)

CREATING AWARENESS AROUND ENVIRONMENTAL IMPACT

Awareness campaigns around environmental sustainability is a journey that will commence this year and is set to be implemented in stages over the next five years. In the near future, Bell Equipment intends it to be a part of a defining identity and not just an ambitious business strategy. Areas where internal initiatives can be implemented to further reduce impact on the environment have been identified. Over time, the aim is to embed a culture of social and environmental responsibility among employees through training and awareness campaigns that will ultimately enable the existing entrepreneurial spirit of operations to thrive and create business value in the day-to-day activities.

ENVIRONMENTAL STRATEGY		
YEAR 1 to 2	**YEAR 3 to 5**	**BEYOND**
Awareness	Measurement	Reduction
Policies	Carbon footprint	Set targets
Communication	Profitability	As close as possible to carbon neutral credits
Staff engagement	Transformation	Innovation
Training	Value add	
CORPORATE GOVERNANCE		



SOCIAL ECONOMIC DEVELOPMENT PROJECTS

BENEFICIARY	PROJECT BRIEF	INVESTMENT
Amangwe Village – an independent non-profit organisation with PBO (Public Benefit Organisation) status. Established as a project of the Zululand Chamber of Business Foundation, Amangwe Village addresses the impact of HIV/Aids in rural communities through strengthening the capacity of communities to deal with the Aids pandemic.	**Organic food gardening** – 100 people have been trained on organic food gardening, to enable them to establish and maintain their own organic gardens at their rural homesteads. This is aimed at providing food security and promoting self sustainability to poverty stricken communities and unemployed individuals.	R160 000
	STEP parenting course – sponsoring a Systematic Training for Effective Parenting (STEP) course for 90 parents/caregivers and the establishment of child care committees to equip those looking after Orphans and Vulnerable Children (OVC) with the knowledge and effective parenting skills needed to guide these children to reach their full potential.	R171 000
	Self Help Groups – sponsoring the expansion of the Self Help Group project at **Makhwezini** areas and formalising the project at **Sokhulu**. The self help groups encourage women to take control of their own future and work towards financial independence and a better quality of life for themselves and their families. The groups all have their own savings and credit scheme whereby the members in each group save money from their own meagre resources and administer their own collected funds. The groups are very active and involved in activities such as building houses for community members in need, extending and renovating existing houses, buying school uniforms and paying school fees for their children, paying for medical expenses, buying household goods and furniture, catering for functions such as weddings and funerals, hiring out catering equipment to community groups and starting businesses including tuck shops, poultry farms and vegetable gardens. Funding was used towards the training and development of staff partners and community facilitators as well as travel costs for a social worker to visit the groups and for community facilitators to attend training.	R510 000 for project expansion at Makhwezini R211 000 to introduce the project at Sokhulu
Esiqhomaneni Primary School – based in the deeply rural area of Ntambanana Municipality, about 150 km from the Bell Factory.	Sponsorship of science and technology tooling to enable learners from Grade 4 to 7 to participate in practical woodwork lessons. Bell visits the school to check progress, conduct a stock take of the tools and make sure that they are being properly used and cared for by the school.	R80 000
Izulu Orphan Project (IOP) – a non-profit organisation, which supports orphaned and vulnerable children and their caregivers in the rural areas surrounding Empangeni.	**Sponsored cladding for the IOP Hope Centre building**, which is a centralised community support centre providing afterschool educational support and homework assistance to learners. Orphans and needy families are also provided daily meals from the Centre.	R50 000
	Early Childhood Development (ECD) – funding commenced in 2012 to provide toys and equipment to rural crèches as well as funding the training of ECD educators. This includes follow-up visits to crèches to assess the implementation of the training.	R50 000 per annum
Department of Science & Technology and Department of Education, in partnership with the South African Association of Science & Technology Educators	Sponsorships towards the annual Science Olympiad, to encourage school learners to participate and excel in the subjects of Science, Technology, Engineering and Maths (STEM).	R50 000
Business Against Crime (BAC) Zululand	Support towards crime fighting initiatives.	R50 000
Reaching Out	Funding of the victims of domestic violence helpdesk.	R50 000
Rotary International/ Nazidi	Sixty-six wheelchairs were funded to improve the mobility and quality of life of beneficiaries identified by Rotary and Nazidi.	R85 800

In addition annual donations to the combined value of R200 000 were made to worthy NGOs and a further R360 000 was invested, through bursaries, in high potential equity candidates, particularly in engineering and accounting related fields.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems and procedures designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and examined by independent auditors in conformity with International Standards on Auditing.

The annual financial statements of the group and the company which appear on pages 54 to 119 were approved by the directors on 13 March 2014 and are signed on their behalf by:

MA Mun-Gavin
Group Chairman

GW Bell
Group Chief Executive

CERTIFICATION BY GROUP COMPANY SECRETARY

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

P van der Sandt
Group Company Secretary

13 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BELL EQUIPMENT LIMITED

We have audited the consolidated and separate annual financial statements of Bell Equipment Limited set out on pages 58 to 119, which comprise the consolidated and separate statements of financial position as at 31 December 2013, and the consolidated and separate statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Bell Equipment Limited as at 31 December 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the Directors' Report, the Audit Committee Report and the Certification by Group Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

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

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per: C Howard-Browne CA (SA), RA
Partner

13 March 2014

Unit S01, Second Floor
Mzingazi Office Park
15 Club Road
Mzingazi Golf Estate
Meerensee
Richards Bay
3901

PO Box 101 679
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3901
South Africa

National executive:
LL Bam *Chief Executive,* AE Swiegers *Chief Operating Officer,* GM Pinnock *Audit,* DL Kennedy *Risk Advisory,* NB Kader *Tax,* TP Pillay *Consulting,* K Black *Clients & Industries,* JK Mazzocco *Talent & Transformation,* CR Beukman *Finance,* M Jordan *Strategy,* S Gwala *Managed Services,* TJ Brown *Chairman of the Board,* MJ Comber *Deputy Chairman of the Board*
Regional leader: GC Brazier
A full list of partners and directors is available on request.
B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code
Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' REPORT

The directors submit the annual financial statements for the group and the company together with the reports thereon for the year ended 31 December 2013.

GENERAL REVIEW

The group manufactures and distributes a wide range of materials handling equipment, both locally and internationally, through an extensive wholly owned network of customer service centres, strategic alliances and independent dealers. Through financing ventures with various financial institutions the group is able to offer financing to facilitate sales in the markets that the group is active in. The group's principal products are Articulated Dump Trucks, Haulage Tractors, Tractor Loader Backhoes, Front-End Loaders, sugar cane and timber-loading equipment, and construction equipment such as Graders, Dozers and Excavators, a complete range of compaction, crushing and screening machinery and related parts and services.

FINANCIAL RESULTS

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

STATED CAPITAL

The company's authorised share capital remains at 100 000 000 ordinary shares of no par value. The stated capital account as at 31 December 2013 comprised 95 144 385 (December 2012: 94 974 000) ordinary shares of no par value.

DIVIDENDS

The directors have not declared a dividend for this financial year (2012: 40 cents per share).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE OPTION SCHEMES

The company operated one employee share option scheme during the year. Details of this scheme are set out in note 31 to the annual financial statements.

DIRECTORS

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

AR McDuling resigned as alternate director on 30 August 2013.

Details of the current directors and Group Executive Committee of the Bell Equipment group appear on pages 6 and 7 and pages 20 and 21 of this report, respectively.

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

	Direct beneficial		Indirect beneficial		Associates	
Number of shares held	2013	2012	2013	2012	2013	2012
GW Bell	157 100	120 600	8 671 264	8 671 264	–	–
MA Mun-Gavin	–	–	10 000	10 000	–	–
L Goosen	4 040	4 040	–	–	–	–
AR McDuling	–	15 000	–	–	148	148

There has been no change in the shareholding of directors as reflected above between the end of the financial year and 13 March 2014.

MAJOR SHAREHOLDERS

The major shareholders in Bell Equipment Limited as at 31 December 2013 were:		2013	2012
IA Bell & Company Proprietary Limited	%	37,55	37,62
John Deere Construction and Forestry Company	%	31,53	31,59

GROUP COMPANY SECRETARY

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

SUBSIDIARIES

Details of the company's interest in its subsidiary companies are contained on page 114 of this report. The principal subsidiaries are Bell Equipment Company SA Proprietary Limited and Bell Equipment Sales South Africa Limited, both of which are incorporated in South Africa.

SUBSEQUENT EVENTS

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

Signed on behalf of the board

MA Mun-Gavin
Group Chairman

GW Bell
Group Chief Executive

13 March 2014

AUDIT COMMITTEE REPORT

BACKGROUND

The committee is pleased to present its report for the financial year ended 31 December 2013 as required in terms of Section 94 of the Companies Act of South Africa, 2008 (as amended) (the Act). The committee's operation is guided by a formal detailed Terms of Reference that is in line with the Act and is approved by the board. The committee has discharged all of its responsibilities as contained in the charter. The Audit Committee is constituted as a statutory committee and is appointed at the annual general meeting. It has an independent role with accountability to both the board and shareholders. The board has reviewed and amended membership of the committee to reflect current legislation and recommendations by King III, which dictates that all members of the committee be independent non-executive directors. The board elects the Chairman of the Audit Committee. The committee was chaired by independent non-executive director JR Barton, and further comprises two independent non-executive directors. The board assessed the experience and qualification of the committee members upon their appointment and confirmed that they are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues, IT governance as it relates to integrated reporting and governance processes within the group. The board has satisfied itself that all members of the committee act independently in compliance with the Act. The committee members are recommended to the annual general meeting for approval by the shareholders.

OBJECTIVE AND SCOPE

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

The committee carried out the following functions during the year:

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

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

MEMBERSHIP

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

Memberships held on this committee were as follows:

JR Barton *Chairman*
DJJ Vlok
B Harie

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditor of Bell Equipment Limited is independent as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2013 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 28 to the financial statements.

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

Meetings were held with the auditor where management was not present, and no matters of concern were raised. The committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Deloitte & Touche as the external auditor for the 2014 financial year.

GROUP FINANCE DIRECTOR'S REVIEW

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

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the Integrated Annual Report for the year ended 31 December 2013 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements as set out on pages 54 to 119 for approval to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

CONCLUSION

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

JR Barton
Chairman of the Audit Committee

13 March 2014

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2013

	Notes	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
ASSETS					
Non-current assets		957 032	767 448	642 796	638 092
Property, plant and equipment	6	691 631	547 889	–	–
Intangible assets	7	149 217	118 151	–	–
Investments	8	563	–	–	–
Investments in subsidiary companies	9	–	–	642 796	638 092
Interest-bearing long-term receivables	10	18 297	13 467	–	–
Deferred taxation	11	97 324	87 941	–	–
Current assets		3 799 301	2 721 879	731	3 557
Inventory	12	2 784 840	1 817 759	–	–
Trade and other receivables	13	851 871	650 556	731	3 557
Current portion of interest-bearing long-term receivables	10	21 059	38 189	–	–
Prepayments		22 947	18 509	–	–
Other financial assets	14	578	3 213	–	–
Taxation		11 679	4 832	–	–
Cash resources		106 327	188 821	–	–
Total assets		4 756 333	3 489 327	643 527	641 649
EQUITY AND LIABILITIES					
Capital and reserves		2 488 661	2 073 559	599 300	632 927
Stated capital	15	230 534	228 749	230 534	228 749
Non-distributable reserves	16	485 145	197 050	16 282	11 578
Retained earnings		1 766 067	1 596 095	352 484	392 600
Attributable to owners of Bell Equipment Limited		2 481 746	2 021 894	599 300	632 927
Non-controlling interest	17	6 915	51 665	–	–
Non-current liabilities		247 690	276 307	–	–
Interest-bearing liabilities	18	113 271	118 181	–	–
Repurchase obligations and deferred leasing income	19	17 871	57 098	–	–
Deferred warranty income	20	52 596	61 340	–	–
Lease escalation	21	40 341	34 659	–	–
Provisions	22	41	5 029	–	–
Deferred taxation	11	23 570	–	–	–
Current liabilities		2 019 982	1 139 461	44 227	8 722
Trade and other payables	23	1 193 013	738 445	824	770
Non-interest-bearing liabilities	24	–	–	43 403	7 952
Current portion of interest-bearing liabilities	18	52 337	116 670	–	–
Current portion of repurchase obligations and deferred leasing income	19	59 489	48 066	–	–
Current portion of deferred warranty income	20	48 483	40 138	–	–
Current portion of lease escalation	21	868	1 426	–	–
Current portion of provisions	22	58 280	42 426	–	–
Other financial liabilities	25	4 937	1 435	–	–
Taxation		35 301	17 541	–	–
Short-term interest-bearing debt	36.2	567 274	133 314	–	–
Total equity and liabilities		4 756 333	3 489 327	643 527	641 649
Number of shares in issue ('000)		95 144	94 974		
Net asset value per share (cents)		2 616	2 183		

STATEMENTS OF PROFIT OR LOSS

for the year ended 31 December 2013

		GROUP		COMPANY	
	Notes	2013 R000	2012 R000	2013 R000	2012 R000
Revenue	26	6 319 104	5 670 188	–	–
Cost of sales		(4 890 116)	(4 410 050)	–	–
Gross profit		1 428 988	1 260 138	–	–
Other operating income		144 847	111 866	2 395	3 591
Investment income	27	–	–	–	250 000
Distribution costs		(883 914)	(723 140)	–	–
Administration expenses		(85 210)	(78 483)	(4 520)	(4 898)
Other operating expenses		(264 636)	(205 507)	–	–
Profit (loss) from operating activities	28	340 075	364 874	(2 125)	248 693
Interest paid		(42 047)	(53 669)	–	–
Interest received		7 348	12 147	–	–
Profit (loss) before taxation		305 376	323 352	(2 125)	248 693
Taxation	29.1	(99 623)	(80 434)	–	–
Profit (loss) for the year		205 753	242 918	(2 125)	248 693
Profit for the year attributable to:					
- Owners of Bell Equipment Limited		183 007	224 810		
- Non-controlling interest		22 746	18 108		
Earnings per share					
Basic (cents)	30.1	193	237		
Diluted (cents)	30.2	189	232		

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Notes	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Profit (loss) for the year		205 753	242 918	(2 125)	248 693
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising during the year		252 300	47 653	–	–
Exchange differences on translating foreign operations	16	244 106	45 595	–	–
Exchange differences on foreign reserves	16	8 194	2 058	–	–
Items that may not be reclassified subsequently to profit or loss:		26 304	–	–	–
Surplus arising on revaluation of properties	16	37 616	–	–	–
Taxation relating to surplus arising on revaluation of properties	16/29.2	(11 312)	–	–	–
Other comprehensive income for the year, net of taxation		278 604	47 653	–	–
Total comprehensive income (loss) for the year		484 357	290 571	(2 125)	248 693
Total comprehensive income attributable to:					
- Owners of Bell Equipment Limited		461 611	272 463		
- Non-controlling interest		22 746	18 108		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Notes	Attributable to owners of Bell Equipment Limited					
	Notes	Stated capital R000	Non-distributable reserves R000	Retained earnings R000	Total R000	Non-controlling interest R000	Total capital and reserves R000
GROUP							
Balance at 31 December 2011		228 605	144 089	1 371 285	1 743 979	33 557	1 777 536
Total comprehensive income for the year		–	47 653	224 810	272 463	18 108	290 571
Recognition of share-based payments		–	5 308	–	5 308	–	5 308
Share options exercised		144	–	–	144	–	144
Balance at 31 December 2012		228 749	197 050	1 596 095	2 021 894	51 665	2 073 559
Total comprehensive income for the year		–	278 604	183 007	461 611	22 746	484 357
Recognition of share-based payments		–	4 704	–	4 704	–	4 704
Share options exercised		1 785	–	–	1 785	–	1 785
Dividends paid		–	–	(37 991)	(37 991)	–	(37 991)
Transactions with non-controlling interest	17	–	–	29 743	29 743	(67 496)	(37 753)
Increase in statutory reserves of foreign subsidiaries	16	–	4 787	(4 787)	–	–	–
Balance at 31 December 2013		230 534	485 145	1 766 067	2 481 746	6 915	2 488 661
COMPANY							
Balance at 31 December 2011		228 605	6 270	143 907	378 782	–	378 782
Total comprehensive income for the year		–	–	248 693	248 693	–	248 693
Recognition of share-based payments		–	5 308	–	5 308	–	5 308
Share options exercised		144	–	–	144	–	144
Balance at 31 December 2012		228 749	11 578	392 600	632 927	–	632 927
Total comprehensive loss for the year		–	–	(2 125)	(2 125)	–	(2 125)
Recognition of share-based payments		–	4 704	–	4 704	–	4 704
Share options exercised		1 785	–	–	1 785	–	1 785
Dividends paid		–	–	(37 991)	(37 991)	–	(37 991)
Balance at 31 December 2013		230 534	16 282	352 484	599 300	–	599 300

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2013

		GROUP		COMPANY	
	Notes	2013 R000	2012 R000	2013 R000	Restated 2012 R000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash (utilised in) generated from operations	A	(9 557)	530 902	755	(2 604)
Interest paid		(42 047)	(53 669)	–	–
Interest received		7 348	12 147	–	–
Taxation paid	B	(90 925)	(89 645)	–	–
Net cash (utilised in) generated from operating activities		(135 181)	399 735	755	(2 604)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment and intangible assets		(204 215)	(167 387)	–	–
Purchase of replacement property, plant and equipment and intangible assets		(51 665)	(39 246)	–	–
Proceeds on disposal of property, plant and equipment and intangible assets		30 821	27 212	–	–
(Increase) decrease in interest-bearing long-term receivables		(11 486)	6 552	–	–
Increase in investments		(563)	–	–	–
Dividend received from subsidiary company		–	–	–	250 000
Repayments from subsidiaries		–	–	–	66 721
Net cash (utilised in) generated from investing activities		(237 108)	(172 869)	–	316 721
CASH FLOW FROM FINANCING ACTIVITIES					
Increase in investment in subsidiary company	C	–	–	–	(322 213)
Non-interest-bearing liabilities raised		–	–	35 451	7 952
Interest-bearing liabilities raised	D	51 755	4 879	–	–
Interest-bearing liabilities repaid	D	(121 961)	(16 960)	–	–
Proceeds from share options exercised		1 785	144	1 785	144
Dividends paid		(37 991)	–	(37 991)	–
Payment of non-controlling interest put liability		(37 753)	–	–	–
Net cash utilised in financing activities		(144 165)	(11 937)	(755)	(314 117)
Net (decrease) increase in cash for the year		(516 454)	214 929	–	–
Net cash (short-term interest-bearing debt) at beginning of the year		55 507	(159 422)	–	–
Net (short-term interest-bearing debt) cash at end of the year	E	(460 947)	55 507	–	–

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended 31 December 2013

		GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
A	**CASH (UTILISED IN) GENERATED FROM OPERATIONS**				
	Profit (loss) from operating activities	340 075	364 874	(2 125)	248 693
	Adjustments for:				
	Depreciation	107 839	115 443	–	–
	Amortisation of intangible assets	19 604	19 295	–	–
	Investment income recognised in profit or loss	–	–	–	(250 000)
	Increase (decrease) in warranty provision	8 060	(7 895)	–	–
	Increase in provision for residual value risk	1 458	–	–	–
	Increase in lease escalation	5 124	6 795	–	–
	Loss arising on financial assets at fair value through profit or loss	2 635	1 266	–	–
	Loss (gain) arising on financial liabilities at fair value through profit or loss	3 502	(385)	–	–
	Expense recognised in respect of equity-settled share-based payments	4 704	5 308	–	–
	Net surplus on disposal of property, plant and equipment and intangible assets	(998)	(403)	–	–
	Exchange differences on translation of foreign subsidiaries	221 123	42 101	–	–
	(Decrease) increase in deferred warranty income	(399)	15 779	–	–
	Decrease in repurchase obligations and deferred leasing income	(27 804)	(29 135)	–	–
	Cash generated from (utilised in) operations before working capital changes	684 923	533 043	(2 125)	(1 307)
	(Increase) decrease in inventory	(967 081)	243 070	–	–
	(Increase) decrease in trade and other receivables and prepayments	(205 753)	229 781	2 826	(1 593)
	Increase (decrease) in trade and other payables	454 568	(471 765)	54	296
	Decrease (increase) in trade receivables recoverable beyond 12 months	23 786	(3 227)	–	–
	Total cash (utilised in) generated from operations	(9 557)	530 902	755	(2 604)
B	**TAXATION PAID**				
	Net taxation owing at beginning of the year	(12 709)	(44 585)	–	–
	Taxation charge for the year:				
	South African normal taxation	(28 027)	(12 367)	–	–
	Foreign taxation	(58 654)	(41 163)	–	–
	Withholding taxation	(3 642)	(348)	–	–
	Wealth taxation	(3 318)	(837)	–	–
	Translation differences	(8 197)	(3 054)	–	–
	Net taxation owing at end of the year	23 622	12 709	–	–
	Total taxation paid	(90 925)	(89 645)	–	–

C **RECLASSIFICATION**

During the prior year the company increased its investment in its subsidiary through the acquisition of additional shares. The cash utilised in these transactions of R322,2 million was incorrectly presented in the prior year in the statement of cash flows as investing activities and has been reclassified to financing activities.

The statement of cash flows has been restated accordingly.

NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

for the year ended 31 December 2013

		GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
D	**INTEREST-BEARING LIABILITIES**				
	Long-term portion of interest-bearing liabilities at beginning of the year	118 181	225 025	–	–
	Add: current portion at beginning of the year	116 670	21 845	–	–
	Total interest-bearing liabilities at beginning of the year	234 851	246 870	–	–
	Translation differences	963	62	–	–
	Interest-bearing liabilities raised	51 755	4 879	–	–
	Interest-bearing liabilities repaid	(121 961)	(16 960)	–	–
	Total interest-bearing liabilities at end of the year	165 608	234 851	–	–
	Less: current portion at end of the year	(52 337)	(116 670)	–	–
	Long-term portion of interest-bearing liabilities at end of the year	113 271	118 181	–	–
E	**NET (SHORT-TERM INTEREST-BEARING DEBT) CASH**				
	Short-term interest-bearing debt	(567 274)	(133 314)	–	–
	Cash resources	106 327	188 821	–	–
	Net (short-term interest-bearing debt) cash at end of the year	(460 947)	55 507	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and financial instruments. The accounting policies are consistent with those applied to the previous year, except for the adoption of new and revised standards and interpretations per note 3.

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

The significant accounting policies adopted are set out below:

2.2 Basis of consolidation

The group annual financial statements incorporate the financial position and results of the company and of its subsidiaries. The results of subsidiaries are included from the date the company obtains control until the date the company loses control of the subsidiary.

Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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

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

2.3 Business combinations

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

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

- deferred taxation assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes* and *IAS 19 Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with *IFRS 2 Share-based Payments;* and
- assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders is initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

2.4 Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

Goodwill is not amortised but reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

2.5 Property, plant and equipment

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

Revaluations, on the fair value in continuation of existing use basis, are undertaken every three years. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or disposal of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Depreciation on revalued buildings is recognised in profit or loss.

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

The depreciable values of leasehold buildings are depreciated over the shorter of their expected useful lives and the period of the lease. Rental assets are stated at cost less accumulated depreciation. Rental assets under short-term rentals are depreciated based on the hours utilised while on rental. For rental assets under buy-back agreements, refer to note 2.19.

Depreciation on other assets is provided on a straight-line basis over the anticipated useful lives of the assets, taking residual values into account. Depreciation ceases on an asset only when the asset is derecognised or when it is classified as held for sale.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The annual rates of depreciation currently used are:

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

Useful lives and residual values are reviewed annually, with the effect of any change in accounting estimate accounted for on a prospective basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangible assets

Intangible assets acquired separately

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

The annual rate of amortisation currently used is 20%.

Internally generated intangible assets – research and development expenditure

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

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

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

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

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

The useful lives currently vary from 2 to 10 years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.7 Impairment of tangible and intangible assets excluding goodwill

At the end of the reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase in other comprehensive income.

2.8 Leases

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

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

The group as lessee

Assets classified as finance lease agreements are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Assets held under finance leases are depreciated on the straight-line basis over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to profit or loss when incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's policy on borrowing costs (see note 2.21).

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

The group as lessor

The sale of goods under a finance lease is recognised as revenue where substantially all the risks and rewards associated with ownership are transferred to the buyer. In assessing the transfer of risks and rewards associated with ownership, the group considers the probability of return of the equipment by the customer. Consideration is given to the terms of the agreement and other relevant factors that will impact returns, such as customer behaviour, product type, past practice and history of returns, current and anticipated market conditions and whether the present value of the minimum lease payments amounts to substantially all of the fair value of the equipment. Refer to note 2.16 for the group's accounting policy on revenue recognition.

Amounts due from customers under finance leases are recognised as interest-bearing long-term receivables at the amount of the group's net investment in the leases (see note 10). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases. Where the group has discounted finance lease receivables, the group derecognises the receivable when it transfers substantially all the risks and rewards of ownership of the asset. See note 2.10 for the group's accounting policy on the derecognition of financial assets.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Refer to note 2.19 for operating leases combined with buy-back agreements.

In instances where the rental income streams from operating leases have been discounted to financial institutions with recourse to the group, the group recognises a liability on the statement of financial position (see note 18).

2.9 Financial guarantee contracts

Financial guarantee contracts are those contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument.

The group regards financial guarantee contracts as insurance contracts and uses accounting applicable to insurance contracts. Details regarding financial guarantees issued are disclosed under contingent liabilities in note 32.

This policy has been reworded since the 2012 financial statements. There has been no consequential impact on the statements of financial position or statements of profit or loss and other comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial instruments

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

2.10.1 Financial assets

Financial assets carried on the statement of financial position are classified into the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

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

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss. Derivative financial assets, principally forward foreign exchange contracts, are used by the group in its management of financial risks. These contracts are held for trading at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include interest-bearing long-term receivables, trade and other receivables and cash resources.

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

Trade and other receivables are recognised at amortised cost, less provision for impairment.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets include the group's investment in unlisted shares that are not traded in an active market. This unquoted equity investment is measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on available-for-sale financial assets are recognised in profit or loss when the group's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and receivables under the WesBank financing venture, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

2.10 Financial instruments (continued)

2.10.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss. Derivative financial liabilities, principally forward foreign exchange contracts, are used by the group in its management of financial risks. These contracts are held for trading at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities include short-term interest-bearing debt, trade and other payables and interest-bearing liabilities.

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

Trade and other payables are recognised at amortised cost.

Interest-bearing liabilities are measured at amortised cost, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Derecognition of financial liabilities

The group derecognises financial liabilities when the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

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

2.11 Inventory

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

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

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

2.12 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Taxation

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

Current taxation

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

Current taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current taxation is also recognised in other comprehensive income or directly in equity.

Deferred taxation

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

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

2.14 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Gains and losses arising on translation of foreign currency transactions are dealt with in profit or loss. Gains and losses arising on inventory purchases are classified as cost of sales.

2.14 Foreign currency translation (continued)

Foreign subsidiary translation

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

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

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

2.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for any customer rebates, trade discounts and other similar allowances. Revenue comprises the invoiced value of sales, service income and rentals received. Sales to group companies are invoiced at cost plus a mark-up and are reversed on consolidation.

2.16 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably, it is probable that economic benefits will flow to the group and the group does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the goods.

Transactions with buy-back agreements

Where the sale of goods is combined with a buy-back agreement, the group is obliged to repurchase the equipment from the customer at a future date at a predetermined price if the customer opts to return the goods. At inception, the group assesses the probability of return and whether significant risks and rewards have transferred to the customer. In assessing the probability of return, consideration is given to the terms of the agreement and other relevant factors that will impact returns, such as customer behaviour, product type, past practice and history of returns, current and anticipated market conditions.

If probability of return is assessed as remote and the revenue recognition criteria for the sale of goods (as set out above) are met, the transaction is recognised as a sale and the group's repurchase commitment is disclosed as a contingent liability (see note 32.2). Refer to note 2.18 for subsequent treatment of the group's exposure to residual value risk.

Where the probability of return has been assessed as not remote or where significant risks and rewards of ownership have been retained by the group, the transaction is treated as an operating lease. Refer to note 2.19 for the accounting treatment of these transactions.

Transactions with residual value guarantees

Where the sale of goods is combined with the group guaranteeing a predetermined residual value for the equipment at the time of the sale, revenue is recognised upfront where significant risks and rewards of ownership have transferred to the buyer and the group's exposure to residual value risk is assessed as insignificant in relation to the selling price. The residual value guarantee is disclosed as a contingent liability in note 32.3. Refer to note 2.18 for subsequent treatment of the group's exposure to residual value risk.

Where the group's exposure to residual value risk has been assessed as significant in relation to the selling price or significant risks and rewards of ownership have been retained by the group, the transaction is treated as an operating lease. Refer to note 2.19 for the accounting treatment of these transactions.

Transactions financed through financial institutions where the group carries some or all of the credit risk

Where the sale of goods to customers has been financed through financial institutions where the group has a credit risk undertaking with that financial institution for some or all of the credit risk, revenue is recognised upfront if significant risks and rewards of ownership have transferred to the buyer.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Revenue recognition (continued)

Transactions financed through financial institutions where the group carries some or all of the credit risk (continued)

The group's exposure to credit risk is accounted for under financial guarantee contracts (see note 2.9) and disclosed as a contingent liability in note 32.1. Where customers are in arrears with the financial institutions and there is a shortfall between the estimated realisation values of the 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 to the extent of the group's liability towards the financial institution.

For transactions that have been financed through the WesBank financing venture (refer note 40), where the group carries all the credit risk, the group is required to pay cash collateral to WesBank which is accounted for as interest-bearing long-term receivables (refer note 10). A provision for non-recovery is raised against this cash investment to the extent that there is a shortfall between the estimated realisation values of the equipment and the balances due by the customers to WesBank. See note 2.10 for the group's accounting policy on interest-bearing long-term receivables.

Transactions with lease agreements

Where goods are sold as part of a lease arrangement, the group recognises revenue upfront if significant risks and rewards of ownership have transferred to the buyer. The group uses the guidance in *IAS 17 Leases* with regard to classification of a lease as either a finance lease or an operating lease. Refer to note 2.8 for the group's accounting policy on leases.

Rendering of services

Revenue from services is recognised when the services have been rendered by reference to the stage of completion of the transaction.

Dividend and interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the group's right to receive payment has been established.

Deferred warranty income

At inception, the proceeds from the sale of extended warranty contracts are recognised as a deferred warranty income liability in the statement of financial position. Subsequent to initial recognition, where sufficient information is available, revenue from these contracts is recognised as other income in profit or loss over the period of the contracts based on the average historical gross margin earned.

Where insufficient information is available to reliably measure the expected costs of extended warranty contracts, revenue is not recognised until expiry of the contract.

2.17 Retirement benefit costs

Payments to defined contribution retirement plans are charged as an expense when employees have rendered services in respect of which contributions are payable. Payments made to state-managed retirement contribution schemes are charged as an expense when employees have rendered services in respect of which contributions are payable.

2.18 Provisions

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.18 Provisions (continued)

Warranties

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

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for residual value risk

Transactions with buy-back agreements

For sales transactions combined with buy-back obligations where the revenue was recognised upfront on the transaction (refer note 2.16), a provision for residual value risk is recognised subsequent to initial recognition of the sale to the extent that the market value of the equipment is assessed as less than the cost of meeting the buy-back obligation. The provision represents the discounted value of the group's liability.

For transactions combined with buy-back obligations where the revenue was not recognised upfront on the transaction as the probability of return of the equipment by the customer at the end of the buy-back period has been assessed as not remote, the residual value risks are pertaining to products reported as rental assets on the statement of financial position and these risks are reflected as an impairment of the carrying value of the rental assets. Refer to note 2.19 for the accounting treatment of these transactions.

Transactions with residual value guarantees

Where the group has guaranteed the residual value of equipment sold to financial institutions or customers, a provision for residual value risk is raised to the extent that there is a shortfall between the assessed market value of the equipment and the residual value guaranteed by the group. The provision represents the discounted value of the group's liability. The group's net exposure to residual value risks are disclosed under contingent liabilities in note 32.3. Revenue was recognised upfront on the transaction as risks and rewards of ownership have transferred to the buyer and the group's exposure to residual value risk has been assessed as insignificant in relation to the selling price (refer note 2.16).

At the time of the sale, a residual value estimate is made by the financial institution, which is lower than the group's guaranteed amount. The group's exposure is limited to the difference between the group's guaranteed amount and the financial institution's predetermined estimate. If at the end of the contract period, the equipment achieves a market price that is higher than the group's guaranteed amount, the group shares in the profit and this is accounted for as other income in profit or loss. If the equipment achieves a market price that is within the range between the group's guaranteed amount and the financial institution's predetermined estimate, the group reimburses the financial institution for the difference between the group's guaranteed amount and the financial institution's predetermined estimate and accounts for the loss as distribution expenses in profit or loss. The group's net exposure with regard to these transactions is disclosed in note 32.3.

Where the group has paid cash collateral as security for the residual value risk or where the financial institution retains a portion of the sales proceeds as collateral, this cash collateral is recognised in the statement of financial position as retention deposits under interest-bearing long-term receivables (refer note 10) and is accounted for as a financial asset. The financial asset is impaired where there is a shortfall between the assessed market value of the equipment and the residual value guaranteed by the group.

2.19 Repurchase obligations and deferred leasing income

Repurchase obligations relate to transactions combined with buy-back obligations where the revenue was not recognised upfront on the transaction as the probability of return of the equipment by the customer at the end of the buy-back period has been assessed as not remote. The full amount of the selling price is received upfront from the customer.

At inception the equipment is reclassified from inventory to property, plant and equipment as part of rental assets (refer note 6). The equipment is depreciated to the buy-back amount on a straight-line basis over the contract period. The equipment is assessed annually for impairment. The carrying amount is impaired where the anticipated market value of the equipment is assessed as less than the carrying amount.

At inception the repurchase obligation is recognised as the present value of the buy-back obligation (refer note 19). Subsequent to initial recognition the present value of the repurchase obligation is increased to the full amount over the contract period and this difference is recognised as interest paid in profit or loss.

The difference between the proceeds received on the transaction and the present value of the buy-back obligation at inception is recognised as a deferred leasing income liability (refer note 19). Subsequent to initial recognition, the deferred leasing income is recognised in profit or loss as rental revenue on a straight-line basis over the contract period. An interest cost is recognised in profit or loss on the deferred leasing income liability based on a market-related interest rate.

At the end of the buy-back period, if the customer returns the equipment, the equipment is reclassified back into inventory from property, plant and equipment and the repurchase obligation is settled in cash. If the customer does not return the equipment, the equipment and repurchase obligation are derecognised upon expiry.

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for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Segmental information

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

2.21 Borrowing costs

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

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

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

2.22 Government grants

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

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

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

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year the group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2013.

3.1 Standards and interpretations adopted with an impact on presentation and disclosure

Impact of the application of IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see notes 39 to 40 for details).

Impact of the application of IFRS 13 – Fair Value Measurement

IFRS 13 establishes guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements apply to both financial instrument items and non-financial assets for which other IFRSs require or permit fair value measurement and disclosures. IFRS 13 requires prospective application and therefore the group has not made any new disclosures for the 2012 comparative period. Other than the additional disclosures (see notes 6 and 36), the application of IFRS 13 has not had any significant impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 – Presentation of financial statements

The group has applied the amendments to IAS 1 – Presentation of Items of Other Comprehensive Income. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'.

The amendments also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

- items that will not be reclassified subsequently to profit or loss; and
- items that may be reclassified subsequently to profit or loss when specific conditions are met.

Presentation of items in other comprehensive income has been modified to reflect the changes.

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

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

New

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements (no impact)

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (no impact)

Application of IFRS 10 – Consolidated Financial Statements

IFRS 10 changes the definition of control such that an investor has control over an investee when:

- it has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee; and
- it has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The group has applied the revised definition and guidance included in *IFRS 10 – Consolidated Financial Statements* to all its interests in investees in the current year. The application of this new standard had no significant impact on the amounts recognised in the consolidated financial statements.

Revised

IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments for government loan with a below-market rate of interest when transitioning to IFRSs

IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments resulting from annual improvements 2009 – 2011 cycle (repeat application, borrowing costs)

IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments resulting from annual improvements 2011 – 2013 cycle

IFRS 7 – Financial Instruments Disclosures: Amendments related to the offsetting of financial assets and financial liabilities

IFRS 10 – Consolidated Financial Statements: Amendments to transitional guidance

IFRS 11 – Joint Arrangements: Amendments to transitional guidance

IFRS 12 – Disclosure of Interests in Other Entities: Amendments to transitional guidance

IAS 1 – Presentation of Financial Statements: Amendments resulting from annual improvements 2009 – 2011 cycle (comparative information)

IAS 16 – Property, Plant and Equipment: Amendments resulting from annual improvements 2009 – 2011 cycle (servicing equipment)

IAS 19 – Employee Benefits: Amended standard resulting from the post-employment benefits and termination benefits projects

IAS 27 – Separate Financial Statements: Reissued as IAS 27 Separate Financial Statements (as amended in 2011)

IAS 28 – Investments in Associates and Joint Ventures: Reissued as IAS 28 Investments in Associates and Joint Ventures

IAS 32 – Financial Instruments Presentation: Amendments resulting from annual improvements 2009 – 2011 cycle (taxation effect of equity distributions)

IAS 34 – Interim Financial Reporting: Amendments resulting from annual improvements 2009 – 2011 cycle (interim reporting of segment assets)

IAS 34 – Interim Financial Reporting: Amendments resulting from the issuance of IFRS 13

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for the year ended 31 December 2013

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

3.3 Standards and interpretations in issue not yet adopted

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

		Effective date for annual periods beginning on or after:
	New	
IFRS 9	– Financial Instruments: Classification and Measurement	Unknown
IFRS 14	– Regulatory Deferral Accounts	1 January 2016
IFRIC 21	– Levies	1 January 2014
	Revised	
IFRS 2	– Share-based Payment: Amendments resulting from annual improvements 2010 – 2012 cycle (definition of 'vesting condition')	1 July 2014
IFRS 3	– Business Combinations: Amendments resulting from annual improvements 2010 – 2012 cycle (accounting for contingent consideration)	1 July 2014
IFRS 3	– Business Combinations: Amendments resulting from annual improvements 2011 – 2013 cycle (scope exception for joint ventures)	1 July 2014
IFRS 7	– Financial Instruments Disclosures: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	Applies when IFRS 9 applies
IFRS 7	– Financial Instruments Disclosures: Additional hedge accounting disclosures resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 applies
IFRS 8	– Operating Segments: Amendments resulting from annual improvements 2010 – 2012 cycle (aggregation of segments, reconciliation of segment assets)	1 July 2014
IFRS 9	– Financial Instruments: Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	Unknown
IFRS 9	– Financial Instruments: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	Unknown
IFRS 9	– Financial Instruments: Reissue to incorporate a hedge accounting chapter	Unknown
IFRS 10	– Consolidated Financial Statements: Amendments for investment entities	1 January 2014
IFRS 12	– Disclosure of Interests in Other Entities: Amendments for investment entities	1 January 2014
IFRS 13	– Fair Value Measurement: Amendments resulting from annual improvements 2010 – 2012 cycle (short-term receivables and payables)	1 July 2014
IFRS 13	– Fair Value Measurement: Amendments resulting from annual improvements 2011 – 2013 cycle (scope of portfolio exception in paragraph 52)	1 July 2014
IAS 16	– Property, Plant and Equipment: Amendments resulting from annual improvements 2010 – 2012 cycle (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
IAS 19	– Employee Benefits: Defined benefit plans – employee contributions	1 July 2014
IAS 24	– Related Party Disclosures: Amendments resulting from annual improvements 2010 – 2012 cycle (management entities)	1 July 2014
IAS 27	– Separate Financial Statements: Amendments for investment entities	1 January 2014
IAS 32	– Financial Instruments Presentation: Amendments relating to the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	– Impairment of Assets: Amendments arising from recoverable amount disclosures for non-financial assets	1 January 2014
IAS 38	– Intangible Assets: Amendments resulting from annual improvements 2010 – 2012 cycle (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
IAS 39	– Financial Instruments – Recognition and Measurement: Amendments for novations of derivatives	1 January 2014
IAS 39	– Financial Instruments – Recognition and Measurement: IFRS 9 issued (hedge accounting)	Applies when IFRS 9 applies
IAS 40	– Investment Property: Amendments resulting from annual improvements 2010 – 2012 cycle (interrelationship between IFRS 3 and IAS 40)	1 July 2014

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Judgements made by management in applying accounting policies

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

Revenue recognition

Significant assumptions are made in assessing the transfer of risks and rewards and in particular the probability of return of equipment based on past experience and other relevant factors.

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

At the date of the sale, the probability of return of the equipment by the customer is assessed and consideration is given to the terms of the agreement and other relevant factors that will impact returns, such as customer behaviour, product type, past practice and history of returns, current and anticipated market conditions (refer note 2.16).

Where probability of the return of the equipment by the customer at the end of the buy-back period has been assessed as remote, revenue is recognised upfront.

Where the probability of return has been assessed as not remote and significant risks and rewards of ownership have been retained by the group, the transaction is treated as an operating lease and revenue is deferred over the buy-back period (see note 19). Refer to note 2.19 for the accounting treatment of these transactions.

In sales transactions where the group has guaranteed the residual value of the equipment, revenue is recognised upfront if significant risks and rewards of ownership have transferred to the buyer and the group's exposure to residual value risk is assessed as insignificant in relation to the selling price. Where risks and rewards of ownership have been retained by the group and the group's exposure to residual value risk is assessed as significant in relation to the selling price, the transaction is treated as an operating lease. Refer to note 2.19 for the accounting treatment of these transactions.

Classification of leases

Where lease agreements are concluded with customers, management uses the guidance from IAS 17 with regard to the classification of the lease as either a finance lease or an operating lease (refer note 2.8).

Significant assumptions are made in assessing the transfer of risks and rewards and in particular the probability of return of equipment based on past experience and other relevant factors.

Provisions for residual value risks and repurchase commitments

Residual value risks are attributable to transactions combined with buy-back agreements and sales transactions with residual value guarantees.

For sales transactions combined with buy-back agreements where the revenue has been recognised upfront, as probability of return of the equipment has been assessed as remote, then the residual value risks are pertaining to products which are not reported as assets in the statement of financial position and these risks are reflected under the line item provisions. In these instances, the obligation is considered to be onerous and a provision is recognised to the extent that the cost of meeting the obligation exceeds the assessed market value of the equipment (see note 22).

For transactions combined with buy-back agreements where the revenue has not been recognised upfront as probability of return of the equipment has been assessed as not remote and which is accounted for as operating lease contracts (see note 19), the residual value risks are pertaining to products that are reported as rental assets in the statement of financial position and these risks are reflected by impairment of the carrying value of these assets.

In instances where the group has guaranteed the residual value of equipment sold to financial institutions, the residual value risk is the risk that the market value realised for these products is less than what was expected when the contracts were entered into (see note 32.3). Where the group has paid cash collateral as security for the residual value risk, this cash collateral is recognised in the statement of financial position as retention deposits (see note 10) and this financial asset is impaired where there is a shortfall between the assessed market value of the equipment and the residual value guaranteed by the group. In transactions where no cash collateral is required to be made by the group, a provision for residual value risk is recognised in the statement of financial position under the line item provisions in the event of a shortfall.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Judgements made by management in applying accounting policies (continued)

Provisions for residual value risks and repurchase commitments (continued)

Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

Transfer of financial assets

Where the group transfers finance lease receivables or trade receivables to a financial institution or another party, management assesses whether substantially all the risks and rewards of ownership have transferred to the other party. Consideration is given to the terms of the agreement and assumptions are made in assessing the transfer of risks and rewards (refer note 36.3).

Deferred warranty income

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

Control over WesBank financing venture

Management has used the guidance in IFRS 11 and IFRS 10 in assessing whether the group has a controlling interest in the WesBank financing venture. Consideration is given to the terms of the agreement and the group's decision-making rights with regard to the relevant activities of the financing venture. Although the group is entitled to a share of the profits from transactions financed through the financing venture, management concludes that the group does not control the relevant activities. The group's profit share is accounted for as other operating income and the group's cash investment in the financing venture is recognised as interest-bearing long-term receivables in the statement of financial position (refer note 10). Further details regarding this arrangement are disclosed in note 40.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that management has assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

Asset lives and residual values

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

Recoverability of trade receivables

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

Recoverable value of inventory

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

Impairment of assets

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

Valuation of financial instruments

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

Valuation of property, plant and equipment

Revaluations of freehold land and buildings are undertaken every three years. The group engages independent qualified valuers to perform the valuation. Inputs into the valuation model are based on market data to the extent it is available and can cause fluctuations in the fair value of the relevant properties. Refer to note 6 for more information about the valuation technique and inputs used in determining the fair value of freehold land and buildings.

Warranty provision

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

Deferred taxation asset

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

5. OPERATING SEGMENTS

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

The group's reportable segments are as follows:

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

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

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

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

	GROUP							
2013	South African sales operation R000	South African manu-facturing and logistics operation R000	European operation R000	Rest of Africa and other inter-national operations R000	North American operation R000	All other operations R000	Eliminations R000	Consolidated R000
Revenue								
External revenue	2 777 097	223 463	1 120 275	1 861 093	337 176	–	–	6 319 104
Inter-segment revenue	48 937	4 167 587	444 535	6 530	–	–	(4 667 589)	–
Total revenue	2 826 034	4 391 050	1 564 810	1 867 623	337 176	–	(4 667 589)	6 319 104
Profit (loss) from operating activities	94 234	206 850	48 348	96 086	(18 940)	8 447	(94 950)	340 075
Net interest received (paid)	1 843	(16 629)	(24 012)	(33 871)	1 401	36 569	–	(34 699)
Taxation	(32 957)	(35 061)	(12 557)	(27 177)	6 240	(15 009)	16 898	(99 623)
Profit (loss) for the year	63 120	155 160	11 779	35 038	(11 299)	30 007	(78 052)	205 753
Segment assets	878 142	2 809 933	1 279 303	1 144 502	177 094	1 143 113	(2 675 754)	4 756 333
Segment liabilities	677 524	1 394 737	1 053 743	988 200	141 351	145 743	(2 133 626)	2 267 672
Other information								
Additions to property, plant and equipment and intangible assets	47 707	108 985	39 657	59 217	314	–	–	255 880
Depreciation and amortisation of intangibles	15 627	63 787	35 265	12 738	26	–	–	127 443
Other material items of income and expense:								
– Net foreign currency losses (gains)	18	69 968	19 316	4 112	(1 142)	(507)	(3 819)	87 946
– Staff costs (including directors' remuneration)	235 807	603 502	131 643	250 832	6 940	10 726	(899)	1 238 551
– Increase (decrease) in warranty provision	3 425	5 783	(678)	(457)	(13)	–	–	8 060
– Warranty expenditure	29 066	55 733	11 571	16 125	(78)	–	5 934	118 351

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5. OPERATING SEGMENTS (continued)

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

6. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	Cost/ valuation 2013 R000	Accumulated depreciation 2013 R000	Net book value 2013 R000	Cost/ valuation 2012 R000	Accumulated depreciation 2012 R000	Net book value 2012 R000
Owned						
Freehold land and buildings	301 429	676	300 753	210 868	12 155	198 713
Leasehold buildings	6 771	3 323	3 448	7 241	2 541	4 700
Plant and equipment	492 781	303 571	189 210	463 122	290 815	172 307
Rental assets	226 851	85 007	141 844	233 412	105 964	127 448
Aircraft	8 905	4 292	4 613	8 765	3 561	5 204
Vehicles	70 943	38 665	32 278	54 645	26 069	28 576
Leased						
Plant and equipment	20 653	6 299	14 354	13 789	6 970	6 819
Vehicles	7 197	2 066	5 131	5 229	1 107	4 122
Total	1 135 530	443 899	691 631	997 071	449 182	547 889

	GROUP						
Movement in property, plant and equipment	Freehold land and buildings R000	Leasehold buildings R000	Plant and equipment* R000	Rental assets R000	Aircraft R000	Vehicles* R000	Total R000
2013							
Net book value at beginning of the year	198 713	4 700	179 126	127 448	5 204	32 698	547 889
Surplus on revaluation	37 616	–	–	–	–	–	37 616
Additions	68 901	190	66 206	57 598	139	12 209	205 243
Disposals	–	–	(322)	(28 387)	–	(1 097)	(29 806)
Depreciation	(6 483)	(224)	(45 256)	(43 443)	(730)	(11 703)	(107 839)
Transfers	2 006	(2 006)	–	–	–	–	–
Translation differences	–	788	3 810	28 628	–	5 302	38 528
Net book value at end of the year	300 753	3 448	203 564	141 844	4 613	37 409	691 631
2012							
Net book value at beginning of the year	185 066	2 728	146 351	165 282	5 648	23 962	529 037
Additions	19 749	2 099	74 188	37 482	168	18 196	151 882
Disposals	–	(30)	(20)	(25 899)	–	(592)	(26 541)
Depreciation	(6 102)	(216)	(41 374)	(57 898)	(612)	(9 241)	(115 443)
Transfers	–	–	(397)	–	–	397	–
Translation differences	–	119	378	8 481	–	(24)	8 954
Net book value at end of the year	198 713	4 700	179 126	127 448	5 204	32 698	547 889

Certain property, plant and equipment is encumbered as indicated in note 18.

Certain rental assets are subject to repurchase obligations as reflected in note 19.

* *Owned and leased*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
6. PROPERTY, PLANT AND EQUIPMENT (continued)				
Freehold land and buildings at cost/valuation comprise:				
Lot 1892 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	–	21 118	–	–
– subsequent additions at cost in 2011	–	4	–	–
– subsequent additions at cost in 2012	–	3 583	–	–
– at valuation on 31 December 2013	21 400	–	–	–
Lot 1894 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	–	53 344	–	–
– subsequent additions at cost in 2011	–	226	–	–
– subsequent additions at cost in 2012	–	266	–	–
– at valuation on 31 December 2013	57 200	–	–	–
Lot 10024 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	–	106 786	–	–
– subsequent additions at cost in 2011	–	96	–	–
– subsequent additions at cost in 2012	–	2 290	–	–
– at valuation on 31 December 2013	130 700	–	–	–
– subsequent additions at cost on 31 December 2013	142	–	–	–
Portions 16,17 and 18 Lot 11063, Extension 33 Township JS Middelburg*				
– at cost in 2011	9 545	9 545	–	–
– subsequent additions at cost in 2012	13 610	13 610	–	–
– subsequent additions at cost in 2013	20 683	–	–	–
Land in Alsfeld, Germany*				
– at cost in 2013	4 184	–	–	–
Plot 4096/95, Kitwe Chingola Road, Kitwe, Zambia*				
– at cost in 2012	2 006	–	–	–
– subsequent additions at cost in 2013	41 959	–	–	–
Total freehold land and buildings at cost/valuation	301 429	210 868	–	–

* *The properties in Middelburg and Germany are carried at cost and will be revalued within a three-year cycle in accordance with the group policy. The building in Zambia is still under construction and will also be included in the revaluation cycle once completed.*

The freehold land and buildings in Richards Bay were valued by the Mills Fitchet group, independent qualified valuers, on the fair value in continuation of existing use basis, on 31 December 2013.

The valuation was undertaken in accordance with the requirements of the International Valuation Standards and International Financial Reporting Standards (IFRS) and in particular *IFRS 13 Fair Value Measurement.*

The fair value of the freehold land and buildings was determined based on the market comparable approach that reflects recent industrial rentals and transaction prices for similar properties. In estimating the fair value of the freehold land and buildings, the highest and best use of these properties is its current use. In terms of the fair value hierarchy as required by *IFRS 13 Fair Value Measurement,* the fair value measurement has been classified as a Level 3. Level 3 fair value measurements use significant inputs that are not based on observable market data.

Information about the fair value measurement as at 31 December 2013 is as follows:

	Level 3 fair value R000	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Manufacturing plant and administration buildings in Alton Industrial Township, Richards Bay	209 300	Rental per square metre	R15 to R50	The higher the rental per square metre, the higher the fair value
		Capitalisation rate	10,5% per annum	The higher the capitalisation rate, the lower the fair value

The book values of these properties were adjusted to their valuations during the relevant financial period and the resultant net surpluses credited to the revaluation reserve through other comprehensive income.

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
6. PROPERTY, PLANT AND EQUIPMENT (continued)				
The comparable amounts under the historical cost convention for the freehold land and buildings were:				
Historical cost	200 892	129 985	–	–
7. INTANGIBLE ASSETS				
Capitalised software				
Cost				
At beginning of the year	48 713	42 589	–	–
Acquired	2 298	6 715	–	–
Disposals	(7 003)	(591)	–	–
Translation differences	52	–	–	–
At end of the year	44 060	48 713	–	–
Accumulated amortisation				
At beginning of the year	35 382	30 336	–	–
Charge for the year	2 139	5 363	–	–
Disposals	(7 003)	(317)	–	–
Translation differences	19	–	–	–
At end of the year	30 537	35 382	–	–
Carrying amount at end of the year	13 523	13 331	–	–
Capitalised engineering development expenditure				
Cost				
At beginning of the year	129 689	81 653	–	–
Capitalised – current year	48 339	48 036	–	–
At end of the year	178 028	129 689	–	–
Accumulated amortisation				
At beginning of the year	24 869	10 937	–	–
Charge for the year	17 465	13 932	–	–
At end of the year	42 334	24 869	–	–
Carrying amount at end of the year	135 694	104 820	–	–
Total intangible assets	149 217	118 151	–	–

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	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
8. INVESTMENTS				
Available-for-sale financial asset				
Unlisted equity investment	563	–	–	–
The investment, measured at cost, represents a 10% interest in the equity of an unlisted entity registered in the United States of America.				
9. INVESTMENTS IN SUBSIDIARY COMPANIES				
Local subsidiaries				
Shares at cost	–	–	14 164	14 164
Recognition of share-based payments	–	–	13 618	9 798
Total local subsidiaries	–	–	27 782	23 962
Foreign subsidiaries				
Shares at cost*	–	–	612 350	612 350
Recognition of share-based payments	–	–	2 664	1 780
Total foreign subsidiaries	–	–	615 014	614 130
Total investments in subsidiary companies	–	–	642 796	638 092

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

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
10. INTEREST-BEARING LONG-TERM RECEIVABLES				
WesBank cash collateral*	27 486	14 505	–	–
Less: provision for non-recovery	–	(500)	–	–
	27 486	14 005	–	–
Retention deposits**	4 970	6 965	–	–
Trade receivables recoverable beyond 12 months***	6 900	30 686	–	–
	39 356	51 656	–	–
Less: current portion	(21 059)	(38 189)	–	–
Total interest-bearing long-term receivables	18 297	13 467	–	–

* *A financing venture has been entered into with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group. Refer note 40 for the various types of transactions with WesBank.*

For specific transactions, the risks and rewards are for the group (Bell-backed deals). In respect of these transactions, the group is required to invest an amount equal to 25% of the value of the financing provided by WesBank to customers as collateral. This investment, which earns interest at the cost of capital of the financing venture, is reflected as interest-bearing long-term receivables on the statement of financial position. The interest rate for 2013 was 5,0% (2012: 5,0%) per annum.

** *Deposits held by financial institutions as security for residual values on equipment guaranteed by the group. The interest rate for 2013 was 7,0% (2012: 7,0%) per annum. The recoverability of these deposits is dependent on the equipment realising the guaranteed residual values at the end of the guarantee period. This contingent liability is included in note 32.3. These deposits are impaired to the extent that a loss is expected. At year-end the carrying amount above includes an impairment loss of R0,7 million (2012: R1,2 million).*

*** *Trade receivables recoverable beyond 12 months include an amount of R5,7 million (2012: Rnil) relating to a financing arrangement for equipment sold to a customer. The amount is repayable by December 2014 and the interest rate implicit in the lease is 8,4% per annum.*

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
Less than one year				
Gross investment	6 141	–	–	–
Less: unearned finance income	(441)	–	–	–
Present value of minimum lease payments	5 700	–	–	–

At year-end the above finance lease receivable was neither past due nor impaired.

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

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11. DEFERRED TAXATION

The deferred taxation analysed by major category of temporary difference and the reconciliation of the movement in the deferred taxation balance is as follows:

	GROUP				
	Temporary differences in group companies with net deferred taxation assets at beginning of the year R000	Recognised in other com-prehensive income for the year R000	Recognised in profit or loss for the year R000	Temporary differences in group companies with net deferred taxation assets at end of the year R000	Temporary differences in group companies with net deferred taxation liabilities at end of the year R000
2013					
Capitalised engineering development expenditure	(29 633)	–	(11 187)	–	(40 820)
Deferred income	25 545	–	3 052	4 111	24 486
Excess taxation allowances over depreciation charge	(35 181)	–	69	(892)	(34 220)
Finance leases	127	–	257	421	(37)
Investment subsidies	105	–	1	106	–
Import duty rebates	(1 303)	–	(11 827)	–	(13 130)
Prepayments	(1 304)	–	(175)	(598)	(881)
Provision for doubtful debts	1 752	–	(180)	1 572	–
Provision for lease escalation	10 100	–	1 436	1 554	9 982
Accrual for leave pay	8 214	–	961	3 591	5 584
Accrual for unit additional costs	568	–	(279)	289	–
Provision for warranty expenditure	17 723	–	2 686	9 723	10 686
Future expenditure allowance	(3 687)	–	(441)	–	(4 128)
Other provisions	–	–	3 316	3 316	–
Revaluation of properties	(22 605)	(11 312)	–	(2 186)	(31 731)
Sales in advance	10 896	–	2 857	7 842	5 911
Taxable losses	65 855	–	(18 331)	2 796	44 728
Unrealised foreign currency gains and losses	(861)	–	6 644	5 783	–
Unrealised profit in inventory	41 630	–	18 266	59 896	–
Totals	87 941	(11 312)	(2 875)	97 324	(23 570)
2012					
Capitalised engineering development expenditure	(19 978)	–	(9 655)	(29 633)	–
Deferred income	27 338	–	(1 793)	25 545	–
Excess taxation allowances over depreciation charge	(35 638)	–	457	(35 181)	–
Finance leases	160	–	(33)	127	–
Investment subsidies	119	–	(14)	105	–
Import duty rebates	(7 916)	–	6 613	(1 303)	–
Prepayments	(1 253)	–	(51)	(1 304)	–
Accrual for bonuses	20 457	–	(20 457)	–	–
Provision for doubtful debts	1 705	–	47	1 752	–
Provision for lease escalation	8 188	–	1 912	10 100	–
Accrual for leave pay	6 600	–	1 614	8 214	–
Accrual for unit additional costs	2 290	–	(1 722)	568	–
Provision for warranty expenditure	18 718	–	(995)	17 723	–
Future expenditure allowance	(762)	–	(2 925)	(3 687)	–
Revaluation of properties	(22 605)	–	–	(22 605)	–
Sales in advance	5 115	–	5 781	10 896	–
Taxable losses	79 254	–	(13 399)	65 855	–
Unrealised foreign currency gains and losses	(5 546)	–	4 685	(861)	–
Unrealised profit in inventory	36 918	–	4 712	41 630	–
Totals	113 164	–	(25 223)	87 941	–

Further information on the group's estimated taxation losses and the recognition of deferred taxation assets for these losses is set out in note 29.1.

		GROUP		COMPANY	
		2013 R000	2012 R000	2013 R000	2012 R000
12.	**INVENTORY**				
	Merchandise spares, components and raw materials	1 143 609	794 063	–	–
	Work-in-progress	294 796	218 211	–	–
	Finished goods	1 346 435	805 485	–	–
	Total inventory	2 784 840	1 817 759	–	–

Included above is inventory of R304,8 million (2012: R237,4 million) carried at net realisable value.

Total inventory expensed, included in cost of sales, amounts to R4 846,7 million (2012: R4 352,5 million).

Cost of sales includes an amount of R86,4 million (2012: R54,4 million) in respect of write-downs of inventory to net realisable value, and has been reduced by R5,8 million (2012: R2,3 million) in respect of the reversal of such write-downs.

		GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
13.	**TRADE AND OTHER RECEIVABLES**				
	Amounts receivable from the sale of goods and services	641 600	558 195	–	–
	Allowance for estimated irrecoverable amounts	(8 659)	(7 883)	–	–
		632 941	550 312	–	–
	Sundry receivables	218 930	100 244	731	3 557
	Total trade and other receivables	851 871	650 556	731	3 557

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

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

Further information regarding the group's credit risk management is set out in note 36.3.

		GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
14.	**OTHER FINANCIAL ASSETS**				
	Financial assets carried at fair value through profit or loss				
	Forward foreign exchange contracts (Level 2)	578	3 213	–	–

Level 2 fair value measurements are those derived from inputs other than quoted prices. The fair value of these contracts is based on observable forward exchange rates at the end of the year.

		GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
15.	**STATED CAPITAL**				
	Authorised				
	100 000 000 (2012: 100 000 000) ordinary shares of no par value				
	Issued				
	95 144 385 (2012: 94 974 000) ordinary shares of no par value	230 534	228 749	230 534	228 749

At 31 December 2013, the company had granted options in terms of Share Option Scheme 2 to executive directors and employees to subscribe for 4 358 444 (2012: 4 784 500) shares in the company, as set out in note 31.3

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

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	Net surplus arising from revaluation of freehold land and buildings R000	Statutory reserves of foreign subsidiaries R000	Foreign currency translation reserve of foreign subsidiaries R000	Equity-settled employee benefits reserve R000	Total R000
16. NON-DISTRIBUTABLE RESERVES					
GROUP					
Balance at 31 December 2011	80 560	7 303	49 956	6 270	144 089
Other comprehensive income	–	509	47 144	–	47 653
– exchange differences on translating foreign operations	–	–	45 595	–	45 595
– exchange differences on foreign reserves	–	509	1 549	–	2 058
Recognition of share-based payments*	–	–	–	5 308	5 308
Balance at 31 December 2012	80 560	7 812	97 100	11 578	197 050
Other comprehensive income	–	2 785	249 515	–	252 300
– exchange differences on translating foreign operations	–	–	244 106	–	244 106
– exchange differences on foreign reserves	–	2 785	5 409	–	8 194
Recognition of share-based payments*	–	–	–	4 704	4 704
Increase in statutory reserves of foreign subsidiaries	–	4 787	–	–	4 787
Current year surplus on revaluation	37 616	–	–	–	37 616
Deferred taxation on current year revaluation	(11 312)	–	–	–	(11 312)
Balance at 31 December 2013	106 864	15 384	346 615	16 282	485 145
COMPANY					
Balance at 31 December 2011	–	–	–	6 270	6 270
Recognition of share-based payments*	–	–	–	5 308	5 308
Balance at 31 December 2012	–	–	–	11 578	11 578
Recognition of share-based payments*	–	–	–	4 704	4 704
Balance at 31 December 2013	–	–	–	16 282	16 282

* *Details of the employee share option plan are set out in note 31.*

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000

17. NON-CONTROLLING INTEREST

The non-controlling interest at year-end represents the 4% (2012: 7,5%) interest of group employees in Bell Equipment Sales South Africa Limited (BESSA), which comprises the sales and customer service centres in South Africa as well as the investments in IA Bell Equipment Co Namibia (Proprietary) Limited and Bell Equipment Co Swaziland (Proprietary) Limited.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Balance at beginning of the year	51 665	33 557	–	–
Share of total comprehensive income for the year	22 746	18 108	–	–
Transactions with group employees*	(11 271)	–	–	–
Transaction with Kagiso Strategic Investments 111 Proprietary Limited**	(56 225)	–	–	–
Balance at end of the year	6 915	51 665	–	–

* *Employees who exit from the group are obliged to sell their shares in BESSA back to the company or its nominee. The amount above represents the carrying amount of those interests repurchased by the company through its subsidiary, Bell Equipment Company SA Proprietary Limited, from employees who have exited the group. This resulted in an increase in the company's effective shareholding in BESSA from 70% to 75%.*

** *During the current year, Kagiso Strategic Investments 111 Proprietary Limited (Kagiso) exercised its put option and sold its shares back to BESSA. This increased the company's effective shareholding in BESSA further to 96%. The agreed total price for the repurchase of the shares and the settlement of the shareholder's loan (see note 18) was R120,0 million and this was settled in cash on 6 December 2013. The difference between the fair value of the consideration transferred and the carrying amount of Kagiso's interest repurchased was recorded in equity.*

Non-controlling shareholders are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the group of its interests in subsidiary companies, where control is maintained subsequent to the transaction, are accounted for as equity transactions.

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	Average variable rate of interest per annum	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
18. INTEREST-BEARING LIABILITIES					
Secured					
Finance lease liabilities repayable in instalments by:					
2014	7,9%	1 153	1 316	–	–
2015	8,8%	1 986	3 464	–	–
2016	8,2%	4 702	5 526	–	–
2017	8,4%	2 189	–	–	–
2018	7,9%	7 584	–	–	–
2019	4,1%	2 186	2 298	–	–
Total secured liabilities		19 800	12 604	–	–
Less: current portion		(6 042)	(4 423)	–	–
Long-term portion		13 758	8 181	–	–

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

– plant and equipment in South Africa R14,4 million (2012: R6,8 million)
– vehicles in South Africa, France and Russia R5,1 million (2012: R4,1 million)

	Variable rate of interest per annum	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Secured					
Long-term mortgage loan from financial institution repayable in instalments by:					
December 2023	8,0%	23 625	–	–	–
Less: current portion		(1 612)	–	–	–
Long-term portion		22 013	–	–	–

The following property at cost is encumbered as security for the secured borrowings above:

– freehold land and buildings in Middelburg, South Africa R43,8 million (2012: Rnil)

	Variable rate of interest per annum	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Secured					
Collateralised borrowings	7,9%	14 683	–	–	–
Less: current portion		(14 683)	–	–	–
Long-term portion		–	–	–	–

Collateralised borrowings comprise amounts payable to financial institutions on demand, where rental income streams on certain operating leases with customers have been discounted to financial institutions with recourse to the group.

Further information on the transfer of financial assets and related borrowings are set out in note 36.3.

	Variable rate of interest per annum	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
18. INTEREST-BEARING LIABILITIES (continued)					
Unsecured					
Industrial Development Corporation of South Africa – medium-term loan repayable in monthly instalments by:					
July 2017	9,5%	107 500	140 000	–	–
Less: current portion		(30 000)	(30 000)	–	–
Long-term portion		77 500	110 000	–	–
The medium-term loan from the Industrial Development Corporation of South Africa is repayable in equal monthly instalments, expiring on 31 July 2017. In terms of the loan agreement Bell Equipment Company SA Proprietary Limited is required to maintain a ratio of shareholders' interest to total assets of at least 40%. The actual ratio at 31 December 2013 was 49% (2012: 63%). The company has provided suretyship for the repayment of the medium-term loan from the Industrial Development Corporation of South Africa.					
	Variable rate of interest per annum				
Unsecured – no fixed repayment					
Loan – Kagiso Strategic Investments 111 Proprietary Limited	8,5%	–	82 247	–	–
Less: current portion		–	(82 247)	–	–
Long-term portion		–	–	–	–
During the current year the unsecured loan from Kagiso Strategic Investments 111 Proprietary Limited was settled as part of the put transaction referred to in note 17.					
Total current portion of interest-bearing liabilities		52 337	116 670	–	–
Total long-term portion of interest-bearing liabilities		113 271	118 181	–	–

The directors have unlimited borrowing powers in terms of the memorandum of incorporation of the company.

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

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	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
19. REPURCHASE OBLIGATIONS AND DEFERRED LEASING INCOME				
Repurchase obligations				
Total repurchase obligations	54 423	58 981	–	–
Less: current portion	(39 636)	(19 815)	–	–
Long-term portion	14 787	39 166	–	–
Deferred leasing income				
Total deferred leasing income	22 937	46 183	–	–
Less: current portion	(19 853)	(28 251)	–	–
Long-term portion	3 084	17 932	–	–
Total current portion of repurchase obligations and deferred leasing income	59 489	48 066	–	–
Total long-term portion of repurchase obligations and deferred leasing income	17 871	57 098	–	–

Repurchase obligations are in respect of rental assets with a net book value of R74,6 million (2012: R91,4 million) reflected in note 6 and relate to transactions combined with buy-back agreements where the revenue was not recognised upfront as the probability of return of the equipment by the customer has been assessed as not remote. The repurchase obligation is the present value of the buy-back obligation.

The full amount of the purchase price is received upfront from the customer and a deferred leasing income liability is recognised for the difference between the proceeds received and the present value of the buy-back obligation referred to above. The deferred leasing income is recognised in profit or loss as rental revenue on a straight-line basis.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
20. DEFERRED WARRANTY INCOME				
Balance at beginning of the year	101 478	85 699	–	–
Extended warranty contracts sold during the year	33 648	51 069	–	–
Costs in excess of contract value	2 959	2 103	–	–
Expired during the year	(10 551)	(13 274)	–	–
Utilised during the year	(12 018)	(9 001)	–	–
Revenue recognised during the year	(14 437)	(15 118)	–	–
	101 079	101 478	–	–
Less: current portion	(48 483)	(40 138)	–	–
Long-term portion of deferred warranty income at end of the year	52 596	61 340	–	–

Deferred warranty income relates to extended warranty contracts sold. The extended warranty contract periods commence after expiry of the standard warranty provided in the standard conditions of sale of equipment and the liability is in respect of this extended period.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
21. LEASE ESCALATION				
Total lease escalation	41 209	36 085	–	–
Less: current portion	(868)	(1 426)	–	–
Long-term portion of lease escalation	40 341	34 659	–	–

The lease escalation liability relates to rental and lease contracts with escalation clauses.

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

	GROUP			COMPANY		
	Warranty provision R000	Provision for residual value risk R000	Total R000	Warranty provision R000	Provision for residual value risk R000	Total R000
22. PROVISIONS						
Balance at 31 December 2011	54 574	–	54 574	–	–	–
Raised during the year	81 487	–	81 487	–	–	–
Utilised during the year	(88 606)	–	(88 606)	–	–	–
Balance at 31 December 2012	47 455	–	47 455	–	–	–
Less: current portion	(42 426)	–	(42 426)	–	–	–
Long-term provisions at 31 December 2012	5 029	–	5 029	–	–	–
Balance at 31 December 2012	47 455	–	47 455	–	–	–
Raised during the year	127 759	1 458	129 217	–	–	–
Utilised during the year	(118 351)	–	(118 351)	–	–	–
Balance at 31 December 2013	56 863	1 458	58 321	–	–	–
Less: current portion	(56 822)	(1 458)	(58 280)	–	–	–
Long-term provisions at 31 December 2013	41	–	41	–	–	–

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

The provision for residual value risk relates to sales transactions with residual value guarantees and sales transactions combined with buy-back agreements where the revenue was recognised upfront (refer note 4.1).

For sales transactions with residual value guarantees, the residual value risk is the risk that the market value of the equipment at the end of the contract period is less than what was expected when the contracts were entered into. A provision of R1,5 million (2012: Rnil) was recognised in the statement of financial position in respect of these transactions.

For sales transactions combined with buy-back obligations, where the revenue was recognised upfront on the transaction as the probability of return of the equipment by the customer has been assessed as remote, residual value risk is the risk that the market value of the equipment at the end of the buy-back period is less than the cost of meeting the buy-back obligation. No provision has been recognised at year-end in respect of these transactions as no shortfall between the buy-back obligation and the assessed market value was identified.

The provisions represent the discounted value of management's best estimate of the group's liability.

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
23. TRADE AND OTHER PAYABLES				
Trade creditors	689 487	486 941	–	233
Industrial Development Corporation of South Africa - trade finance*	295 572	52 815	–	–
Accruals and other payables	207 954	198 689	824	537
Total trade and other payables	1 193 013	738 445	824	770

* *The trade finance is unsecured and is a rolling credit facility, repayable six-monthly, with an ultimate repayment date of 31 December 2014. The interest rate is linked to prime and the average rate charged was 8,7% (2012: 8,5%) per annum. Subsequent to year-end the facility was extended until 31 December 2016.*

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

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	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
24. NON-INTEREST-BEARING LIABILITIES				
Unsecured				
Amounts owing to subsidiary company	–	–	43 403	7 952
The loan has no fixed repayment terms. Due to the absence of repayment dates, a reliable fair value is not determinable.				
25. OTHER FINANCIAL LIABILITIES				
Financial liabilities carried at fair value through profit or loss				
Forward foreign exchange contracts (Level 2)	4 937	1 435	–	–
Level 2 fair value measurements are those derived from inputs other than quoted prices. The fair value of these contracts is based on observable forward exchange rates at the end of the year.				
26. REVENUE				
Revenue represents				
Sale of machines	4 550 287	4 144 779	–	–
Sale of parts	1 337 812	1 141 207	–	–
Service income	338 772	271 174	–	–
Rental income	92 233	113 028	–	–
Total revenue	6 319 104	5 670 188	–	–
Related party sales are disclosed in note 37.				
27. INVESTMENT INCOME				
Dividend income earned on equity investments	–	–	–	250 000

The company received the dividend from its subsidiary Bell Equipment Company SA Proprietary Limited. No withholding taxation is accounted for on dividends received from subsidiary companies in South Africa.

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
28. PROFIT (LOSS) FROM OPERATING ACTIVITIES				
Profit (loss) from operating activities is arrived at after taking into account:				
Income				
Currency exchange gains	181 880	239 544	115	30
Deferred warranty income	37 006	37 393	–	–
Decrease in warranty provision	–	7 895	–	–
Import duty rebates	51 310	23 451	–	–
Royalties	2 641	2 397	–	–
Net surplus on disposal of property, plant and equipment and intangible assets	998	403	–	–
Expenditure				
Amortisation of intangible assets				
– capitalised software	2 139	5 363	–	–
– capitalised development expenditure	17 465	13 932	–	–
Auditors' remuneration				
– audit fees – current	8 780	7 528	572	521
– prior	(43)	424	–	–
– expenses	129	6	–	–
– other services	1 533	726	–	–
Consulting fees	25 530	14 774	91	238
Currency exchange losses	269 826	243 720	23	95
Depreciation				
– freehold buildings	6 483	6 102	–	–
– leasehold buildings	224	216	–	–
– plant and equipment	45 256	41 374	–	–
– rental assets	43 443	57 898	–	–
– aircraft	730	612	–	–
– vehicles	11 703	9 241	–	–
Directors' remuneration				
Paid by company:				
– non-executive directors' fees	1 957	1 647	1 957	1 647
Paid by subsidiaries:				
– executive directors – salaries	7 539	7 839	–	–
– benefits	1 929	1 286	–	–
Equity-settled share-based payments	4 704	5 308	–	–
Increase in provision for residual value risk	1 458	–	–	–
Increase in warranty provision	8 060	–	–	–
Operating lease charges				
– equipment and vehicles	40 099	28 804	–	–
– land and buildings	82 440	71 529	–	–
Research expenses (excluding staff costs)	28 016	23 738	–	–
Staff costs	1 222 422	964 363	–	–
Number of employees at the end of the year	3 608	3 242	–	–

Details of remuneration paid to directors and prescribed officers of the company are set out in note 41.

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	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
29. TAXATION				
29.1 Taxation recognised in profit				
South African normal taxation				
Current taxation				
– current year	27 342	17 263	–	–
– prior year	685	(4 896)	–	–
Deferred taxation				
– current year	20 384	26 508	–	–
– prior year	(522)	852	–	–
Foreign taxation				
Current taxation				
– current year	57 953	31 847	–	–
– prior year	701	9 316	–	–
Deferred taxation				
– current year	(13 880)	(1 641)	–	–
Withholding taxation	3 642	348	–	–
Wealth taxation	3 318	837	–	–
Total taxation charge recognised in profit	99 623	80 434	–	–
Reconciliation of rate of taxation (%)				
Standard rate of taxation	28	28	28	28
Adjustment for:				
Exempt income	–	–	–	(28)
Disallowable expenditure	3	–	(3)	–
Special allowances for taxation	(4)	(4)	–	–
Prior year taxation	–	2	–	–
Wealth and withholding taxation	2	–	–	–
Taxation loss	–	–	(25)	–
Different taxation rates of subsidiaries operating in other jurisdictions and the effect of unrecognised taxation losses as deferred taxation assets by these subsidiaries	4	(1)	–	–
Effective rate of taxation	33	25	–	–

The group's estimated taxation losses amount to approximately R241,8 million (2012: R308,1 million).

Included in this amount are losses of R63,0 million (2012: R62,5 million) that will expire as set out below:

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Less than one year	19 679	15 944	–	–
Two to five years	5 292	280	–	–
Six to ten years	18 125	16 449	–	–
More than ten years	19 880	29 859	–	–
Total	62 976	62 532	–	–

Other losses may be carried forward indefinitely.

A deferred taxation asset of R47,5 million (2012: R65,9 million) has been recognised in respect of such losses, as reflected in note 11, as future taxable income of sufficient amount is expected to be earned. Unused taxation losses for which no deferred taxation assets have been recognised are revenue in nature and amount to R63,5 million (2012: R72,9 million).

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
29.2 Taxation recognised in other comprehensive income				
Deferred taxation				
– property revaluation	11 312	–	–	–
Total taxation charge recognised in other comprehensive income	11 312	–	–	–

			GROUP 2013	GROUP 2012
30. EARNINGS PER SHARE				
30.1 Earnings per share (basic)				
	Profit attributable to owners of Bell Equipment Limited	(R000)	183 007	224 810
	Weighted average number of shares in issue	('000)	95 062	94 968
	Earnings per share (basic)	(cents)	193	237
30.2 Earnings per share (diluted)				
	Profit attributable to owners of Bell Equipment Limited	(R000)	183 007	224 810
	Fully converted weighted average number of shares	('000)	96 933	96 756
	Earnings per share (diluted)	(cents)	189	232
	The number of shares in issue for this calculation has been adjusted for the effect of the dilutive potential ordinary shares relating to the unexercised options in employee Share Option Scheme 2, as set out in note 31.3			
30.3 Headline earnings per share (basic)				
	Profit attributable to owners of Bell Equipment Limited	(R000)	183 007	224 810
	Net surplus on disposal of property, plant and equipment and intangible assets	(R000)	(998)	(403)
	Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R000)	279	113
	Headline earnings	(R000)	182 288	224 520
	Weighted average number of shares in issue	('000)	95 062	94 968
	Headline earnings per share (basic)	(cents)	192	236
30.4 Headline earnings per share (diluted)				
	Profit as calculated in 30.3 above	(R000)	182 288	224 520
	Fully converted weighted average number of shares per 30.2 above	('000)	96 933	96 756
	Headline earnings per share (diluted)	(cents)	188	232

31. SHARE-BASED PAYMENTS

31.1 Employee share option plan

The company had one operating employee share option scheme for executives and senior employees during the year (Scheme 2). The directors in their sole discretion may from time to time, after giving due consideration to the purpose of the scheme, grant options to employees. The allocation is done according to a formula that recognises responsibility levels and is at the discretion of the Chief Executive and the board.

The maximum number of shares any employee may acquire in terms of this scheme may not exceed 200 000 shares. The options of Scheme 2 have a maximum contractual life of 10 years from the date of award.

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

Scheme 2 was approved by the board in December 2009 and share options were granted to employees on 15 February 2010, 15 April 2011 and 15 May 2012. Five million ordinary shares have been reserved for this scheme. The options on Scheme 2 are equity-settled, each year's allocation of options will vest one third in each period after three years, five years and seven years respectively, after the date of grant and are forfeited on leaving the company.

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31. SHARE-BASED PAYMENTS (continued)

31.1 Employee share option plan (continued)

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

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

31.2 Fair value of share options granted

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

		Grant date 15 February 2010	Grant date 15 April 2011	Grant date 15 May 2012
The weighted average fair values of Scheme 2 share options granted are:	(Rand)	5,80	7,67	13,17

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

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

31.3 Movements in share options during the year

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

	GROUP			
	2013 Number of options	2013 Weighted average exercise price R	2012 Number of options	2012 Weighted average exercise price R
Scheme 2				
Balance at beginning of the year	4 784 500	13,31	4 062 500	11,40
Granted and accepted during the year	–	–	950 000	21,35
Forfeited during the year	(255 671)	13,96	(228 000)	12,79
Exercised during the year	(170 385)	10,48	–	–
Balance at end of the year	4 358 444	13,38	4 784 500	13,31

The share options outstanding at the end of the year under Scheme 2 had a weighted average remaining contractual life of 6,9 years (2012: 7,9 years).

31. SHARE-BASED PAYMENTS (continued)

31.4 Share options exercised during the year

The following share options were exercised during the year:

	GROUP			
Exercise date	2013 Number of options	2013 Weighted average share price R	2012 Number of options	2012 Weighted average share price R
Granted 15 February 2010 (tranche 1)				
15 February 2013	19 998	25,61	–	–
19 March 2013	19 998	22,27	–	–
15 April 2013	8 332	23,30	–	–
21 May 2013	8 332	23,00	–	–
1 July 2013	4 999	22,10	–	–
5 July 2013	19 998	22,64	–	–
21 August 2013	19 998	24,01	–	–
22 August 2013	33 330	24,17	–	–
26 August 2013	5 000	24,03	–	–
28 August 2013	20 400	24,80	–	–
3 September 2013	5 000	25,66	–	–
12 September 2013	5 000	24,72	–	–
Total	170 385		–	

At year-end the number of options that have vested and that were exercisable was 657 948 (2012: nil).

32. CONTINGENT LIABILITIES

32.1 The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited (refer note 40).

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

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

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
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	110 356	53 712	–	–
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	3 765	4 692	–	–
In the event of default, the equipment financed would be recovered and it is estimated that they would presently realise the following towards the above liabilities	158 624	90 998	–	–
	(44 503)	(32 594)	–	–
Less: provision for non-recovery	–	500	–	–
Net contingent liability	–	–	–	–

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	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
32. CONTINGENT LIABILITIES (continued)				
32.1 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	18 400	6 050	–	–
In the event of default, the equipment financed would be recovered and it is estimated that they would presently realise the following towards the above liability	21 870	7 435	–	–
Net contingent liability	–	–	–	–
Total credit risk exposure to WesBank and other financial institutions	132 521	64 454	–	–
Total estimated realisation values of equipment towards the above	180 494	98 433	–	–
	(47 973)	(33 979)	–	–
Less: provision for non-recovery	–	500	–	–
Total 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.				
32.2 The repurchase of equipment sold to customers and financial institutions has been guaranteed by the group for an amount of	2 224	2 069	–	–
In the event of repurchase, it is estimated that the equipment would presently realise	6 234	3 389	–	–
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.

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
32. CONTINGENT LIABILITIES (continued)				
32.3 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	16 418	3 921	–	–
Less: provision for residual value risk	(1 458)	–	–	–
Net contingent liability	14 960	3 921	–	–
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 (refer note 10). 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	5 638	8 119	–	–
Less: impairment of retention deposits	(668)	(1 154)	–	–
Net retention deposits and net contingent liability	4 970	6 965	–	–
Total net contingent liability	19 930	10 886	–	–

This relates 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 impairment of retention deposits are based on an assessment of the market value of the equipment.

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	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
32. CONTINGENT LIABILITIES (continued)				
32.4 The company provided suretyships for the overdrafts, short-term borrowings and loans made to subsidiaries	–	–	968 654	324 208
32.5 Letters of support have been issued by the company to certain of the subsidiaries to the effect that financial assistance would be provided should the subsidiaries be unable to meet their commitments.				
32.6 Performance guarantees have been provided to certain customers for an amount of	5 497	4 265	–	–
32.7 Guarantees have been provided to certain suppliers for an amount of	–	567	–	–
33. CAPITAL EXPENDITURE COMMITMENTS				
Contracted	68 472	27 136	–	–
Authorised, but not contracted	147 079	94 072	–	–
Total capital expenditure commitments	215 551	121 208	–	–
This capital expenditure is to be financed from internal resources and long-term facilities.				
34. OPERATING LEASE ARRANGEMENTS				
34.1 Operating lease commitments				
The group has commitments under non-cancellable operating leases as set out below:				
Land and buildings				
Less than one year	74 832	54 193	–	–
One to five years	204 482	219 610	–	–
More than five years	109 190	120 688	–	–
Equipment and vehicles				
Less than one year	17 440	14 234	–	–
One to five years	23 493	14 946	–	–
Total operating lease commitments	429 437	423 671	–	–
34.2 Operating lease receivables				
Non-cancellable operating lease receivables are set out below:				
Equipment and vehicles				
Less than one year	8 223	9 217	–	–
One to five years	11 315	–	–	–
Total operating lease receivables	19 538	9 217	–	–

35. RETIREMENT BENEFIT INFORMATION

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

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

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

The employer contributions to retirement funds were R85,3 million during the current year (2012: R71,5 million) and were charged to staff costs in profit or loss.

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

36. FINANCIAL INSTRUMENTS

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

	GROUP	
	2013 R000	2012 R000
Categories of financial instruments		
Financial assets		
Loans and receivables at amortised cost		
– Interest-bearing long-term receivables (including current portion)	39 356	51 656
– Trade and other receivables	756 111	616 950
– Cash resources	106 327	188 821
Available for sale financial assets		
– Investments	563	–
Financial assets at fair value through profit or loss	578	3 213
Total financial assets	902 935	860 640
Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing liabilities (including current portion)	165 608	234 851
– Trade and other payables	1 187 740	731 570
– Short-term interest-bearing debt	567 274	133 314
Financial liabilities at fair value through profit or loss	4 937	1 435
Total financial liabilities	1 925 559	1 101 170

The holding company's indebtedness to its subsidiary company, which amounted to R43,4 million (2012: R7,9 million), is categorised as financial liabilities at amortised cost.

Fair value of financial instruments

Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts. Forward foreign exchange contracts are measured at fair value on a recurring basis using inputs other than quoted prices (Level 2). The fair value of these contracts is based on observable forward exchange rates at the end of the year.

Loans and receivables comprising interest-bearing long-term receivables, trade and other receivables and cash resources are measured at amortised cost. The directors consider that the carrying amount of loans and receivables at amortised cost approximates their fair value.

Financial liabilities comprising interest-bearing liabilities, trade and other payables and short-term interest-bearing debt are measured at amortised cost. The directors consider that the carrying amount of financial liabilities at amortised cost approximates their fair value.

Available for sale financial assets comprise an unlisted equity investment measured at cost for which a reliable fair value could not be determined.

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36. FINANCIAL INSTRUMENTS (continued)

Financial risk management

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

In the normal course of its operations, the group is exposed to capital, liquidity, credit and market risks (foreign currency risk, interest rate risk and residual value risk). In order to manage these risks, the group may enter into transactions which make use of derivatives. They include forward foreign exchange contracts. The group does not speculate in derivative instruments.

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

36.1 Capital risk management

The group's overall strategy is to secure the long-term sustainability of the group and to generate cash. This is consistent with the prior year.

The capital structure of the group consists of debt, which includes short-term and long-term borrowings as disclosed in note 18, cash and cash equivalents, all components of equity, comprising issued capital, reserves and non-controlling interest, as disclosed in notes 15 to 17, and retained earnings.

Gearing ratio

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

	GROUP	
	2013 R000	2012 R000
The gearing ratio at the year-end was as follows:		
Short-term and long-term borrowings	732 882	368 165
Cash resources	(106 327)	(188 821)
Net debt	626 555	179 344
Total equity	2 488 661	2 073 559
Attributable to owners of Bell Equipment Limited	2 481 746	2 021 894
Non-controlling interest	6 915	51 665
Net debt-to-equity ratio (%)	25	9

36.2 Liquidity risk

The group manages liquidity risk by management of working capital and cash flows. Banking facilities are constantly monitored for adequacy. The general banking facilities are repayable on demand and their utilisation at 31 December 2013 is as follows:

	GROUP			
	Facilities 2013 R000	Utilisation 2013 R000	Facilities 2012 R000	Utilisation 2012 R000
General banking facilities	838 205	567 274	704 554	133 314

Short-term interest-bearing debt comprising bank overdrafts and borrowings on call are unsecured and floating interest rates linked to prime are charged. There are no covenants in place on short-term interest-bearing debt.

36. FINANCIAL INSTRUMENTS (continued)

36.2 Liquidity risk (continued)

The utilisation at 31 December 2013 on other facilities made available by the Industrial Development Corporation of South Africa is as follows:

	GROUP			
	Facilities 2013 R000	Utilisation 2013 R000	Facilities 2012 R000	Utilisation 2012 R000
Industrial Development Corporation of South Africa				
Trade finance	300 000	288 038	300 000	51 697
Interest accrued	–	7 534	–	1 118
	300 000	295 572	300 000	52 815
Medium-term loan	107 500	107 500	140 000	140 000
Total	407 500	403 072	440 000	192 815

The following details the group's remaining contractual maturities for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows and where applicable includes both interest and principal cash flows.

	GROUP				
	Less than 1 year R000	1 to 2 years R000	2 to 3 years R000	More than 3 years R000	Total R000
Non-derivative financial liabilities					
2013					
Secured interest-bearing liabilities	25 404	9 476	8 063	28 927	71 870
Unsecured interest-bearing liabilities	38 900	36 050	33 212	18 049	126 211
Trade and other payables	1 187 740	–	–	–	1 187 740
Short-term interest-bearing debt	567 274	–	–	–	567 274
Total	1 819 318	45 526	41 275	46 976	1 953 095
2012					
Secured interest-bearing liabilities	4 695	4 217	2 832	2 377	14 121
Unsecured interest-bearing liabilities	123 997	38 900	36 050	51 261	250 208
Trade and other payables	731 570	–	–	–	731 570
Short-term interest-bearing debt	133 314	–	–	–	133 314
Total	993 576	43 117	38 882	53 638	1 129 213

The following outlines the group's maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross cash inflows/(outflows) on the derivative instruments that settle on a gross basis.

	GROUP	
	2013 R000	2012 R000
Derivative financial instruments		
Less than 1 year		
Gross settled forward foreign exchange contracts - imports	(29 996)	(138 720)
Gross settled forward foreign exchange contracts - exports	260 140	110 466
Total	230 144	(28 254)

36.3 Credit risk

Credit risk consists mainly of short-term cash deposits, interest-bearing long-term receivables, trade receivables and indebtedness by subsidiaries and the credit risk exposure described in note 32.1 and note 40. The group only deposits short-term cash with approved financial institutions and counterparty credit limits are in place.

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

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36. FINANCIAL INSTRUMENTS (continued)

36.3 Credit risk (continued)

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

The average credit period on sales of goods and services is 30 days (2012: 30 days).

Other than in specific circumstances, no interest is charged on overdue balances.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and has been determined by reference to past default experience and the value of the underlying security.

With the exception of the credit risk disclosed in note 32.1, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's and company's maximum exposure to credit risk. At 31 December 2013, the group and company do not consider there to be any material credit risk that has not been adequately provided for.

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

Included in the group's trade receivable balance are debtors with a carrying amount of R171,4 million (2012: R161,1 million) which are past the original expected collection date (past due) at the reporting date for which the group has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

	GROUP	
	2013 R000	2012 R000
Ageing of past due but not impaired		
60-90 days	49 863	60 280
90-120 days	33 480	31 160
120+ days	88 098	69 656
Total	171 441	161 096
Movement in the allowance for doubtful debts		
Balance at beginning of the year	7 883	9 543
Amounts written off as uncollectible	(6 736)	(4 522)
Amounts recovered during the year	(907)	(704)
Increase in allowance	8 419	3 566
Balance at end of the year	8 659	7 883

36. FINANCIAL INSTRUMENTS (continued)

36.3 Credit risk (continued)

Transfer of financial assets

In the current year, the group discounted certain finance lease receivables to a financial institution for cash. In terms of these arrangements, the group has no obligation to reimburse the financial institution for any unsettled balances or amounts due by default customers. The group acts as an agent on behalf of the financial institution for payment collections but is obliged to remit the cash flows to the financial institution without material delay. The group no longer controls the financial assets and has ceded its rights to future economic benefits associated with the transferred financial assets. The group considered that risks and rewards of ownership relating to these financial assets have transferred and has derecognised these finance lease receivables. The amount of finance lease receivables discounted under these arrangements was R48,6 million (2012: Rnil). Refer to note 2.10 for the group's accounting policy on derecognition of financial assets.

Rental income streams from an operating lease agreement with a customer were discounted to a financial institution during the current year. In terms of the discounting arrangement, the group is obliged to reimburse the financial institution when called upon to do so. A liability was recognised in interest-bearing liabilities on the statement of financial position for the secured borrowings and the carrying amount at year-end amounted to R14,7 million (2012: Rnil). Refer to note 18.

36.4 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and residual value risk. There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risks.

36.4.1 Currency risk

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

The details of contracts held at 31 December 2013 are listed below. These contracts will be utilised during the next six months. These contracts have been fair valued at the year-end as follows:

	GROUP			
	Foreign amount 000	Rate	Market value in Rands R000	Fair value gain (loss) R000
2013				
Import contracts				
British Pound	1 481	17,37	25 903	178
United States Dollar	404	10,56	4 278	12
Export contracts				
Euro	11 178	14,37	162 955	(2 327)
United States Dollar	9 498	10,47	100 298	(854)
2012				
Import contracts				
Euro	11 376	11,33	127 962	(928)
Japanese Yen	52 178	9,74	5 086	(271)
United States Dollar	500	8,83	4 236	(179)
Export contracts				
United States Dollar	12 746	8,67	108 288	2 220

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for the year ended 31 December 2013

36. FINANCIAL INSTRUMENTS (continued)

36.4 Market risk (continued)

36.4.1 Currency risk (continued)

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

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

- profit before taxation for the year ended 31 December 2013 would have increased by R4,5 million (2012: increase in profit of R19,6 million); and

- other equity at the year-end would have increased by R11,4 million (2012: R34,2 million)

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

36.4.2 Interest rate risk

The group is exposed to interest rate risk as entities in the group borrow funds at floating interest rates. Exposure to interest rate risk on borrowings and investments is monitored on a proactive basis. The group's interest rate profile of borrowings at 31 December 2013, is as follows:

	GROUP			
	Net overdraft (cash) and call balances	Trade finance	Long-term borrowings	Total borrowings
2013				
Borrowings (R000)	460 947	295 572	165 608	922 127
Rate profile	Floating	Floating	Floating	
% of total borrowings	50	32	18	
2012				
Borrowings (R000)	(55 507)	52 815	234 851	232 159
Rate profile	Floating	Floating	Floating	
% of total borrowings	(24)	23	101	

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

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

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

- profit before taxation for the year ended 31 December 2013 would have decreased by R9,2 million (2012: decrease in profit of R2,3 million)

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

36.4.3 Residual value risk

Residual value risks are attributable to transactions combined with buy-back agreements and sales transactions with residual value guarantees.

Residual value risks are the risks that the assessed market value of the equipment is less than what was expected when the contracts were entered into. Refer note 2.18 and 4.1 for information on the various transaction types entered into by the group.

The group manages residual value risk through ongoing assessments of the market values of the underlying equipment. Current and anticipated market conditions are assessed on an ongoing basis. Other conditions such as product development, environmental regulations and competitor actions are also considered in assessing the group's exposure to residual value risk.

The group's maximum exposure to residual value risk is disclosed in notes 32.2 and 32.3.

37. RELATED PARTY TRANSACTIONS

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

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

Related party relationships exist between certain directors and trading partners. All transactions are carried out on an arms length basis. The nature and value of the transactions concluded during the year and balances at the year-end are detailed below:

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
Shareholders				
I A Bell & Company Proprietary Limited				
– property rental paid	44	–	–	–
John Deere Construction and Forestry Company				
– sales	73 099	146 862	–	–
– purchases	690 110	346 716	–	–
– royalties received	2 641	2 397	–	–
– royalties paid	8 338	5 718	–	–
– interest paid	471	37	–	–
– interest received	30	310	–	–
– computer license fees, training and related expenses	840	–	–	–
– legal settlement expenses	1 314	–	–	–
– export rebate expenses	2 330	–	–	–
– amounts owing to – trade and other payables	127 171	85 263	–	–
– amounts owing by – trade and other receivables	22 487	21 290	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
37. RELATED PARTY TRANSACTIONS (continued)				
Enterprises over which directors and shareholders are able to exercise significant influence and/or in which directors and shareholders have a beneficial interest				
Ario Properties Limited				
– property rental paid	6 105	4 859	–	–
Loinette Company Leasing Limited				
– commission paid	–	1 466	–	–
– commission received	–	102	–	–
– amounts owing to	2 285	–	–	–
– amounts owing by	1 544	1 581	–	–
Minosucra SARL				
– sales	28 624	23 696	–	–
– amounts owing by	850	604	–	–
Triumph International Trading Limited				
– sales	979	948	–	–
– amounts owing by	196	187	–	–
Tractor and Equipment (Mauritius) Limited				
– sales	3 824	5 714	–	–
– amounts owing by	85	437	–	–
Buttery Family Investments Proprietary Limited				
– management fees paid	–	35	–	–
Ruthbut Investments Proprietary Limited				
– property rental paid	–	81	–	–
Castle Crest Properties 33 Proprietary Limited				
– property rental paid	454	534	–	–
– amounts owing to	53	–	–	–
– amounts owing by	49	49	–	–
Matriarch Trading Close Corporation				
– sales	238	20	–	–
– purchases	321	–	–	–
– aircraft hire paid	–	24	–	–
– amounts owing by	1	–	–	–
BAC Aviation Proprietary Limited				
– property rental received	–	31	–	–
– profit on sale of assets	–	22	–	–
– aircraft hire and related income	–	5	–	–
– aircraft rebuild expenses	301	228	–	–
– aircraft hangar, maintenance and related expenses	235	728	–	–
Latin Equipment Group				
– sales	35 494	47 523	–	–
– amounts owing to	60	17	–	–
– amounts owing by	15 954	7 502	–	–

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
37. RELATED PARTY TRANSACTIONS (continued)				
Subsidiaries				
Bell Equipment Company SA Proprietary Limited				
– management fee received	–	–	1 500	1 650
– administration fee paid	–	–	466	466
– dividend received	–	–	–	250 000
– amounts owing to	–	–	43 403	8 185
– amounts owing by	–	–	–	1 500
Bell Equipment (Deutschland) GmbH				
– bank guarantee fee received	–	–	290	16
– amounts owing by	–	–	71	16
Bell Equipment International SA				
– bank guarantee fee received	–	–	453	1 020
– amounts owing by	–	–	467	978
Bell Equipment UK Limited				
– bank guarantee fee received	–	–	28	906
– amounts owing by	–	–	–	878
Bell Equipment Mozambique Limitada				
– bank guarantee fee received	–	–	30	–
– amounts owing by	–	–	30	–
Bell Equipment (DRC) SPRL				
– bank guarantee fee received	–	–	88	–
– amounts owing by	–	–	91	–

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

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

Compensation of key management personnel

The remuneration of executive directors and prescribed officers is reflected in note 41.

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

38. SUBSEQUENT EVENTS

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

39. COMPOSITION OF THE GROUP

The group structure is presented on page 2 of the integrated annual report.

Information about the composition of the group at year end is as follows:

Subsidiaries	Business type	Principal activity	Issued share capital 2013 R	Issued share capital 2012 R
Southern Africa				
Bell Equipment Company SA Proprietary Limited	O	M	2	2
– amounts owing to – non-interest-bearing liabilities				
– amounts owing to – trade and other payables				
– amounts owing by – trade and other receivables				
Bell Equipment Sales South Africa Limited	O	S	2 325 000	3 000 000
I A Bell Equipment Co Namibia (Proprietary) Limited	O	S	4	4
Bell Equipment Co Swaziland (Proprietary) Limited	O	S	2	2
Bell Equipment Finance Company Proprietary Limited	D	D	–	–
Other Africa				
Bell Equipment (Zambia) Limited	O	S	18 153 448	14 070 146
Bell PTA (Pvt) Limited	O	S	5 385 659	4 174 249
Bell Equipment (Malawi) Limited	O	S	2	2
Bell Equipment Mozambique Limitada	O	S	1 245 715	965 513
Bell Equipment (DRC) SPRL	O	S	109 498	84 868
Europe				
Bell Equipment International SA	H	H	867 540 000	672 402 000
Bell France SAS	O	S	49 355 710	38 254 003
Bell Equipment UK Limited	O	S	82 404 530	63 869 068
Heathfield Haulamatic Limited	D	D	–	–
Bell Equipment Switzerland SA	D	D	1 643 236	1 273 619
Bell Equipment (Deutschland) GmbH	O	A	65 065 500	50 430 150
Bell Equipment Spain SA	O	S	1 445 900	1 120 670
LLC Bell Equipment Russland	O	S	2 172 277	1 683 661
United States of America				
Bell Equipment North America Inc	O	S	69 403 200	53 792 160
Australasia				
Bell Equipment Australia (Proprietary) Limited	O	S	28	26
Interest in subsidiary companies				

D *Dormant companies*
H *Holding companies*
O *Operating companies*
A *Assembly plant, sales and logistics operation*
M *Manufacturing plant, sales and logistics operation*
S *Sales operation*

The group's control is exercised directly by holding the majority of the voting rights of the ordinary shares in all its subsidiaries as indicated above.

39.1 Significant restrictions

In terms of a certain agreement for a general banking facility held by Bell Equipment Sales South Africa Limited (BESSA), the repayment of intra-group loans as well as interest payments and dividend payments need approval from the relevant financial institution before such payments are made. At year-end the carrying amount of the related intra-group loan in BESSA with other group companies was R271,6 million (2012: R271,6 million).

Except for the limitations of the local markets and exchange control regulations in which certain group companies operate, there are no other significant restrictions on cash transfers and capital distributions to and from group companies.

GROUP

Effective holding 2013 %	Effective holding 2012 %	Profit (loss) for the year 2013 R000	Profit (loss) for the year 2012 R000	Interest of Bell Equipment Limited: Book value of shares 2013 R000	Interest of Bell Equipment Limited: Book value of shares 2012 R000	Interest of Bell Equipment Limited: Amounts owing (to) by 2013 R000	Interest of Bell Equipment Limited: Amounts owing (to) by 2012 R000
100	100	136 603	118 578	22 725	19 725		
						(43 403)	(7 952)
						–	(233)
						–	1 500
96	70	55 722	35 662	5 057	4 237	–	–
96	70	8 855	6 520				
96	70	(1 457)	71				
100	100	–	–				
100	100	7 591	6 072				
100	100	(4 244)	4 424				
100	100	6 012	(2 773)				
100	100	(1 926)	2 788	–	–	30	–
100	100	9 893	9 362	–	–	91	–
100	100	32 135	12 659	615 014	614 130	467	978
100	100	1 327	7 625				
100	100	20 682	14 108	–	–	–	878
100	100	–	–				
100	100	435	(245)				
100	100	15 411	18 979	–	–	71	16
100	100	(5 601)	(2 153)				
100	100	(17 916)	2 853				
100	100	4 776	(1 685)				
100	100	1 023	2 927				
				642 796	638 092	(42 744)	(4 813)

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for the year ended 31 December 2013

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
40. FINANCING VENTURE WITH WESBANK				
A financing venture has been entered into with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group.				
The group is entitled to a share of the profits from transactions financed through the financing venture. The group's profit share for the year included in other operating income amounted to	4 385	3 451	–	–
In terms of this arrangement, the following categories of financing are provided for:				
– transactions where the risks and rewards are for WesBank. All credit applications are subject to approval by WesBank in its sole discretion. The group carries no credit risk on these transactions.				
– specific transactions where the risks and rewards are for the group (Bell-backed deals). These transactions are credit applications that have initially been declined by WesBank but based on the group's backing are financed through the financing venture. Where the group carries all the credit risk, the group is liable for the full balance due to WesBank by default customers. This is considered to be a financial guarantee contract and the contingent liability is reflected in note 32.1. The group is required to invest an amount equal to 25% of the value of the financing provided by WesBank to customers as collateral in respect of these transactions. This investment, which earns interest at the cost of capital of the financing venture, is reflected as interest-bearing long-term receivables on the statement of financial position. The carrying amount of this cash collateral at year-end was	27 486	14 005	–	–
– specific transactions for which WesBank requires support (Bell-shared risk deals), either due to the credit risk profile of the customer or the specific structuring of the financing deal. In respect of these shared risk deals with WesBank, the group is at risk for a portion of the balance due to WesBank by default customers. Applications from customers are categorised into WesBank's risk grading system, with the risk category determining the level of risk shared by the group. No collateral investment is required by the group to support these transactions. The risk of customer default described above is considered to be a financial guarantee contract and the contingent liability is reflected in note 32.1.				

The group's credit risk exposure with regards to Bell-backed deals and Bell-shared risk transactions are approved and assessed by the group's credit committee.

Capital funding for the venture is provided by WesBank and the group's investment is limited to the 25% cash collateral paid on Bell-backed deals (refer above). WesBank is responsible to ensure sufficient capital is made available.

WesBank determines the pricing of all approved deals for all categories of financing provided. The financial assets within the financing venture are managed by WesBank and the financing venture is dependent on WesBank for critical services such as finance and credit expertise.

An advisory management board, represented by both WesBank and the group, facilitates the interaction between WesBank and the group. This board acts in an advisory capacity only and neither party is bound by its recommendations.

The group is responsible to promote financing of equipment through this financing venture and to assist with the market strategy.

The group's maximum exposure to loss is reflected in note 32.1.

41. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Paid to directors and prescribed officers of the company by the company and its subsidiaries:

	Salary R	Bonuses R	Pension/ Provident fund R	Other benefits and allowances R	2013 Total R	2012 Total R
Executive directors						
GW Bell	2 654 726	152 428	60 000	154 168	3 021 322	2 614 382
L Goosen	1 996 921	126 533	272 079	175 183	2 570 716	2 184 000
GP Harris (resigned 4 October 2012)	–	–	–	–	–	588 107
AR Mc Duling (resigned 30 August 2013)	1 207 657	152 425	164 130	323 999	1 848 211	2 004 000
KJ van Haght	1 679 540	102 858	221 460	24 000	2 027 858	1 735 000
Total	7 538 844	534 244	717 669	677 350	9 468 107	9 125 489
Prescribed officers						
Executive A	3 025 400	–	85 321	–	3 110 721	2 464 516
Executive B	1 488 151	148 833	212 832	149 017	1 998 833	1 667 932
Executive C	1 733 487	75 906	240 730	154 023	2 204 146	1 972 913
Executive D	1 820 947	–	136 571	1 218 097	3 175 615	–
Total	8 067 985	224 739	675 454	1 521 137	10 489 315	6 105 361

	Retirement grant R	Fees R	2013 Total R	2012 Total R
Non-executive directors				
PJC Horne (retired 7 May 2008)	168 300	–	168 300	157 290
MA Mun-Gavin	–	499 520	499 520	384 000
TO Tsukudu	–	237 060	237 060	164 500
DJJ Vlok	–	388 800	388 800	360 000
JR Barton	–	411 480	411 480	381 000
B Harie	–	252 180	252 180	200 500
Total	168 300	1 789 040	1 957 340	1 647 290

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

41. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

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

	Balance at beginning of the year		Exercised		Forfeited		Balance at end of the year	
2013	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
L Goosen	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	30 000	21,35	–	–	–	–	30 000	21,35
Total	180 000		–		–		180 000	
AR Mc Duling	100 000	10,48	(33 330)	10,48	(66 670)	10,48	–	–
(resigned	50 000	13,06	–	–	(50 000)	13,06	–	–
30 August 2013)	30 000	21,35	–	–	(30 000)	21,35	–	–
Total	180 000		(33 330)		(146 670)		–	
KJ van Haght	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	30 000	21,35	–	–	–	–	30 000	21,35
Total	180 000		–		–		180 000	
Executive A	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	30 000	21,35	–	–	–	–	30 000	21,35
Total	180 000		–		–		180 000	
Executive B	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
	30 000	21,35	–	–	–	–	30 000	21,35
Total	180 000		–		–		180 000	
Executive C	100 000	10,48	–	–	–	–	100 000	10,48
	50 000	13,06	–	–	–	–	50 000	13,06
Total	150 000		–		–		150 000	
Executive D	60 000	10,48	–	–	–	–	60 000	10,48
	30 000	13,06	–	–	–	–	30 000	13,06
	15 000	21,35	–	–	–	–	15 000	21,35
Total	105 000		–		–		105 000	
Grand total	1 155 000		(33 330)		(146 670)		975 000	

41. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

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

SHAREHOLDER INFORMATION

as at 31 December 2013

COMBINED REGISTER	Number of holders	% of total share holders	Number of shares	% of total issued share capital
Analysis of shareholdings				
1 – 5 000	1 028	83,31	1 253 995	1,32
5 001 – 10 000	73	5,91	563 991	0,59
10 001 – 50 000	76	6,16	1 619 084	1,70
50 001 – 100 000	23	1,86	1 664 627	1,75
100 001 –1 000 000	25	2,03	9 289 927	9,77
1 000 001 – and more	9	0,73	80 752 761	84,87
Totals	1 234	100,00	95 144 385	100,00
Major beneficial shareholders (5% and more of the shares in issue)				
I A Bell and Company (Pty) Ltd-Pled			35 723 569	37,55
John Deere			30 000 000	31,53
GEPF Equity			5 838 679	6,14
Top Ten Holders Including Fund Managers				
I A Bell and Company (Pty) Ltd No 2			35 723 569	37,55
John Deere			30 000 000	31,53
GEPF Equity			5 838 679	6,14
Old Mutual Life Assurance Company South Africa Limited			2 087 645	2,19
SCB ATF Disc Equity Fund			2 044 213	2,15
JP Morgan London Int Bank Norway R			1 471 961	1,55
Investec Emerging Companies			1 310 580	1,38
Basfour 3014 CC			1 231 300	1,29
Old Mutual Life Assurance Company South Africa			1 044 814	1,10
Basfour 2052 CC			978 700	1,03
SHAREHOLDER SPREAD				
Non-public	4	0,32	65 884 709	69,25
Directors	2	0,16	161 140	0,17
Associates	–	0,00	–	0,00
10% of issued capital or more	2	0,16	65 723 569	69,08
Public	1 230	99,68	29 259 676	30,75
Totals	1 234	100,00	95 144 385	1,00
Distribution of shareholders				
Individuals	990	80,23	33 008 874	34,69
Private companies	32	2,59	37 809 892	39,74
Public companies	3	0,24	97 106	0,10
Nominees and trusts	81	6,56	697 505	0,73
Close corporations	19	1,54	2 394 497	2,52
Other corporate bodies	16	1,30	151 798	0,16
Banks	5	0,41	2 105 651	2,21
Insurance companies	11	0,89	4 493 453	4,72
Pension funds and medical aid societies	26	2,11	10 043 322	10,56
Collective investment schemes and mutual funds	51	4,13	4 342 287	4,57
Totals	1 234	100,00	95 144 385	100,00

SHAREHOLDER DIARY

Financial year-end	31 December 2014
Integrated annual report	March 2014
Interim results announcement	August 2014
Annual general meeting	5 May 2014

GLOSSARY

ADT	Articulated Dump Truck
APDP	Automotive Production and Development Programme
Bell Equipment or the group	Bell Equipment Limited and its subsidiaries
BEE or BBBEE	Black Economic Empowerment or Broad-Based Black Economic Empowerment
BECSA	Bell Equipment Company SA Proprietary Limited
BEEO	Bell Equipment European Operations
BEIO	Bell Equipment International Operations
BESSA	Bell Equipment Sales South Africa Limited
Companies Act	Companies Act of South Africa No 71 of 2008 (as amended)
CRM	Customer Relations Management
CSC	Customer Service Centre
CSDP	Central Securities Depository Participant
DRC	Democratic Republic of the Congo
GDP	Gross Domestic Product
IDC	Industrial Development Corporation
IPAP2	Industrial Policy Action Plan 2
ISO	International Standards Organisation
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
LTIFR	Lost Time Injury Frequency Rate
LTRS	Lifetime Revenue Stream
MOI	Memorandum of Incorporation
NUMSA	National Union of Metalworkers of South Africa
NVC	National Vocational Curriculum
OROA	Operating Return on Assets
SVA	Shareholder Value-Add
TMP cycle	Trough, Mid and Peak cycle
TRZFC	Thanda Royal Zulu Football Club

NOTICE OF ANNUAL GENERAL MEETING

BELL EQUIPMENT LIMITED

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

Notice is hereby given that the 46th annual general meeting of members of Bell Equipment will be held at the company's registered office, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Monday, 5 May 2014 at 11:00 to attend to the following matters, with or without modification.

The board of directors of the company has determined that the record date for the purposes of determining which shareholders of the company are entitled to receive a notice of the 46th annual general meeting was 31 March 2014 and the record date for purposes of determining which shareholders can participate in and vote at the annual general meeting is Friday, 25 April 2014.

Accordingly, the last day to trade in the company's shares in order to be recorded on the securities register of the company in order to be able to participate, attend and vote at the annual general meeting is Wednesday, 16 April 2014.

MEMORANDUM OF INCORPORATION

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

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

ORDINARY BUSINESS

1. ORDINARY RESOLUTION 1: FINANCIAL STATEMENTS

To adopt and approve the annual financial statements of the company and the group for the year ended 31 December 2013 that accompanied the notice to the annual general meeting, together with the auditors' and directors' reports therein.

2. ORDINARY RESOLUTION 2: RE-ELECTION OF DIRECTORS

Re-election of directors in terms of article 94.1 of the company's MOI by way of separate resolutions:

2.1 To re-elect DJJ Vlok as an independent non-executive director

2.2 To re-elect JR Barton as an independent non-executive director

2.3 To re-elect L Goosen as an executive director

who retire by rotation in terms of the company's MOI at this annual general meeting and, being eligible, make themselves available for re-election. Brief particulars of the qualifications and experience of the above-mentioned directors are available on page 6 and 7 of this report.

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

Resolved that, pursuant to the requirements of Section 94 of the Companies Act, 2008, as amended, the following non-executive, independent directors of the company be and they are hereby appointed as members of the Audit Committee until the next annual general meeting:

3.1 JR Barton *(Chairman)*

3.2 DJJ Vlok

3.3 B Harie

Brief particulars of the qualifications and experience of the above-mentioned directors are available on pages 6 and 7 of this report.

4. ORDINARY RESOLUTION 4: APPOINTMENT OF AUDITORS

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

5. ORDINARY RESOLUTION 5: NON-BINDING ADVISORY RESOLUTION APPROVING THE COMPANY'S EXECUTIVE REMUNERATION POLICY

To approve as an ordinary resolution, by way of a non-binding advisory vote, that the company's executive remuneration policy, as set out in this notice as Annexure "A", be and is hereby approved in terms of the King Report on Corporate Governance for South Africa 2009.

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL BUSINESS

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

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

   Resolved that the directors, in terms of and subject to the provisions of Section 45 of the Companies Act, No 71 of 2008 ("the Act"), are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or inter-related companies, during the period 1 January 2015 to 31 December 2015.

   Reason and effect

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

7. **SPECIAL RESOLUTION 2: ADDITIONAL REMUNERATION PAYABLE TO THE CHAIRMAN OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE FOR MEETINGS HELD BETWEEN 1 JANUARY 2013 AND 31 DECEMBER 2013 AND FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014**

   Resolved that the fee payable to the Chairman of the Social, Ethics and Transformation Committee of the company, for the period 1 January 2013 to 31 December 2013 and for the period 1 January 2014 to 31 December 2014 will be determined by reference to the following:

   Chairman fee to be paid per meeting:

   Social, Ethics and Transformation Committee: R15 000 per meeting

   Reason and effect

   The Social, Ethics and Transformation Committee of Bell Equipment Limited was incorporated during November 2012. This resolution is required to give effect to the payment of an additional chairman's fee. This special resolution is taken in conjunction with Section 65(11) (h) that provides that a special resolution is required to authorise the basis for compensation to directors of a profit company, as required by Section 66(9). Section 66(9) provides that remuneration may be paid to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous 2 (two) years. Although the company's annual general meeting is held in April or May of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined annually in advance for the then forthcoming period that commences at the beginning of January and ends at the end of the following December, this resolution is required to authorise the payment of fees for the previous financial year and in the current period. The effect of this special resolution, if passed, will be the authorisation of the above-mentioned fees.

8. **SPECIAL RESOLUTION 3: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FOR THE PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015**

   Resolved that the directors' fees payable to the non-executive directors of the company, for the period 1 January 2015 to 31 December 2015, will be determined by reference to the following:

Retainer fees to be paid annually	
MA Mun-Gavin	R275 000
JR Barton	R150 000
B Harie	R150 000
TO Tsukudu	R150 000
DJJ Vlok	R150 000
Chairman fees to be paid per meeting	
Board	R25 000
Audit Committee	R15 000
Risk and Sustainability Committee	R15 000
Nominations Committee	R7 500
Remuneration Committee	R7 500
Social, Ethics and Transformation Committee	R15 000
Fees to be paid per meeting	
Board	R25 000
Audit Committee	R20 000
Risk and Sustainability Committee	R15 000
Nominations Committee	R6 250
Remuneration Committee	R6 250
Social, Ethics and Transformation Committee	R15 000
Bell Audit Services Committee	R10 000

Reasons and effect

This special resolution is 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 annual general meeting is held in April or May of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined annually in advance for the then forthcoming period that commences at the beginning of January and ends at the end of the following December.

The effect of this special resolution, if passed, will be the authorisation of the above-mentioned fees.

9. SPECIAL RESOLUTION 4: ADOPTION OF NEW MEMORANDUM OF INCORPORATION

Resolved that, in terms of section 16(1)(c)(ii) of the Companies Act, and Item 4(2) of Schedule 5 to the Companies Act, the existing memorandum and articles of association of the company be and are hereby substituted in their entirety by the new MOI as tabled at the annual general meeting and signed by the chairperson of the annual general meeting on the first page thereof for identification purposes, with effect from the date of filing of, and registration by (to the extent applicable), the required notice of amendment and new MOI with the Companies and Intellectual Property Commission.

Reason and Effect

Special resolution 4 is proposed in order to adopt a new MOI in substitution of the existing memorandum and articles of association of the company, which new MOI is in compliance with the provisions of the Companies Act and the JSE Listings Requirements.

The following summary highlights some of the significant changes found in the new MOI. The changes listed below are not exhaustive, and shareholders are advised to read the whole new MOI for a full appreciation thereof.

- The board of directors is authorised to provide financial assistance in terms of the Companies Act.
- The annual rotation of directors in terms of the new MOI applies only to non-executive directors.
- Non-executive directors' fees will be paid on the basis of a special resolution.
- Board of directors' approval of a distribution/dividend payment will be subject to the solvency and liquidity test.
- The board of directors is authorised to determine record dates for the exercise of shareholders' rights in terms of the Companies Act and the Listings Requirements.
- Shareholders' meetings may be conducted by electronic communication.
- Electronic participation at shareholders' meetings is provided for.
- The making of rules as contemplated in Section 15(3) of the Companies Act is prohibited.

Further, copies of the new MOI will be available for inspection by any person who has a beneficial interest in any securities of the company at www.bellir.co.za. from the date of issue of this notice of annual general meeting up to and including the date of the annual general meeting or any adjourned meeting.

10. SPECIAL RESOLUTION 5: REPURCHASE OF SHARES

Resolved that the board of directors of the company is hereby authorised, by way of a renewable general authority, to approve the purchase of its own ordinary shares by the company, or to approve the purchase of the ordinary shares in the company by any subsidiary of the company, subject to the provisions of Section 48 read with Section 46 of the Companies Act, as the case may be, the MOI of the company and the Listings Requirements of the JSE Limited ("JSE") being that:

- the general repurchase of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year;
- the general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
- authorisation thereto has been given by the company's MOI;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this special resolution;

NOTICE OF ANNUAL GENERAL MEETING (continued)

10. SPECIAL RESOLUTION 5: REPURCHASE OF SHARES (continued)

- general repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period;
- at any point in time, a company may only appoint one agent to effect any repurchases on the company's behalf;
- a resolution has been passed by the board of directors confirming that the board has authorised the general repurchase, that the company and any subsidiary repurchasing passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
- any such general repurchases are subject to exchange control regulations and approval at that point in time;
- the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number of issued shares in the company at the relevant times;
- the company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

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

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

Reason and effect

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

Statement of board's intention

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

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

The JSE Listings Requirements require the following disclosures for purposes of the general authority to repurchase the company's shares, some of which appear elsewhere in the integrated annual report of which this notice forms part.

Directors and management	pages 6 and 7, 20 and 21;
Major shareholders of the company	page 120;
Directors' interests in securities	page 54;
Share capital of the company	page 89.

Litigation statement

In terms of Section 11.26 of the JSE Listings Requirements, the directors, whose names are given on pages 6 and 7 of the integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names are given on pages 6 and 7 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 5 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

No material changes to report

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

11. OTHER BUSINESS

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

INFORMATION SCHEDULE

Proxies/representation at the meeting

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration who are unable to attend the meeting, are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms must be received by the Group Company Secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or posted to Private Bag X20046, Empangeni, 3880 or the company's share transfer secretaries, Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein or posted to PO Box 4844, Johannesburg, 2000 by 11:00 on 2 May 2014. Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration. Any forms of proxy not received by this time must be handed to the chairperson of the annual general meeting immediately prior to the meeting.

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

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

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

IDENTIFICATION

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

VOTING RIGHTS

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

SHARES HELD BY A SHARE TRUST OR SCHEME

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

ELECTRONIC COMMUNICATION

With regard to Section 61(10) of the Act, any shareholder or proxy eligible to attend the annual general meeting but unable to do so, may make arrangements with the company to be connected to the meeting via a teleconference facility. Shareholders may also vote electronically, by accessing the link available at www.bellir.co.za.

P van der Sandt
Group Company Secretary

13 March 2014

ANNEXURE “A”

EXECUTIVE REMUNERATION POLICY

1. OVERVIEW 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 our employees and their role in attaining sustainable growth through fair and balanced remuneration practice. The board defines remuneration philosophy and aligns business strategy and objectives with the overall goal of creating shareholder value. To ensure fair and responsible remuneration practices, the group seeks a balance between employee and shareholder interests while supporting entrepreneurial drive. The group simultaneously strives to maintain a balance between risk and reward. Deliberations of the remuneration committee are informed by performance reviews from individual, divisional and group perspectives.

Key principles that shape our policy are:

- A critical success factor for the group is its ability to attract, retain and motivate the talent required to achieve operational and strategic objectives.
- Both short- and long-term incentives are used to this end.
- Delivery-specific short-term incentives are viewed as strong drivers of performance. A significant portion of senior management’s reward is variable and is determined by the achievement of realistic profit targets in their applicable division, operation and the wider group. When warranted by exceptional circumstances, special bonuses may be considered as additional awards.
- Long-term incentives align the objectives of management and shareholders for a sustained period.

2. POLICY

The committee implements the board’s remuneration policy to ensure:

2.1 salary structures and policies as well as cash and share-based incentives motivate superior performance and are linked to realistic performance objectives that support sustainable long-term business growth;

2.2 stakeholders are able to make an informed assessment of reward practices and governance processes;

2.3 compliance with all applicable laws and regulatory codes.

3. GOVERNANCE

Board responsibility

The board carries ultimate responsibility for remuneration policy. The committee operates in accordance with a board-approved mandate. The board 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.

In terms of the recommendations set out in the King III report on governance, remuneration policy is submitted to shareholders for a non-binding vote.

The Remuneration Committee

An independent non-executive director presides. Full details of attendance are set out in the integrated annual report.
The committee:

3.1 reviews group remuneration philosophy and policy;

3.2 reviews the recommendations of management on fee proposals for the group Chairman and non-executive directors and determines, in conjunction with the board, the final proposals to be submitted to shareholders for approval;

3.3 determines all the remuneration parameters for the Chief Executive and executive directors;

3.4 agrees the principles for senior management increases and cash incentives in both South African and off-shore operations;

3.5 agrees incentive scheme allocations and awards for executive directors and all option allocations for senior management; and

3.6 settles long-term incentive allocations and awards for executive directors and other qualifying senior managers.

The Chief Executive attends meetings by invitation. Other members of executive management can be invited when appropriate. No individual, irrespective of position, is present when their performance is evaluated and their remuneration is discussed.

To determine the remuneration of executive and non-executive directors and certain senior executives, the committee reviews relevant market and peer data and considers performance reviews. To retain flexibility and ensure fairness when directing human capital to those areas of the group requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions. The committee assesses market practice relating to share-based incentive plans and considers market-related information in its review of board and committee fees. The board reviews committee proposals and, where required, submits them to shareholders for approval at the annual general meeting.

4. COMPOSITION

NON-EXECUTIVE DIRECTORS

Terms of service

Non-executive directors are appointed by the shareholders at the annual general meeting. Interim board appointments are permitted between annual general meetings. Non-executive directors are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the board, through the Nominations Committee, proposes their re-election to shareholders. There is no limit to the number of times a non-executive director may seek re-election.

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 receive short-term incentives nor do they participate in any long-term incentive schemes except where non-executive directors previously held executive office and they remain entitled to unvested benefits arising from their period of employment. 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 annual general meeting.

Full details of the non-executive directors' fees for the year ended 31 December 2013 are available in the integrated annual report. Details of the proposed non-executive directors' fees for the year ended 31 December 2015 are shown on page 124 of the notice of annual general meeting 2014.

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 short and long-term incentives.

Remuneration package makeup

The table below summarises the main components of the reward package for executive directors.

Objective and Practice Award size and performance conditions

Base package ("CTC")
Short-Term Incentive Plan
Long-Term Incentive Plan ("CSP")

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.

In exceptional situations of termination of executive directors' services, the committee assisted by labour law legal advisers will oversee the settlement of terms.

Remuneration for the year ended December 2013

Full details of the executive directors' remuneration (including short-term incentives) for the year ended December 2013 is shown on pages 117 to 119.

Directors' interests in the shares of the company

Full details of the directors' interests in the company at 31 December 2013 is shown on page 54.

ANNEXURE "A" (continued)

5. BELL SHARE OPTION INCENTIVE SCHEME

This is Bell Equipment's second share option scheme and was approved by the shareholders at the annual general meeting in 2009. Following this approval, management, (with the necessary approval from the Remuneration Committee and the board), allocated share options to senior employees of the company. The last allocation that also exhausted the number of options available for allocation was done in May 2012. The company is currently considering a replacement scheme in order to continue with long-term incentivisation.

The salient features of the Bell Share Option Incentive Scheme are as follows:

5.1 The participants of the scheme were anyone employed by the company – "employee" meaning anyone employed by the company or any of its subsidiaries or any partnership.

5.2 5 000 000 authorised unissued ordinary no par value shares were reserved for the scheme.

5.3 The directors in their sole discretion could, after giving due consideration to the purpose of this scheme, from time to time by resolution resolve to which of the employees options shall be granted in terms of the scheme and on the terms and conditions governing such grants. Every such resolution specified the option price, name of the employee, the number of shares in respect of which the option is being granted and the option date. The purpose of this scheme was to:

5.3.1 retain key employees and to attract new, skilled and competent personnel;

5.3.2 promote an identity of interest between the company and its subsidiaries and their respective employees; and

5.3.3 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.

5.4 An option vests and may only be exercised after the expiration of 3 (three) years from the option date in question in respect of one third (33, 3%) of the shares subject to the option, after the expiration of 5 (five) years in respect of a further one third (33, 3%) of such shares subject to the option and after the expiration of 7 (seven) years in respect of the remaining one third of the shares subject to the option, it being recorded that such portions of vested options shall be carried forward (on a cumulative basis).

5.5 An option shall lapse if an employee ceases to be an employee, other than on his death or on him becoming a retired employee or on him becoming a retrenched employee or for any other reason that the directors may in their absolute discretion consider valid but excluding a cessation on grounds which justify summary dismissal at common law; and if not duly exercised by the tenth anniversary of the option date.

5.6 The shares in respect of which an option is exercised shall be fully paid, rank *pari passu* with the existing ordinary shares, with the same dividend and voting rights. These shares shall be allotted and issued by the directors within 14 (fourteen) days after the exercise of the option. The directors shall use their best endeavours to procure that a listing is granted in respect of the shares on the JSE or any other Stock Exchange the company may be listed on.

5.7 No voting or dividend rights attach to options granted to participants nor the shares reserved for the scheme.

6. BLACK ECONOMIC EMPOWERMENT (BEE)

The BEE accreditation level achieved by the group is certified by a reputable BEE verification agency (based on the BBBEE Codes as existing at 1 July 2011) and measured against targets set.

7. 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.

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 annual general meeting to be held in the visitors' centre of Bell Equipment Limited, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Monday, 5 May 2014, is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the company.

The completed forms of proxy must be received by the Group Company Secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay, or posted to Private Bag X20046, Empangeni, 3880 or the company's share transfer secretaries, Link Market Services SA Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, or posted to PO Box 4844, Johannesburg, 2000 by no later than 11:00 on Friday, 2 May 2014.

I/ We (please print full names)

Of (address)

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

1. or failing him/her

2. or failing him/her

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

Proposed resolutions			For	Against	Abstain
1.	Ordinary resolution 1	Adoption of annual financial statements			
2.	Ordinary resolution 2	To re-elect directors who retire in terms of article 94.1 of the company's MOI:			
	2.1 DJJ Vlok				
	2.2 JR Barton				
	2.3 L Goosen				
3.	Ordinary resolution 3	Appointment of the following independent non-executive directors as members of the Audit Committee until the next annual general meeting:			
	3.1 JR Barton *(Chairman)*				
	3.2 DJJ Vlok				
	3.3 B Harie				
4.	Ordinary resolution 4	Appointment of Deloitte & Touche			
5.	Ordinary resolution 5	Non-binding advisory resolution approving the company's executive remuneration policy			
6.	Special resolution 1	Approval for the granting of financial assistance in terms of Section 45 of the Companies Act, No 71 of 2008, as amended.			
7.	Special resolution 2	Approval of the fee for the chairman of the Social, Ethics and Transformation Committee			
8.	Special resolution 3	Approval of fees for non-executive directors			
9.	Special resolution 4	Adoption of new MOI			
10.	Special resolution 5	General authority to repurchase shares			

Signed at (place) on 2014

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

NOTES TO THE FORM OF PROXY

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

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

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

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

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

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

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

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's 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 member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.

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

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairperson of the annual general meeting.

The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

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

The chairperson of the annual general meeting shall be entitled to decline or accept the authority of a person signing the proxy form:

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

unless his power of attorney or authority is deposited at the offices of the Group Company Secretary or that of the transfer secretaries not later than 48 hours before the meeting.

Note: In order to be valid this form must be completed and returned to the Group Company Secretary or the company's share transfer secretaries:

Bell Equipment Limited
Private Bag X20046
Empangeni
3880

Link Market Services SA Proprietary Limited
PO Box 4844
Johannesburg
2000

by no later than 11:00 on Friday, 2 May 2014.

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

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CORPORATE INFORMATION

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AUDITORS
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ATTORNEYS
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JSE SPONSORS
RMB Corporate Finance

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INVESTOR RELATIONS
www.bellir.co.za

COMPANY REGISTRATION NUMBER
1968/013656/06

ISIN CODE
ZAE000028304

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