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STRONG RELIABLE SUPPORT

2022

BELL EQUIPMENT LIMITED

CONDENSED UNAUDITED INTERIM RESULTS
for the period ended 30 June 2022

Chairman and CEO's interim results report

OVERVIEW

Increased demand for commodities, country specific post-COVID-19 stimulus packages, and an increase in infrastructure spend in a number of markets stimulated demand during the first half of 2022. In the same period supply chain challenges unfortunately constrained sales and prevented Bell from fully capitalising on these strong demand conditions.

The group's manufacturing operations increased planned production in response to global market growth and a strong order book, but the continual supply chain challenges have delayed invoicing leading to an increase in inventory and borrowings.

Aftermarket inventory has also been increased to improve customer service and minimise the disruption caused to customers through longer lead times and poor delivery from the supply chain.

Ensuring that the integrity of the supply chain is improved is a key focus and it is anticipated that the inventory will reduce as products are shipped from the manufacturing plants and as greater post-COVID normality returns to both the supply and logistics chains.

Additional funding lines are being put in place to fund the increase in working capital required to meet the higher production plan and sales outlook as well as to absorb the effects of any further supply chain disruptions.

Raw material, component and logistics cost increases are unprecedented and have had to be passed on to customers. Improving efficiencies and containing product cost increases, where possible, remain challenging yet key priorities to ensure competitiveness. Strong focus remains on cash preservation, working capital and expense management.

The continued conflict between Russia and Ukraine has exacerbated supply chain issues with certain suppliers affected by restrictions that are in place. Bell operations have stopped supply into Russia and the group's small operation there is paused as we monitor developments.

Bell has undertaken an initiative to refocus and grow the traditional Bell/Matriarch forestry and agriculture product lines along with the JCB Agriculture range by establishing a wider local dealer footprint in South Africa where these products are required.

In line with the commitment towards the communities in which we operate, we provided assistance following the April floods in KwaZulu-Natal and Eastern Cape that claimed hundreds of lives and resulted in severe infrastructure and property damage. We partnered with the KZN disaster relief organisation, Gift of the Givers, and made equipment available to local municipalities in some of the affected areas to assist with clean-up operations and repairs to infrastructure. In terms of our own operations, there was little to no impact from this disaster.

OUTLOOK

While there are signs of economic slowdowns in some markets, existing stimulus packages continue to drive demand for Bell products in most international regions. The group has healthy order books in all regions for the remainder of the 2022 financial year and expects global demand for its products to continue to increase.

The construction industry outlook for South Africa remains low as the country grapples with low infrastructure spending in a weakened economy. However, the JCB distribution partnership concluded in May 2021 is progressing well and, together with the group's favourable B-BBEE standing, has seen continued market share gains in the country. Mining activity has exceeded expectations leading to higher demand for products into this sector and a better than anticipated result for this division.

Demand in the USA remains at much higher levels than we have seen for some time and additional product to meet this demand is planned.

Going forward the group will be guided by our growth and resilience strategy. The plans include an increase of our manufacturing footprint in the Northern Hemisphere to improve responsiveness and efficiencies by manufacturing more of the ADT product closer to suppliers, as well as the markets in which they are sold. Capacity created in the Richards Bay factory will be utilised by additional product which will be introduced in the Southern Hemisphere market over the next few years. To this end, underground mining equipment as well as seeking contract manufacturing opportunities utilising the core competencies and assets at the Richards Bay manufacturing facility has been identified for diversification.

Elsewhere our focus for the remainder of 2022 is on striving towards a greater level of pre-COVID normality. We encourage support of our voluntary vaccination drive and have implemented a return-to-work policy to promote a sense of community and in-office collaboration among employees.

Following successful exhibitions at the Nampo Show at Bothaville, South Africa, and Hillhead in the UK earlier this year, we look forward to further interacting with customers and dealers at Bauma Munich in Germany in October. We will be showcasing the Bell Tracked Carrier to our European customers and dealers after a successful introduction of the product into the USA in 2020/2021.

DIVIDEND CONSIDERATIONS

In view of ongoing uncertainty globally, seen with potential further investment in the Company's own operations due to the current improvement in market demand continuing during the second half of the financial year of 2022 and beyond, the Board resolved not to declare an interim dividend for the six-month period ended 30 June 2022.

Condensed consolidated statement of financial position

as at 30 June 2022

	Unaudited 30 June 2022 R'000	Audited 31 December 2021 R'000
ASSETS		
Non-current assets	**1 853 838**	1 792 903
Property, plant and equipment	**1 004 748**	918 968
Right-of-use assets	**235 606**	250 966
Intangible assets	**271 653**	282 236
Investments	**54 646**	58 717
Interest-bearing receivables and contract assets	**62 738**	50 421
Deferred taxation	**224 447**	231 595
Current assets	**6 283 400**	5 131 104
Inventory *	**4 745 201**	3 624 452
Trade and other receivables	**1 104 458**	1 023 122
Interest-bearing receivables and contract assets	**265 572**	218 328
Other assets	**34 665**	78 558
Current taxation assets	**22 070**	30 312
Cash and bank balances	**111 434**	156 332
TOTAL ASSETS	**8 137 238**	6 924 007
EQUITY AND LIABILITIES		
Capital and reserves	**4 005 659**	3 861 733
Stated capital (note 6)	**235 541**	235 541
Non-distributable reserves	**917 922**	940 673
Retained earnings	**2 817 874**	2 661 457
Attributable to owners of Bell Equipment Limited	**3 971 337**	3 837 671
Non-controlling interest	**34 322**	24 062
Non-current liabilities	**772 755**	681 418
Interest-bearing liabilities *	**231 226**	175 838
Lease liabilities	**259 128**	266 731
Contract liabilities (note 12)	**106 355**	98 357
Refund liabilities (note 13)	**12 048**	11 986
Provisions	**65 025**	45 383
Other liabilities	**14 253**	10 031
Deferred taxation	**84 720**	73 092
Current liabilities	**3 358 824**	2 380 856
Trade and other payables	**1 569 021**	1 215 273
Interest-bearing liabilities *	**665 719**	202 806
Lease liabilities	**39 779**	42 800
Contract liabilities (note 12)	**269 143**	243 832
Refund liabilities (note 13)	**40 159**	51 693
Provisions	**109 333**	111 113
Other liabilities	**17 276**	8 076
Current taxation liabilities	**43 242**	31 929
Bank overdrafts and borrowings on call	**605 152**	473 334
TOTAL EQUITY AND LIABILITIES	**8 137 238**	6 924 007

* The increase in inventory and interest-bearing liabilities is mainly due to a planned increase in production volumes to match higher customer demand, as well as poor performance from certain component suppliers in meeting the group's purchase requirements, which resulted in having to hold higher levels of components and work in progress in inventory.

Condensed consolidated statement of profit or loss

for the period ended 30 June 2022

	Unaudited six months ended 30 June 2022 R'000	Unaudited six months ended 30 June 2021 R'000
Revenue (note 2)	**4 229 344**	3 843 374
Cost of sales	**(3 330 771)**	(3 025 628)
Gross profit	**898 573**	817 746
Other operating income	**100 042**	72 579
Distribution costs	**(352 812)**	(312 936)
Administration expenses	**(52 445)**	(56 737)
Factory operating expenses *	**(285 539)**	(253 422)
Profit from operating activities (note 3)	**307 819**	267 230
Net interest expense (note 4)	**(21 123)**	(29 765)
Profit before taxation	**286 696**	237 465
Taxation	**(76 365)**	(61 711)
Profit for the period	**210 331**	175 754
Profit for the period attributable to:		
- Owners of Bell Equipment Limited	**200 071**	168 808
- Non-controlling interest	**10 260**	6 946
	Cents	Cents
Earnings per share (basic) (note 5)	**209**	177
Earnings per share (diluted) (note 5)	**180**	169

* Included in factory operating expenses are costs in respect of both the factory and group services operations.

Condensed consolidated statement of comprehensive income

for the period ended 30 June 2022

	Unaudited six months ended 30 June 2022 R'000	Unaudited six months ended 30 June 2021 R'000
Profit for the period	**210 331**	175 754
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising during the period	**(61 766)**	(81 123)
Exchange differences on translating foreign operations	**(56 417)**	(81 123)
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	**(5 349)**	-
Items that may not be reclassified subsequently to profit or loss:	**43 176**	15 296
Surplus arising on revaluation of properties	**57 755**	-
Taxation relating to revaluation of properties	**(13 712)**	-
Fair value (loss) gain on investments designated as at fair value through other comprehensive income *	**(867)**	15 296
Other comprehensive loss for the period, net of taxation	**(18 590)**	(65 827)
Total comprehensive income for the period	**191 741**	109 927
Total comprehensive income attributable to:		
- Owners of Bell Equipment Limited	**181 481**	102 981
- Non-controlling interest	**10 260**	6 946

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

Condensed consolidated statement of cash flows

for the period ended 30 June 2022

	Unaudited six months ended 30 June 2022 R'000	Unaudited six months ended 30 June 2021 R'000
Cash operating profit before working capital changes	**599 808**	444 358
Cash (utilised in) generated from working capital	**(1 090 921)**	149 455
Cash (utilised in) generated from operations	**(491 113)**	593 813
Interest paid	**(46 556)**	(51 513)
Interest received	**44 615**	23 916
Taxation paid	**(51 693)**	(3 254)
Net cash (utilised in) generated from operating activities	**(544 747)**	562 962
Purchase of additional property, plant and equipment and intangible assets	**(80 819)**	(29 074)
Proceeds on disposal of property, plant and equipment and intangible assets	**1 374**	2 108
Proceeds on disposal of listed investments	**2 371**	-
Net cash utilised in investing activities	**(77 074)**	(26 966)
Interest-bearing liabilities raised	**714 005**	208 977
Interest-bearing liabilities repaid	**(196 381)**	(453 289)
Lease liabilities repaid	**(24 704)**	(27 394)
Dividends paid	**(47 815)**	(76)
Net cash generated from (utilised in) financing activities	**445 105**	(271 782)
Net cash (outflow) inflow	**(176 716)**	264 214
Net bank overdrafts and borrowings on call at beginning of the period	**(317 002)**	(398 641)
Net bank overdrafts and borrowings on call at end of the period	**(493 718)**	(134 427)
Comprising:		
Cash and bank balances	**111 434**	177 944
Bank overdrafts and borrowings on call	**(605 152)**	(312 371)
Net bank overdrafts and borrowings on call at end of the period	**(493 718)**	(134 427)

Condensed consolidated statement of changes in equity

for the period ended 30 June 2022

	Attributable to owners of Bell Equipment Limited					
	Stated capital R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total capital and reserves R'000
Balance at 31 December 2020 - audited	235 541	891 355	2 360 316	3 487 212	16 566	3 503 778
Total comprehensive (loss) income attributable to owners of Bell Equipment Limited	-	(65 827)	168 808	102 981	-	102 981
Total comprehensive income attributable to non-controlling interest	-	-	-	-	6 946	6 946
Decrease in statutory reserves of foreign subsidiaries	-	(9 941)	9 941	-	-	-
Decrease in equity-settled employee benefits reserve	-	(4 304)	4 304	-	-	-
Dividends paid	-	-	(76)	(76)	-	(76)
Balance at 30 June 2021 - unaudited	**235 541**	**811 283**	**2 543 293**	**3 590 117**	**23 512**	**3 613 629**
Balance at 31 December 2021 - audited	**235 541**	**940 673**	**2 661 457**	**3 837 671**	**24 062**	**3 861 733**
Total comprehensive (loss) income attributable to owners of Bell Equipment Limited	**-**	**(18 590)**	**200 071**	**181 481**	**-**	**181 481**
Total comprehensive income attributable to non-controlling interest	**-**	**-**	**-**	**-**	**10 260**	**10 260**
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	**-**	**(569)**	**569**	**-**	**-**	**-**
Decrease in equity-settled employee benefits reserve	**-**	**(3 592)**	**3 592**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**(47 815)**	**(47 815)**	**-**	**(47 815)**
Balance at 30 June 2022 - unaudited	**235 541**	**917 922**	**2 817 874**	**3 971 337**	**34 322**	**4 005 659**

Abbreviated notes to the unaudited interim results

for the period ended 30 June 2022

1. BASIS OF PREPARATION

The recognition and measurement criteria applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards. The same accounting policies and methods of computation are followed in the condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements. The presentations and disclosures in these condensed consolidated interim financial statements are in terms of *IAS 34 Interim Financial Reporting*.

The group has adopted all of the amended accounting standards relevant to its operations and effective for annual reporting periods beginning 1 January 2022. The adoption of these amended standards has not had any significant impact on the amounts reported in the condensed consolidated interim financial statements or the disclosures herein.

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited's Listings Requirements for interim reports and the requirements of the Companies Act in South Africa. The Listings Requirements require interim reports to be prepared in accordance with and containing the information required by *IAS 34 Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The preparation of this interim report was supervised by the Group Finance Director, KJ van Haght CA(SA).

The condensed consolidated interim financial statements are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements.

These results have not been audited or reviewed by the group's auditor, Deloitte & Touche.

2. REVENUE

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

This disaggregation is consistent with the external revenue information that is disclosed for each reportable segment (refer to note 8) and the information that is provided to the group's chief operating decision maker on a regular basis.

Disaggregation of revenue

	Manufacturing, assembly, logistics and dealer sales operations		Direct Sales operations		
	South Africa R'000	Europe R'000	South Africa R'000	Rest of Africa R'000	Total Revenue R'000
June 2022					
Revenue					
Sale of equipment	468 703	1 317 304	1 086 908	116 417	2 989 332
Sale of parts	278 270	119 904	456 209	92 822	947 205
Service contracts and transport revenue	36 146	20 051	120 224	13 743	190 164
Extended warranty	39 713	2 763	-	-	42 476
Rental revenue	-	3 078	56 881	208	60 167
Total revenue - unaudited	**822 832**	**1 463 100**	**1 720 222**	**223 190**	**4 229 344**
June 2021					
Revenue					
Sale of equipment	493 937	1 287 319	958 438	66 258	2 805 952
Sale of parts	156 629	122 051	409 905	76 094	764 679
Service contracts and transport revenue	25 563	27 453	109 605	14 586	177 207
Extended warranty	32 146	(404)	-	-	31 742
Rental revenue	-	5 800	57 050	944	63 794
Total revenue - unaudited	**708 275**	**1 442 219**	**1 534 998**	**157 882**	**3 843 374**

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

	Unaudited six months ended 30 June 2022 R'000	Unaudited six months ended 30 June 2021 R'000
Timing of revenue recognition		
At a point in time		
Sale of equipment	**2 989 332**	2 805 952
Sale of parts	**947 205**	764 679
Service contracts and transport revenue	**190 164**	177 207
Total	**4 126 701**	3 747 838
Over time		
Extended warranty	**42 476**	31 742
Rental revenue	**60 167**	63 794
Total	**102 643**	95 536
Total revenue	**4 229 344**	3 843 374

Included in revenue for the period is an amount of R82,2 million (June 2021: R37,3 million) relating to bill and hold arrangements for the sale of equipment to certain customers. Control of the equipment has passed to the customers and management's assessment is that the likelihood of revenue reversals in future periods is remote.

The group had remaining and unsatisfied performance obligations at period end in terms of extended warranty contracts, service contracts, and in terms of certain equipment sales contracts where the consideration was received in advance from customers. These obligations are reflected as contract liabilities in the statement of financial position (refer to note 12).

3. PROFIT FROM OPERATING ACTIVITIES

	Unaudited six months ended 30 June 2022 R'000	Unaudited six months ended 30 June 2021 R'000
Profit from operating activities is arrived at after taking into account:		
Income		
Currency exchange gains (i)	**200 573**	153 336
The Automotive Production Development Programme - production incentives (ii)	**69 186**	40 787
Expenditure		
Amortisation of intangible assets	**17 803**	17 139
Amounts written off as credit impaired	**341**	2 951
Auditors' remuneration - audit and other services	**8 217**	8 780
Consulting fees	**11 737**	13 235
Currency exchange losses (i)	**151 891**	148 878
Depreciation of property, plant and equipment	**69 712**	70 725
Depreciation of right-of-use assets	**28 406**	30 760
Impairment of intangible assets	**8 102**	-
Increase (decrease) in allowance for expected credit losses on trade and other receivables	**6 861**	(2 491)
Lease expenses	**12 739**	9 756
Research expenses (excluding staff costs)	**20 657**	14 931
Staff costs (including directors' remuneration) (iii)	**817 339**	727 063

(i) Net currency exchange gains arose mainly on Euro denominated purchases and trade payables and USD denominated revenue and receivables as a result of the movement in the Rand against those currencies during the period.

(ii) Production incentives increased by 69,6% due to an increase in production volumes in the current period.

(iii) Staff costs increased by 12,4% mainly due to an increase in the workforce at the manufacturing and assembly facilities stemming from increased production volumes, and labour cost escalations.

4. NET INTEREST EXPENSE

Interest expense *	**56 408**	57 308
Interest income	**(35 285)**	(27 543)
Net interest expense	**21 123**	**29 765**

* Included in interest expense is an amount of R16,1 million (June 2021: R22,2 million) relating to the Industrial Development Corporation of South Africa (IDC) working capital facility.

5. EARNINGS PER SHARE, NET ASSET VALUE PER SHARE AND GEARING RATIO

		Unaudited six months ended 30 June 2022	Unaudited six months ended 30 June 2021
Earnings per share:			
Basic earnings per share is arrived at as follows:			
Profit for the period attributable to owners of Bell Equipment Limited	(R'000)	**200 071**	168 808
Weighted average number of ordinary shares in issue during the period	(000)	**95 629**	95 629
Earnings per share (basic)	**(cents)**	**209**	177
Diluted earnings per share is arrived at as follows:			
Profit for the period attributable to owners of Bell Equipment Limited	(R'000)	**200 071**	168 808
Fully converted weighted average number of shares	(000)	**110 951**	99 887
Earnings per share (diluted)	**(cents)**	**180**	169

The group has potential ordinary shares relating to the shareholding of BEE parties in certain group entities. These BEE parties are required to sell their shares to the group at the end of the lock-in period in exchange for cash, shares in the company or in another group entity or in a combination of cash and shares, at the company's discretion. The number of shares has been adjusted for the effect of the dilutive potential shares relating to these options.

Headline earnings per share is arrived at as follows:			
Profit for the period attributable to owners of Bell Equipment Limited	(R'000)	**200 071**	168 808
Net loss (surplus) on disposal of property, plant and equipment and intangible assets	(R'000)	**577**	(1 038)
Taxation effect of net loss (surplus) on disposal of property, plant and equipment and intangible assets	(R'000)	**(162)**	291
Impairment loss on intangible assets	(R'000)	**8 102**	-
Taxation effect of impairment loss on intangible assets	(R'000)	**(2 269)**	-
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	(R'000)	**(5 349)**	-
Headline earnings	(R'000)	**200 970**	168 061
Weighted average number of ordinary shares in issue during the period	(000)	**95 629**	95 629
Headline earnings per share (basic)	**(cents)**	**210**	176
Diluted headline earnings per share is arrived at as follows:			
Headline earnings calculated above	(R'000)	**200 970**	168 061
Fully converted weighted average number of shares	(000)	**110 951**	99 887
Headline earnings per share (diluted)	**(cents)**	**181**	168

Headline earnings is calculated in accordance with *Circular 1/2021 Headline Earnings* issued by the South African Institute of Chartered Accountants.

		Unaudited 30 June 2022	Audited 31 December 2021
Net asset value per share:			
Net asset value per share is arrived at as follows:			
Total capital and reserves	(R'000)	4 005 659	3 861 733
Number of shares in issue	(000)	95 629	95 629
Net asset value per share	**(cents)**	**4 189**	**4 038**

5. EARNINGS PER SHARE, NET ASSET VALUE PER SHARE AND GEARING RATIO continued

		Unaudited 30 June 2022	Audited 31 December 2021
Gearing ratio:			
The gearing ratio at the end of the period was as follows:			
Short-term and long-term borrowings	(R'000)	**1 502 097**	851 978
Cash and bank balances	(R'000)	**(111 434)**	(156 332)
Net debt	(R'000)	**1 390 663**	695 646
Total equity	(R'000)	**4 005 659**	3 861 733
Net debt to equity ratio	**(%)**	**34,7**	18,0

6. STATED CAPITAL

	Unaudited 30 June 2022 R'000	Audited 31 December 2021 R'000
Authorised		
100 000 000 (December 2021: 100 000 000) ordinary shares of no par value		
Issued		
95 629 385 (December 2021: 95 629 385) ordinary shares of no par value	**235 541**	235 541

7. CAPITAL EXPENDITURE COMMITMENTS

Contracted	**19 476**	26 267
Authorised, but not contracted	**45 327**	115 659
Total capital expenditure commitments	**64 803**	141 926

This capital expenditure is to be financed from internal resources.

8. CONDENSED SEGMENTAL ANALYSIS

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

The group conducts two main business operations:
Manufacturing, assembly, logistics and dealer sales operations
- OEM operations comprising manufacturing, assembly and sales of equipment and aftermarket products to independent dealers for their distribution to market

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

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

8. CONDENSED SEGMENTAL ANALYSIS continued

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

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

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

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

	External Revenue R'000	Inter-segment Revenue R'000	Total Revenue R'000	Operating profit R'000	Assets R'000	Liabilities R'000
June 2022						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa	**822 832**	**2 338 176**	**3 161 008**	**134 355**	**5 229 232**	**4 391 489**
Europe	**1 463 100**	**205 792**	**1 668 892**	**75 124**	**2 493 362**	**1 455 848**
Direct Sales operations						
South Africa	**1 720 222**	**5 963**	**1 726 185**	**84 078**	**1 716 895**	**1 564 175**
Rest of Africa	**223 190**	**478**	**223 668**	**13 045**	**261 332**	**121 297**
Other operations and inter-segmental eliminations *	**-**	**(2 550 409)**	**(2 550 409)**	**1 217**	**(1 563 583)**	**(3 401 230)**
Total - unaudited	**4 229 344**	**-**	**4 229 344**	**307 819**	**8 137 238**	**4 131 579**
June 2021						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa	708 275	1 673 961	2 382 236	38 189		
Europe	1 442 219	91 297	1 533 516	120 091		
Direct Sales operations						
South Africa	1 534 998	9 873	1 544 871	62 943		
Rest of Africa	157 882	-	157 882	14 499		
Other operations and inter-segmental eliminations *	-	(1 775 131)	(1 775 131)	31 508		
Total - unaudited	3 843 374	-	3 843 374	267 230		
December 2021						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa					4 252 535	3 499 598
Europe					2 223 787	1 192 851
Direct Sales operations						
South Africa					1 415 932	1 308 765
Rest of Africa					267 678	132 500
Other operations and inter-segmental eliminations *					(1 235 925)	(3 071 440)
Total - audited					6 924 007	3 062 274

* Inter-segmental eliminations above relate to the following:
- i) Revenue - the elimination of intra-group sales transactions, mainly sales from the manufacturing, assembly, logistics and dealer sales operations, to other group operations.
- ii) Operating profit - the elimination of profit on intra-group transactions, mainly sales transactions from the manufacturing, assembly, logistics and dealer sales operations to the other group operations, where the inventory has not yet been on-sold to a third party at period end.
- iii) Assets and liabilities - the intra-group transactions result in intra-group receivables and payables balances and furthermore intra-group loans are in place between certain group operations. These are eliminated on consolidation.

9. CONTINGENT ASSETS AND LIABILITIES

		Unaudited 30 June 2022 R'000	Audited 31 December 2021 R'000
9.1	**Contingent assets**		
	Reimbursement right relating to standard warranty in respect of manufactured goods		
	Reimbursement right from component suppliers in respect of standard warranties where virtual certainty has not yet been established	**35 091**	28 182
9.2	**Contingent liabilities**		
	Third party warranties and indemnities		
	Warranties and indemnities limited to USD3 million provided to a third party in previous periods relating to the sale of assets of the DRC operation in 2018, expired in the current period.	**-**	47 638

10. RELATED PARTY TRANSACTIONS

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000
Information regarding significant transactions with related parties is presented below. Transactions are carried out on an arms length basis.		
Shareholders		
John Deere Construction and Forestry Company *		
- purchases	**-**	136 759

* John Deere Construction and Forestry Company ceased being a related party at the end of September 2021 when their interest was purchased by I A Bell and Company (Pty) Ltd, which is the parent company of the group.

11. FINANCIAL INSTRUMENTS

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

Financial assets
- financial assets at fair value through profit or loss;
- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive income.

Classification is determined by both the group's business model as well as the contractual cash flow characteristics of the asset.

Financial assets carried on the statement of financial position include cash and bank balances, investments, interest-bearing receivables, trade and other receivables and other assets (forward foreign exchange contracts).

Financial liabilities
- financial liabilities at fair value through profit or loss; and
- financial liabilities at amortised cost.

Financial liabilities as disclosed in the statement of financial position include interest-bearing liabilities, trade and other payables, bank overdrafts and borrowings on call and other liabilities (forward foreign exchange contracts).

Fair value of financial instruments

Financial assets at amortised cost
Interest-bearing receivables, trade and other receivables, excluding the value added taxation receivable, and cash and bank balances are measured at amortised cost. The directors consider that the carrying amount of trade and other receivables and cash and bank balances approximates their fair value due to the short-term nature of these instruments. The carrying amount of interest-bearing receivables approximates their fair value owing to the market related interest rates charged on these agreements.

Financial liabilities at amortised cost
Interest-bearing liabilities, trade and other payables, and bank overdrafts and borrowings on call are measured at amortised cost. The directors consider that the carrying amount of trade and other payables, excluding the value added taxation payable, and bank overdrafts and borrowings on call approximates their fair value due to the short-term nature of these instruments. The carrying amount of interest-bearing liabilities approximates their fair value owing to the market related interest rates on these instruments.

Financial assets and liabilities at fair value through profit or loss
Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts presented in the statement of financial position as other assets or liabilities. The group measures forward foreign exchange contracts at fair value on a recurring basis based on the market approach, using inputs other than quoted prices (Level 2). The fair value of these contracts is based on observable forward exchange rates at period end from an independent provider of financial market data.

The details of forward foreign exchange contracts held at 30 June 2022 are listed below.

	Foreign amount '000	Rate R	Market value in Rands R'000	Fair value gain (loss) R'000
June 2022				
Import contracts				
British Pound	**1 700**	**19,70**	**33 928**	**444**
Euro	**22 431**	**17,01**	**386 947**	**5 388**
Japanese Yen	**187 926**	**6,82**	**23 254**	**(4 291)**
United States Dollar	**6 065**	**15,97**	**99 804**	**2 921**
Export contracts				
Euro	**5 637**	**17,06**	**97 788**	**(1 603)**
United States Dollar	**23 817**	**16,15**	**392 131**	**(7 496)**
December 2021				
Import contracts				
British Pound	5 911	21,04	127 845	3 468
Euro	15 908	17,98	289 083	3 126
Japanese Yen	111 113	7,14	15 499	(67)
United States Dollar	9 095	15,94	145 591	567
Export contracts				
British Pound	24	21,42	519	(5)
Euro	4 369	18,36	79 024	1 208
United States Dollar	23 783	15,85	381 095	(4 059)

11. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments continued

Investments at fair value through other comprehensive income

Investments carried at fair value through other comprehensive income include listed and unlisted equity instruments. These investments are measured at fair value on a recurring basis. The fair value of listed investments is based on quoted market prices (Level 1).

For its unlisted investment (Level 3), the group used the market approach to estimate the fair value of its investment as the group does not have access to future forecast information with regards to the investment entity. The unlisted entity operates within the dealer and distribution network of the heavy equipment industry.

In estimating the fair value, the group used an average price to book ratio of 1,96 (December 2021: 2,25) applied to the estimated net asset value of the entity as at 30 June 2022. The price to book ratio of 1,96 (December 2021: 2,25) represents an average of observable price to book ratios of a number of entities within the industry. The price to book ratios were obtained from a reputable market database. For a 10% increase in the price to book ratio, there would have been a 10% increase in the fair value of the investment. The fair value gain of R4,4 million (December 2021: R14,6 million) was accounted for in other comprehensive income.

A reconciliation of this unlisted equity investment is presented below:

	Unaudited six months ended 30 June 2022 R'000	Audited twelve months ended 31 December 2021 R'000
Opening balance	**44 636**	29 754
Translation difference	**(2 170)**	298
Fair value gains recognised in other comprehensive income	**4 377**	14 584
Closing balance	**46 843**	44 636

Valuation techniques and fair value hierarchy

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

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

12. CONTRACT LIABILITIES

	Unaudited 30 June 2022 R'000	Audited 31 December 2021 R'000
Contract liabilities consist of the following:		
Advance receipts from customers	**89 282**	68 847
Deferred warranty income	**163 498**	149 435
Deferred service contract revenue	**55 110**	62 086
Deferred finance income liability	**67 608**	61 821
	375 498	342 189
Less: current portion	**(269 143)**	(243 832)
Long-term portion	**106 355**	98 357

13. REFUND LIABILITIES

	Unaudited 30 June 2022 R'000	Audited 31 December 2021 R'000
Refund liabilities relate to the following:		
Residual value risk - De Lage Landen International	**24 063**	23 715
Right-to-return parts	**24 065**	22 493
Financing venture with WesBank (note 14)	**4 079**	17 471
	52 207	63 679
Less: current portion	**(40 159)**	(51 693)
Long-term portion	**12 048**	11 986

14. FINANCING VENTURE WITH WESBANK

The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited. In respect of the different categories of financing provided by WesBank, the group carries certain credit risks.

Specific transactions where the group carries all the credit risk (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. The net credit risk is reflected below. The group is required to invest an amount with WesBank equal to 25% of the value of the financing provided by WesBank to customers as collateral in respect of these transactions.

At period end the group's credit risk exposure to WesBank under Bell-backed deals, for which the group carries all the credit risk, totalled	**46 168**	112 739
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	**110 740**	161 521
	(64 572)	(48 782)
Less: allowance for expected credit losses against cash collateral	**(1 360)**	(5 824)
Less: refund liability recognised (note 13)	**(4 079)**	(17 471)
Net credit risk relating to WesBank Bell-backed transactions	-	-
The following amounts were recognised with respect to default customers included in the balances above:		
Reversal of revenue	**1 063**	23 295
Reversal of cost of sales	**786**	17 672
Refund liability recognised (note 13)	**4 079**	17 471
Impairment of cash collateral asset	**1 360**	5 824
Right-of-recovery asset recognised	**5 162**	17 672
Write-down of inventory in respect of equipment recovered	**6 139**	-
The carrying amount of the 25% cash collateral in respect of these Bell-backed deals at period end was	**10 383**	25 187

15. RESTRICTED ACCESS TO CASH AND BANK BALANCES

	Unaudited 30 June 2022 R'000
The group's cash and bank balances includes an amount which forms part of the group's operation in Russia and which is not accessible by the group outside Russia due to sanctions.	
Cash and bank balances in Russia	**41 332**

16. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE INTERIM FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

IAS 36 Impairment of Assets
In terms of IAS 36 *Impairment of Assets* the group is required to perform tests for impairment of assets based on the expected future cash flows pertaining to these assets whenever there is an indication that these assets may be impaired.

Consistent with the position at the 2021 financial year end, the market capitalisation of the group at 30 June 2022 of R1,1 billion (December 2021: R1,2 billion) was significantly lower than the net asset value of the group of R4,0 billion (December 2021: R3,9 billion). This is an indicator of possible impairment in terms of IAS 36. A review was performed at period end to identify any significant changes that may indicate that assets are impaired since the impairment tests conducted at year end.

16.1 Impairment considerations of the cash-generating units (CGUs)
The following steps were followed to assess the CGUs for impairment:
1. The identification of the group's cash generating units was reviewed and it was confirmed that there has been no change in these cash generating units.
2. It was confirmed that there have been no significant changes to long-term financial forecasts since year end and therefore there is no indication of a significant change in the valuation of the cash generating units since then.

No impairment losses relating to specific cash generating units were identified from this review.

Further consideration was given to the possible impairment of specific asset categories on the statement of financial position.

16.2 Impairment considerations of specific asset categories
Inventory
The group conducted a detailed assessment of the valuation of inventory at 30 June 2022. All inventory is valued at the lower of cost and net realisable value. Included in cost of sales in the current period is an amount of R36,2 million (June 2021: R65,6 million) in respect of write-downs of inventory and inventory provisions.

Trade and interest-bearing receivables
The balances owed by customers to the group are reviewed on an ongoing basis, with specific emphasis on protecting the value of the group's security, comprising mainly the financed equipment. There has been no change to the group's approach for measuring allowances for expected credit losses during the current period. At 30 June 2022, the total allowances for expected credit losses on trade and interest-bearing receivables totalled R58,2 million (December 2021: R48,0 million).

Property, plant and equipment
There has been no change in the group's plans to use its assets to support revenue generating activities. Certain of the group's freehold land and buildings were revalued during the current period and a revaluation surplus of R57,8 million was accounted for in comprehensive income for the period. The group's remaining freehold land and buildings will be revalued before year-end. No impairment of property, plant and equipment was considered necessary in the current period.

Intangible assets
A review was conducted of capitalised engineering development costs and projects to the value of R8,1 million (December 2021: Rnil) were discontinued and impaired in the current period as a result of the tests for impairment performed on these intangible assets.

16.3 Impairment considerations of Russian operation
Due to the ongoing Russia-Ukraine conflict and sanctions imposed, the assets relating to the group's operation in Russia were tested for impairment. Access to the cash and bank balances in this operation is restricted at present (refer note 15). The carrying value of inventory in this operation amounts to R27,9 million and this is considered to be recoverable. There are no other significant assets in this operation. No impairment losses were identified from this review.

16. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE INTERIM FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2022 continued

16.4 Directors' assessment of going concern

The group's net debt at 30 June 2022 has increased to approximately R1,4 billion (December 2021: R0,7 billion) due to planned higher production volumes and supply chain challenges experienced. Additional funding lines are being put in place to fund the increase in working capital required to meet the higher production plan and sales outlook as well as to absorb the effects of any further supply chain disruptions.

As part of the assessment of the appropriateness of adopting the going concern basis in preparing the interim results for the period ended 30 June 2022, the directors considered the group's cash flow forecasts for the next twelve months. These forecasts are based on expected demand for the next 12 months. The cash flow forecast reflects that the group expects to operate within facility levels and to generate sufficient cash flows to settle its obligations when due. The group's lenders continue to support the business.

The directors consider it appropriate that the interim financial statements are prepared on a going concern basis.

17. POST FINANCIAL POSITION EVENTS

No fact or circumstance material to the appreciation of these condensed consolidated interim financial statements has occurred between 30 June 2022 and the date of this report.

18. DIVIDEND CONSIDERATIONS

In view of ongoing uncertainty globally, seen with potential further investment in the Company's own operations due to the current improvement in market demand continuing during the second half of the financial year of 2022 and beyond, the Board resolved not to declare an interim dividend for the six-month period ended 30 June 2022 (30 June 2021: no interim dividend declared).

By order of the board
7 September 2022

Directors
Non-executive
GW Bell (Chairman), HR van der Merwe* (Lead Independent), DH Lawrance*,
ME Ramathe*, R Naidu*, U Maharaj*, M Geyer*, AJ Bell
**Independent*

Executive
L Goosen (Group Chief Executive), A Goordeen (Alternate), KJ van Haght (Group Finance Director)

Company Secretary
D McIlrath

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

Transfer Secretaries
JSE Investor Services Proprietary Limited
19 Ameshoff Street, Johannesburg, 2000

Sponsor
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196

Release date: 9 September 2022

www.bellir.co.za

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