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STRONG RELIABLE SUPPORT

2020

BELL EQUIPMENT LIMITED

PROVISIONAL REVIEWED RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Joint report by the Chairman and Chief Executive

Overview

A decline in sales for the year of 14% led to the Bell Equipment group reporting a loss after tax for the 2020 financial year of R57,2 million, after reporting a loss at half year end for the six months to 30 June 2020 of R52,3 million. With the focus on cash preservation and working capital management, the positive aspect of the results is the reduction achieved in inventory and borrowings levels despite all the negative impacts on the business brought about by the COVID-19 pandemic.

COVID-19 and subsequent lockdown restrictions had a devastating impact on the supply chain, customer operations and purchases. Furthermore, overall global markets have shrunk and competition has increased putting margins under immense pressure.

The group implemented 20% short time across all operations from May to July 2020. GEC members took a 25% salary reduction during the same period and the board of directors sacrificed 30% of their director's meeting fees for six months. The protection of jobs remains a top priority, with all capex delayed and discretionary expenses halted to manage cashflow and trim expenses to match the reduced income levels.

Following several years of large expansions in Europe and the US, Bell Equipment finds itself in a consolidation phase where no major expansionary capex spend has been budgeted for the foreseeable future.

Following the successful conclusion of BBBEE transactions, which took effect on 1 January 2020, both BECSA and BESSA are 51% black owned. BECSA achieved a Level 2 BEE recognition in the period under review, in line with our commitment to our transformation responsibilities. The transformation is particularly advantageous to Bell customers as BESSA is now a 51% black owned and 30% black women owned entity, with a Level 1 BEE recognition, which allows any customer to claim maximum points for their own scorecards from any purchase from Bell.

In August 2020 John Deere and Bell mutually agreed to change the distribution arrangements that are in place in certain southern African markets whereby Bell exclusively distributed John Deere construction and forestry products under the Bell marque.

From March 2021 Bell transitioned to a non exclusive John Deere dealer arrangement to allow John Deere to engage with and start appointing additional dealers. Bell will continue to distribute John Deere products until January 2023 and will provide aftermarket, technical and product support to customers for a further 10 years thereafter.

Post the financial year end, Bell has been appointed as the distributor for the full range of JCB construction products in South Africa effective 1 May 2021. This change presents an exciting and important opportunity to reinvigorate the product lines affected by the changes in relationship with John Deere, as well as additional products, and will enable Bell to be better positioned as a full line distributor in this important market.

In addition to changes to our strategic partnership with John Deere, in early November 2020 the company was notified by IA Bell & Company, a 38,7% shareholder in the company, that it had entered into a formal binding agreement to acquire John Deere's 31,37% shareholding in the company, subject to certain conditions precedent.

On 9 March 2021, the company received notification of a non-binding expression of interest from IA Bell & Company in respect of a possible transaction to acquire the entire issued ordinary share capital of the company not already held by or to be acquired by IA Bell & Company if the John Deere transaction outlined above is implemented, by way of a scheme of arrangement in terms of section 114 of the Companies Act, subject to the fulfilment of certain conditions precedent, and further subject to the John Deere transaction becoming unconditional and being implemented.

Shareholders will be informed if, and when, the company is advised that a binding offer is being made and the company will continue to comply with the JSE Listings Requirements and will comply with the Takeover Regulation Panel requirements, to the extent applicable, in this regard.

Throughout this process the board is focussed on sound governance, looking after shareholders, employees and customers as a priority.

Outlook

The sentiment going into 2021 has been cautiously optimistic from most regions with a healthy order book in place for the first half of the year. An easing of restrictions for business is evident, with several mining and infrastructure projects coming online or being unlocked in the short term.

Although the group anticipates another tough year on the road to recovery, we believe that with an ongoing focus on cash preservation and expenses management, we have the capacity, the people and leading products to recover from the devastation caused by the virus.

Restructuring is being investigated in terms of location rationalisation and efficiency improvements, however no retrenchments are planned at this stage as people are critical to our operational objective of selling to and supporting customers and their Bell machines.

The industry outlook for South Africa remains depressed as the country grapples with low infrastructure spending in a weakened economy with spiralling national debt. The announced partnership with JCB should lead to some gains within the markets and growth for the company. JCB has significant market share in the sectors in which it is active, and Bell has increased its resources to ensure our support is able to match the machine population.

Bell Equipment, as one of the country's leading OEMs and a significant employer, continues to pursue government mechanisms that would focus on off road ADTs imported into South Africa to level the playing field and help to preserve the jobs it creates.

Dividends

The board has resolved not to declare a final dividend for the 2020 financial year.

Independent auditor's review report on condensed consolidated financial statements

To the shareholders of Bell Equipment Limited

We have reviewed the condensed consolidated financial statements of Bell Equipment Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of preparation in Note 1, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing.

Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Bell Equipment Limited for the year ended 31 December 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in Note 1 to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per Andrew Kilpatrick CA(SA), RA
Partner

13 April 2021

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Condensed consolidated statement of financial position

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed Restated* 31 December 2019 R'000	Reviewed Restated* 1 January 2019 R'000
ASSETS			
Non-current assets	**1 845 721**	1 654 162	1 360 709
Property, plant and equipment	**935 152**	910 296	885 966
Right-of-use assets **	**287 395**	173 281	-
Intangible assets	**277 787**	294 725	237 964
Investments	**33 615**	25 790	23 584
Interest-bearing receivables	**90 584**	80 220	69 226
Deferred taxation	**221 188**	169 850	143 969
Current assets	**4 794 218**	5 373 717	5 168 794
Inventory	**3 595 163**	4 125 460	3 867 470
Trade and other receivables	**884 146**	894 671	868 519
Current portion of interest-bearing receivables	**118 784**	151 928	209 781
Contract assets	**28 276**	28 035	22 839
Prepayments	**22 774**	29 550	31 636
Other financial assets	**10 231**	6 759	6 757
Current taxation assets	**52 093**	46 151	13 347
Cash and bank balances	**82 751**	91 163	148 445
TOTAL ASSETS	**6 639 939**	7 027 879	6 529 503
EQUITY AND LIABILITIES			
Capital and reserves	**3 503 778**	3 386 813	3 329 098
Stated capital (note 7)	**235 541**	232 499	232 499
Non-distributable reserves	**891 355**	727 261	679 411
Retained earnings	**2 360 316**	2 417 620	2 393 218
Attributable to owners of Bell Equipment Limited	**3 487 212**	3 377 380	3 305 128
Non-controlling interest	**16 566**	9 433	23 970
Non-current liabilities	**759 326**	594 319	632 284
Interest-bearing liabilities	**204 319**	260 399	385 044
Lease liabilities **	**282 543**	110 139	-
Contract liabilities (note 15)	**125 828**	113 329	118 897
Refund liabilities (note 16)	**54 308**	-	-
Provisions	**29 646**	29 451	59 513
Deferred taxation	**62 682**	81 001	68 830
Current liabilities	**2 376 835**	3 046 747	2 568 121
Trade and other payables	**933 054**	988 413	1 095 060
Current portion of interest-bearing liabilities	**547 376**	1 013 305	750 381
Current portion of lease liabilities **	**49 673**	100 757	-
Current portion of contract liabilities (note 15) ***	**209 562**	159 911	171 317
Current portion of refund liabilities (note 16) ***	**27 400**	16 785	11 387
Current portion of provisions	**110 786**	93 043	88 439
Other financial liabilities	**14 476**	2 347	10 648
Current taxation liabilities	**3 116**	6 063	23 194
Bank overdrafts and borrowings on call	**481 392**	666 123	417 695
TOTAL EQUITY AND LIABILITIES	**6 639 939**	7 027 879	6 529 503

* Refer to restatements of prior periods in note 13.

** The increase in right-of-use assets and lease liabilities includes the extension of the lease of the group's customer service centre and logistics centre premises in Jet Park, Johannesburg for a further 12 year period for an amount of R158,3 million.

*** Refer to reclassifications of prior periods in note 14.

Condensed consolidated statement of profit or loss

for the year ended 31 December 2020

	Reviewed 2020 R'000	Reviewed Restated* 2019 R'000
Revenue (note 2)	**6 690 277**	7 823 169
Cost of sales	**(5 456 345)**	(6 375 387)
Gross profit	**1 233 932**	1 447 782
Other operating income	**112 679**	188 995
Distribution costs	**(744 930)**	(792 747)
Administration expenses	**(89 815)**	(113 361)
Factory operating expenses **	**(476 248)**	(512 186)
Profit from operating activities (note 3)	**35 618**	218 483
Interest expense (note 4)	**(154 168)**	(166 157)
Interest income (note 5)	**51 025**	54 198
(Loss) profit before taxation	**(67 525)**	106 524
Taxation credit (expense)	**10 366**	(54 261)
(Loss) profit for the year	**(57 159)**	52 263
(Loss) profit for the year attributable to:		
- Owners of Bell Equipment Limited	**(64 292)**	66 800
- Non-controlling interest	**7 133**	(14 537)
(Loss) earnings per share (basic)(cents) (note 6)	**(67)**	70
(Loss) earnings per share (diluted)(cents) (note 6)	**(65)**	70

* Refer to restatements of prior periods in note 13.

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

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2020

	Reviewed 2020 R'000	Reviewed Restated* 2019 R'000
(Loss) profit for the year	**(57 159)**	52 263
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising during the year	**163 025**	(49 230)
Exchange differences on translating foreign operations	**163 025**	(50 472)
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	**-**	1 242
Items that may not be reclassified subsequently to profit or loss:	**4 457**	16 302
(Loss) surplus arising on revaluation of properties	**(120)**	15 536
Taxation relating to revaluation of properties	**-**	(4 229)
Fair value gain on investments designated as at fair value through other comprehensive income **	**4 577**	4 995
Other comprehensive income (loss) for the year, net of taxation	**167 482**	(32 928)
Total comprehensive income for the year	**110 323**	19 335
Total comprehensive income attributable to:		
- Owners of Bell Equipment Limited	**103 190**	33 872
- Non-controlling interest	**7 133**	(14 537)

* Refer to restatements of prior periods in note 13.

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

Condensed consolidated statement of cash flows

for the year ended 31 December 2020

	Reviewed 2020 R'000	Reviewed Restated* 2019 R'000
Cash generated from operations before working capital changes	**410 308**	616 212
Cash generated from (utilised in) working capital	**585 929**	(659 472)
Cash generated from (utilised in) operations	**996 237**	(43 260)
Interest paid	**(170 686)**	(152 469)
Interest received	**60 772**	57 708
Taxation paid	**(67 691)**	(122 851)
Net cash generated from (utilised in) operating activities	**818 632**	(260 872)
Purchase of property, plant and equipment and intangible assets	**(84 551)**	(182 025)
Proceeds on disposal of property, plant and equipment and intangible assets	**7 875**	34 330
Additions to right-of-use assets	**(6 152)**	-
Purchase of listed investments	**-**	(667)
Proceeds on disposal of listed investments	**-**	2 415
Net cash utilised in investing activities	**(82 828)**	(145 947)
Interest-bearing liabilities raised	**649 562**	1 271 977
Interest-bearing liabilities repaid	**(1 155 564)**	(1 049 096)
Lease liabilities repaid	**(56 525)**	(78 737)
Proceeds from share options exercised	**3 042**	-
Dividends paid	**-**	(43 035)
Net cash (utilised in) generated from financing activities	**(559 485)**	**101 109**
Net increase (decrease) in cash for the year	**176 319**	(305 710)
Net bank overdrafts and borrowings on call at beginning of the year	**(574 960)**	(269 250)
Net bank overdrafts and borrowings on call at end of the year	**(398 641)**	(574 960)
Comprising:		
Cash and bank balances	**82 751**	91 163
Bank overdrafts and borrowings on call	**(481 392)**	(666 123)
Net bank overdrafts and borrowings on call at end of the year	**(398 641)**	(574 960)

* Refer to restatements of prior periods in note 13.

Condensed consolidated statement of changes in equity

for the year ended 31 December 2020

	Reviewed					
	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 1 January 2019 - audited	232 499	679 411	2 440 926	3 352 836	18 673	3 371 509
Effect of errors relating to prior periods *	-	-	(47 708)	(47 708)	5 297	(42 411)
Balance at 1 January 2019 (restated) *	232 499	679 411	2 393 218	3 305 128	23 970	3 329 098
Total comprehensive (loss) income attributable to owners of Bell Equipment Limited (restated) *	-	(32 928)	66 800	33 872	-	33 872
Total comprehensive loss attributable to non-controlling interest	-	-	-	-	(14 537)	(14 537)
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	-	(418)	418	-	-	-
Decrease in statutory reserves of foreign subsidiaries	-	(219)	219	-	-	-
Decrease in equity-settled employee benefits reserve	-	(901)	-	(901)	-	(901)
Share-based payment relating to BBBEE ownership transaction	-	82 316	-	82 316	-	82 316
Dividends paid	-	-	(43 035)	(43 035)	-	(43 035)
Balance at 31 December 2019 (restated) *	**232 499**	**727 261**	**2 417 620**	**3 377 380**	**9 433**	**3 386 813**
Total comprehensive income (loss) attributable to owners of Bell Equipment Limited	**-**	**167 482**	**(64 292)**	**103 190**	**-**	**103 190**
Total comprehensive income attributable to non-controlling interest	**-**	**-**	**-**	**-**	**7 133**	**7 133**
Increase in statutory reserves of foreign subsidiaries	**-**	**550**	**(550)**	**-**	**-**	**-**
Decrease in equity-settled employee benefits reserve	**-**	**(7 538)**	**7 538**	**-**	**-**	**-**
BBBEE shareholders' loans	**-**	**3 600**	**-**	**3 600**	**-**	**3 600**
Share options exercised	**3 042**	**-**	**-**	**3 042**	**-**	**3 042**
Balance at 31 December 2020	**235 541**	**891 355**	**2 360 316**	**3 487 212**	**16 566**	**3 503 778**

* Refer to restatements of prior periods in note 13.

Significant notes to the provisional reviewed results

for the year ended 31 December 2020

1. BASIS OF PREPARATION

The recognition and measurement criteria applied in the preparation of these condensed consolidated financial statements are in terms of International Financial Reporting Standards (IFRS). The same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the most recent annual consolidated financial statements. The presentations and disclosures in these condensed consolidated 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 2020. The adoption of these amended standards has not had any significant impact on the amounts reported in the condensed consolidated financial statements or the disclosures herein.

The provisional consolidated financial statements are prepared in accordance with the requirements of the JSE Limited's Listings Requirements for provisional reports and the requirements of the Companies Act in South Africa. The provisional consolidated financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS. The Listings Requirements require provisional 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 provisional report was supervised by the Group Finance Director, KJ van Haght CA(SA).

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

These results have been reviewed by the group's auditor, Deloitte & Touche, who expressed an unmodified review conclusion.

2. REVENUE

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

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

Disaggregation of revenue

	Manufacturing, Assembly, Logistics and Dealer Sales Operations		Direct Sales Operations		
	South Africa R'000	Europe R'000	South Africa R'000	Rest of Africa R'000	Total Revenue R'000
December 2020 - reviewed					
Revenue					
Sale of equipment *	**628 943**	**1 992 531**	**1 930 571**	**133 433**	**4 685 478**
Sale of parts	**335 756**	**245 576**	**715 520**	**162 230**	**1 459 082**
Service income	**41 463**	**73 161**	**179 977**	**23 713**	**318 314**
Extended warranty	**66 730**	**1 415**	**-**	**-**	**68 145**
Rental income	**-**	**8 649**	**148 835**	**1 774**	**159 258**
Total revenue	**1 072 892**	**2 321 332**	**2 974 903**	**321 150**	**6 690 277**
December 2019 - reviewed					
Revenue					
Sale of equipment	996 473	2 474 189	2 012 386	186 549	5 669 597
Sale of parts	310 449	275 779	766 435	167 427	1 520 090
Service income	52 207	86 619	205 948	26 947	371 721
Extended warranty	82 437	677	-	-	83 114
Rental income	-	8 968	168 303	1 376	178 647
Total revenue	1 441 566	2 846 232	3 153 072	382 299	7 823 169

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

	Reviewed 2020 R'000	Reviewed 2019 R'000
Timing of revenue recognition		
At a point in time		
Sale of equipment	**4 685 478**	5 669 597
Sale of parts	**1 459 082**	1 520 090
Service income	**318 314**	371 721
Total	**6 462 874**	7 561 408
Over time		
Extended warranty	**68 145**	83 114
Rental income	**159 258**	178 647
Total	**227 403**	261 761
Total revenue	**6 690 277**	7 823 169

* Sale of equipment in manufacturing, assembly, logistics and dealer sales operations in Europe has been reduced by an amount of R81,7 million (2019: Rnil) relating to the expected loss on sales transactions concluded with residual value guarantees.

Included in revenue for the year is an amount of R82,6 million relating to a bill and hold arrangement for the sale of equipment to a particular customer. Control of the equipment has passed to the customer 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 year 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.

3. PROFIT FROM OPERATING ACTIVITIES

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

	Reviewed 2020 R'000	Reviewed Restated* 2019 R'000
Income		
Currency exchange gains (i)	**198 676**	145 646
Decrease in allowance for expected credit losses	**29 465**	10 490
The Automotive Production Development Programme - production incentives	**62 630**	117 171
Net surplus on disposal of property, plant and equipment and intangible assets	**4 314**	1 544
Expenditure		
Amortisation of intangible assets	**32 914**	27 644
Amounts written off as credit impaired	**31 732**	22 675
Auditors' remuneration - audit and other services	**15 295**	12 651
BBBEE share-based payment charges (ii)	**-**	82 317
Consulting fees (iii)	**25 476**	35 275
Currency exchange losses (i)	**245 379**	133 033
Depreciation of property, plant and equipment	**140 834**	133 893
Depreciation of right-of-use assets	**69 561**	74 853
Impairment loss recognised on revaluation of buildings **	**31 873**	1 085
Impairment loss recognised on plant and equipment **	**1 067**	-
Impairment loss recognised on intangible assets **	**23 254**	-
Increase in contract provision - warranty (iv) ***	**957**	24 313
Lease expenses (v)	**17 304**	18 467
Research expenses (excluding staff costs)	**34 808**	34 433
Staff costs (including directors' remuneration and severance pay) (vi)	**1 298 249**	1 435 694

(i) Net currency exchange losses arose mainly on foreign currency denominated inventory purchases and trade and other payables as a result of the Rand weakening against the Euro and the USD in the current year.

(ii) In the prior year an IFRS 2 share-based payment charge was recognised as part of the BBBEE ownership transaction.

(iii) Consulting fees includes services relating to the BBBEE ownership transaction concluded in 2019, foreign currency risk management, taxation advisory and the outsourcing of the internal audit function.

(iv) The increase in the warranty provision in 2019 related to specific warranty campaigns.

(v) Included in lease expenses are amounts for short-term leases and leases of low value assets.

(vi) Staff costs decreased by 9,6% mainly due to a reduction in contract labour at the manufacturing facilities and group-wide salary reductions of 20% for staff members and 25% for the executive directors for the period May to July 2020.

* Refer to restatements of prior periods in note 13.

** Refer to the impairment considerations in note 17.

*** Provision for standard warranty costs has been restated. Refer to restatements of prior periods in note 13.

4. INTEREST EXPENSE

	Reviewed 2020 R'000	Reviewed 2019 R'000
Interest expense consists of the following:		
Interest expense on bank overdrafts and loans	**35 096**	41 364
Interest expense on collateralised borrowings	**16 921**	25 877
Interest expense on lease liabilities	**36 490**	21 748
Interest expense on Industrial Development Corporation (IDC) of South Africa working capital facility	**58 179**	61 594
Other interest expenses *	**7 482**	15 574
Total interest expense	**154 168**	166 157

* Includes interest expenses relating to extended credit terms granted to the group for goods purchased in the normal course of business.

5. INTEREST INCOME

	Reviewed 2020 R'000	Reviewed 2019 R'000
Interest income consists of the following:		
Interest income from service contracts	**5 716**	5 602
Interest income from extended warranty contracts	**18 534**	18 167
Interest income from finance lease receivables	**2 980**	3 121
Interest income from instalment sale agreements	**14 136**	18 122
Interest income from financial institutions	**2 243**	4 519
Other interest income *	**7 416**	4 667
Total interest income	**51 025**	54 198

* Includes interest income received from customers on extended credit terms provided.

6. (LOSS) EARNINGS AND NET ASSET VALUE PER SHARE

		Reviewed 2020	Reviewed Restated* 2019
Basic (loss) earnings per share is arrived at as follows:			
(Loss) profit attributable to owners of Bell Equipment Limited	(R'000)	**(64 292)**	66 800
Weighted average number of shares in issue	(000)	**95 629**	95 629
(Loss) earnings per share (basic)	**(cents)**	**(67)**	70
Diluted (loss) earnings per share is arrived at as follows:			
(Loss) profit attributable to owners of Bell Equipment Limited	(R'000)	**(64 292)**	66 800
Fully converted weighted average number of shares	(000)	**98 604**	95 629
(Loss) earnings per share (diluted)	**(cents)**	**(65)**	70

The group has potential ordinary shares relating to the unexercised options in the group's equity-settled employee share option plan. There was no dilutive impact from these options in the current year as the market price was below the option price. In addition, the group has potential ordinary shares relating to the shareholding of BBBEE parties in certain group entities. These BBBEE 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.

		Reviewed 2020	Reviewed Restated* 2019
Headline (loss) earnings per share is arrived at as follows:			
(Loss) profit attributable to owners of Bell Equipment Limited	(R'000)	**(64 292)**	66 800
Net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	**(4 314)**	(1 544)
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	**1 207**	389
Impairment loss recognised on intangible assets	(R'000)	**23 254**	-
Taxation effect of impairment loss on intangible assets	(R'000)	**(6 511)**	-
Impairment loss recognised on revaluation of buildings	(R'000)	**31 873**	1 085
Taxation effect of impairment loss recognised on revaluation of buildings	(R'000)	**(11 156)**	(380)
Impairment loss recognised on plant and equipment	(R'000)	**1 067**	-
Taxation effect of impairment loss recognised on plant and equipment	(R'000)	**(299)**	-
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	(R'000)	**-**	1 242
Headline (loss) earnings	(R'000)	**(29 171)**	67 592
Weighted average number of shares in issue	(000)	**95 629**	95 629
Headline (loss) earnings per share (basic)	**(cents)**	**(31)**	71
Diluted headline (loss) earnings per share is arrived at as follows:			
Headline (loss) earnings calculated above	(R'000)	**(29 171)**	67 592
Fully converted weighted average number of shares	(000)	**98 604**	95 629
Headline (loss) earnings per share (diluted)	**(cents)**	**(30)**	71

Headline earnings is calculated in accordance with *Circular 1/2019 Headline Earnings* issued by the South African Institute of Chartered Accountants.

		Reviewed 2020	Reviewed Restated* 2019
Net asset value per share is arrived at as follows:			
Total capital and reserves	(R'000)	**3 503 778**	3 386 813
Number of shares in issue	(000)	**95 629**	95 629
Net asset value per share	**(cents)**	**3 664**	3 542

* Refer to restatements of prior periods in note 13.

7. STATED CAPITAL

	Reviewed 2020 R'000	Reviewed 2019 R'000
Authorised		
100 000 000 (2019: 100 000 000) ordinary shares of no par value		
Issued		
95 629 385 (2019: 95 629 385) ordinary shares of no par value	**235 541**	232 499

8. CAPITAL EXPENDITURE COMMITMENTS

	Reviewed 2020 R'000	Reviewed 2019 R'000
Contracted	**8 262**	13 148
Authorised, but not contracted	**103 835**	60 830
Total capital expenditure commitments	**112 097**	73 978

This capital expenditure is to be financed from internal resources.

Significant notes to the provisional reviewed results continued

for the year ended 31 December 2020

9. 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 partner products and the supply of aftermarket support and products to market.

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

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

	External Revenue R'000	Inter-segment Revenue R'000	Total Revenue R'000	Operating (loss) profit R'000	Assets R'000	Liabilities R'000
December 2020						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa	**1 072 892**	**3 169 922**	**4 242 814**	**(64 778)**	**4 159 869**	**3 357 809**
Europe	**2 321 332**	**249 894**	**2 571 226**	**(73 982)**	**1 988 767**	**1 440 074**
Direct Sales operations						
South Africa	**2 974 903**	**19 498**	**2 994 401**	**125 664**	**1 748 995**	**1 661 754**
Rest of Africa	**321 150**	**2 606**	**323 756**	**(17 791)**	**228 416**	**223 118**
Other operations and inter-segmental eliminations *	**-**	**(3 441 920)**	**(3 441 920)**	**66 505**	**(1 486 108)**	**(3 546 594)**
Total	**6 690 277**	**-**	**6 690 277**	**35 618**	**6 639 939**	**3 136 161**
December 2019 **						
Manufacturing, assembly, logistics and dealer sales operations						
South Africa	1 441 566	4 097 807	5 539 373	101 690	4 437 017	2 594 587
Europe	2 846 232	205 008	3 051 240	72 657	1 928 295	1 435 877
Direct Sales operations						
South Africa	3 153 072	13 806	3 166 878	22 835	2 013 156	1 928 992
Rest of Africa	382 299	4 630	386 929	48 476	295 059	272 524
Other operations and inter-segmental eliminations *	-	(4 321 251)	(4 321 251)	(27 175)	(1 645 648)	(2 590 914)
Total	7 823 169	-	7 823 169	218 483	7 027 879	3 641 066

Information about major customers

Included in the manufacturing, assembly, logistics and dealer sales operations segment, in South Africa and Europe, are sales to a distributor in the United States of America which represent more than 10% of the group's external revenue. No other single customer contributed 10% or more to the group's revenue in either 2020 or 2019.

* 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 (loss) profit - the elimination of profit or loss on intra-group transactions, mainly sales transactions from the manufacturing, assembly, logistics and dealer sales operations to the other group operations, where the inventory has not yet been on-sold to a third party at period end.

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

** The segment information has been adjusted for restatements as disclosed in note 13.

10. CONTINGENT ASSETS AND LIABILITIES

10.1 Contingent assets

10.1.1 Reimbursement right relating to standard warranty in respect of manufactured goods

As part of the standard conditions of sale, the group provides a standard warranty on manufactured equipment sold to the customer. In terms of the warranty policy the group undertakes to make good any defects for an average period of 12 months. At the time of the sale, the group raises a provision for the estimated expenditure required to settle the group's obligation based on past experience of the timing and value of this cost, which in certain circumstances extends beyond the 12 month period contained in the group's standard warranty policy. The group also raises a provision for warranty campaigns, at the time that a decision is made to launch a warranty campaign, based on the number of machines to be included in the campaign and the estimated expenditure required to be spent on each machine to rectify the particular defect.

The group has the right to recover certain warranty costs incurred on manufactured equipment from the group's component suppliers. The group recognises the reimbursement asset only when it is virtually certain that reimbursement will be received from the component supplier. In the group's judgement, the group's right to reimbursement is assessed as virtually certain when the group receives a valid warranty claim against the standard warranty policy from a customer and this is recognised as a financial asset under trade and other receivables. The amount included under trade and other receivables as at 31 December 2020 amounts to R8,5 million (2019: R5,2 million). Prior to the receipt of claims from customers, no reimbursement asset is recognised on the statement of financial position and the group only has a contingent asset which has been disclosed below:

	Reviewed 2020 R'000	Reviewed Restated* 2019 R'000
Reimbursement right from component suppliers in respect of standard warranties where virtual certainty has not yet been established	**25 280**	22 290

* This contingent asset relates to the restatement of prior periods reflected in note 13.

10.2 Contingent liabilities

10.2.1 WesBank - credit risk

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

In respect of the different categories of financing provided by WesBank, the group carries certain credit risks. For Bell-backed transactions, on which the group is liable for all the credit risk, 25% cash collateral on the capital and arrears balance on the portfolio is required to be invested with WesBank. On initial recognition of revenue, an assessment of the transaction price is performed and revenue is recognised to the extent that it is highly probable that reversal of revenue will not occur in future periods. The security that the group and WesBank has in the financed equipment is taken into consideration in this assessment. A refund liability to WesBank is recognised for the portion of the transaction price not recognised in revenue. Based on the group's history of Bell-backed sales transactions, the rate of customer default is low and the likelihood of reversal of revenue is insignificant.

Subsequent to initial recognition, where customers are in arrears with WesBank and there is a shortfall between the estimated realisation values of the equipment and the balances due by the customers to WesBank, an assessment of any additional security is done on an individual contract basis, an expected credit loss assessment is done on the cash collateral and a refund liability is recognised to the extent of the group's liability towards WesBank. A corresponding right of recovery asset is recognised for the value of the equipment held as security. In assessing the group's credit risk exposure to these transactions, the group also uses an expected default rate based on historical trends and forward looking information to measure expected credit losses on a portfolio basis. The inputs and indicators taken into account when measuring the expected credit losses are the same as for trade receivables.

Bell-backed

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.

	Reviewed 2020 R'000	Reviewed 2019 R'000
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	**165 612**	222 332
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	**262 802**	272 851
	(97 190)	(50 519)
Less: allowance for expected credit losses against cash collateral	**(4 319)**	(2 046)
Net credit risk relating to WesBank Bell-backed transactions	**-**	-

10.2 Contingent liabilities continued

10.2.1 WesBank - credit risk continued

Bell-backed continued

In the current year a number of customers on the Bell-backed portfolio applied for and were granted payment moratoriums for a three-month period as a result of the impact of COVID-19 on their businesses. In almost all cases, customers resumed normal repayments during the second half of 2020.

All customer balances in the portfolio were assessed on the basis described above and an additional allowance for expected credit losses of R2,3 million was made against the cash collateral at the end of the reporting period. Based on the insignificant historical loss rate on Bell-backed transactions, market conditions, market prices which are expected to be realised for the equipment held as security, in respect of which the exchange rate and the weak South African Rand is a significant factor, management concluded that the risk of expected credit losses on a portfolio basis was reduced to an insignificant amount.

10.2.2 Third party warranties and indemnities

	Reviewed 2020 R'000	Reviewed 2019 R'000
Warranties and indemnities limited to USD3 million have been provided relating to the sale of assets of the DRC operation in 2018.	**44 057**	42 023

11. RELATED PARTY TRANSACTIONS

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

	Reviewed 2020 R'000	Reviewed 2019 R'000
Shareholders		
John Deere Construction and Forestry Company		
- sales	**15 536**	20 075
- purchases	**334 575**	507 721
- amounts owing to as part of trade and other payables	**89 402**	68 899
- amounts owing by as part of trade and other receivables	**4 921**	3 834

12. 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 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, refund liabilities, bank overdrafts and borrowings on call and forward foreign exchange contracts.

Fair value of financial instruments
Financial assets at amortised cost
Financial assets comprising interest-bearing receivables, trade and other receivables and cash and bank balances are measured at amortised cost. The directors consider that the carrying amount of trade and other receivables and cash and bank balances approximates their fair value due to the short-term nature of these instruments. The directors consider that 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
Financial liabilities comprising interest-bearing liabilities, trade and other payables, refund liabilities and bank overdrafts and borrowings on call are measured at amortised cost. The directors consider that the carrying amount of trade and other payables and bank overdrafts and borrowings on call approximates their fair value due to the short-term nature of these instruments. The directors consider that the carrying amount of interest-bearing liabilities approximates their fair value owing to the market related interest rates on these instruments. The directors consider that the carrying amount of refund liabilities approximates their fair value based on the assessment of expected market values to be realised on machines and the related discount rate utilised to determine the present value of the liability.

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 financial assets or liabilities. The group measures forward foreign exchange contracts at fair value on a recurring basis based on the market approach, using inputs other than quoted prices (Level 2). The fair value of these contracts is based on observable forward exchange rates at year-end from an independent provider of financial market data.

The details, including the inputs, of these contracts held at 31 December 2020 are listed below:

	Foreign amount 000	Rate R	Market value in Rands R'000	Fair value gain (loss) R'000
2020				
Import contracts				
British Pound	**497**	**20,42**	**10 012**	**(147)**
Euro	**6 735**	**18,27**	**122 021**	**(1 009)**
Japanese Yen	**414 505**	**6,52**	**59 391**	**(4 160)**
United States Dollar	**5 208**	**15,90**	**76 742**	**(6 089)**
Export contracts				
Euro	**4 482**	**18,97**	**81 182**	**3 842**
United States Dollar	**3 044**	**15,53**	**44 840**	**2 427**
2019				
Import contracts				
Japanese Yen	322 531	7,29	41 926	(2 288)
Export contracts				
Euro	3 344	16,58	52 919	2 532
United States Dollar	360	14,89	5 070	298

12. 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 2,23 (December 2019: 1,99) applied to the estimated net asset value of the entity as at 31 December 2020. The price to book ratio of 2,23 (December 2019: 1,99) represents an average of observable price to book ratios of a number of entities within the heavy equipment industry. The price to book ratios were obtained from a reputable market database. For a 10% increase in the price to book ratio, there would have been a 10% increase in the fair value of the investment. The fair value gain of R4,0 million (December 2019: R6,9 million) was accounted for in other comprehensive income.

A reconciliation of this investment is presented below:

	Reviewed 2020 R'000	Reviewed 2019 R'000
Opening balance	**22 598**	16 661
Translation difference	**3 158**	(919)
Fair value gains recognised in other comprehensive income	**3 998**	6 856
Closing balance	**29 754**	22 598

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 year.

13. PRIOR PERIOD RESTATEMENTS

In the current year the group corrected the following errors:

1. **Provision for standard warranty costs recognised on gross basis**
A standard warranty is provided by the group to customers as a standard condition of sale on manufactured machines. The provision for standard warranty costs for machines manufactured by the group was previously recognised on a net basis, based on the group's best estimate of the expenditure required to settle the group's obligation net of expected recoveries from third party component suppliers. This has been corrected in the current year to recognise the group's obligations to customers on manufactured machines on a gross basis, without a reduction in the provision for the amounts expected to be recovered from third party component suppliers. A receivable is recognised for the recovery of warranty costs from these component suppliers only when there is virtual certainty that reimbursement will be received. In the group's judgement, virtual certainty exists at the point in time when a valid claim against the group's warranty policy is received from a customer.

2. **Provision for standard warranty costs on manufactured machines beyond 12 months**
The calculation of the standard warranty provision has been corrected in the current year to recognise that although the group's standard warranty policy on manufactured machines is generally for a period of 12 months after the sale of manufactured machines, past experience reflects that certain customer warranty claims are settled by the group beyond this period and that there is therefore a constructive obligation, in certain circumstances, beyond 12 months after the sale of machines. The corrected standard warranty provision represents the present value of the group's best estimate of the future expenditure required to settle the group's standard warranty obligation on machines sold based on past experience of the value and timing of these costs. Previously, the standard warranty provision was based on the 12 month period in the standard warranty policy and conditions of sale.

3. **Warranty repair work in progress**
Warranty repair work in progress that was recognised as inventory by subsidiaries at the end of the reporting period, in respect of warranty claims received from customers, was previously recognised as inventory in the consolidated statement of financial position and was not adjusted on consolidation. This has been corrected in the current year and the warranty repair work in progress at year end at subsidiaries has been adjusted on consolidation to reallocate this to the standard warranty provision or to warranty expenses, as applicable.

4. **Non-controlling interest**
The non-controlling interest (NCI) has been corrected in the current year for the following:
   - the impact of a measurement error on initial recognition (R11,2 million increase in NCI).
   - the impact of the correction of errors relating to the standard warranty provision on the relevant group operation (R5,9 million decrease in NCI).

5. **Contract assets**
Recoverable service and repair work in progress on customer machines of R28,0 million at 31 December 2019 (2018: R22,8 million) was recognised as contract assets in the current year. This was previously incorrectly classified as inventory.

6. **Interest-bearing receivables in statement of cash flows**
Net cash inflows of R11,6 million for the year ended 31 December 2019 from interest-bearing receivables, relating to the WesBank cash collateral, were included as part of operating activities in the consolidated statement of cash flows. Previously these cash flows were incorrectly classified as investing activities.

Prior periods have been restated accordingly.

13. PRIOR PERIOD RESTATEMENTS continued

The restatement adjustments relating to the correction of the above errors are as follows:

13.1 The following items within the condensed consolidated statement of financial position were impacted by the correction of the prior period errors and reclassifications:

as at 31 December 2019	Reviewed As previously reported R'000	Correction of errors R'000	Reclassifications (note 14) R'000	**Reviewed Restated R'000**
ASSETS				
Non-current assets	1 634 289	19 873	-	**1 654 162**
Deferred taxation	149 977	19 873	-	**169 850**
Current assets	5 397 683	(23 966)	-	**5 373 717**
Inventory	4 177 461	(52 001)	-	**4 125 460**
Contract assets	-	28 035	-	**28 035**
TOTAL ASSETS	7 031 972	(4 093)	-	**7 027 879**
EQUITY AND LIABILITIES				
Capital and reserves	3 437 916	(51 103)	-	**3 386 813**
Retained earnings	2 474 020	(56 400)	-	**2 417 620**
Attributable to owners of Bell Equipment Limited	3 433 780	(56 400)	-	**3 377 380**
Non-controlling interest	4 136	5 297	-	**9 433**
Non-current liabilities	566 864	27 455	-	**594 319**
Provisions	1 996	27 455	-	**29 451**
Current liabilities	3 027 192	19 555	-	**3 046 747**
Trade and other payables	1 034 349	-	(45 936)	**988 413**
Current portion of contract liabilities	130 760	-	29 151	**159 911**
Current portion of refund liabilities	-	-	16 785	**16 785**
Current portion of provisions	73 488	19 555	-	**93 043**
TOTAL EQUITY AND LIABILITIES	7 031 972	(4 093)	-	**7 027 879**
as at 1 January 2019				
ASSETS				
Non-current assets	1 344 560	16 149	-	**1 360 709**
Deferred taxation	127 820	16 149	-	**143 969**
Current assets	5 183 673	(14 879)	-	**5 168 794**
Inventory	3 905 188	(37 718)	-	**3 867 470**
Contract assets	-	22 839	-	**22 839**
TOTAL ASSETS	6 528 233	1 270	-	**6 529 503**
EQUITY AND LIABILITIES				
Capital and reserves	3 371 509	(42 411)	-	**3 329 098**
Retained earnings	2 440 926	(47 708)	-	**2 393 218**
Attributable to owners of Bell Equipment Limited	3 352 836	(47 708)	-	**3 305 128**
Non-controlling interest	18 673	5 297	-	**23 970**
Non-current liabilities	606 095	26 189	-	**632 284**
Provisions	33 324	26 189	-	**59 513**
Current liabilities	2 550 629	17 492	-	**2 568 121**
Trade and other payables	1 142 521	-	(47 461)	**1 095 060**
Current portion of contract liabilities	135 243	-	36 074	**171 317**
Current portion of refund liabilities	-	-	11 387	**11 387**
Current portion of provisions	70 947	17 492	-	**88 439**
TOTAL EQUITY AND LIABILITIES	6 528 233	1 270	-	**6 529 503**

13. PRIOR PERIOD RESTATEMENTS continued

13.2 The condensed consolidated statement of profit or loss was impacted by the correction of the prior period errors:

December 2019	Reviewed As previously reported R'000	Correction of errors R'000	**Reviewed Restated R'000**
Revenue	7 823 169	-	**7 823 169**
Cost of sales	(6 363 309)	(12 078)	**(6 375 387)**
Gross profit	1 459 860	(12 078)	**1 447 782**
Other operating income	188 995	-	**188 995**
Distribution costs	(792 747)	-	**(792 747)**
Administration expenses	(113 361)	-	**(113 361)**
Factory operating expenses	(512 186)	-	**(512 186)**
Profit from operating activities	230 561	(12 078)	**218 483**
Interest expense	(166 157)	-	**(166 157)**
Interest income	54 198	-	**54 198**
Profit before taxation	118 602	(12 078)	**106 524**
Taxation expense	(57 647)	3 386	**(54 261)**
Profit for the year	60 955	(8 692)	**52 263**

13.3 The condensed consolidated statement of cash flows was impacted by the correction of the prior period errors and reclassifications:

December 2019	Reviewed As previously reported R'000	Correction of errors R'000	Reclassifications (note 14) R'000	**Reviewed Restated R'000**
Cash operating profit before working capital changes	618 958	(1 221)	(1 525)	**616 212**
Cash utilised in working capital	(673 815)	12 818	1 525	**(659 472)**
Total cash generated from (utilised in) operations	(54 857)	11 597	-	**(43 260)**
Net cash utilised in investing activities	(134 350)	(11 597)	-	**(145 947)**
Within which the following were impacted:				
Interest-bearing receivables repaid	25 035	(25 035)	-	**-**
Interest-bearing receivables advanced	(13 438)	13 438	-	**-**

13. PRIOR PERIOD RESTATEMENTS continued

13.4 The segmental analysis was impacted by the correction of the prior period errors:

Operating profit (loss)	Reviewed As previously reported R'000	Correction of errors R'000	Reviewed Restated R'000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	112 547	(10 857)	**101 690**
Europe	82 799	(10 142)	**72 657**
Direct Sales operations			
South Africa	27 217	(4 382)	**22 835**
Rest of Africa	48 633	(157)	**48 476**
Other operations and inter-segmental eliminations	(40 635)	13 460	**(27 175)**
Total	230 561	(12 078)	**218 483**

Segment assets	Reviewed As previously reported R'000	Correction of errors R'000	Reviewed Restated R'000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	4 418 725	18 292	**4 437 017**
Europe	1 910 843	17 452	**1 928 295**
Direct Sales operations			
South Africa	2 002 923	10 233	**2 013 156**
Rest of Africa	294 794	265	**295 059**
Other operations and inter-segmental eliminations	(1 595 313)	(50 335)	**(1 645 648)**
Total	7 031 972	(4 093)	**7 027 879**

Segment liabilities	Reviewed As previously reported R'000	Correction of errors R'000	Reviewed Restated R'000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	2 529 257	65 330	**2 594 587**
Europe	1 377 144	58 733	**1 435 877**
Direct Sales operations			
South Africa	1 892 444	36 548	**1 928 992**
Rest of Africa	271 637	887	**272 524**
Other operations and inter-segmental eliminations	(2 476 426)	(114 488)	**(2 590 914)**
Total	3 594 056	47 010	**3 641 066**

13. PRIOR PERIOD RESTATEMENTS continued

13.5 The earnings per share and headline earnings per share were impacted by the correction of the prior period errors:

December 2019		Reviewed As previously reported	Correction of errors	Reviewed Restated
Earnings per share (basic)				
Profit attributable to owners of Bell Equipment Limited	(R'000)	75 492	(8 692)	**66 800**
Weighted average number of shares in issue	(000)	95 629	95 629	**95 629**
Earnings per share (basic)	**(cents)**	79	(9)	**70**
Earnings per share (diluted)				
Profit attributable to owners of Bell Equipment Limited	(R'000)	75 492	(8 692)	**66 800**
Fully converted weighted average number of shares	(000)	95 629	95 629	**95 629**
Earnings per share (diluted)	**(cents)**	79	(9)	**70**
Headline earnings per share (basic)				
Profit attributable to owners of Bell Equipment Limited	(R'000)	75 492	(8 692)	**66 800**
Net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	(1 544)	-	**(1 544)**
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	389	-	**389**
Impairment loss recognised on revaluation of buildings	(R'000)	1 085	-	**1 085**
Taxation effect of impairment loss recognised on revaluation of buildings	(R'000)	(380)	-	**(380)**
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	(R'000)	1 242	-	**1 242**
Headline earnings	(R'000)	76 284	(8 692)	**67 592**
Weighted average number of shares in issue	(000)	95 629	95 629	**95 629**
Headline earnings per share (basic)	**(cents)**	80	(9)	**71**
Headline earnings per share (diluted)				
Headline earnings	(R'000)	76 284	(8 692)	**67 592**
Fully converted weighted average number of shares	(000)	95 629	95 629	**95 629**
Headline earnings per share (diluted)	**(cents)**	80	(9)	**71**

13.6 The net asset value per share was impacted by the correction of the prior period errors:

December 2019		Reviewed As previously reported	Correction of errors	Reviewed Restated
Net asset value per share				
Total capital and reserves	(R'000)	3 437 916	(51 103)	**3 386 813**
Number of shares in issue	(000)	95 629	95 629	**95 629**
Net asset value per share	**(cents)**	3 595	(53)	**3 542**

14. PRIOR PERIOD RECLASSIFICATIONS

In the current year the group made reclassifications relating to the following. Prior period amounts were also reclassified.

14.1 Contract liabilities
In the current year the group reviewed its presentation of advance receipts from customers. As a result of this review, in the current year advance receipts of R29,2 million at 31 December 2019 (2018: R36,1 million) from customers on sales contracts were reclassified to contract liabilities to provide comparability. The advance receipts from customers reflect the group's obligation to transfer goods or services to customers which is the nature of a contract liability. Previously this was classified as trade and other payables. The reclassification had no impact on the group's statement of profit or loss and other comprehensive income and statement of changes in equity.

14.2 Refund liabilities
In certain instances, customers have the right to return parts that are not required within a specified period. In the current year the group reviewed its presentation of the liabilities in respect of the right to return parts. As a result of this review, in the current year these liabilities in respect of right to return parts of R16,8 million at 31 December 2019 (2018: R11,4 million) were reclassified to refund liabilities to provide comparability. These liabilities represent the group's obligation to refund the customers where parts are returned which is the nature of a refund liability. This was previously classified as trade and other payables. The reclassification had no impact on the group's statement of profit or loss and other comprehensive income and statement of changes in equity.

The reclassifications have been disclosed in note 13.

15. CONTRACT LIABILITIES

	Reviewed 2020 R'000	Reviewed Restated* 2019 R'000
Contract liabilities consist of the following:		
Advance receipts from customers *	**52 041**	29 151
Deferred warranty income	**141 539**	138 762
Deferred service contract income	**81 701**	64 404
Deferred finance income liability	**60 109**	40 923
	335 390	273 240
Less: current portion	**(209 562)**	(159 911)
Long-term portion	**125 828**	113 329

* Refer to reclassifications of prior periods in note 13 and note 14.

16. REFUND LIABILITIES

In terms of an agreement between the group and a financial institution, De Lage Landen International, lease agreements with booked residual values have been offered by the financial institution to the group's customers in certain countries. The group has provided residual value guarantees to the financial institution in the form of a residual value risk pool. An amount of R72,4 million was included in refund liabilities at year end relating to the expected loss on sales transactions concluded with these residual value guarantees. This provision is carried at amortised cost and the charge has been debited to revenue. Management has exercised judgement in assessing the market values expected to be realised on the return of the machines at the end of the lease periods and the provision represents the difference between these expected market values and the residual values guaranteed to the financial institution.

17. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

At 31 December 2020 the market capitalisation and net asset value of the group were R0,6 billion and R3,5 billion respectively. This is an indicator of possible impairment in terms of IAS 36. In addition, the impact of COVID is also an indicator of possible impairment.

Consequently, the following steps were followed to assess assets for impairment:
1. The identification of the group's cash generating units was reviewed and confirmed.
2. Discounted cash flow valuation principles were applied in assessing the expected future cash flows pertaining to assets in the main cash generating unit of the group, which encompasses the manufacturing, logistics and dealer sales operations.
3. The key assumptions used in the valuations performed on the operations comprising the main cash generating unit were financial forecasts, cash flow projections, terminal growth rates and discount rates. The financial forecasts and cash flow projections were approved by the board of directors. Specialists were engaged to determine appropriate discount rates and terminal growth rates, to review the appropriateness of the valuation methodology applied and the accuracy of implementation thereof by management.
4. The assets in each of the remaining group operations were assessed for indicators of impairment.

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

Further considerations given to impairment of assets are set out below.

17.1 Inventory

The group conducted a detailed assessment of the valuation of inventory at 31 December 2020. All inventory is valued at the lower of cost and net realisable value. Included in cost of sales in the current year is an amount of R111,0 million (2019: R77,9 million) in respect of write-downs of inventory.

The following steps and considerations were taken by management as part of its assessment to determine if inventories were impaired:
- inventory was categorised by type (new equipment, used equipment and parts by product), ageing and market into which the inventory is expected to be sold.
- the impact on net realisable value of inventory as a result of lower than expected sales and reduced movement in certain categories of inventory.
- the impact of exchange rates on net realisable values of certain categories of equipment in certain markets.

17.2 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. The group measures the allowance for expected credit losses by assessing each customer balance for a specific allowance for expected credit losses and, for balances where no specific allowance was raised, a general allowance for expected credit losses is calculated based on a collective assessment. There has been no change to this approach during the current period. Management considered the likely impact of the current weak economic and market conditions on the expected loss rates for receivables and concluded that no significant increase in the provision on a portfolio basis is required. Steps and considerations taken by management as part of the forward-looking assessment to determine if the expected credit losses were negatively affected by current conditions included the following:
- The market prices being realised and expected to be realised for capital equipment in the South African market.
- The impact of the weaker Rand on the selling prices of capital equipment in South Africa.
- The robustness of the group's processes to inspect, service and maintain equipment held as security for outstanding receivables.
- The status and prospects of the revenue generating contracts on which the financed equipment is being used by the customers with significant outstanding balances and the industries in which those customers are operating.
- The status of cash conversion on customer accounts, including parts accounts.

At 31 December 2020, an amount of approximately R66,6 million reflected in interest-bearing receivables was outstanding from a single customer in South Africa. The balance was renegotiated and the repayment terms have been extended during the year and no allowance for expected credit loss was raised against this receivable as management assessed that there is sufficient value in the financed machines to cover the outstanding debt.

17. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 continued

IAS 36 Impairment of Assets continued

17.3 Property, plant and equipment

In the current year the group recognised an impairment loss of R31,9 million (2019: R1,2 million) on the revaluation of land and buildings in Kitwe, Zambia. This relates to a recently constructed customer service centre in Zambia and the impairment is the result of the current market and economic conditions in that country. The book value of the property was adjusted. A loss of R31,9 million (2019: R1,2 million) was recognised on the buildings and charged to profit or loss as there was no revaluation reserve in respect of this. A loss of R0,1 million (2019: R0,1 million) was recognised on the freehold land and was debited to the revaluation reserve through other comprehensive income. The impairment loss is included in the Rest of Africa segment.

All of the group's businesses are operational and management does not anticipate that the effects of the pandemic and generally weak conditions will have a lasting impact on the productivity of property, plant and equipment. Sales and production volumes are expected to return to normal trading levels in the medium term and the group's longer-term plans and forecasts remain largely unchanged. The group plans to use its assets to support revenue generating activities and no significant lasting impact on the planned productivity of these assets is envisaged. No further impairment of these assets was therefore considered necessary.

17.4 Intangible assets

As a result of cost containment measures and the decision to focus on fewer, key development projects, a review was conducted of capitalised engineering development costs and projects to the value of R23,3 million (2019: Rnil) were discontinued and impaired. The impairment was recognised in the statement of profit or loss. The impairment loss is included in the South African manufacturing and logistics segment.

17.5 Directors' assessment of going concern

As part of the assessment of the appropriateness of adopting the going concern basis in preparing the consolidated annual financial statements for the year ended 31 December 2020, 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 net debt at 31 December 2020 has improved since 2019 to approximately R1,2 billion (31 December 2019: R1,8 billion). Subsequent to year end the IDC working capital facility reduced from R750 million to R550 million. This facility reduction has been taken into consideration in the cash flow forecasts referred to above. The group met all borrowings covenants at the end of the period. The group's lenders continue to support the business.

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

The board will continue to monitor the impact of the pandemic and the resulting weak economic and market conditions on the group's operations and its financial position. The focus will remain on cash preservation and working capital management.

18. POST FINANCIAL POSITION EVENTS

On 24 February 2021 the Finance Minister announced a reduction in the South African corporate tax rate on companies from 28% to 27% effective for years of assessment commencing on or after 1 April 2022. Management has calculated an impact of approximately R5,3 million for the group and concluded that it is not significant.

No other fact or circumstance material to the appreciation of these condensed consolidated financial statements has occurred between 31 December 2020 and the date of this report.

19. DIVIDEND CONSIDERATION

In the current difficult economic circumstances, the board of directors has resolved not to declare a final dividend for the year ended 31 December 2020 (2019: no dividend declared).

By order of the board
13 April 2021

Directors

Non-executive
GW Bell (Chairman), JR Barton* (Lead Independent), AJ Bell, DH Lawrance*, HR van der Merwe*, ME Ramathe*, R Naidu*
**Independent*

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