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

UNAUDITED INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2016 AND CASH DIVIDEND DECLARATION

MARKET OVERVIEW

Bell Equipment Limited has successfully redirected resources across its global markets to focus activity on the more buoyant construction equipment sectors. Mining activity has continued to deteriorate across most markets, particularly across Africa, much in line with lower commodity demand and pricing.

Miners have delayed capital projects and have sweated their equipment assets to a point that data indicates that mobile equipment fleets are now the oldest they have been in more than a dozen years. Clearly any small movement in commodity prices will trigger strong demand as safety, productivity and lowest operating costs will drive mining demands.

As from the second half of 2016 both Bell manufacturing plants in South Africa and Germany will have converted and will only be producing the new and upgraded range of E-Series Dump Trucks which will match these market needs.

During the second half of 2016, Bell Equipment Sales SA plans to conclude a BBBEE transaction to promote gender inclusive economic transformation.

FINANCIAL RESULTS

The first half of 2016 would have shown an improvement in profitability compared with the first six months of 2015 had it not been for the fraud and mismanagement uncovered in the group's operation in the Democratic Republic of the Congo (DRC) in the first quarter of 2016. The group right-sizing and restructuring initiatives undertaken in early 2015, higher factory throughput, favourable exchange rates and lower interest costs on well managed borrowings all contributed to the rest of the business performing better this year than in the first half of 2015. After the impact of the findings in the DRC, the group reported a profit after tax of R64 million and earnings per share of 67 cents for the first half, a decrease of 28% on the restated results for the first half of 2015 (refer to note 11 of this announcement). Revenue for the period was R3,1 billion, up 7% from R2,9 billion in the same period last year.

A forensic investigation in the DRC resulted in the dismissal of the entire local management team and a number of other employees. Further investigations were carried out with the assistance of independent legal and tax professionals to regularise the activities of this operation. Management is being replaced and order has been restored. Of key focus during this period has been the continuation of service to our customers in this difficult market.

Global markets have remained depressed throughout the first half of 2016 and the volume outlook remains unchanged. As a result of this production volumes, working capital levels and group borrowings have remained stable throughout the period. There was a positive cash flow for the period. The Board has therefore thought it appropriate to resume the payment of dividends and has declared an interim dividend of 15 cents per share.

OPERATIONS REVIEW

Having weathered the challenges encountered in the DRC in the first half of 2016, we look forward to renewed focus on the strategic imperatives of reducing production costs, adding products and services to our distribution networks in order to equip the business to deliver financially sustainable results through the business cycle.

We continue to invest in upgrading our distribution infrastructure and will complete the construction of a new parts distribution facility in Germany in quarter 1 of 2017. Aftermarket sales are a critical element of the business, particularly during tough market conditions when customers are delaying the replacement of machines.

Political and economic instability and the increasing cost of doing business in South Africa remains a key concern and the group continues to evaluate the merits of increasing activities at its German facility, in closer proximity to the higher volume northern hemisphere markets.

We expect the extremely tough trading conditions to continue. We will continue to take all reasonable steps to best position the company to withstand these challenges and to continue delivering on our customer needs.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2016 R'000	Unaudited 30 June 2016	Unaudited 30 June 2015 Restated*	Unaudited 31 December 2015 Restated*	Unaudited 1 January 2015 Restated*
ASSETS				
Non-current assets	910 954	1 063 351	1 032 725	1 011 357
Property, plant and equipment	584 830	706 028	686 608	672 106
Intangible assets	210 149	217 689	213 305	203 078
Investments	636	530	665	548
Interest-bearing long-term receivables	24 468	51 063	35 573	45 357
Deferred taxation	90 871	88 041	96 574	90 268
Current assets	3 763 865	3 814 085	3 855 778	3 483 147
Inventory	2 745 254	2 662 181	2 862 652	2 403 437
Trade and other receivables and prepayments	870 833	991 728	772 316	753 984
Current portion of interest-bearing long-term receivables	63 571	60 906	77 331	42 519
Other financial assets	2 787	3 207	12 783	2 071
Non-current assets held for sale	-	11 550	-	11 850
Taxation	19 342	18 363	26 475	10 331
Cash resources	62 078	66 150	104 221	258 955
TOTAL ASSETS	4 674 819	4 877 436	4 888 503	4 494 504
EQUITY AND LIABILITIES				
Capital and reserves	2 919 652	2 595 560	2 947 416	2 518 457
Stated capital (Note 5)	230 567	230 567	230 567	230 567
Non-distributable reserves	669 946	452 796	752 269	465 551
Retained earnings	2 011 150	1 904 095	1 957 219	1 814 703
Attributable to owners of Bell Equipment Limited	2 911 663	2 587 458	2 940 055	2 510 821
Non-controlling interest	7 989	8 102	7 361	7 636
Non-current liabilities	278 078	298 988	293 056	214 273
Interest-bearing liabilities	83 314	155 484	117 695	87 161
Repurchase obligations and deferred leasing income	2 587	-	3 820	-
Deferred income	72 689	68 185	66 543	65 616
Long-term provisions and lease escalation	48 091	43 137	51 376	44 813

Deferred taxation	71 397	32 182	53 622	16 683
Current liabilities	1 477 089	1 982 888	1 648 031	1 761 774
Trade and other payables	981 929	1 201 188	1 068 804	1 386 621
Current portion of interest-bearing liabilities	77 185	96 204	90 344	40 304
Current portion of repurchase obligations and deferred leasing income	1 114	20 583	1 042	34 980
Current portion of deferred income	79 080	61 362	71 774	59 079
Current portion of provisions and lease escalation	58 207	50 506	53 783	65 941
Other financial liabilities	6 846	3 952	20 593	4 404
Taxation	22 373	45 463	37 898	36 666
Short-term interest-bearing debt	250 355	503 630	303 793	133 779
TOTAL EQUITY AND LIABILITIES	4 674 819	4 877 436	4 888 503	4 494 504
Number of shares in issue ('000)	95 147	95 147	95 147	95 147
Net asset value per share (cents)	3 069	2 728	3 098	2 647

* Refer to restatements of prior periods in note 11.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the period ended 30 June 2016

R'000	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015 Restated*	Unaudited twelve months ended 31 December 2015 Restated*
Revenue	3 097 762	2 898 009	5 901 431
Cost of sales	(2 367 911)	(2 199 741)	(4 556 343)
Gross profit	729 851	698 268	1 345 088
Other operating income	75 027	90 610	184 523
Expenses	(660 057)	(630 874)	(1 261 195)
Profit from operating activities (Note 2)	144 821	158 004	268 416
Net interest expense (Note 3)	(18 763)	(27 472)	(61 364)
Profit before taxation	126 058	130 532	207 052
Taxation	(61 770)	(41 135)	(65 308)
Profit for the period / year	64 288	89 397	141 744
Profit for the period / year attributable to:			
- Owners of Bell Equipment Limited	63 660	88 931	141 169
- Non-controlling interest	628	466	575
Earnings per share (basic)(cents) (Note 4)	67	93	148
Earnings per share (diluted)(cents) (Note 4)	67	93	148

* Refer to restatements of prior periods in note 11.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period ended 30 June 2016

R'000	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015 Restated*	Unaudited twelve months ended 31 December 2015 Restated*
Profit for the period / year	64 288	89 397	141 744
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the period / year	(89 781)	(13 222)	285 630
Exchange differences on translating foreign operations	(87 049)	(12 494)	272 161
Exchange differences on foreign reserves	(2 732)	(728)	13 469
Items that may not be reclassified subsequently to profit or loss:	432	-	-
Surplus arising on revaluation of properties	600	-	-

Taxation relating to surplus arising on revaluation of properties	(168)	-	-
Other comprehensive (loss) income for the period / year, net of taxation	(89 349)	(13 222)	285 630
Total comprehensive (loss) income for the period / year	(25 061)	76 175	427 374
Total comprehensive (loss) income attributable to:			
- Owners of Bell Equipment Limited	(25 689)	75 709	426 799
- Non-controlling interest	628	466	575

* Refer to restatements of prior periods in note 11.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 June 2016

R'000	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015 Restated*	Unaudited twelve months ended 31 December 2015 Restated*
Cash operating profit before working capital changes	254 463	204 316	361 045
Cash utilised in working capital	(103 502)	(805 405)	(602 925)
Cash generated from (utilised in) operations	150 961	(601 089)	(241 880)
Net interest paid	(14 262)	(26 971)	(54 369)
Taxation paid	(45 322)	(24 921)	(54 141)
Net cash generated from (utilised in) operating activities	91 377	(652 981)	(350 390)
Net cash utilised in investing activities	(39 435)	(34 013)	(54 194)
Net cash (utilised in) generated from financing activities	(40 647)	124 338	79 836
Net cash inflow (outflow)	11 295	(562 656)	(324 748)
Net (short-term interest-bearing debt) cash at beginning of the period / year	(199 572)	125 176	125 176
Net short-term interest-bearing debt at end of the period / year	(188 277)	(437 480)	(199 572)
Comprising:			
Cash resources	62 078	66 150	104 221
Short-term interest-bearing debt	(250 355)	(503 630)	(303 793)
Net short-term interest-bearing debt at end of the period / year	(188 277)	(437 480)	(199 572)

* Refer to restatements of prior periods in note 11.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

	Attributable to owners of Bell Equipment Limited					
R'000	Stated capital	Non-distributable reserves	Retained earnings	Total	Non-controlling interest	Total capital and reserves
Balance at 31 December 2014 - unaudited (restated)*	230 567	465 551	1 814 703	2 510 821	7 636	2 518 457
Recognition of share-based payments	-	928	-	928	-	928
Total comprehensive (loss) income for the period (restated)*	-	(13 222)	88 931	75 709	466	76 175
Decrease in statutory reserves of foreign subsidiaries	-	(461)	461	-	-	-
Balance at 30 June 2015 - unaudited (restated)*	230 567	452 796	1 904 095	2 587 458	8 102	2 595 560
Recognition of share-based payments	-	657	-	657	-	657
Total comprehensive income for the period (restated)*	-	298 852	52 238	351 090	109	351 199
Transactions with non-controlling interest	-	-	850	850	(850)	-
Decrease in statutory reserves of foreign subsidiaries	-	(36)	36	-	-	-
Balance at 31 December 2015 - unaudited (restated)*	230 567	752 269	1 957 219	2 940 055	7 361	2 947 416
Recognition of share-based payments	-	(2 703)	-	(2 703)	-	(2 703)
Total comprehensive (loss) income for the period	-	(89 349)	63 660	(25 689)	628	(25 061)
Increase in statutory reserves of foreign subsidiaries	-	9 729	(9 729)	-	-	-
Balance at 30 June 2016 - unaudited	230 567	669 946	2 011 150	2 911 663	7 989	2 919 652

* Refer to restatements of prior periods in note 11.

ABBREVIATED NOTES TO THE UNAUDITED INTERIM RESULTS
for the period ended 30 June 2016

R'000	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015 Restated	Unaudited twelve months ended 31 December 2015 Restated

1 BASIS OF PREPARATION

The accounting policies applied in the preparation of this interim report are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements, except for the adoption of new and amended standards and the prior period adjustments as described below.

In the current period the group has adopted all of the new and amended standards relevant to its operations and effective for annual reporting periods beginning 1 January 2016. The adoption of these new and amended standards has not had any significant impact on the amounts reported in the interim report or the disclosures herein.

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

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

The condensed consolidated interim report is 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 the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and IAS 34 - Interim Financial Reporting . The preparation of this interim report was supervised by the Group Finance Director, KJ van Haght CA (SA).

2 PROFIT FROM OPERATING ACTIVITIES

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

R'000	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015 Restated	Unaudited twelve months ended 31 December 2015 Restated
Income			
Currency exchange gains	268 416	117 158	239 526
Decrease in warranty provision	-	17 964	21 330
Deferred warranty income	24 730	25 350	51 627
Import duty rebates	22 223	30 190	57 153
Royalties	1 385	2 139	4 447
Net surplus on disposal of non-current assets held for sale	-	-	7 073
Net surplus on disposal of property, plant and equipment and intangible assets	-	5 766	6 041
Expenditure			
Amortisation of intangible assets	17 026	8 833	25 374
Amounts written off as uncollectible	10 778	420	11 924
Auditors' remuneration - audit and other services	5 499	5 324	9 683
Currency exchange losses	294 668	92 173	234 940
Depreciation of property, plant and equipment	50 626	69 770	143 304
Increase in provision for doubtful debts	6 437	15 488	6 412
Increase in warranty provision	2 321	-	-

Operating lease charges			
- equipment and motor vehicles	18 829	19 669	40 609
- land and buildings	45 994	44 881	94 859
Research expenses (excluding staff costs)	16 877	13 428	29 978
Staff costs (including directors' remuneration)	608 306	634 433	1 251 422

3 NET INTEREST EXPENSE

Interest expense	27 100	34 422	77 384
Interest income	(8 337)	(6 950)	(16 020)
Net interest expense	18 763	27 472	61 364

4 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)	63 660	88 931	141 169
Weighted average number of ordinary shares in issue during the period ('000)	95 147	95 147	95 147
Earnings per share (basic) (cents)	67	93	148
Diluted earnings per share is arrived at as follows:			
Profit for the period attributable to owners of Bell Equipment Limited (R'000)	63 660	88 931	141 169
Fully converted weighted average number of shares ('000) *	95 147	95 147	95 147
Earnings per share (diluted) (cents)	67	93	148

* There has been no dilutive effect in the current period as employee share option exercise prices exceeded the average market price.

Headline earnings per share is arrived at as follows:			
Profit for the period attributable to owners of Bell Equipment Limited (R'000)	63 660	88 931	141 169
Net surplus on disposal of property, plant and equipment, intangible assets and non-current assets held for sale (R'000)	-	(5 766)	(13 114)
Taxation effect of net surplus on disposal of property, plant and equipment, intangible assets and non-current assets held for sale (R'000)	-	1 614	3 672
Headline earnings (R'000)	63 660	84 779	131 727
Weighted average number of ordinary shares in issue during the period ('000)	95 147	95 147	95 147
Headline earnings per share (basic) (cents)	67	89	138
Diluted headline earnings per share is arrived at as follows:			
Headline earnings calculated above (R'000)	63 660	84 779	131 727
Fully converted weighted average number of shares ('000)	95 147	95 147	95 147
Headline earnings per share (diluted) (cents)	67	89	138

5 STATED CAPITAL

Authorised			
100 000 000 (June 2015: 100 000 000) ordinary shares of no par value			
Issued			
95 146 885 (June 2015: 95 146 885) ordinary shares of no par value	230 567	230 567	230 567

6 CAPITAL EXPENDITURE COMMITMENTS

Contracted	2 822	3 232	3 827
Authorised, but not contracted	91 759	36 419	46 260
Total capital expenditure commitments	94 581	39 651	50 087

This capital expenditure is to be financed from internal resources and long-term facilities.

7 ABBREVIATED SEGMENTAL ANALYSIS

Information regarding the group's reportable segments is presented below.
Information reported to the group's chief operating decision maker for purposes of resource allocation and assessment of segment performance is focused on geographical areas.
Each reportable segment derives its revenues from the sale of goods (machines and parts)

and related services and rental income. The accounting policies of the reportable segments are the same as the group's accounting policies.

	Revenue R'000	Operating profit (loss) R'000	Assets R'000	Liabilities R'000
June 2016				
South African sales operation	1 318 376	58 459	1 126 871	765 891
South African manufacturing and logistics operation	1 599 064	127 490	2 612 221	1 053 258
European operation	1 238 232	44 617	964 033	539 861
Rest of Africa operation	452 760	(123 175)	699 970	504 061
North American operation	363 047	24 206	302 405	237 543
All other operations	-	(60 204)	1 215 927	124 686
Inter-segmental eliminations *	(1 873 717)	73 428	(2 246 608)	(1 470 133)
Total - unaudited	3 097 762	144 821	4 674 819	1 755 167
June 2015				
South African sales operation	1 247 877	44 591	1 181 268	854 281
South African manufacturing and logistics operation (restated) **	1 753 242	43 507	2 418 131	1 048 779
European operation	919 819	40 800	1 016 512	669 574
Rest of Africa operation (restated) **	602 147	26 359	862 123	694 992
North American operation	244 989	5 257	155 273	103 007
All other operations	-	(6 319)	1 074 794	135 393
Inter-segmental eliminations *	(1 870 065)	3 809	(1 830 665)	(1 224 150)
Total - unaudited	2 898 009	158 004	4 877 436	2 281 876
December 2015				
South African sales operation	2 435 925	70 112	1 155 685	822 850
South African manufacturing and logistics operation (restated) **	3 571 649	148 671	2 556 304	1 109 465
European operation	1 806 920	65 273	1 130 113	692 910
Rest of Africa operation (restated) **	1 127 479	(1 714)	909 980	785 352
North American operation	560 413	301	95 996	29 152
All other operations	-	(40 360)	1 342 185	153 523
Inter-segmental eliminations *	(3 600 955)	26 133	(2 301 760)	(1 652 165)
Total - unaudited	5 901 431	268 416	4 888 503	1 941 087

* Inter-segmental eliminations above relate to the following:
i) Revenue - the elimination of intra-group sales transactions, mainly sales from the South African manufacturing and logistics operation, to the distribution operations.
ii) Operating profit (loss) - the elimination of profit (loss) on intra-group transactions, mainly sales transactions from the South African manufacturing and logistics operation to the distribution operations, where the inventory has not yet been on-sold by the distribution operations to a third party at 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.

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

for the prior period restatements as disclosed in note 11. Refer adjustment (b) below.

	Revenue R'000	Operating profit (loss) R'000	Assets R'000	Liabilities R'000
June 2015				
South African manufacturing and logistics operation				
As previously reported	1 889 229	43 507	2 448 233	1 048 779
Adjustment (a)	(135 987)	-	(30 102)	-
Restated - unaudited	1 753 242	43 507	2 418 131	1 048 779
Rest of Africa operation				
As previously reported	466 160	35 706	790 491	622 912
Adjustment (a)	135 987	-	30 102	-
Adjustment (b)	-	(9 347)	41 530	72 080
Restated - unaudited	602 147	26 359	862 123	694 992
December 2015				
South African manufacturing and logistics operation				
As previously reported	3 782 318	148 671	2 558 768	1 109 465
Adjustment (a)	(210 669)	-	(2 464)	-
Restated - unaudited	3 571 649	148 671	2 556 304	1 109 465
Rest of Africa operation				
As previously reported	916 810	21 634	872 073	693 034
Adjustment (a)	210 669	-	2 464	-
Adjustment (b)	-	(23 348)	35 443	92 318
Restated - unaudited	1 127 479	(1 714)	909 980	785 352

	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015	Unaudited twelve months ended 31 December 2015
8 CONTINGENT LIABILITIES			
8.1 The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited. In respect of the different categories of financing provided by WesBank, the group carries certain credit risks. These are considered to be financial guarantee contracts. The group is liable for all credit risk and therefore the full balance due to WesBank by default customers with regard to Bell-backed deals and a portion of the credit risk and a portion of the balance due to WesBank by default customers with regard to Bell-shared risk deals. In terms of the Bell-shared risk deals the group's exposure is calculated as a percentage of the net selling price of the equipment.			
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	196 930	169 823	211 581
At period end the group's credit risk exposure to WesBank under Bell-shared risk deals for which the group carries a portion of the credit risk totalled	1 154	2 590	1 997
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following	337 331	206 317	319 208
Net contingent liability	-	-	-
The group has entered into similar shared risk arrangements with various other institutions. These arrangements are first-loss undertakings and the group's exposure remains fixed until the capital is repaid. These are considered to be financial guarantee contracts.			
At period end the group's credit risk exposure to these financial institutions totalled	4 285	20 165	14 566
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following	6 650	31 029	27 839

	(2 365)	(10 864)	(13 273)
Less: provision for non-recovery	(2 523)	(1 188)	(262)
Net contingent liability	-	-	-

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

8.2 The repurchase of equipment sold to customers and financial institutions has been guaranteed by the group for an amount of	418	853	945
In the event of repurchase, it is estimated that the equipment would presently realise	1 845	3 192	3 404
Net contingent liability	-	-	-

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

8.3 The residual values of certain equipment sold to financial institutions have been guaranteed by the group. The group's exposure is limited to the difference between the group's guaranteed amount and the financial institution's predetermined estimate. In the event of a residual value shortfall on this equipment, the group would be exposed to a maximum amount of	9 981	8 611	28 335
Less: provision for residual value risk	-	(525)	-
Net contingent liability	9 981	8 086	28 335

In certain other transactions the group has paid cash collateral as security for the residual value risk. This cash collateral is recognised as retention deposits under interest-bearing long-term receivables. In the event of a residual value shortfall on this equipment, the group would be exposed to a maximum amount equal to the cash collateral of	-	2 903	2 072
Less: impairment of retention deposits	-	(2 008)	(2 072)
Net retention deposits and net contingent liability	-	895	-

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

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

9 RELATED PARTY TRANSACTIONS

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

Shareholders			
John Deere Construction and Forestry Company			
- sales	9 208	56 987	106 458
- purchases	210 923	377 131	565 492
- amounts owing to	129 247	128 351	51 961
- amounts owing by	1 265	25 375	25 216

10 FINANCIAL INSTRUMENTS

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

- Loans and receivables at amortised cost comprising interest-bearing long-term receivables, trade and other receivables and cash resources.
The directors consider that the carrying amount of loans and receivables at amortised cost approximates their fair value. (Level 3 fair value measurement)

- Financial liabilities at amortised cost comprising interest-bearing liabilities, trade and other payables and short-term interest-bearing debt.
The directors consider that the carrying amount of financial liabilities at amortised cost approximates their fair value. (Level 3 fair value measurement)

- Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts and fair value is determined based on a Level 2 fair value measurement. Level 2 fair value measurements are those derived from inputs other than quoted prices and is based on observable forward exchange rates at period end.

- Available for sale financial asset comprising an unlisted equity investment at cost for which a reliable fair value could not be determined.

11 PRIOR PERIOD RESTATEMENTS

As a result of fraud and mismanagement of the group's operation in the Democratic Republic of the Congo which was uncovered in the current period, the group's results in prior periods have been restated.
This is due to the fact that:
1) A finance lease receivable had been discounted with a financial institution with recourse to the group and had been derecognised.
The outstanding receivable has been re-instated and the corresponding liability to the financial institution recognised (adjustment (a)).

2) Employees taxation, corporate income taxation and related penalties and interest, as well as certain other less significant expenses, had been understated in prior periods. Accordingly, the group's comparative information has been restated for these items (adjustment (b)).

June 2015	As previously reported R'000	Adjustment (a) R'000	Adjustment (b) R'000	Restated R'000
Statement of financial position				
- Interest-bearing long-term receivables	33 495	17 568	-	51 063
- Current portion of interest-bearing long-term receivables	36 944	23 962	-	60 906
Net increase in assets - unaudited		41 530	-	
- Non-distributable reserves	455 011	-	(2 215)	452 796
- Retained earnings	1 932 430	-	(28 335)	1 904 095
- Interest-bearing liabilities	137 916	17 568	-	155 484
- Trade and other payables	1 181 151	-	20 037	1 201 188
- Current portion of interest-bearing liabilities	72 242	23 962	-	96 204
- Taxation liability	34 950	-	10 513	45 463
Net increase in equity and liabilities - unaudited		41 530	-	
Statement of profit or loss				
- Expenses	(621 527)	-	(9 347)	(630 874)
- Interest paid	(30 909)	(1 740)	(1 773)	(34 422)

- Interest received	5 210	1 740	-	6 950
- Taxation	(40 676)	-	(459)	(41 135)
Net decrease in profit - unaudited		-	(11 579)	
Statement of profit or loss and other comprehensive income				
- Exchange differences arising during the period / year	(12 125)	-	(1 097)	(13 222)
Statement of cash flows				
- Net cash utilised in operating activities	(611 451)	(41 530)	-	(652 981)
- Net cash generated from financing activities	82 808	41 530	-	124 338
Earnings per share (basic)	106	-	(13)	93
Earnings per share (diluted)	106	-	(13)	93
December 2015				
Statement of financial position				
- Interest-bearing long-term receivables	29 763	5 810	-	35 573
- Trade and other receivables and prepayments	777 903	(2 947)	(2 640)	772 316
- Current portion of interest-bearing long-term receivables	41 759	35 572	-	77 331
- Taxation asset	26 827	-	(352)	26 475
Net increase (decrease) in assets - unaudited		38 435	(2 992)	
- Non-distributable reserves	765 277	-	(13 008)	752 269
- Retained earnings	2 001 086	-	(43 867)	1 957 219
- Interest-bearing liabilities	111 885	5 810	-	117 695
- Trade and other payables	1 014 921	-	53 883	1 068 804
- Current portion of interest-bearing liabilities	57 719	32 625	-	90 344
Net increase (decrease) in equity and liabilities - unaudited		38 435	(2 992)	
Statement of profit or loss				
- Cost of sales	(4 554 157)	-	(2 186)	(4 556 343)
- Expenses	(1 240 033)	-	(21 162)	(1 261 195)
- Interest paid	(70 787)	(4 134)	(2 463)	(77 384)
- Interest received	11 886	4 134	-	16 020
- Taxation	(64 008)	-	(1 300)	(65 308)
Net decrease in profit - unaudited		-	(27 111)	
Statement of profit or loss and other comprehensive income				
- Exchange differences arising during the period / year	297 520	-	(11 890)	285 630
Statement of cash flows				
- Net cash utilised in operating activities	(311 955)	(38 435)	-	(350 390)
- Net cash generated from financing activities	41 401	38 435	-	79 836
Earnings per share (basic)	177	-	(29)	148
Earnings per share (diluted)	177	-	(29)	148
January 2015				
Statement of financial position				
- Non-distributable reserves	466 669	-	(1 118)	465 551
- Retained earnings	1 831 459	-	(16 756)	1 814 703
- Trade and other payables	1 376 773	-	9 848	1 386 621
- Taxation liability	28 640	-	8 026	36 666
Net increase in equity and liabilities - unaudited		-	-	

12 POST FINANCIAL POSITION EVENTS

No fact or circumstance material to the appreciation of this interim report has occurred between 30 June 2016 and the date of this report.

13 CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a gross interim cash dividend of 15 cents per ordinary share for the six-month period ended 30 June 2016, payable to ordinary shareholders in accordance with the timetable below.

The interim net dividend is 12.75 cents per share for ordinary shareholders who are not exempt from dividends tax. The dividend withholding tax rate is 15 per cent.

The dividend has been declared from income reserves.

The company's income tax reference number is 9022169206.

The issued share capital at the declaration date is 95 146 885 ordinary shares.

The salient dates for the dividend will be as follows:

	2016
Last day of trade to receive a dividend	Tuesday, 18 October
Shares commence trading "ex" dividend	Wednesday, 19 October
Record date	Friday, 21 October
Payment date	Monday, 24 October

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 October 2016 and Friday, 21 October 2016, both days inclusive.

By order of the Board
20 September 2016

Directors
Non-executive
JR Barton* (Chairman), AJ Bell, DB Crandon, B Harie*, DH Lawrance*, TO Tsukudu*, HR van der Merwe*
*Independent
Appointed: DB Crandon was appointed as director on 1 June 2016.
Retired: DJJ Vlok retired on 5 May 2016
Executive
GW Bell (Group Chief Executive), KJ van Haght (Group Finance Director), L Goosen (Chief Operating Officer)

Company Secretary
D McIlrath

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

Transfer Secretaries
Link Market Services South Africa Proprietary Ltd, 19 Ameshoff Street, Johannesburg, 2001

Sponsor
Rand Merchant Bank
(a division of FirstRand Bank Limited)
1 Merchant Place, Cnr Fredman Drive and
Rivonia Road, Sandton, 2196

Release date: 22 September 2016

www.bellequipment.com