BELL EQUIPMENT

2000

Bell Equipment Limited

ANNUAL REPORT

Strong Reliable Machines

Contents

Mission Statement

At Bell we have learnt that by valuing the contribution of every one of our people, we have been able to grow. That everyone on the team can and does make a difference.

Our customers will receive quality in everything we do. The commitment to our customers distinguishes Bell Excellence. It is a continuous process of achieving improvements which result in equitable attainment of customer, suppliers, shareholders and employee expectations.

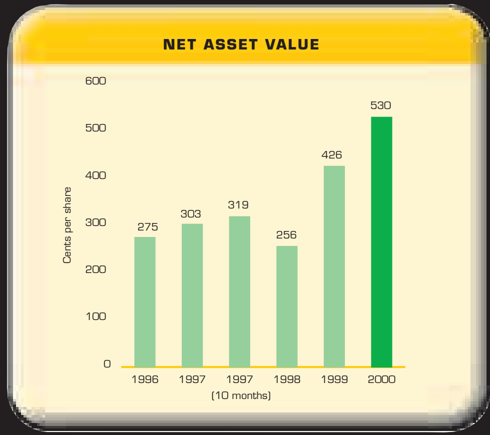
All our activities are conducted in a spirit of fairness, honesty and integrity. Bell products fulfil haulage and materials handling needs across many industries.

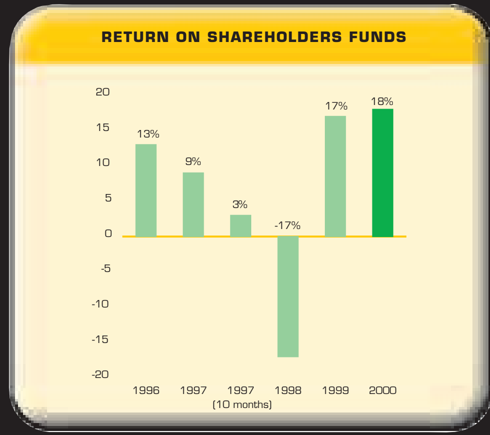
We design and manufacture products to fulfil the needs of our customers. Through listening we are able to produce innovative equipment that matches their needs.

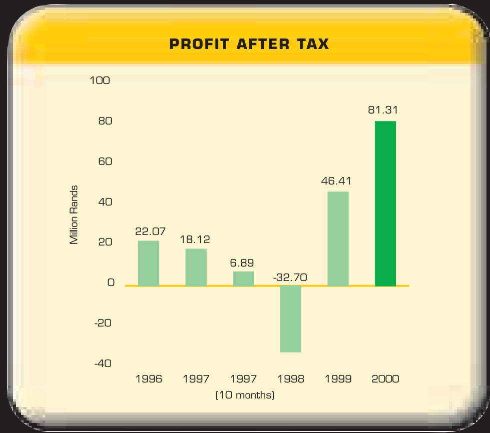
We will continue to expand our international distribution.

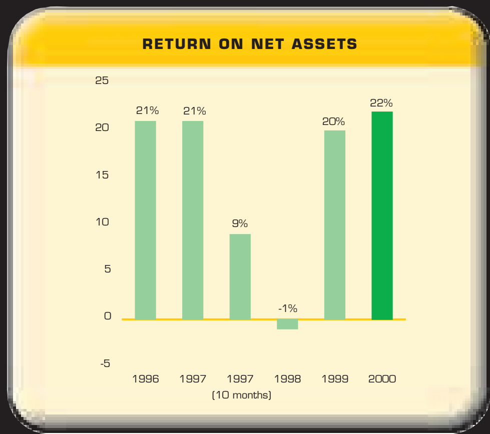
We are proud of our heritage and will provide opportunities for all our people in a safe and healthy environment worldwide.

Financial Highlights









Chairman's Statement

Once again I am privileged to be able to inform all Bell stakeholders of another momentous year for our group with the profits for the year far exceeding anything we have achieved in the past. Profits after tax are R81,3 million as compared to the previous best ever achieved last year of R46,4 million. The 1999 profits are not comparable with this year's as a result of a far more conservative approach being adopted towards the group's liability for future warranty costs. Historically, Bell has expensed warranty costs in the year incurred, but we have decided, so as to comply with international accounting standards, to provide for future warranty costs on units sold in the current and previous years which are still under warranty. The effect of this has reduced after tax profits by R17,7 million. On the other hand the equity was further increased by R18,2 million due to a small increase in capital arising from options exercised and more importantly, a substantial currency gain on our net foreign assets. The overall effect of these adjustments caused shareholders' funds and provisions to be increased from 426 cents a share to 557 cents a share, an increase of R124,8 million in monetary terms.

A disappointing aspect of our results is the deterioration in working capital days trade cycle up to 160 days from 144 days in 1999. This is due to the receipt of the proceeds from the sale of our Australian and Singaporean assets after the year end and a conscious decision to increase our inventory to take advantage of the northern hemisphere's buying season for articulated dump trucks (ADTs). Working capital management remains an area of intense focus by management and I am pleased to report that cash flow in the first two months of the current year has been positive due to a reduction in receivables, including those due on the sale of our South East Asian assets.

A major factor in our achievement of profits has been the benefits obtained from a strong Dollar and simultaneously a weak Euro. Most of our imported components are purchased in Euro and all of our exports are Dollar or Euro denominated. As we are a net foreign exchange earner, these benefits, when converted to Rand reporting, substantially enhance our margins and profitability.

I once again remind shareholders of the very competitive and cyclical nature of our industry. I would like to highlight the outstanding performance of our South African sales and distribution division whose fortunes depend on commodity pricing and gross domestic fixed investment. This division has been outstanding in all facets of its operations and without doubt is the local industry's benchmark of superior service and support. None of our competitors are able to provide better support and after market service to the Southern African customer base. This division also benefited from our Rand pricing hedge as compared to our local competitors, most of whom import in US Dollars.

As mentioned in my previous annual and interim statements, we continue to pursue strategic alliances in the worldwide construction equipment industry. With our partners, John Deere Construction Equipment Company, we held several discussions with their global alliance partners to extend co-operation within and outside South Africa. The construction machinery industry continues its worldwide consolidation and it is important for Bell to be at the forefront of our existing alliance partners' discussions. The sale of our Australian and Singaporean assets to Hitachi Construction Machinery Co Limited of Japan has taken place and we continue to work with them to expand our business in South East Asia and Australasia. We have completed the first stage of our due diligence to take a shareholding in Hitachi Construction Machinery Australia and will complete our final due diligence in September of this year before making an investment decision. We hope to be able to announce further alliances with other manufacturers by the end of this calendar year.

Bell needs to be at the cutting edge of the latest technology available to our industry and strategic alliances provide this opportunity as well as giving us better and larger distribution networks outside of Southern Africa. Our working relationship with our partners at Deere continues to strengthen and is providing excellent value for both companies. The participation and dedication of the board members representing Deere and those Deere employees on full time secondment to Bell is greatly appreciated. The knowledge platforms created by these alliances are of incalculable value for the group, our employees and customers.

Bell needs to be at the cutting edge of the latest technology available to our industry and strategic alliances provide this opportunity

Howard Buttery *Group Chairman*

Chairman's Statement *(continued)*

Our product range continues to grow from strength to strength and increased market shares in the northern hemisphere articulated dump truck markets is proof of our technical competency. We continuously strive to improve our existing product range and many of these improvements are as a direct result of input from our alliance partners.

I am pleased to report both an improvement in labour relations within the Bell group as well as an improvement in productivity as a result of our extensive training programmes. There is a greater realisation by both government and labour of the need to overcome conflict and increase productivity. Crime and educational levels continue to improve and I am particularly proud of management's decision to "adopt" the Empangeni police station. A dedicated team of Bell employees has finished the initial task of cleaning up the premises and resurfacing and laying out of the car parks. We are now moving into the second stage of training and improving the morale of the policemen and women. Whilst the funding and direction of the South African police force is a state responsibility, we at Bell have taken practical steps to improve working conditions of the local police force to motivate a further reduction in crime. We and our employees continue to support local education projects. Our partners at Deere have helped us with the funding of Aids awareness and we continue with success to educate and train our employees on HIV/Aids prevention.

In last year's annual report I criticised government for introducing first world styled residence based taxation. The final legislation is less onerous than that initially mooted but in my opinion is still too high for exporters wishing to fund market development and offshore investment. The normal taxation charge has decreased as a result of our accounting change with regard to future warranties as well as the withdrawal by the Revenue authorities of two tax cases against Bell relating to prior years. Our tax rates are still far too close to the first world for a company operating in a developing country with locational disadvantages in terms of our major suppliers and customers. The group's ability to afford the remittance of foreign dividends back to South Africa is now in question due to the taxation of this source of revenue and may in time force the group to move certain development activities offshore.

The future of our group will depend on a number of factors, a very important one of which will be the ability to finance unit sales. Within five years we expect that up to 80% of our worldwide sales will be in the form of rental agreements. Clients will rent, under various types of packages, as opposed to buying outright. We have successfully concluded our South African joint venture finance agreement with WesBank (a division of the FirstRand group) and this partnership has been operating very successfully for the past six months. We can now proudly state that Bell and WesBank have the best overall financial packages available to South African users. We are involved in discussions with joint venture partners to set up similar joint ventures for sales in sub-Saharan Africa outside South Africa, in continental Europe and the United Kingdom, all of which will be up and running by the end of this year. This tool will provide a valuable customer service and profit contributor. Our aim is to produce 25% of the group's profitability from this division within five years.

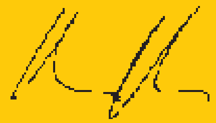
In line with our dividend policy to firstly consider cash flow, capital expenditure and working capital requirements, we have decided to increase our dividend this year. We are pleased to advise shareholders that we have decided to pay a dividend of 10 (ten) cents per share (1999: 6 (six) cents) in respect of the year ended 31 December 2000.

The first two months of the current financial year have continued to be profitable, and providing the world ADT markets continue to hold up, the group will be profitable throughout the current year.

Once again I wish to thank all Bell Equipment board members for their valued contribution and support, particularly our non-executive directors for their time and tireless dedication to the affairs of the group. I would like to thank for their contribution two directors who have resigned. Firstly to Dr Roy Marcus due to the pressure of other commitments and secondly to Guy Harris who is taking up an executive post with another South African public company.

Guy made a very substantial contribution as a full-time executive employee over the past five years and we wish him well in his new challenges. I am pleased to announce that Guy will continue to serve Bell as a non-executive director.

Finally, I wish to thank each and every member of the Bell team and our stakeholders for their continued commitment, contribution and loyalty. You are our greatest asset.



HOWARD J BUTTERY
Chairman

Chief Executive's Report

2000

The best year in the Group's history… Increased profitability resulted from higher sales volume, manufacturing efficiencies and cost savings from continuous improvement initiatives.

Highlights

We have begun the new millennium on a high note. I am happy to announce another record year for the Bell Group. 2000 was the best year in the Group's history, not only in terms of sales and profits but also in terms of non-financial measures that are reflected in our balanced scorecard. Sales increased 23% to R1 438,5 million and net income after tax rose from R46,4 million to R81,3 million after providing R25,4 million for future warranty costs. Increased profitability resulted from higher sales volume, manufacturing efficiencies and cost savings from continuous improvement initiatives. The improvement in quality was reflected in a reduction in warranty costs. Bell Equipment is now firmly on the path of continuous improvement and new product developments will be announced shortly. Our activities in Europe are increasing and we hope to announce shortly additional alliances which are presently under discussion. The alliance with Hitachi which was concluded towards the end of 2000 bodes well for Bell's growth into the future. While we might not have the depreciating currency in 2001, opportunities in our global markets in 2001 look significantly better. We intend to make the most of these opportunities.

Gary Bell *Group Chief Executive*

Regional Review

The Southern African distribution operations were able to build off a low fixed cost base and produce an excellent set of results. In addition, for the first time ever Bell had the largest market share in the products which we distribute in South Africa. All of the operations were able to turn in good results and, especially the Central Region, benefited from an active market in the area. The Zimbabwe operations were significantly negatively affected by developments in that country and the main activity was with customers who are export orientated. Zambia again produced a good set of results.

The Bell North American operations have downsized dramatically as a result of the Deere agreement. Bell Australasia, which operated to the end of November 2000, also produced a good set of results. As is reported elsewhere, these operations were sold to Hitachi Construction Machinery Company. Bell Europe turned in a pleasing set of results from a point of view of turnover and market share but with the cost of establishing new operations and setting up new dealerships profits are not yet at an appropriate level. The new operation in Germany has been successfully established and will be expanded in 2001 to include a European Logistics Centre to support our growing customer base. Our dealer operations in South America and other parts of Africa also showed signs of recovery and if investment increases, especially in primary activities in these two regions, Bell should be able to benefit. We have recognised that we need to adapt our business practices to deal more efficiently with dealer operations and product support to these important business areas.

Returns to Shareholders

The improved financial performance for 2000 was not only as a result of inflation and growth but also in margin terms with the return on shareholders' funds for the year 2000 being the highest for more than ten years. Asset control was also effective although there is always room for improvement. The cash flow generated by operations would have also been substantially better had it not been for the strategic decision to invest in increased inventory to avoid losing sales due to lack of stock and to gear up for the peak buying season in Europe. This will be monitored closely to

Bell had the largest market share in the products which we distribute in South Africa

Chief Executive's Report *(continued)*

ensure that inventory increases are only allowed in areas where we will obtain satisfactory returns or meet strategic objectives.

There has also been a strict control over overhead costs and, even in the times of improved performance, management has been reluctant to add to fixed costs, preferring rather to make use of temporary contractors until market volatility can be countered with a global spread of markets. This year we will be paying a dividend of 10 cents per share and future dividends will depend on the circumstances at the time.

Products

The full range of C-series Articulated Dump Trucks has continued to gain market share in significant markets worldwide despite some predatory pricing from competitors. The C-series Wheeled Loaders have also attained satisfactory market share and this has been despite fierce price competition from Asian manufacturers and the lack of effective tariff protection for local producers. The new L1806 Wheeled Loader fills a gap in our product line and will enable us to further grow our business. During 2000 the sugar and forestry industries remained relatively depressed although there was a pleasing turnaround in these markets towards the end of 2000 which has continued into 2001.

Distribution Network

As the only significant local producers of mobile construction and mining equipment in South Africa to date, considerable advantages have been gained from our extensive and superior Customer Service Centre network in Southern Africa. Bell has a strong brand name in Africa and during 2000 saw a substantial improvement of brand awareness in Europe. An effective network of 42 independent dealers in Europe has been created and will be further enhanced in the years ahead. Our global distribution channels are completed with the Deere network in the Americas and the Hitachi network in the Asian and Pacific regions.

Manufacturing and Development

The key to sustaining the progress of Bell Equipment was the introduction, some three years ago, of a new management structure and a World Class Organisation initiative that has allowed us to accelerate improvements in our manufacturing operations and to raise our productivity. This is best reflected in the gains made in delivery to customers' promises where our due date to the day delivery statistics currently are better than our due date to the month was a year ago. Key drivers of quality improvements and fulfilling customer promises have been management initiatives, shop floor co-operation, balanced scorecards, visual management and an effective incentive scheme which has driven behaviour in this area. It has been pleasing to see the substantial improvements that have occurred and these could not have been achieved without the commitment of many people throughout the team. The loyalty that the company showed to shop floor people during difficult times has definitely paid off and they have responded positively. 2001 will see focus continuing on quality and due date delivery but also extend to cost control where we are implementing a target costing system.

Our engineering and development teams continue to meet the challenge and the ever higher crossbars set by customers and competitors. We are committed to improving on our customers' cost performance expectations and have built on the advantage of our ability to access the best technology from our global supply partners.

Millennium Development

2000 also saw the large investment in manufacturing facilities in Richards Bay which will allow us to better organise many of our production

Bell Equipment offers a product range which meets the materials handling needs of our customers in various industries

Bell timber loading and haulage products provide lowest cost per ton solutions

activities and further increase our factory capacity. This investment of R12 million in buildings and R30 million in machinery was started during 2000 and will be completed in 2001. This project was completed on time and on budget and many of the changeovers were able to be achieved during the annual factory shutdown period thus avoiding any loss of production.

An application is being made under the new Small Medium Enterprise Development Programme (SMEDP) for tax free government grants for this expansion.

Supply Chain and Supply Partnerships

In our strive to be World Class, substantial improvement was made in prior years in sales and operations planning processes. These gains continued during 2000 where we also saw the initiation and completion of a supply management project whereby we aim to work far more closely with a smaller number of supply partners. This has resulted in many changes within Bell Equipment and the development of a supply rating system which measures supplier performance in terms of quality, due date and responsiveness. The basis for this performance measure was launched at a successful suppliers' conference held during the last quarter of 2000 and feedback has already begun to suppliers on their performance. Substantial benefits are expected from this initiative in future years for our partners, Bell Equipment and our customers. This is key to our remaining competitive in world markets.

Strategic Alliances

Our strategic alliance with John Deere has bedded down successfully and we have identified areas of working closely together for mutual advantage. Substantial assistance has been forthcoming from Deere particularly in the area of quality and information systems and it is hoped that further advances can be made in the area of supply management in the future.

During the year we entered into a strategic alliance with Hitachi for the Asia markets and they are also branding our trucks in North America under the Hitachi brand name. This is with John Deere's agreement. Hitachi is also distributing our sugar and forestry equipment in the important Asia Pacific region. Prior to the Asian economic meltdown three years ago, Asia Pacific was a far more substantial market for Bell Equipment and with the recovery in that market plus added credibility of Hitachi distribution expertise and contacts, it is hoped that we will benefit substantially from this in the future. We are also

Chief Executive's Report (continued)

investigating various alliances with other partners. More details of these will be provided as they reach key milestones.

Government

For the first time in several years the level of South African fixed investment spending as well as prospects for the future are looking positive. This is primarily inward driven rather than as a result of external investment but nevertheless the reprioritisation of government spending to infrastructure and capital spending is welcome. Being the only local producers of much of the equipment required for these developments puts Bell in a very favourable position.

In order to be able to attract foreign investment government needs to be able to show that it can deal effectively with crime, HIV/Aids and job creation. The private sector is already playing its role and Bell has played our part in Business Against Crime and the Zululand HIV/Aids initiatives as well as the additional jobs arising out of our Millennium Development investment during 2000.

We continue to enjoy benefits under the Motor Industry Development Programme and would like to see this extended to the other products that we manufacture in line with the original philosophy of the programme. We believe that some of the spectacular successes that have been achieved in the light vehicle market could be replicated in construction equipment if this programme were implemented on a broader basis.

The reduction in interest rates is welcome although we are still paying relatively high real interest rates. It is also a pity that labour intensive industries such as Bell continue to be most heavily hit by factors such as the Skills Development Levy. While we do not have any objection and are investing in our people we believe that those companies that do, should not have to pay for many of the bureaucratic structures that have been put in place. We continue to be critical of the lack of innovation funding for our next generation products as well as the fact that recently announced investment incentive programmes were based on the level of fixed capital invested rather than primarily driven by the number of jobs created and local value added. While there have been some minor amendments under the export assistance programme, those are still a long way off being effective for large exporters such as Bell and are not competitive when compared to what our global competitors receive.


An innovative product developed by
Bell Equipment as a fruit harvesting
machine for the palm oil industry

A purpose built Bell B40C Slagpot Carrier has replaced a loco and rail system at a large South African foundry

Human Resources

The year 2000 was positive in that the impact of HIV/Aids was far less than expected on our workforce. We have, however, maintained our awareness initiatives in this area and during the year a successful forum theatre initiative was launched in Richards Bay. We still believe that this will require very strong leadership from government, unions as well as business in order to be able to effectively turn back the tide timeously. During the year Bell donated a substantial sum to the training of local schoolteachers in HIV/Aids awareness so that they could take this message back to the classroom and spread the word to the community. The first donation made by the John Deere Foundation outside of the United States resulted in the doubling of the amount allocated by Bell.

Key success factors flowing from the restructure some three years ago are now coming to fruition and the principles of transparency, continuous improvement, learning and empowerment have been well established. We continue to have slower progress in the area of self directed work teams than we would like. We recognise the massive backlog that exists in areas such as Adult Basic Education and Training. We are at present upgrading our induction programme and improving our HR Intranet systems.

Given the rapid spread of technology through e-commerce it is becoming increasingly difficult to maintain competitive advantage through technological strength alone. In today's global village competitive advantage results from the way in which our team members work effectively together. The relatively positive working relationships between team members bodes well for our future.

We continue to have positive employee relations and effective use was made of existing structures including the Workplace Change committee and regular meetings with Numsa, Samri and the Non-Unionised Forum. Concern has been expressed by employees regarding the recent large increases in medical aid tariffs and various alternatives are under investigation. A successful training course, including representatives from all the unions as well as senior management and HR, on business understanding was held. It is expected that this would be rolled out to all team members at some stage in the future although current priorities in training are in the area of self directed work teams and quality.

Employment Equity

As is detailed elsewhere in the report, substantial progress has been made on employment equity. This has been brought about on a mature basis through effective consultation with all parties concerned. The first report was submitted on time. The focus now is on plans to achieve the targets that have been set.

Climate Study

An organisation climate study was undertaken and the results of this, when measured against our previous studies, national benchmarks and John Deere, were relatively pleasing although a great deal of work still needs to be done in this area. Individual operations are developing specific plans to deal with the opportunities for improvement identified in the survey.

Strategy/Balanced Scorecard

Again a successful strategy session was held in the second half of 2000 and many of our key strategies were refined although the core ones remain in place. We continue to focus on the fundamentals of sales, quality, return on shareholders' funds, people and systems. We continue to look at longer-term investment opportunities in new areas of manufacture and distribution.

During the year the balanced scorecard was used extensively for the group and is being cascaded to the individual operations, some of which have been

Chief Executive's Report *(continued)*

using it for most of the year. Scorecards are also being developed for our strategic alliances in conjunction with our alliance partners.

Quality

2000 saw Bell retain the ISO 9000 certification for its Richards Bay manufacturing facility and put in place an effective non-conformance reporting system. The lack of this system had been threatening our certification for some time. We recognise that the quality crossbar will continue to be raised. The implementation of the 2000 version of ISO 9000 will be another step in this direction. The Quality Facilitators within each of the overall processes are working effectively and this has assisted in the reduction of end of line inspection defects.

Again there is no change in our stance towards ISO 14000 where we continue to comply with the principles but will not go for formal certification at this stage. At Richards Bay we were also able to retain our NOSA four star safety grading but, despite extensive efforts, we were not able to achieve that elusive fifth star. Safety remains a priority on the shop floor.

The Future

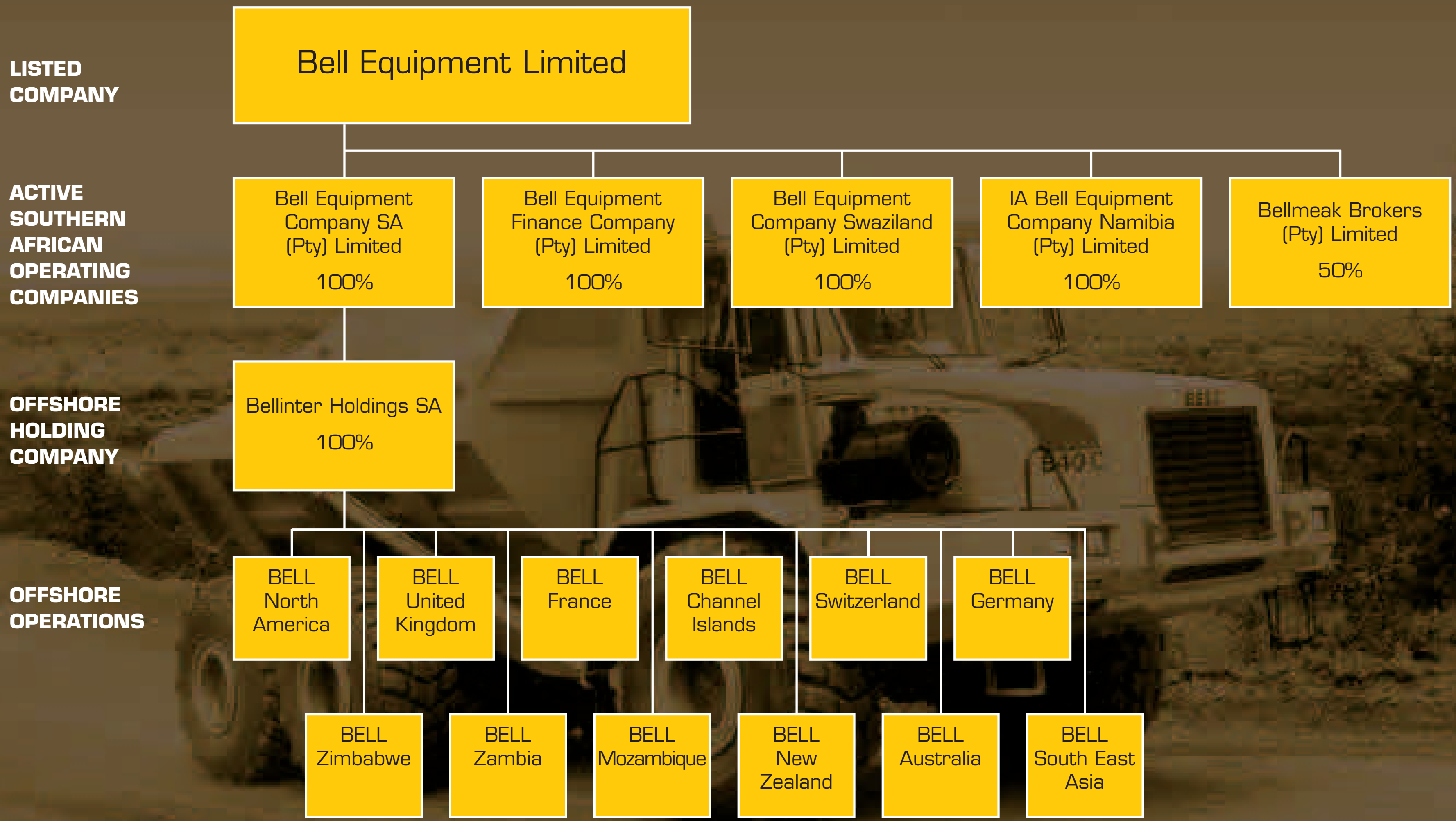
The strategies that we have developed over the past few years have helped us move away from a single market dependent company to one which we believe will be better able to handle downturns in one or two geographic or industry markets. This has been achieved through our global coverage, industry, mix, alliances and spread of products.

Acknowledgements

We have a dedicated, hard working team of approximately 1 800 members including limited duration contractors, and I would like to thank them all and our other business partners for the fine effort in producing this excellent set of results. I thank our shareholders for the capital they have provided and the confidence they have shown in management. Our efforts are focused on reducing risk to the enterprise and ensuring a stable work environment and continually improving returns to all stakeholders.

GARY BELL
Chief Executive

Group Structure



Corporate Governance

Good corporate governance requires ongoing commitment to best business practice and is not merely an annual comparison of how we rate against the recommendations contained in the King Report. The directors and management of Bell Equipment are constantly aware of the need to apply sound principles of corporate governance to all our operations in South Africa and internationally.

Some aspects upon which we wish to make additional and specific comments are:

Internal Control Systems

The internal audit function of the group has been partially outsourced to its external auditors who enjoy the full support and co-operation of the Board of Directors, management and staff. The external auditors have the prerequisite professional integrity and experience for this task and they have reported to the Audit Committee that the internal control systems are adequate. The Board of Directors is kept fully informed of the proceedings of the Audit Committee.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and asset safeguarding. Furthermore, the effectiveness of an internal control system can change with circumstances.

Nothing has come to the attention of the directors, or to the attention of the internal or external auditors, to indicate that any material breakdown in the functioning of the group's key internal controls and systems has occurred in the year under review.

Going Concern

After making due inquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared on the going concern basis.

The external auditors concur with the above statements.

Risk Management

The group conducts regular assessments of its risk profile in conjunction with outside risk consultants. All business risks have been managed effectively in terms of our risk management programme.

Environment

As part of its drive towards sound corporate governance the company is committed to complying with requirements for its Richards Bay factory and distribution operations elsewhere with a view to ensuring compliance with environmental requirements in other countries in which it operates.

Employment Equity

In compliance with the Employment Equity Act, Bell Equipment has committed itself to creating a workplace in which all employees, regardless of background, race or gender, can enjoy equal opportunities. Substantial investment is being made in the development of our people, particularly those who were previously disadvantaged. In December 1999 a Workplace Change Agreement which embodies all these principles into a structured process was signed by representatives of management, the unions as well as non-unionised staff. A task group representing all sectors of our employees and management has been set up to drive the aspects covered in the agreement.

Structure of the Board and Committees

The roles of the chairman and chief executive are distinct and there are seven non-executive directors, one of whom chaired the Audit Committee and another the Remuneration Committee throughout the year under review. The company has a unitary board which meets five times per annum.

All directors have access to the company secretary and are entitled to seek other independent professional advice in regard to performance of their duties.

The Board of Directors is ultimately responsible for ensuring that Bell Equipment is a viable business and to this end effectively controls the company and its subsidiaries and monitors executive management and is involved in all decisions that are material for this purpose.

Particulars of the composition of the Board of Directors and committees appear on pages 62 and 63 of this report.

Audit Committee

Bell Equipment has an Audit Committee, the chairman of which is a non-executive director. The Audit Committee operates in terms of a formally approved audit committee charter which clearly sets out the roles and responsibilities of committee members and its main task is to maintain and, where necessary, review the effectiveness of internal controls in the group in the light of the findings of the external or internal auditors.

Other areas that are reviewed include the review of important accounting issues, pending changes in legislation which will give rise to changes in practice, specific disclosures in the financial statements and the publication of the interim and annual reports, as well as reviewing the company's risk management programme.

The external as well as internal auditors have unrestricted access to the committee.

Remuneration Committee

Bell Equipment's Remuneration Committee, which also operates in terms of a formally approved charter, is chaired by a non-executive director and reviews and approves the remuneration and terms of employment of the executive directors and senior management in line with their individual contributions to the company's overall performance.

The remuneration paid to executive and non-executive directors of the Bell Equipment Group is disclosed, in total, in Note 14 to the annual financial statements.

Stakeholder Communication and Worker Participation

Many Bell Equipment employees and stakeholders are shareholders in the company or hold share options and therefore receive the annual report. The company also produces an annual employee report. In addition, many stakeholders regularly receive Bell Equipment publications such as ‘Bulletin’ and ‘Communique’ which are distributed worldwide. A briefing system is in place to facilitate communication to all levels within Bell Equipment. We endeavour to make all our communication

Corporate Governance *(continued)*

effective, transparent, balanced and fair and produce 'Bell Online' to address such topical issues on a regular basis. The company has a recognition agreement with Numsa in Richards Bay and generally enjoys positive industrial relations.

Code of Ethics

The company has a Code of Ethics which commits the company and its employees to the highest standards of ethical and professional integrity and has the full commitment of the Board and the Chief Executive. It is effectively communicated to all Bell Equipment operations worldwide.

The Code of Ethics covers the interactive relationships between the company, its directors, management and employees as between themselves and outside stakeholders, customers, shareholders and society at large.

Corporate Social Investment

The company has adopted a policy of preferring to identify job creation opportunities as opposed to donating money to various beneficiaries. Nevertheless, we do continue to support a number of charitable organisations with modest donations.

Employee Relations and Employment Equity

Bell Equipment had an Affirmative Action policy some years before it became fashionable and long before the Employment Equity Act came into effect. In the last decade Bell also changed its focus on training away from fast track and high level training into a broader based emphasis on areas of Adult Basic Education and Training and Bridging Programmes.

At the end of 1999 a Workplace Change Agreement was signed at Richards Bay between Bell Management and representatives of the major unions including National Union of Metal Workers of South Africa (Numsa), South African Motor Related Industries (Samri) and Mine Workers Union (MWU) as well as the Non-Unionised Forum. This was under a Nedlac sponsored Workplace Change programme in the Capital Equipment industry.

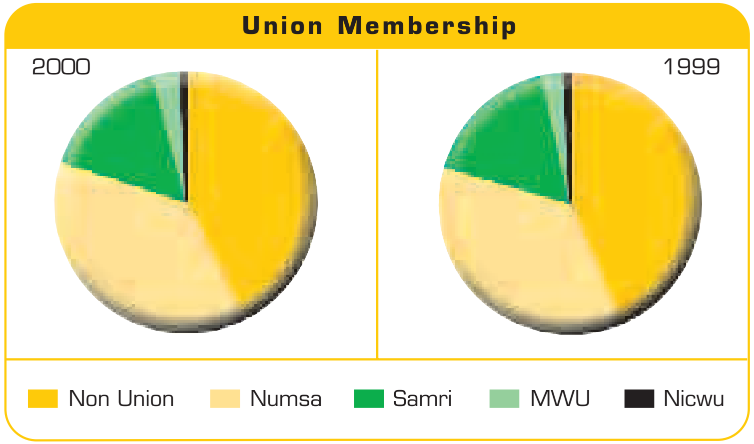
Management at Richards Bay, Jet Park and Nelspruit regularly hold meetings with the unions on matters of mutual interest and there are good channels of communication. Quarterly briefings are held with group union leadership and management at Richards Bay and on occasions at locations elsewhere in the country.

Bell belongs to the Metal and Engineering Industries Bargaining Council (MEIBC) and operates within the associated structures. The following was the ratio of union members at December 1999 and 2000:

	2000	1999
Non-Unionised	**42,6%**	43,7%
Numsa	**37,4%**	35,8%
Samri	**15,9%**	17,0%
Mine Workers	**3,3%**	2,6%
Nicwa	**0,8%**	0,9%

There is a formal Recognition Agreement between Numsa and the company regarding scheduled employees under the Bargaining Council at the Richards Bay factory.

2000 saw the rejuvenation of the Non-Unionised Forum and various changes in Samri as a result of promotions and resignations. Management do not meet as formally and regularly with these groups or with the smaller Mine Workers Union but good contact is maintained and doors are always open.



Employee Relations and Employment Equity *(continued)*

The Numsa shop steward elections held in 1999 also saw quite major changes and during 2000 some burning issues regarding anomalies amongst scheduled employee earnings and medical aid for certain groups of non-scheduled employees were resolved. There are various matters under discussion including an Agency Shop Agreement regarding scheduled employees and a redraft of the Recognition Agreement. There are formal structures in place for regular communication including a monthly Numsa – Management meeting at Richards Bay and ad hoc meetings at Nelspruit and Jet Park. Numsa and Samri also had delegates at the group business planning session held in September 2000.

During 2000 we operated within a relatively harmonious employee relationship environment. This started off with a team building workshop with Management and Numsa in January. We were disappointed by the limited stayaways during the national Cosatu strikes over job creation especially as Bell is actively expanding facilities and jobs in South Africa. Hopefully employers such as Bell who are taking positive action will be exempted from such calls in future.

During the year various grievances and disputes were lodged but were dealt with or are being dealt with in terms of agreed internal structures and processes which proved to be effective. Towards the end of 1999 a remuneration incentive for factory employees was successfully reintroduced. During 2000 it continued the successful focus on Quality, Cost and Safety.

Guy Harris was designated the Responsible Manager under the Employment Equity Act. A Task Group, under the leadership of John Khumalo, Employee Relations Facilitator who was the company's first full-time Numsa shop steward, has been working extensively during 2000. The Employment Equity Task Group is recognised as part of the Workplace Change Agreement referred to above.

With regard to Employment Equity legislation the necessary submission was made to the Department of Labour prior to the deadline and the receipt of this submission has been

acknowledged in the initial list in the Government Gazette. Due to the reduction in jobs in the industry as well as the relatively low growth of jobs within Bell, realistic targets have been set for the next five years. There is also a strong emphasis on promoting from within rather than hiring in expensive people who generally do not stay with the company for a long period.

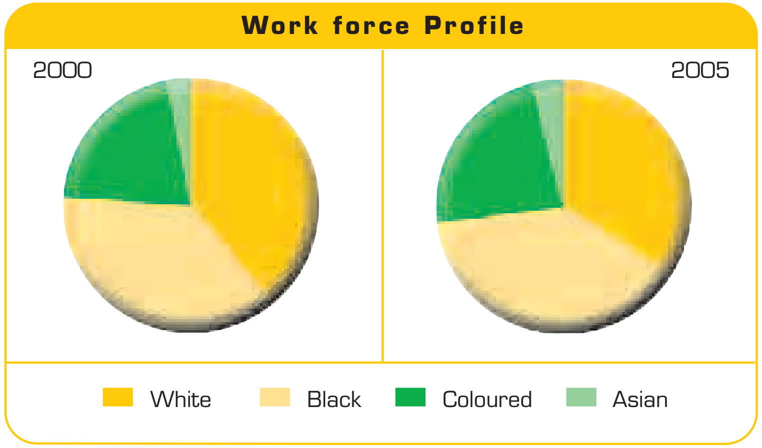
The targets that have been set for the next five years show an increase in 7 percentage points in the number of females, 2 percentage points in the number of Blacks, 2 percentage points in the number of Asians and 1 percentage point in the number of Coloureds. This should be achievable in terms of overall numbers subject to a reasonable level of staff turnover, finance available for staff development and suitable promotable candidates being found internally given our priority of "growing our own timber". We currently have six disabled employees and have made adaptations to buildings where practical.

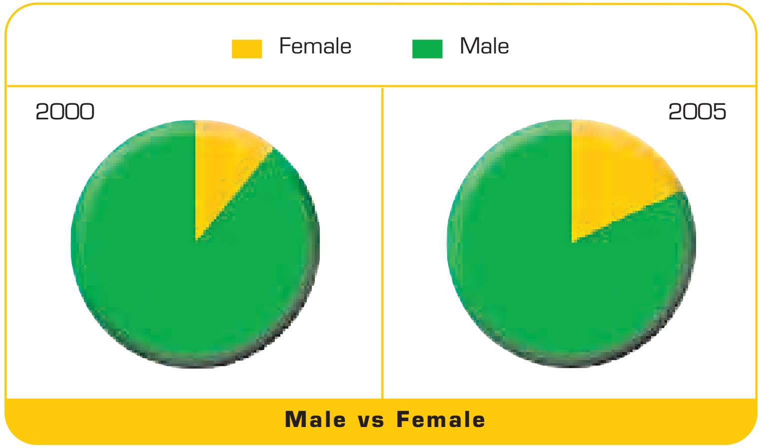
South African Workforce Profile:

	2000	**2005 Projected**
Race:		
White	39%	34%
Black	37%	39%
Asian	21%	23%
Coloured	3%	4%
Sex:		
Female	11%	18%
Male	89%	82%

Note: At present 1% equals approximately 15 employees. No change is expected in the number of disabled as it is already in line with the norm for the area.

During our business planning for the year 2001, people development was recognised as a key issue and the company is committed to implementing Performance Management and Career Pathing systems. There is still no consensus within the company as to whether there needs to be a formal grading system for non-scheduled employees and discussions are ensuing on this matter.





Employee Relations and Employment Equity (continued)

The company has, for some years now, published an annual Employee Report which is distributed to all employees. In addition there is greater transparency of information in terms of our operations and performance. This is not only because we are a listed company but because we believe inherently that it is our people who can drive the changes required in the business in order to meet customer needs and make us more sustainable.

Bell Equipment's attitude towards its people is borne out in our mission statement where we state clearly that "everyone can and does make a difference". This is the essence of trust and of total quality and continuous improvement. Bell Equipment is an employment intensive company which recognises the hardships caused by economic downturn in our industry. We endeavour to minimise the impact of this through skilling our workforce for other work opportunities should the need arise and by making selective use of temporary labour and contractors to cater for peaks. We have a good track record in South Africa of only very limited compulsory retrenchment especially during the last two slumps in the 1990s in the engineering industry. The focus within Bell is on job retention and job creation, which is supported by an effective gain sharing plan which is being enhanced over time.

There has for some years now been a tradition for Bell Equipment to have a non-executive board member who is associated with the union movement and we are appreciative of the positive role that this individual plays. We are proud of the fact that the previous person in such a role is now Minister of Economic Affairs and Tourism in KwaZulu-Natal, our home province, and of the valuable role played by the current incumbent, the Chief Executive of Numsa Investments Limited.

The Bell Group was also one of the first companies within the Metal and Engineering Industries to establish a joint Union – Management Training Committee. The first chairman of that Committee was a shop steward who has subsequently become the Skills Development Facilitator in Bell, appointed in terms of the Skills Development Act. Bell has also submitted the necessary Skills Development Plan within the required time frame and with the support of all the employee representatives and unions.

Substantial resources have been invested in improving communication with employees both through briefing systems and through formal publications which are made available electronically as well as in hard copy to employees worldwide approximately once a month. Through these media, employees are updated on developments in terms of Employment Equity and many other matters.

A strong emphasis on communication has also been around Aids given the current and potential impact on our workforce due to the location of our factory. This is one area where, through the Zululand Chamber of Business Foundation, we have been actively involved in the education of school teachers who are able to impart their knowledge to a much wider group of people, not only within their schools but in the wider community. It is from here that we will draw our future employees. Bell has also taken an active role in liaising with Business and Labour regionally on this specific matter and others.

There are many examples of co-operation between management, unions and employee representatives in Bell. Overall the company is perceived by the unions as being a progressive employer and Management regards many of these initiatives as being key to becoming a truly recognised World Class Organisation, part of our vision for 2006.

*The flagship Bell B40C Articulated Dump Truck –
the latest in a line up of world class products*

Bell Equipment continued its progress to be the preferred supplier of a world class stable of products

For our customers in the Mining Industry, particularly in Southern Africa and Australia, Bell Equipment's focus on providing the lowest cost per ton solutions yielded fresh gains in 2000. With bullish activity in platinum group metals, diamonds and to a lesser extent base minerals driving demand, providing the right value package of products and support helped grow Bell Equipment's market share in all our operating regions during the period in review.

The trend for mining entities to outsource non-core competencies to specialist contractors continued. Bell Equipment is well positioned to service these specialists' needs winning a significant share of this business in 2000, most notably the sale of 36 Articulated Dump Trucks to a single South African open pit contractor.

Achieving lowest cost per ton over the long run, superior performance and fuel efficiency has won our flagship truck model, the B40C, the lion's share of the ADT business from the world's largest diamond producers operating on Africa's West Coast.

World exploration spend in 2000 was suppressed at US$2,3 billion, just half pre BRE-X 1997 levels. Still, new and recapitalised mine projects in Botswana, Tanzania and Zambia provided opportunities to grow our equipment population and strengthen our Southern African support network.

2000 also saw mining applications for articulated trucks continue to grow in the Australian market. Again, a superior value package from Bell delivered a leading 30% market share with the B40C becoming the single most popular ADT model in that market for the third successive year.

In the South East Asian markets, recovery has been limited to pockets of activity. Solid support for our customers, combined with the new synergy formed as a result of our Hitachi distribution alliance, provides a firm footing for Bell into the future in this important market.

In our home market Bell achieved continued progress towards our goal to be the preferred supplier of a world class stable of products, fine tuned to the regional needs of Southern Africa. Three additional customer service centres opened in 2000 bringing to 39 the number of outlets through which Bell can deliver benchmark service and support. Leveraging our strategic partners' knowledge base, Bell is bringing new tools and technology to the drive for faster service delivery. In 2000 a web based technical assistance centre was launched giving 24 hour, 7 days a week service making our strong reliable support available online anywhere in the world.

Bell machines provide cost effective solutions in even the most challenging operating conditions

A growing customer base is being won by providing enhanced levels of support

2000 proved to be a flat year in most construction markets. Nevertheless Bell made strong progress in all regions in which we are active.

In North America, while total arcticulated truck sales were down some 12%, sales of John Deere branded trucks grew significantly, in this their first full year under the Deere marque. John Deere's powerful brand ingredients-competent products and a focus on providing genuine value, places our products on course for market leadership in the world's single biggest truck market.

In Europe fierce competition amidst static levels of construction activity helped raise demand for the superior value package which Bell provides. To deliver this Bell has assembled a strong network of first tier independent dealers with over 42 outlets across Euroland. These endeavours have achieved double digit growth in market share. Bell trucks have, in a short period, captured an 8% share of Europe's sales with some 14% of the UK market choosing Bell in 2000.

In Germany, another key ADT market, Bell launched an aggressive campaign beginning in the second half of 2000. Today with a breachhead distribution operation strategically located in Germany's Central Region and a network of powerful independent dealers, Bell will leverage the strong appeal of the Mercedes power train which is used in our products in this market to add further gains in the European arena.

Construction spend in Southern Africa remained depressed in 2000. Despite an industry wide decline in overall machinery sales, Bell grew market share in all equipment categories. A growing customer base is being won by providing enhanced levels of support that in tough times make all the difference. In addition, with Bell's strong regional presence, customers know that they can count on Bell support regardless of where work takes them.

Bell Equipment products are a familiar feature on construction sites in many countries

Exciting new models of loading tools were launched for infield handling of cane and timber products

Bell Equipment has deep roots in providing both sugar cane and timber handling solutions. In 2000 we have been able to advance our focused offer to what is Bell Equipment's founding customer base.

Exciting new models of loading tools in the Flexi range, a hybrid product of the Wheeled Loader division, were launched for both infield handling of cane and timber products. A lighter, more environmentally sensitiive Tri-Wheeled Loader, the model 125, joined the range.

A specially designed fruit handling system for extracting fresh fruit bunches from palm oil forests has resulted in 22 machines being sold in Papua New Guinea. Bell is pursuing the further distribution of these products in the larger Malaysian market.

Fuel efficient models of the C-series Hauler range proved their superiority in hauling high gross mass loads in field direct haulage challenges. In addition the traditional workhorses in our loader and rigid hauler range continued to prove that in the long run Bell has the lowest cost per ton solutions.

In the timber industry, an environmental best practice which focuses on reducing logging access roads, favours Bell Equipment. Our extensive experience in providing custom articulated timber trucks capable of operating with minimal forest roads, will find growing applications around the globe.

To bring these and other new advances to the job site, Bell has formed a team of field specialists who are skilled in researching job studies and can provide expert guidance in selecting the right solution.


Bell Timber Haulers have
established their reputation of
being Strong Reliable Machines
BELL

Top Achievements

During the year Bell Equipment received two prestigious awards at a joint function of the Department of Trade and Industry, the Department of Arts, Culture, Science and Technology and the Engineering Association of South Africa.

Bell Equipment was the winner in the category Marketing Excellence (a joint award of the President's Award for Export Achievement and Technology Top 100) and also received an award in the Machinery and Capital Equipment category in the Technology Top 100 event.

Pictured with the respective awards are (left to right) Wynand van der Walt (Research and Development Engineer), Marc Schurmann (Product Owner, Articulated Dump Trucks) and Eric Lerche (Regional Managing Director, Europe)

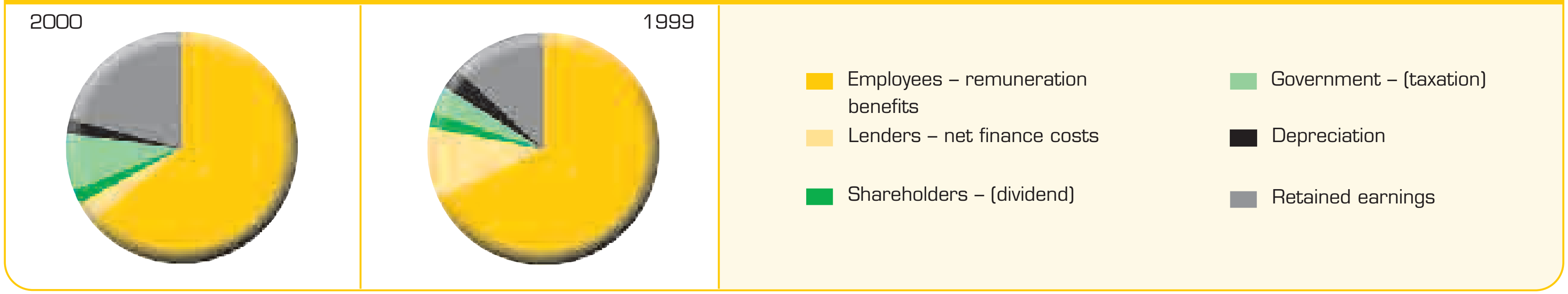
Value Added Statement

for the year ended 31 December 2000

R'000	**Dec 2000**	**%**	Dec 1999	%
Revenue	**1 438 507**		1 163 527	
Goods and services acquired	**1 059 450**		856 740	
Total value added	**379 057**		306 787	
Applied as follows:				
To employees – remuneration benefits	**251 717**	**67**	209 558	68
To lenders – net finance costs	**11 538**	**3**	30 363	10
To shareholders – dividend	**9 363**	**2**	5 595	2
To governments – taxation	**25 077**	**7**	12 134	4
Retained for investment in the group				
– Depreciation	**9 411**	**2**	8 321	3
– Retained earnings	**71 951**	**19**	40 816	13
Total value added	**379 057**	**100**	306 787	100

Note: Retained income for 2000 per balance sheet has been adjusted to take into account the dividend declared after the year end.

Value Added Graphic



Auditors' Report

Report of the independent auditors to the members of Bell Equipment Limited

We have audited the annual financial statements and group annual financial statements as set out on pages 36 to 60. These annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements, based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2000 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

DELOITTE & TOUCHE
Chartered Accountants (SA)

Richards Bay
14 March 2001

Certification by the Secretary

I certify that the company has, in respect of the financial year reported upon, lodged with the Registrar of Companies all returns required of a public company and that all such returns are, to the best of my knowledge and belief, correct and current.

D P MAHONY
Company Secretary

Approval of Annual Financial Statements

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

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

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and examined by independent auditors in conformity with South African auditing standards.

The annual financial statements of the group and the company which appear on pages 36 to 60 were approved by the directors on 14 March 2001 and are signed on their behalf by:

H J BUTTERY
Group Chairman

G W BELL
Group Chief Executive

Directors' Report

The directors submit the annual financial statements for the group and the company together with the reports thereon for the year ended 31 December 2000.

General Review

The group manufactures and distributes a wide range of materials handling equipment both locally and internationally through an extensive wholly owned network of customer service centres, strategic alliances and independent dealers.

The group's principal products are articulated dump trucks, haulage tractors and trailers, front end loaders, sugar cane and timber loading equipment, and related parts and service.

During the year under review the group sold its Australia and Singapore operations to Hitachi Construction Machinery Company Limited.

Financial Results

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

Stated Capital

The company's authorised share capital remains at 100 000 000 ordinary shares of no par value.

The stated capital account as at 31 December 2000 comprised 93 634 200 (December 1999: 93 248 200) ordinary shares of no par value.

Dividends

Subsequent to the year end the directors have declared a dividend of 10 cents per share (1999: 6 cents)

Property, Plant and Equipment

Movements in property, plant and equipment are recorded in Note 3 to the annual financial statements. There was no change in the policy relating to the use of such assets. During the year under review a R42 million expansion of the Richards Bay factory was commenced.

Share Option Schemes

The company has two employee share option schemes. The maximum number of shares any employee may acquire in terms of these schemes shall not exceed 200 000. Particulars of transactions which occurred on scheme number one during the year are as follows:

	31 December 2000	31 December 1999
Options granted brought forward	**1 750 150**	1 066 350
Options granted and accepted	**–**	904 000
Options exercised	**(386 000)**	–
Options forfeited	**(24 500)**	(220 200)
Options granted carried forward	**1 339 650**	1 750 150

Directors and senior management hold 731 800 of the unexercised options (1999: 992 100), the balance being held by other employees throughout the group.

The maximum aggregate number of shares available to employees under scheme number one was 2 159 200.

The unallocated balance at 31 December 2000 was 26 150 shares (December 1999: 1 650).

There were no transactions during the year under review for scheme number two which has a maximum of 5 000 000 shares available for allocation.

Share Purchase Option

In terms of an agreement concluded on 18 March 1999, John Deere Construction Equipment Company acquired a 32,2% interest in Bell and has the option to acquire the Bell family shares at US$1,45 per share, plus or minus the increase or decrease in net asset value at 31 December 1998 (R2,56) up to the date of exercising this option, or at 80% of the average market price for the previous 30 days, whichever is the higher. The option shall lapse on 17 March 2006.

Directors

During the year under review the following changes occurred in the composition of the Board of Directors:

Directors	Alternate Directors
C D Anderson *resigned 11 February 2000*	**R C Crawford** *resigned 18 December 2000*
M W Arnold *appointed 15 February 2000*	**D B Rhind** *appointed 18 December 2000*
B B Brock *appointed 15 March 2000*	
R D Marcus *resigned 18 December 2000*	

Details of the directors and senior management of the Bell Equipment Group appear on pages 62 and 63 of this report.

Directors' Shareholdings

	31 December 2000	31 December 1999
G W Bell	**10 906 375**	10 906 375
P A Bell	**10 906 375**	10 906 375
P C Bell	**10 906 375**	10 906 375
H J Buttery	**4 642 774**	4 642 274
D I Campbell	**3 784 860**	3 784 860
M A Campbell	**3 784 860**	3 784 860
P J C Horne (indirect)	**20 000**	–
G P Harris (indirect)	**1 800**	–
Total	**44 953 419**	44 931 119

Secretary

Particulars of the Company Secretary and his business and postal addresses appear on page 64 of this report.

Subsidiaries

Details of the company's interest in its subsidiary companies are contained on page 61 of this report.

Subsequent Events

There is no material fact or circumstance which has arisen since the balance sheet date and the date of this report.

Signed on behalf of the Board

H J BUTTERY **G W BELL**

14 March 2001

Six Year Review

R000	**Dec 2000**	Dec 1999	Dec 1998	10 months Dec 1997	Feb 1997	Feb 1996
INCOME STATEMENT						
Revenue	**1 438 507**	1 163 526	942 685	849 220	821 311	658 085
Cost of sales	**1 032 289**	840 670	671 380	619 534	576 918	479 697
Gross profit	**406 218**	322 856	271 305	229 686	244 393	178 388
Operating costs	**288 289**	233 948	274 041	195 531	180 188	121 493
Operating profit (loss) before finance costs	**117 929**	88 908	(2 736)	34 155	64 205	56 895
Net finance costs	**11 538**	30 363	29 817	22 880	37 525	21 914
Profit (loss) before taxation	**106 391**	58 545	(32 553)	11 275	26 680	34 981
Taxation	**25 077**	12 134	149	4 376	8 551	12 909
Profit (loss) after taxation	**81 314**	46 411	(32 702)	6 899	18 129	22 072
Attributable to outside shareholders	**–**	–	1 243	(296)	(831)	(241)
Attributable to shareholders	**81 314**	46 411	(31 459)	6 603	17 298	21 831
Shares in issue 000	**93 634**	93 248	63 248	63 248	63 238	63 189
Shares in issue 000 (wt avg)	**93 429**	83 248	63 248	63 243	63 217	63 052
Earnings per share (cents)	**87**	56	(50)	10	27	35
Dividend per ordinary share (cents)	**–**	6	–	–	7	6
Net asset value (cents)	**530**	426	256	319	303	275
BALANCE SHEET						
Property, plant and equipment	**102 892**	82 485	29 782	103 857	95 019	78 353
Investments and long-term receivables	**12 692**	1 393	16 070	1 999	4 586	2 769
Inventory	**513 638**	333 366	359 986	348 998	320 945	218 567
Receivables	**239 875**	167 904	121 587	128 439	108 953	96 603
Payables, provisions and dividends payable	**(233 576)**	(125 340)	(102 733)	(128 587)	(194 040)	(105 151)
Taxation	**(30 649)**	(5 131)	3 944	5 046	(4 781)	(11 429)
Employment of capital	**604 872**	454 677	428 636	459 752	330 682	279 712
Shareholders' equity	**496 689**	397 202	162 117	201 666	191 485	173 770
Outside shareholders	**–**	–	–	5 245	4 540	3 170
Net borrowings	**103 472**	50 800	262 229	243 980	125 755	96 709
Deferred tax	**4 711**	6 675	4 290	8 861	8 902	6 063
Total capital employed	**604 872**	454 677	428 636	459 752	330 682	279 712

Six Year Review (continued)

R000	**Dec 2000**	Dec 1999	Dec 1998	10 months Dec 1997	Feb 1997	Feb 1996
KEY RATIOS						
Operating ratios						
Operating margin (%)						
(Operating income)	**8**	8	–	4	8	9
(Revenue)						
Net asset turn (times)						
(Revenue)	**3**	3	2	2	3	2
(Average net assets)						
Return on net assets (%) (RONA)						
(Operating income)	**22**	20	(1)	9	21	21
(Average net assets)						
Financial ratios						
Gearing (%)						
(Net borrowings)	**21**	13	162	118	64	55
(Total shareholders' funds)						
Interest cover (times)						
(Operating income)	**10**	3	–	1	2	3
(Net finance costs)						
Overall performance						
Return on shareholders' funds						
(Attributable profit)	**18**	17	(17)	3	9	13
(Average shareholders' funds)						
Ratios						
Gross margin to revenue %	**28**	28	29	27	30	27
Working capital days trade cycle						
Inventory	**182**	145	196	206	203	168
Receivables	**61**	53	47	46	48	54
Payables	**(83)**	(54)	(56)	(76)	(123)	(80)
Total	**160**	144	187	176	128	142
ABBREVIATED CASH FLOW						
Operating income before working capital changes	**172 957**	97 762	1 217	40 046	75 865	59 504
Cash invested in working capital	**(164 860)**	(3 559)	(29 990)	(108 565)	(27 137)	(9 613)
Net finance costs	**(14 079)**	(32 477)	(31 585)	(24 117)	(38 387)	(17 180)
Taxation paid	**(4 955)**	(1 358)	(2 846)	(14 244)	(12 332)	(2 584)
Net cash (utilised) provided by operating activities	**(10 937)**	60 368	(63 204)	(106 880)	(1 991)	30 127
Dividends paid	**(5 595)**	–	–	(4 427)	(3 791)	(7 131)
(Invested in) proceeds from property, plant, equipment, investments and long-term receivables	**(40 783)**	(32 047)	48 432	(8 890)	(25 643)	(10 742)
(Funding requirement) cash surplus	**(57 315)**	28 321	(14 772)	(120 197)	(31 425)	12 254
Net increase (redemption) of shares	**1 061**	180 120	–	30	149	(3 578)
Outside shareholders	**–**	–	(5 245)	705	1 370	418
Net borrowings increased (repaid)	**56 254**	(208 441)	20 017	119 462	29 908	(9 222)
Associated company debt (advanced) repaid	**–**	–	–	–	(2)	128
Funds procured (cash surplus applied)	**57 315**	(28 321)	14 772	120 197	31 425	(12 254)

Balance Sheets

at 31 December 2000

	Notes	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**102 892**	82 485	**–**	–
Interest in subsidiary companies	4	**–**	–	**274 982**	279 235
Investments	5	**–**	1 393	**–**	–
Long-term receivables		**12 692**	–	**–**	–
Total non-current assets		**115 584**	83 878	**274 982**	279 235
Current assets		**784 825**	524 281	**675**	735
Inventory	6	**513 638**	333 366	**–**	–
Trade and other receivables		**236 248**	162 911	**640**	735
Prepayments		**3 627**	4 993	**–**	–
Taxation		**3 053**	219	**35**	–
Cash resources		**28 259**	22 792	**–**	–
TOTAL ASSETS		**900 409**	608 159	**275 657**	279 970
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	7	**222 822**	221 761	**222 822**	221 761
Non-distributable reserves	8	**48 458**	31 314	**–**	–
Retained earnings		**225 409**	144 127	**51 471**	50 801
Total capital and reserves		**496 689**	397 202	**274 293**	272 562
Non-current liabilities		**36 411**	37 392	**188**	828
Long-term borrowings	9	**31 700**	30 717	**188**	828
Deferred taxation	10	**4 711**	6 675	**–**	–
Current liabilities		**367 309**	173 565	**1 176**	6 580
Trade and other payables		**206 254**	118 871	**536**	223
Current portion of long-term borrowings	9	**1 915**	874	**640**	735
Warranty provision		**25 407**	–	**–**	–
Proposed dividend		**–**	5 595	**–**	5 595
Taxation		**33 702**	5 350	**–**	27
Short-term interest bearing debt		**100 031**	42 875	**–**	–
TOTAL EQUITY AND LIABILITIES		**900 409**	608 159	**275 657**	279 970
Shares issued (000)		**93 634**	93 248		
Net asset value per share (cents)		**530**	426		

Income Statements

for the year ended 31 December 2000

	Notes	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
Revenue					
Continuing operations		**1 308 875**	1 087 906	**135**	6 699
Discontinuing operations		**129 632**	75 620	**–**	–
Total revenue	11	**1 438 507**	1 163 526	**135**	6 699
Cost of sales		**1 032 289**	840 670	**–**	–
Gross profit		**406 218**	322 856	**135**	6 699
Other operating income		**52 742**	52 447	**–**	–
Distribution costs		**(232 688)**	(208 238)	**–**	–
Administration expenses		**(69 866)**	(49 102)	**(452)**	(413)
Other operating expenses		**(38 477)**	(29 055)	**(1 430)**	(2 583)
Profit (loss) from operating activities		**117 929**	88 908	**(1 747)**	3 703
Finance costs	12	**(45 507)**	(41 496)	**(138)**	(207)
Finance income	13	**33 969**	11 133	**2 541**	2 115
Profit before taxation	14	**106 391**	58 545	**656**	5 611
Taxation	15	**(25 077)**	(12 134)	**14**	(16)
Net profit for the year		**81 314**	46 411	**670**	5 595
		Cents	Cents		
Earnings per share					
Basic	16	**87**	56		
Diluted	16	**86**	55		
Headline earnings per share					
Basic	16	**87**	53		
Diluted	16	**86**	52		
Dividends per share		**–**	6		

Statements of Changes in Equity

for the year ended 31 December 2000

	Stated capital R000	Non-distributable reserves R000	Retained earnings R000	Total R000
Group				
Balance at 31 December 1998	41 641	17 165	103 311	162 117
Issue of share capital	180 120	–	–	180 120
Surplus on revaluation of properties	–	11 441	–	11 441
Increase in foreign currency translation reserve	–	2 733	–	2 733
Exchange difference on foreign reserves	–	(25)	–	(25)
Net profit for the year	–	–	46 411	46 411
Dividend	–	–	(5 595)	(5 595)
Balance at 31 December 1999	221 761	31 314	144 127	397 202
Issue of share capital	1 061	–	–	1 061
Deferred taxation on revaluation of properties	–	(3 432)	–	(3 432)
Increase in foreign currency translation reserve	–	20 655	–	20 655
Increase in legal reserve of foreign subsidiary	–	32	(32)	–
Exchange difference on foreign reserves	–	(111)	–	(111)
Net profit for the year	–	–	81 314	81 314
Balance at 31 December 2000	**222 822**	**48 458**	**225 409**	**496 689**
Company				
Balance at 31 December 1998	41 641	–	50 801	92 442
Issue of share capital	180 120	–	–	180 120
Net profit for the year	–	–	5 595	5 595
Dividend	–	–	(5 595)	(5 595)
Balance at 31 December 1999	221 761	–	50 801	272 562
Issue of share capital	1 061	–	–	1 061
Net profit for the year	–	–	670	670
Balance at 31 December 2000	**222 822**	–	**51 471**	**274 293**

Cash Flow Statements

for the year ended 31 December 2000

	Notes	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
CASH FLOW (APPLIED TO) FROM OPERATING ACTIVITIES					
Cash generated from (applied to) operations	A	**8 097**	94 203	**(1 339)**	3 892
Net finance costs paid		**(14 079)**	(32 477)	**(138)**	(206)
Taxation paid	B	**(4 955)**	(1 358)	**(48)**	(35)
Net cash flow (applied to) from operating activities		**(10 937)**	60 368	**(1 525)**	3 651
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment		**(19 839)**	(48 165)	**–**	–
Purchase of replacement property, plant and equipment		**(11 912)**	(2 849)	**–**	–
Proceeds on disposal of property, plant and equipment		**1 680**	4 290	**–**	–
Proceeds on disposal of property, plant and equipment of discontinuing operations		**587**	–	**–**	–
Investment in foreign subsidiary		**–**	–	**(18)**	(60 050)
Investment in local subsidiary		**–**	–	**–**	(12 115)
Net cash flow from investing activities		**(29 484)**	(46 724)	**(18)**	(72 165)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments from (advances to) subsidiaries		**–**	–	**6 812**	(125 632)
Dividends paid		**(5 595)**	–	**(5 595)**	–
Repayment of long-term borrowings		**(1 169)**	(2 223)	**(735)**	(735)
Proceeds from long-term borrowings		**5 734**	1 000	**–**	–
Decrease in investments		**1 393**	14 677	**–**	14 761
Increase in long-term receivables		**(12 692)**	–	**–**	–
Proceeds from share issues		**1 061**	180 120	**1 061**	180 120
Net cash flow from financing activities		**(11 268)**	193 574	**1 543**	68 514
Net (decrease) increase in cash for the year		**(51 689)**	207 218	**–**	–
Net short-term interest bearing debt at beginning of the year		**(20 083)**	(227 301)	**–**	–
Net short-term interest bearing debt at end of the year	C	**(71 772)**	(20 083)	**–**	–

Notes to the Cash Flow Statements

for the year ended 31 December 2000

		GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
A.	**Cash generated from (applied to) operations**				
	Profit (loss) from operating activities	**117 929**	88 908	**(1 747)**	3 703
	Adjustments for:				
	Depreciation	**9 411**	8 321	**–**	–
	Increase in warranty provision	**25 407**	–	**–**	–
	Surplus on disposal of property, plant and equipment	**(523)**	(2 717)	**–**	–
	Loss on disposal of property, plant and equipment of discontinuing operations	**619**	–	**–**	–
	Exchange differences on translation of foreign subsidiaries	**20 114**	3 250	**–**	–
	Operating profit (loss) before working capital changes	**172 957**	97 762	**(1 747)**	3 703
	(Increase) decrease in inventory	**(180 272)**	26 620	**–**	–
	(Increase) decrease in receivables and prepayments	**(71 971)**	(46 317)	**95**	5
	Increase in trade and other payables	**87 383**	16 138	**313**	184
	Total cash generated from (applied to) operations	**8 097**	94 203	**(1 339)**	3 892
B.	**Taxation paid**				
	Taxation owing (refund due) at beginning of year	**5 131**	(3 945)	**27**	46
	Tax charge for the year:				
	S.A. normal taxation				
	Current taxation	**30 349**	8 695	**(14)**	16
	Secondary tax on companies	**(705)**	–	**–**	–
	Foreign taxation				
	Current taxation	**762**	1 739	**–**	–
	Secondary tax on companies	**67**	–	**–**	–
	Taxation (owing) refund due at end of year	**(30 649)**	(5 131)	**35**	(27)
	Total taxation paid	**4 955**	1 358	**48**	35
C.	**Net short-term interest bearing debt**				
	Short-term interest bearing debt	**100 031**	42 875	**–**	–
	Cash resources	**(28 259)**	(22 792)	**–**	–
	Net short-term interest bearing debt at end of the year	**71 772**	20 083	**–**	–

1. ACCOUNTING POLICIES

The group annual financial statements have been prepared in compliance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act. The annual financial statements are compiled in accordance with the historical cost basis, adjusted for the revaluation of freehold property.

The following principal accounting policies have been consistently followed in all material respects, with the exception of the accounting policies for:

– deferred taxation, which has been amended to conform with the requirements of South African Statement of Generally Accepted Accounting Practice AC102, Income Taxes.

– warranty costs, which has been changed prospectively. The group now provides for the cost of making good warranty products sold before the balance sheet date. Warranty costs were previously charged against income when incurred.

1.1 Basis of consolidation

The group annual financial statements incorporate the financial position and results of the company and of its subsidiaries. The results of subsidiaries are included from the dates effective control was acquired until the effective dates of their disposal.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is capitalised and amortised on a straight line basis over its useful economic life, a period generally not exceeding 20 years.

1.2 Property, plant and equipment

Freehold land and buildings are stated at valuation on the depreciated replacement cost basis with subsequent additions at cost. Revaluations are undertaken every five years.

Freehold land and buildings are not depreciated as they are considered to be investment properties. Leasehold buildings are depreciated over the period of the lease. In the case of leasehold improvements to properties owned by other group companies the depreciation is reversed on consolidation. Aircraft, plant and equipment and vehicles are stated at cost less accumulated depreciation and are generally depreciated on a straight line basis over their anticipated useful lives.

The following annual rates of depreciation are used:

Leasehold buildings	10 %
Plant and equipment	10 % – 20 %
Aircraft	12,5 %
Vehicles	20 %

1.3 Leases

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

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are charged against operating profit as they become due.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to operating profit when incurred.

1.4 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, trade receivables, trade payables and borrowings. The estimated fair values of these instruments approximate their carrying amounts. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Derivative financial instruments, principally forward foreign exchange contracts, are used by the group in its management of financial risks. These contracts are accounted for on a mark to market basis and the associated gains and losses are recognised in the results of the current period.

1.5 Inventory

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

Raw materials, merchandise spares, work in progress and finished goods are valued on the first-in first-out basis. Finished goods, work in progress and manufactured components include direct costs and where appropriate a proportion of manufacturing overhead expenditure.

Redundant and slow moving inventory are identified and written down with regard to their estimated economic or realisable values.

1.6 Deferred taxation

Deferred taxation is provided on the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Where the effect of temporary differences results in a deferred tax asset, the asset is brought to account if recovery is probable.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

1.7 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of the transaction.

1.8 Foreign currency balances

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Forward cover contracts are separately valued at equivalent forward rates ruling at the reporting date. Surpluses and losses arising on translation of foreign currency transactions are dealt with in the income statement.

1.9 Foreign subsidiary translation

Assets and liabilities of foreign subsidiaries are translated at the year end rates of exchange. Income statement items of foreign subsidiaries and equity accounted foreign associates are translated at a weighted average rate of exchange for the year. Aggregated gains and losses arising on translation of foreign subsidiaries are taken directly to non-distributable reserves.

1.10 Discontinuing operations

A discontinuing operation results from the sale or abandonment of an operation that represents a separate, major line of business of the group and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes.

The profit or loss on discontinuance is determined from the discontinuance date, being the date from which management has reasonable assurance as to the eventual conclusion of the formal plan of discontinuance. The profit or loss is determined by including the best estimates at the reporting date of the operating results from the discontinuance date to the expected final disposal date, the difference between the proceeds on disposal, if any, and the net carrying value of the assets and liabilities to be disposed of as well as all costs and expenses directly associated with the disposal.

If a loss is anticipated, full provision is made from the discontinuance date. If a profit is expected, it is recognised only when realised.

1.11 Revenue

Revenue comprises the invoiced value of sales, rentals received and investment income. Consolidated revenue excludes sales to group companies.

1.12 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of the goods are transferred to the buyer. Revenue from services is recognised when the services have been rendered. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

1.13 Research and development

Research and development costs are charged against operating income as incurred.

1.14 Warranty costs

The cost of making good warranty products sold before the balance sheet date is provided for.

1.15 Retirement benefits

The policy of the group is to provide retirement benefits for its employees. Retirement benefit costs are charged against operating income as incurred.

1.16 Off-setting financial agreements

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

1.17 Impairment of assets

Where there is an indication that an asset may be impaired, the recoverable amount of an asset is estimated. Recoverable amount is the higher of an asset's net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A reversal of an impairment loss for an asset is recognised as income immediately in the income statement, unless the asset is carried at revalued amount. Any reversal of an impairment loss on a revalued asset is treated as a revaluation increase.

1.18 Provisions

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

1.19 Segmental information

The principal segments of the group have been identified on a primary basis by significant geographical regions. The primary basis is representative of the internal structure for management reporting purposes.

1.20 Borrowing costs

Borrowing costs are charged against operating profit as incurred.

1.21 Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2000

2. Segmental Analysis

Geographical segments

The group operates in two principal geographical areas.

Group 2000	SOUTH AFRICA R000	REST OF WORLD R000	CONSOLIDATED R000
Revenue	**703 015**	**735 492**	**1 438 507**
Result			
Segment result	**60 866**	**57 063**	**117 929**
Net finance costs			**(11 538)**
Taxation			**(25 077)**
Net profit			**81 314**
Other information			
Segment assets	**658 338**	**242 071**	**900 409**
Segment current liabilities	**260 998**	**106 311**	**367 309**
Long-term borrowings	**26 871**	**4 829**	**31 700**
Deferred taxation			**4 711**
Consolidated total liabilities			**403 720**
Capital expenditure	**30 297**	**1 454**	**31 751**
Depreciation	**8 413**	**998**	**9 411**
Other non-cash expenses	**25 407**	**643**	**26 050**
Group 1999			
Revenue	467 980	695 545	1 163 526
Result			
Segment result	11 182	77 726	88 908
Net finance costs			(30 363)
Taxation			(12 134)
Net profit			46 411
Other information			
Segment assets	473 213	134 946	608 159
Segment current liabilities	124 967	48 598	173 565
Long-term borrowings	29 717	1 000	30 717
Deferred taxation			6 675
Consolidated total liabilities			210 957
Capital expenditure	48 492	2 522	51 014
Depreciation	7 402	919	8 321
Other non-cash expenses		62	62

GROUP

	2000 Cost/ valuation R000	2000 Accumulated depreciation R000	2000 Net book value R000	1999 Cost/ valuation R000	1999 Accumulated depreciation R000	1999 Net book value R000
3. Property, Plant and Equipment						
Freehold land and buildings	**56 344**	**–**	**56 344**	55 868	–	55 868
Leasehold buildings	**4 061**	**909**	**3 152**	4 012	1 006	3 006
Plant and equipment	**92 376**	**62 697**	**29 679**	78 776	56 823	21 953
Aircraft	**3 298**	**2 555**	**743**	2 826	2 432	394
Vehicles	**3 708**	**1 255**	**2 453**	2 244	980	1 264
Capital work in progress	**10 521**	**–**	**10 521**	–	–	–
Totals	**170 308**	**67 416**	**102 892**	143 726	61 241	82 485

	Freehold land and buildings R000	Leasehold buildings R000	Plant and equipment R000	Aircraft R000	Vehicles R000	Capital work in progress R000	Total 2000 R000	Total 1999 R000
Movement in property, plant and equipment								
Net book value at beginning of the year	55 868	3 006	21 953	394	1 264	–	**82 485**	29 782
Additions	476	659	17 464	472	2 159	10 521	**31 751**	51 014
Disposals	–	(152)	(1 882)	–	(329)	–	**(2 363)**	(1 573)
Revaluation	–	–	–	–	–	–	**–**	11 441
	56 344	3 513	37 535	866	3 094	10 521	**111 873**	90 664
Depreciation	–	(713)	(8 047)	(123)	(528)	–	**(9 411)**	(8 321)
Translation differences	–	352	191	–	(113)	–	**430**	142
Net book value at end of the year	56 344	3 152	29 679	743	2 453	10 521	**102 892**	82 485

	2000 R000	1999 R000
Freehold land and buildings comprise:		
Land and buildings		
Lot 1894 Alton Industrial Township, Richards Bay		
– at valuation on 1 October 1999	**7 906**	7 906
Lot 10024 Alton Industrial Township, Richards Bay		
– at valuation on 1 October 1999	**47 962**	47 962
– subsequent additions at cost in 2000	**476**	–
Total freehold land and buildings	**56 344**	55 868

The freehold land and buildings were valued by the Mills Fitchet Group, independent qualified valuers, on the depreciated replacement cost basis, on 1 October 1999. The valuations were undertaken in accordance with the handbook of the Royal Institute of Chartered Surveyors in the United Kingdom. The book values of these properties were adjusted to their valuations during the relevant financial period and the resultant net surpluses credited to the revaluation reserve.

Notes to the Annual Financial Statements *(continued)*

for the year ended 31 December 2000

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	R000	R000	**R000**	R000
3. Property, Plant and Equipment (continued)				
Open market value of buildings, determined by Mills Fitchet Group, independent valuers, on 1 October 1999	**50 388**	50 388		
Subsequent additions at cost in 2000	**476**	–		
Total open market value of buildings	**50 864**	50 388		
The comparable amounts under the historical cost convention for the revalued freehold land and buildings were:				
Historical cost	**44 903**	44 427		
4. Interest in Subsidiary Companies				
Local subsidiaries				
Shares at cost	**–**	–	**12 654**	12 654
Subscription agreement for subsidiary shares	**–**	–	**14 436**	11 895
Indebtedness by subsidiaries	**–**	–	**153 076**	159 864
Indebtedness to subsidiaries	**–**	–	**(152)**	(152)
Total local subsidiaries	**–**	–	**180 014**	184 261
Foreign subsidiaries				
Shares at cost	**–**	–	**94 992**	94 974
Indebtedness by subsidiaries	**–**	–	**29**	–
Indebtedness to subsidiaries	**–**	–	**(53)**	–
Total foreign subsidiaries	**–**	–	**94 968**	94 974
Total interest in subsidiary companies	**–**	–	**274 982**	279 235
Further details of interest in subsidiary companies are set out on page 61.				
5. Investments				
Interest bearing deposits	**–**	1 393	**–**	–

		GROUP		COMPANY	
		2000	1999	**2000**	1999
		R000	R000	**R000**	R000
6.	**Inventory**				
	Raw materials	**8 779**	4 869	**–**	–
	Work in progress	**29 186**	33 090	**–**	–
	Finished goods	**254 671**	149 248	**–**	–
	Merchandise spares and components	**221 002**	146 159	**–**	–
	Total inventory	**513 638**	333 366	**–**	–
	Included above is inventory of R93,6 million (1999: R52,9 million) carried at net realisable value.				
7.	**Stated Capital**				
	Authorised:				
	100 000 000 (1999: 100 000 000) ordinary shares of no par value	**–**	–	**–**	–
	Issued:				
	93 634 200 (1999: 93 248 200) ordinary shares of no par value	**222 822**	221 761	**222 822**	221 761

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

The directors have been granted general authority, subject to legal requirements, to repurchase shares in the issued capital of the company, until the next annual general meeting of shareholders.

At 31 December 2000, the company has granted options to directors and employees to subscribe for 1 339 650 (1999: 1 750 150) shares in the company as set out on page 36.

Notes to the Annual Financial Statements *(continued)*

for the year ended 31 December 2000

			GROUP		COMPANY	
			2000 R000	1999 R000	**2000 R000**	1999 R000
8.	**Non-distributable Reserves**					
	Surplus arising from revaluation of freehold land and buildings					
	– prior years		**11 441**	–	**–**	–
	– current year		**(3 432)**	11 441	**–**	–
			8 009	11 441	**–**	–
	Legal reserve of foreign subsidiary					
	– prior years		**1 142**	1 088	**–**	–
	– current year		**32**	–	**–**	–
	– exchange difference		**263**	54	**–**	–
			1 437	1 142	**–**	–
	Foreign currency translation reserve					
	– prior years		**18 731**	16 077	**–**	–
	– current year		**20 655**	2 733	**–**	–
	– exchange difference		**(374)**	(79)	**–**	–
			39 012	18 731	**–**	–
	Total non-distributable reserves		**48 458**	31 314	**–**	–
9.	**Long-term Borrowings**	**Rate of interest**				
	Secured:					
	Repayable by August 2001	13,15%	**190**	476	**190**	476
	Repayable by May 2002	13,15%	**638**	1 087	**638**	1 087
	Repayable by June 2003	6%	**460**	–	**–**	–
	Repayable by March 2005	5,7%	**783**	1 000	**–**	–
	Repayable by April 2005	10,16% – 10,43%	**5 057**	–	**–**	–
	Total secured long-term borrowings		**7 128**	2 563	**828**	1 563
	Unsecured:					
	Convertible into shares of a subsidiary company on 12 December 2006	19,4%	**26 487**	29 028	**–**	–
	Total unsecured long-term borrowings		**26 487**	29 028	**–**	–
	Total long-term borrowings		**33 615**	31 591	**828**	1 563
	Less: current portion		**(1 915)**	(874)	**(640)**	(735)
	Total long-term borrowings		**31 700**	30 717	**188**	828

The company has provided suretyship for the repayment of the secured borrowings.

The directors have unlimited borrowing powers in terms of the Articles of Association of the holding company.

	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
10. Deferred Taxation				
The deferred taxation liability, analysed by major category of temporary difference, is as follows:				
Revaluation of properties	**3 432**	–	**–**	–
Allowance for warranty costs	**–**	5 437	**–**	–
Prepayments	**54**	995	**–**	–
Provision for doubtful debts	**(649)**	(528)	**–**	–
Effect of capital allowances	**1 305**	464	**–**	–
Other	**569**	307	**–**	–
Total deferred taxation	**4 711**	6 675	**–**	–

Reconciliation of the movement in the deferred tax balance	**At beginning of year R000**	**Charge to income for year R000**	**Charge to equity for year R000**	**At end of year R000**
Tax effect of:				
Revaluation of properties	**–**	**–**	**3 432**	**3 432**
Allowance for warranty costs	**5 437**	**(5 437)**	**–**	**–**
Prepayments	**995**	**(941)**	**–**	**54**
Provision for doubtful debts	**(528)**	**(121)**	**–**	**(649)**
Excess tax allowances over depreciation charge	**464**	**841**	**–**	**1 305**
Other	**307**	**262**	**–**	**569**
	6 675	**(5 396)**	**3 432**	**4 711**

The above reflects the group's revised accounting policy for deferred tax (see note 1). The effect of the change in policy is an increase in deferred taxation in the current year of R3,4 million. This relates to the revaluation of freehold land and buildings and has been charged directly to equity.

	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
11. Revenue				
11.1 Revenue represents:				
Sale of				
– machines	**1 161 505**	901 148	**–**	–
– parts	**229 196**	220 807	**–**	–
– other	**47 806**	41 571	**135**	6 699
Total revenue	**1 438 507**	1 163 526	**135**	6 699

Related party sales are disclosed in note 22.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2000

	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
11. Revenue (continued)				
11.2 Discontinuing operations				
During the year certain distinguishable business operations of the group were discontinued following a distribution and supply agreement concluded with Hitachi Construction Machinery Company Limited. In terms of the agreement, this company has been granted the rights to distribute Bell products in the following territories: Australasia South East Asia Japan China				
The following information relates to the discontinuing operations:				
Turnover	**129 632**	75 620	**–**	–
Profit (loss) before taxation	**12 150**	(1 864)	**–**	–

Discontinuing operations:	**Date of discontinuance**
Bell Equipment (SEA) Pte Limited	December 2000
Bell Equipment (NZ) Limited	December 2000
Bell Equipment Australia (Pty) Limited	December 2000

	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
12. Finance Costs				
Interest paid	**13 594**	22 913	**138**	207
Currency exchange losses:				
Borrowings	**–**	605	**–**	–
Operations	**31 913**	17 978	**–**	–
Total finance costs	**45 507**	41 496	**138**	207
13. Finance Income				
Interest received	**5 910**	4 447	**–**	1
Financial instrument income	**2 541**	2 114	**2 541**	2 114
Currency exchange gains :				
Operations	**25 518**	4 572	**–**	–
Total finance income	**33 969**	11 133	**2 541**	2 115

	GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
14. Profit Before Taxation				
Profit before taxation is analysed as follows:				
From continuing operations	**94 241**	60 409	**656**	5 611
From discontinuing operations	**12 150**	(1 864)	**–**	–
	106 391	58 545	**656**	5 611
Profit before taxation is arrived at after taking into account				
Income				
Export incentives	**35 900**	29 465	**–**	–
Surplus on disposal of property, plant and equipment	**523**	2 717	**–**	–
Income from subsidiaries				
– interest	**–**	–	**135**	563
– dividends	**–**	–	**–**	6 136
Expenditure				
Auditors' remuneration				
– audit fees – current	**1 381**	1 236	**11**	12
– prior	**(154)**	103	**–**	–
– other services, including internal audit services	**751**	448	**–**	–
– expenses	**21**	31	**–**	–
Depreciation				
– leasehold buildings	**713**	407	**–**	–
– plant and equipment	**8 047**	7 351	**–**	–
– aircraft	**123**	125	**–**	–
– vehicles	**528**	438	**–**	–
Loss on disposal of property, plant and equipment of discontinuing operations	**619**	–	**–**	–
Operating lease charges				
– equipment	**3 668**	3 406	**–**	–
– motor vehicles	**5 796**	7 190	**–**	–
– properties	**7 724**	12 541	**–**	–
Research and development expenses				
– direct material	**9 838**	2 351	**–**	–
– operating expenses	**12 394**	7 153	**–**	–
Restructuring costs	**945**	–	**–**	–
Warranty provision	**25 407**	–	**–**	–
Staff costs	**251 717**	209 558	**–**	–
Number of employees at the end of the year	**1 789**	1 622	**–**	–
Directors' remuneration				
Paid by company:				
– non-executive directors' fees			**71**	90
Paid by subsidiaries:				
Executive directors				
– salaries			**8 292**	4 362
– benefits			**702**	992
Total directors' remuneration			**9 065**	5 444

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2000

		GROUP		COMPANY	
		2000	1999	**2000**	1999
		R000	R000	**R000**	R000
15.	**Taxation**				
	South African normal taxation				
	Current taxation				
	– current year	**33 372**	4 681	**–**	16
	– prior year	**(3 023)**	4 014	**(14)**	–
	Deferred taxation				
	– current year	**(6 860)**	4 755	**–**	–
	– prior year	**1 272**	(2 980)	**–**	–
	– rate adjustment	**–**	(177)	**–**	–
	Secondary tax on companies				
	– prior year	**(705)**	–	**–**	–
	Foreign taxation				
	Current taxation				
	– current year	**757**	1 832	**–**	–
	– prior year	**5**	(93)	**–**	–
	Deferred taxation				
	– current year	**192**	102	**–**	–
	Secondary tax on companies	**67**	–	**–**	–
	Total taxation	**25 077**	12 134	**(14)**	16
	Reconciliation of rate of taxation	**%**	%	**%**	%
	Standard rate of taxation	**30**	30	**30**	30
	Adjustment for:				
	Disallowable expenditure	**1**	3	**69**	14
	Non-taxable income	**(2)**	(3)	**(116)**	(44)
	Utilisation of tax losses	**–**	–	**17**	–
	Prior year taxation	**(2)**	2	**(2)**	–
	Different tax rates of subsidiaries operating in other jurisdictions and the utilisation of tax losses by these subsidiaries	**(3)**	(11)	**–**	–
	Effective rate of taxation	**24**	21	**(2)**	–

The company has an estimated tax loss of R367 223, which is deductible from future taxable income.

Estimated losses attributable to foreign subsidiaries amount to approximately R38,6 million (1999: R29,5 million). The utilisation of these losses is dependent on there being future taxable income of sufficient amount.

		GROUP		COMPANY	
		2000	1999	**2000**	1999
16	**Earnings Per Share**				
16.1	**Earnings per share (basic)**				
	Profit attributable to shareholders (R000)	**81 314**	46 411		
	The weighted average number of shares in issue	**93 429 484**	83 248 200		
	Earnings per share (basic) (cents)	**87**	56		
16.2	**Earnings per share (diluted)**				
	Profit attributable to shareholders (R000)	**81 314**	46 411		
	Fully converted weighted average number of shares	**94 769 134**	84 998 350		
	Earnings per share (diluted) (cents)	**86**	55		
	The number of shares in issue for this calculation has been increased by the number of unexercised options.				
16.3	**Headline earnings per share (basic)**				
	Profit attributable to shareholders (R000)	**81 314**	46 411		
	Surplus on disposal of property, plant and equipment	**(523)**	(2 717)		
	Loss on disposal of property, plant and equipment of discontinuing operations	**619**	–		
	Tax effect of adjustments	**–**	220		
	Headline earnings (R000)	**81 410**	43 914		
	The weighted average number of shares in issue	**93 429 484**	83 248 200		
	Headline earnings per share (basic) (cents)	**87**	53		
16.4	**Headline earnings per share (diluted)**				
	Earnings as calculated in 16.3 above (R000)	**81 410**	43 914		
	Fully converted weighted average number of shares per 16.2 above	**94 769 134**	84 998 350		
	Headline earnings per share (diluted) (cents)	**86**	52		

		R000	R000	**R000**	R000
17.	**Change in Accounting Policy**				
	During the year the group changed its accounting policy prospectively with respect to the treatment of warranty costs. The group now provides for warranty costs in respect of products sold. Previously warranty costs were charged against income as incurred. The effect of this change on the current year is as follows:				
	Reduction in net profit due to increase in warranty expense:				
	Gross	**25 407**	–	**–**	–
	Taxation	**7 622**	–	**–**	–
	Net	**17 785**	–	**–**	–

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2000

		GROUP 2000 R000	GROUP 1999 R000	COMPANY 2000 R000	COMPANY 1999 R000
18.	**Contingent Liabilities**				
18.1	The group has guaranteed the repurchase of units sold to dealers and finance institutions for an amount of	**87 395**	42 006	**–**	–
	In the event of repurchase, these units, in the opinion of the directors, would realise at least the value stated above.				
18.2	Certain overseas subsidiaries have been named as defendant in various lawsuits. These will be defended and no significant losses from these actions are expected.				
18.3	The company has guaranteed the overdrafts and short-term borrowings made to subsidiaries.				
18.4	The company has issued performance guarantees, expiring on 26 September 2001, for the delivery of equipment.	**2 373**	2 373	**2 373**	2 373
18.5	A subsidiary has issued a performance guarantee, expiring on 31 August 2001, for the delivery of equipment.	**576**	–	**–**	–
18.6	An action has been instituted against a subsidiary of the company for a substantial amount.				
	The action is being defended and the continuing view of the company's legal advisers is that the claim has no substance. After consideration and based on this legal advice, the Board is satisfied that the company will not suffer any material loss.				
19.	**Commitments**				
19.1	Capital expenditure				
	Authorised, but not contracted	**31 207**	22 981	**–**	–
	This capital expenditure is to be financed from internal resources and long-term facilities.				
19.2	Operating lease agreements				
	Land and buildings:				
	Less than one year	**6 595**	7 724	**–**	–
	Two to five years	**24 779**	19 817	**–**	–
	More than five years	**12 826**	14 060	**–**	–
	Equipment and vehicles:				
	Less than one year	**7 369**	9 464	**–**	–
	Two to five years	**8 450**	7 499	**–**	–
	More than five years	**48**	215	**–**	–
	Total operating lease commitments	**60 067**	58 779	**–**	–

20. Retirement Benefit Information

South African group employees in certain scheduled occupations are required by legislation to join an industrial defined benefit plan. The pension fund is governed by the Pension Funds Act and retirement benefits are determined with reference to the employees' pensionable remuneration and years of service. Detailed information regarding actuarial valuations is not available to employers.

Other employees are eligible to join the Bell Equipment Pension Fund, which is an externally managed defined contribution plan. The pension fund is governed by the Pension Funds Act and retirement benefits are determined with reference to the employees' contributions to the fund. This fund is actuarially valued but by its nature the group has no commitment to meet any unfunded benefits.

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

The employer contributions to retirement benefit funds were R13 million during the current year (1999: R 12,3 million) and were charged against income.

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

21. Financial Instruments

Financial instruments as disclosed in the balance sheet include long- and short-term borrowings, investments, cash resources, trade receivables and trade payables. The estimated fair values of these instruments approximate their carrying amounts.

21.1 Financial risk management

The group's liquidity, credit, currency and interest risks are monitored regularly by a treasury committee consisting of senior executives. The committee operates within group policies approved by the Board.

21.2 Liquidity risk

The group manages liquidity risk by proper management of working capital and cash flows. Adequate banking facilities are maintained.

21.3 Credit risk

Credit risk consists mainly of short-term cash deposits and trade receivables. The group only deposits short-term cash with approved financial institutions and counterparty credit limits are in place. Trade receivables comprise a widespread customer base, and operations management undertake ongoing credit evaluations of the financial condition of their customers. At 31 December 2000, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

21.4 Currency risk

The group follows a policy of setting off import and export cash flows where possible. The foreign subsidiaries do not hedge their inter-group purchases. The majority of any remaining trade exposure is covered forward. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet, but which were entered into to cover foreign commitments not yet due.

The details of contracts held at 31 December 2000 are listed below. These contracts will be utilised during the next six months. These contracts have been fair valued at the year end as follows:

	Foreign amount 000	Rate	Fair value in Rands R000
Euro	17 380	6,55	113 856
Japanese Yen	204 038	14,12	14 446

21.5 Interest risk

Exposure to interest rate risk on borrowings and investments is monitored on a proactive basis. The financing of the group is structured on a combination of floating and fixed interest rates. The group's interest rate profile of borrowings at 31 December 2000, is as follows.

	Call	1-6 months	Long-term borrowings	Total borrowings R000
Borrowings	37 100	62 931	33 615	133 646
Rate	Floating	Floating	Fixed	
% of total borrowings	28	47	25	

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2000

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	R000	R000	**R000**	R000
22. Related Party Transactions				
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.				
Related party relationships exist between certain directors and trading partners. All purchasing and selling transactions are concluded at arms length. The nature and value of the transactions concluded during the year and balances at the year end are detailed below:				
Directors				
– interest paid	**–**	973	**–**	–
Shareholders				
John Deere Construction Equipment Company				
– sales	**210 308**	129 587	**–**	–
– purchases	**26 063**	13 986	**–**	–
– amounts owing to	**7 674**	1 458	**–**	–
– amounts owing by	**38 668**	17 701	**–**	–
Enterprises over which directors are able to exercise significant influence				
Triumph International				
– sales	**1 373**	3 184	**–**	–
– amounts owing by	**5 227**	18 620	**–**	–
– management fees	**21**	1 194	**–**	–
Loinette Company Limited				
– leasing costs	**554**	612	**–**	–

23. Subsequent Events

No fact or circumstance material to the appreciation of these annual financial statements has occurred between the financial year end and the date of this report.

Subsidiaries

at 31 December 2000

	Business type	Issued share capital 2000 R	Effective holding 2000 %	Interest of Bell Equipment Limited: Book value of shares 2000 R000	Book value of shares 1999 R000	Amounts owing by (to) 2000 R000	Amounts owing by (to) 1999 R000
Southern Africa							
I A Bell & Co (Pty) Limited	D	**66 674**	**100**	**538**	538	**(80)**	(81)
Bell Air Charter (Pty) Limited	D	**1 000**	**100**	**1**	1	**(49)**	(49)
Bellmet Properties (Pty) Limited	D	**50 000**	**100**	**12 113**	12 113	**32 035**	32 035
Bell Equipment Co S.A. (Pty) Limited	**O**	**2**	**100**			**121 040**	127 829
I A B Properties (Pty) Limited	D	**2**	**100**			**(22)**	(22)
Bellmeak Brokers (Pty) Limited	**O**	**360**	**50**				
I A Bell Equipment Co Namibia (Pty) Limited	**O**	**4**	**100**				
Bell Equipment Co Swaziland (Pty) Limited	**O**	**2**	**100**				
Oakington Investments (Pty) Limited	D	**100**	**100**	**2**	2		
Bell Equipment Finance Company (Pty) Limited	**O**	**100**	**100**				
Other Africa							
Bell Equipment (Zambia) Limited	**O**	**202**	**100**				
Bell Equipment East Africa Limited	D	**77 647**	**100**				
Bell PTA (Pvt) Limited	**O**	**2 862 170**	**100**				
Bell Equipment (Malawi) Limited	D	**2**	**100**				
Europe							
Bellinter Holdings SA	H	**114 339 780**	**100**	**94 974**	94 974		
Bell Handling Systems (CI) Limited	**O**	**7 376 760**	**100**				
Bell France SARL	**O**	**8 489 421**	**100**				
Bell Equipment UK Limited	**O**	**4 961 033**	**100**				
Heathfield Haulamatic Limited	D	**60 545**	**100**				
BEQ Switzerland BV	**O**	**146 278**	**100**	**18**		**(24)**	
United States of America							
Bell Equipment North America Inc	**O**	**24 589 200**	**100**				
Asia							
Bell Equipment (SEA) Pte Limited	**O**	**9 233 545**	**100**				
Australasia							
Bell Equipment (NZ) Limited	**O**	**1 838 043**	**100**				
Bell Equipment Australia (Pty) Limited	**O**	**13 499 470**	**100**				
Interest in subsidiary companies				**107 646**	107 628	**152 900**	159 712

D Dormant companies
H Holding companies
O Operating companies

Directorate and Senior Management

as at 1 January 2001

Howard Buttery
CTA
Group Chairman
Years Service: 30
Age: 54
Committees: § #

Gary Bell
Dip Mech Eng
Chief Executive
Years Service: 30
Age: 48
Committees: § #

Dr Millard Arnold
BA, Juris
Doctorate * †
Director
Years Service: 1
Age: 54
Committees: §

Jeff Bloom
BS Acctg, BS Econ,
MBA * †
Alternate Director
Years Service: 2
Age: 46
Committees: § #

Bob Brock
BBA * †
Director
Years Service: 1
Age: 49
Committees: § #

David Campbell
Alternate Director
Years Service: 24
Age: 43

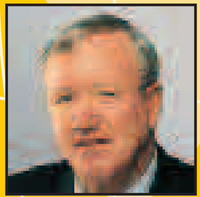
Michael Campbell
Director
Years Service: 24
Age: 43

Jim Field
CPA * †
Director
Years Service: 2
Age: 38
Committees: § #

Clive Barrett
Logistics Director
Years Service: 24
Age: 56

Bokkie Coertze
Regional Director:
Southern Africa –
Sales and
Distribution
Years Service: 15
Age: 50

Guy Harris
BCom Hons. CA(SA)
Alternate Director
Commercial Director
Years Service: 7
Age: 48



Eric Lerche
Regional Director:
Europe
Years Service: 16
Age: 56

Key

Non-Executive *

USA †

Audit Committee §

Remuneration Committee #

Peter Bell
Director
Years Service: 33
Age: 51

Paul Bell
Alternate Director
Years Service: 24
Age: 43

Ted Graff
BS, BA * †
Alternate Director
Years Service: 2
Age: 38

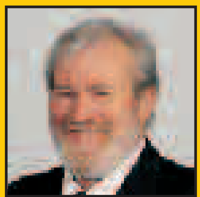
Max Guinn
BA Mech Eng., MBA * †
Director
Years Service: 2
Age: 42
Committees: § #

Jeremy Horne
FCA, ACMA, CA(SA) *
Director, Chair of Audit Committee
Years Service: 4
Age: 63
Committees: §

Tony Kgobe
Director *
Years Service: 1
Age: 38
Committees: §

Dennis Manhart
BSc Mnfg, Eng.
MBA * †
Alternate Director
Years Service: 2
Age: 57

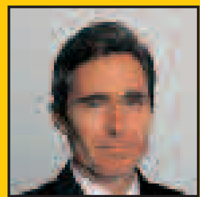
Danie Vlok
BCom, MBA *
Director, Chair of Remuneration Committee
Years Service: 6
Age: 56
Committees: § #



Pat Mahony
FCIS FCIBM
Company Secretary
Years Service: 5
Age: 57

Doug Rhind
BCompt Hons
Alternate Director
Finance Director
Years Service: 18
Age: 51

Bill Rodgers
Regional Director:
North America
Years Service: 9
Age: 53



Derek Smythe
BCompt
Group Operations Director
Years Service: 14
Age: 43

Group Services

Attorneys

Chapman Dyer Inc.

Auditors

Deloitte & Touche

Share Transfer Secretaries

Mercantile Registrars
11 Diagonal Street
Johannesburg, 2001
PO Box 1053, Johannesburg, 2000

Telephone: 011 370-5000
Facsimile: 011 370-5272

Shareholders are reminded to notify the transfer secretaries of any change in address or dividend payment mandates.

Bankers to the Group

ABSA Asia Limited
ABSA Bank Limited
Ameribank
Barclays Bank PLC
Commerzbank AG
FNB Corporate, a division of FirstRand Bank Limited
Investec Bank
Nedcor Bank Limited – London
UBS
Uniáo Comercial de Bancos

Secretary and Registered Office

D P Mahony FCIS FCIBM

Business Address

13-19 Carbonode Cell
Alton, Richards Bay, 3900
South Africa

Telephone: 035 907-9111
Facsimile: 035 797-4336

Postal Address

Private Bag X20046
Empangeni, 3880

Web: www.bellequipment.com
E-mail: Company Secretary – patm@bell.co.za

Shareholders' Diary

Financial year end	December
Interim Report	September
Annual Report	April
Annual general meeting	May

General Information

SHAREHOLDER ANALYSIS	Shareholders		Ordinary shares	
at 31 December 2000	Number	%	Number held	% of shares issued
ORDINARY SHARES				
Individuals up to 10 000	354	75	737 088	2
Individuals over 10 000	40	9	46 244 419	49
Banks, pension funds, insurance and nominee companies	54	11	16 309 501	17
Other companies and trusts	26	5	30 343 192	32
Total	474	100	93 634 200	100

A list of senior management holdings in shares of the company is available from the Company Secretary.

STOCK MARKET STATISTICS	**Year ended 31 December 2000**	Year ended 31 December 1999
Market price of shares		
– year end	**770 cents**	450 cents
– highest	**1 070 cents**	485 cents
– lowest	**450 cents**	130 cents
Net asset value per share	**530 cents**	426 cents
Number of shares traded (000's)	**6,062**	11,005
Value of shares traded (Rm)	**R41,87**	R29,6
Market capitalisation to net asset value	**1,45**	1,06
Year end		
– earnings yield %	**11,3**	12,4
– dividend yield %	**1,3**	1,33
– price earnings ratio	**9**	8

EXCHANGE RATES	**31 December 2000**		31 December 1999	
The following rates of exchange were used in the preparation of the financial statements:	**Weighted average**	**Year end**	Weighted average	Year end
Australian $: United States $	**0,5750**	**0,5550**	0,6437	0,6515
British £: United States $	**1,5135**	**1,4909**	1,6148	1,6146
EURO: United States $	**0,9207**	**0,9293**	–	–
French Franc: United States $	**7,1323**	**7,0586**	6,2104	6,5328
German Mark: United States $	**2,1281**	**2,1053**	–	–
Mocambique MZM: United States $	**16 040**	**16 400**	–	–
New Zealand $: United States $	**0,4514**	**0,4411**	0,5267	0,5196
SA Rand: United States $	**6,9749**	**7,56**	6,1247	6,1475
Singapore $: United States $	**1,7286**	**1,734**	1,6984	1,6660
Swiss Franc: United States $	**1,6933**	**1,6380**	–	–
Zambia K: United States $	**3 356,25**	**4 480,00**	2 457,33	2 850,0
Zimbabwe $: United States $	**45,4017**	**55,200**	38,2433	38,66

Notice to Members

Notice is hereby given that the 33rd annual general meeting of members of Bell Equipment Limited will be held at the company's registered office, Carbonode Cell, Alton, Richards Bay on Wednesday, 16 May 2001 at 11:00 for the following purposes:

1. To consider and adopt the annual financial statements of the company and the group for the year ended 31 December 2000 together with the auditors' and directors' reports thereon.

2. To authorise the Remuneration Committee to fix the remuneration of the directors.

3. To note that in terms of the company's articles of association J M Field, M A Guinn and P J C Horne are due to retire by rotation at this annual general meeting, but being eligible offer themselves for re-election.

4. In accordance with the provisions of Section 221 of the Companies Act 1973, as amended, to place control of the unissued shares of the company in the hands of the directors who may allot and issue any of the same to such person or persons and on such terms and conditions and at such time or times as they may determine.

5. In accordance with article 28.10 of the company's articles of association to grant the directors a general authority to repurchase shares in the issued capital of the company, subject to such authorities, consents and requirements as may from time to time be stipulated by any law, the Companies Act and the Johannesburg Stock Exchange (Securities Exchange South Africa).

6. To transact such other business as may be transacted at a general meeting of members.

Any member who is unable to be present may appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company. In order to be valid, instruments appointing proxies should reach the Group Company Secretary by no later than 11:00 on Monday, 14 May 2001.

By order of the Board

D P MAHONY FCIS.FCIBM
Group Company Secretary

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Printed by Ince (Pty) Ltd

Bell Equipment Limited

Proxy Form

For the annual general meeting to be held on Wednesday, 16 May 2001 at 11:00

Note: In order to be valid this form must be completed and returned to:

The Group Company Secretary

Bell Equipment Limited

Private Bag X20046
Empangeni, 3880
by no later than 11:00 on Monday, 14 May 2001

I/We ____

the undersigned, being the holder/s of ordinary shares of no par value in ______________________________

Bell Equipment Limited, do hereby appoint

______________________ or ______________________

or, failing him, the chairman of the meeting as my/our proxy to act on my/our behalf at the annual general meeting of the company to be held at 11:00 on Wednesday, 16 May 2001 and at each adjournment thereof.

Signature ______________________ Date ______________________

Please indicate with an "X" in the appropriate space below how you wish your vote to be cast:

	For	Against	Abstain
Ordinary Resolution Number 1			
Ordinary Resolution Number 2			
Ordinary Resolution Number 3			
Ordinary Resolution Number 4			
Ordinary Resolution Number 5			

NOTES

1. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a member.
2. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.
3. Proxy forms should be signed, dated and forwarded to the Group Company Secretary whose address is stated above or delivered to the registered office of the company at Carbonode Cell, Alton, Richards Bay, to be received by no later than 11:00 on Monday, 14 May 2001.

An aerial view of the Bell Equipment manufacturing facilities in Richards Bay, South Africa, which have recently been expanded

Bell Equipment Limited
Registration number 1968/013656/06

Corporate Head Office
Carbonode Cell, Alton
Richards Bay 3900
Private Bag X20046
Empangeni 3880
South Africa
Tel +2735 907 9111
Fax +2735 797-4336
Web www.bellequipment.com