Bell Equipment Limited
Registration number 1968/013656/06

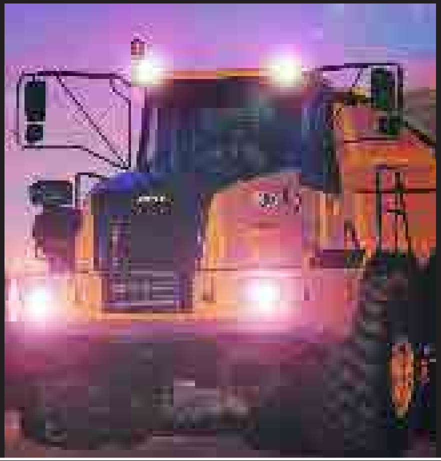
Corporate Head Office
Carbonode Cell, Alton
Richards Bay 3900
Private Bag X20046
Empangeni 3880
South Africa
Tel: +2735 907 9111
Fax: +2735 797 4336
Web: www.bellequipment.com

BELL EQUIPMENT

ANNUAL REPORT 2001

STRONG RELIABLE MACHINES • STRONG RELIABLE SUPPORT • STRONG RELIABLE DESIGN • STRONG RELIABLE SERVICE • STRONG RELIABLE MACHINES • STRONG RELIABLE SUPPORT • STRONG RELIABLE DESIGN • STRONG RELIABLE SERVICE• STRONG RELIABLE MACHINES • STRONG RELIABLE SUPPORT • STRONG RELIABLE DESIGN • STRONG RELIABLE SERVICE • STRONG RELIABLE



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.

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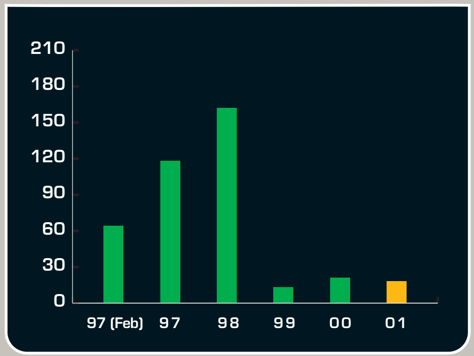
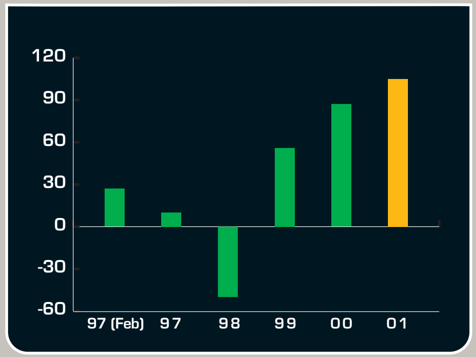
2001 FINANCIAL HIGHLIGHTS

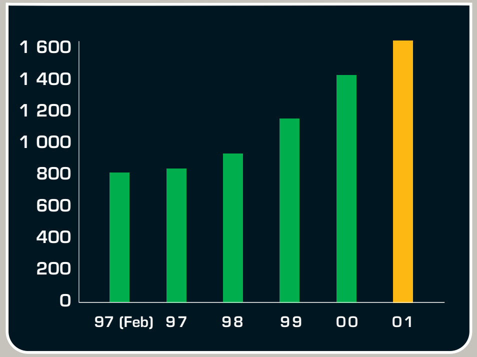
Gearing (%)



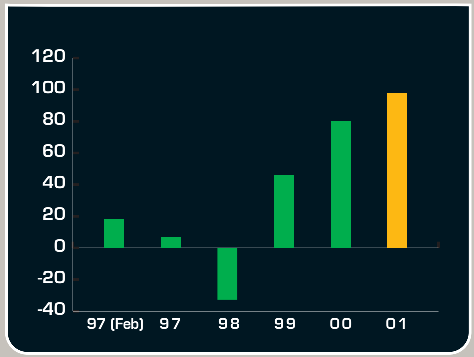
EPS (cents)



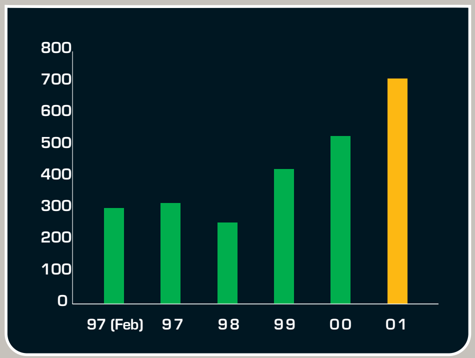
Revenue (R'm)



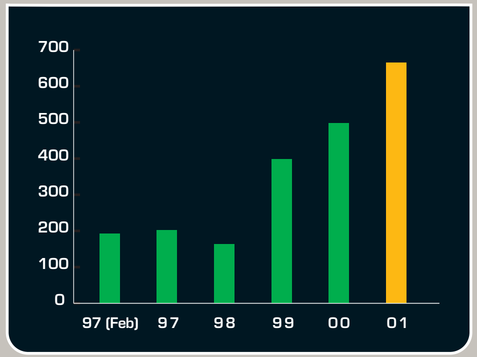
Profit after tax (R'm)



Net asset value (cents)



Shareholders' equity (R'm)



2001 CHAIRMAN'S STATEMENT

For the third year in succession, I am proud to report on record turnover, profitability and increased shareholder funds. After tax profits for 2001 are R98,9 million as compared with R81,3 million in 2000. More importantly, shareholders' funds have increased from a net asset value of 530 cents per share to 708 cents per share over the 12 months ended 31 December 2001, this after paying a 10 cent per share dividend in April of last year. Combining after tax profits and the net increase in foreign exchange gains generates annual earnings of R176,3 million, a 73% increase over last year's comparable result. The net foreign exchange gains of R77,4 million highlights to shareholders Bell's true asset-based Rand hedge value. The unrealised gain on translation into South African Rands of the net worth of the group foreign subsidiaries added 85 cents in net asset value per share for the year under review. Over and above this we continued to enjoy a gross margin of 26% despite fierce competition in stagnant worldwide markets. Our strong gross profit is due to the favourable Rand cost of our exports and our local competitors being forced to import and price their product in hard currency.

I would like to pay a special tribute to the performance of our southern African Sales and Distribution team under the able leadership of Bokkie Coertze. For the first time they generated sales of over R1 billion, at the same time reducing their working capital trade cycle days. Not only were we able to achieve an 84% market share in Articulated Dump Trucks (ADTs) but for the first time ever our Front End Loader range, with only four models as compared to some competitors who offer 10 models, attained a leading market share position.

The group's working capital, in particular inventory, continues to remain at higher levels than budgeted with inventory 24% higher than at 31 December 2000. The year on year weighted average Rand/Dollar/Euro rate moved up by 23%. The increase in inventory allowed us to have product available to satisfy unforecasted sales contributing to our sales exceeding budget by 8%. Net cash generated from operations in 2001 was R99 million versus R8 million in 2002. After investing and financing activities, the net decrease in cash was R23 million versus a R52 million decrease in 2000.

Despite lower than budgeted export sales, exports accounted for US$84,5 million of our revenues. This is still short of the target to have more than 50% of our sales outside South Africa. The events of September 11 and

Shareholders' funds have increased from a net asset value of 530 cents per share to 708 cents per share over the 12 months ended 31 December 2001

Howard J Buttery Group Chairman

the slower than expected recovery in South East Asia had a negative effect on our sales to North America and to our Asian alliance partner Hitachi Construction Machinery. Our exports into Europe and Africa were ahead of budget but not sufficient to make up the US$21 million required to achieve our 50/50 sales objective.

I feel I must comment on the events of September 11 and the serious effect it has had on the USA and world markets. We at Bell condemn, in the strongest terms, this act of terrorism perpetrated against innocent people. September 11 has seriously affected investment confidence and this has curtailed the capital expenditure we depend upon for sales in our industry. Fortunately little effect was noticed in our local market and we are pleased to see returning confidence worldwide. For the reasons set out above, results from our strategic alliance partners have not contributed greatly to our overall profitability. However, we continue to work side by side in product and market development and strongly believe the long-term benefits from these alliances to be important for the group.

In last year's report, I advised stakeholders of the importance of being able to finance sales. Our joint venture with WesBank (a division of the First Rand group) continues to be a great success and a very meaningful sales tool. A lot of work still needs to be done on extending this operation outside of South Africa. Work has been started on marketing our insurance activities, which

CHAIRMAN'S STATEMENT – *continued*

totally integrate with customer financing, to ensure another source of revenue for the finance operation.

In line with our commitment to customers, we continue to be at the forefront of the latest technological developments in our industry. The launch of our D-series ADTs in October 2001 provided more than adequate proof of our claim to be the world leader in the development of this product range. Our D-series product offers customers the very best quality and technology available in the industry. I once again remind stakeholders of the very competitive and cyclical nature of our industry. For this reason we need to continue to invest in and employ the best possible people in our research and development team and elsewhere in the group.

As a result of a number of highly publicised corporate malpractices, I would like to assure stakeholders at Bell that we aim to achieve the highest standards of corporate governance. We have for some years completely segregated the services provided by our external auditor from our taxation, legal and internal audit advisors. We will not use the same external audit firm to handle any consulting work in order to avoid any possible conflict of interest. Our non-executive directors are spending more time in the company in order to have a better understanding of our business and to ensure compliance with standards of good corporate governance.

The chairman of the Audit Committee will continue to spend more time each month in his duties in an independent role. We at Bell are constantly striving for improved corporate governance, through transparency and for independent non-executive directors to continue to drive a powerful and effective Audit Committee. The work being undertaken by the restructured Bell Audit Services team continues to test the efficacy of and improve every aspect of our internal controls and provide valuable information for both the Audit Committee and the management to implement aggressively.

We have declared an unchanged dividend of 10 (ten) cents per share in respect of the year ended 31 December 2001. In making this decision, we have considered cash flow, capital expenditure and working capital requirements, given the current economic conditions in our market, to ensure that the business is not affected by the payment of the dividend.

The first two months of the current financial year have been profitable and we are ahead of sales budgets. Providing we can increase our exports and the southern African economy holds up as expected, 2002 will be another profitable year. Our focus for 2002 will be to continue our programme to attain even higher levels of quality in our product, increase sales outside of South Africa and drive our cost reduction and manufacturing efficiency improvement programme.

Not only were we able to achieve an 84% market share in Articulated Dump Trucks but for the first time ever our Front End Loader range, with only four models as compared to some competitors who offer 10 models, attained a leading market share position

Once again I wish to thank all my fellow Board members for their unflagging support and enthusiasm. A special thank you to our non-executive directors, most of whom travel long distances to attend our Board, Audit and Remuneration Committee meetings, for their time and tireless dedication to the affairs and well being of the group. Finally, I would like to thank our two most important assets, our employees and our customers, who strive to work together to ensure mutual growth and continuous development. Bell employees continue to do everything they can to take ownership and responsibility for the interaction between these stakeholders.

Howard J Buttery
Chairman

Gary Bell Chief Executive

2001

CHIEF EXECUTIVE'S REPORT

There has been a considerable growth in our share of the southern African market and the indications are that the economy will continue to provide good opportunities for us

Highlights

Our performance in 2001 was undoubtedly the best result in the company's history. Revenue increased by 15% to R1,658 billion and our profit after tax climbed by 21% to R98,9 million. The increased revenue was achieved predominantly in South Africa and was significantly influenced by the deterioration of the value of the Rand against the major currencies in the year. We also had considerable success with cost containment and cost reduction initiatives and are seeing the fruits of the flatter organisation structure which was introduced three years ago. We have commenced our strategic 'Service Partner' programme that promotes our after sales market by offering our customers the benefits of better pricing and improved support for their machines. The full effect of this initiative will be seen next year.

Regional Review

There has been a considerable growth in our share of the southern African market and the indications are that the economy will continue to provide good opportunities for us. Whilst the results elsewhere in the group were fairly static due mainly to the economies of the various regions, the domestic market showed a marked increase and became the cornerstone of our success.
Bell had by far the larger market share in southern Africa in Articulated Dump Trucks and during 2001 we were able to achieve the top spot in the front end loader market as well. The development of our D-series products has created considerable acceptance in the market place and will provide us with a steady revenue stream into the future.

The continuous improvement philosophy which we embrace has directed management's attention to eliminating waste in the organisation and to making use of opportunities to avoid fixed costs wherever possible. These factors have combined to result in the record net profit after tax achieved by the Group

The results in our neighbouring territories were satisfactory given the difficult conditions under which the Zimbabwe economy was operating during the year. In view of the hyperinflationary conditions in Zimbabwe and the inability of businesses to be able to get foreign currency, our customer service centres in that country have used the opportunity to develop profitable refurbishment centres. These have provided us with a steady income stream to counterbalance the lack of growth in new equipment sales.

I am happy to report that our sales in the European region have shown a marked improvement in the past year. Our product launches and participation in various industrial shows and exhibitions have led to a greater brand awareness and Bell has been able to gain a pleasing share of the key markets in Germany, France and in the United Kingdom. We are expanding our distribution network in Europe and the appointment of dealers in a number of countries who make it possible for us to build on the existing base and achieve improved results in the future.

During 2001 we successfully established our European logistics centre to support our growing customer base from a central location.

Returns for Shareholders

The company's performance in recent years has shown a sustained improvement and this has led to greater investor confidence. An indication of this has been the growth in the company's net asset value and therefore the price which investors are prepared to pay for Bell shares on the stock market. Our managerial team has focused its attention on returns on shareholders' funds as the prime performance criterion and measurement. The cash flow generated by operations during the year was consistently positive but management continues to monitor it closely to ensure that we do not have to resort to increased borrowings in order to finance continuing operations and meet strategic objectives.

The continuous improvement philosophy which we embrace has directed management's attention to eliminating waste in the organisation and to making use of opportunities to avoid fixed costs wherever possible. These factors have combined to result in the record net profit after tax achieved by the Group.

Manufacturing and Product Development

Bell Equipment decided some three years ago to adopt a new, flatter, organisation structure which was aimed at raising our status as a world class organisation. Our manufacturing activities were developed along product lines in order to accelerate improvements in our production and manufacturing operations and to increase our productivity. The success of this philosophy is evident in our greater ability to meet due date delivery targets and also to produce products which are of higher quality. Customers are increasingly focused on quality as it impacts on their costs of operation both directly and indirectly. I am proud to announce that during 2001 our end of line inspection process, which is intensely critical, highlighted numerous products which were defect free.

CHIEF EXECUTIVE'S *REPORT – continued*

The foundation for this improvement in productivity lies in management initiatives and the co-operative contribution by the shop floor which is monitored closely through balanced scorecards and close working relationships based on mutual understanding and trust. We also can attribute much of our success to a production incentive scheme which rewards achievement of our strategic success factors, namely product development, quality, due date delivery, safety performance as well as cost control. From the executive's point of view we are extremely proud to have such a dedicated team of committed employees.

Our product standard costing system has been developed and refined to the point where we now have prompt access to meaningful data on which to base our management decisions. Our research and development engineers are able to utilise this data, as well as results obtained from in-field assessments, in planning modifications to existing products or new generations of products.

In October we had a successful launch of our D-series Articulated Dump Trucks. These are the finest trucks ever produced by us and the response from the market place has been overwhelming. We believe that our innovation and design sets new standards for these products for our competitors to follow.

We have also recently launched our new tractor which has been enthusiastically received in the market. The unit consists of engineering and design from Bell and Deere experts and combines the best of both worlds. Although this is a low volume production item, it provides a product which is popular in the agricultural, forestry and construction industries.

Our engineering and development teams are committed to continue improving and will meet the challenge and the ever higher expectations set by our customers and our competitors. We are committed to providing our customers with efficient, reliable and economical machines which will improve their performance and profitability. In doing this we are able to rely on the substantial contribution from our global alliance partners.

We commit a substantial portion of our annual revenues – roughly 4 per cent – to research and development. Several new products are well advanced in their design stage and some prototypes are undergoing in-field testing. From concept through to the first unit rolling off the production lines is a process that lasts up to five years. We have every confidence that when our research and development has been done, we have products that are world class.

Employee Relations

During 2001 the company enjoyed positive employee relations. We have maintained our communications structures including our workplace change committee where management examines issues of concern jointly with NUMSA (the majority union with whom we have a recognition agreement), SAMRI and the Non Unionised Forum. The company is spending a great deal of time and resources in addressing basic literacy and numeracy amongst our employees through the Adult Basic Education and Training Programme (ABET). We are continuing to offer our apprentice training through our factory and the major customer service centres and are able to utilise the cream of the crop in permanent positions when they have successfully completed their trade tests.

The prevalence of HIV/AIDS in KwaZulu Natal where our factory is located continues to be of concern. The company instituted a voluntary HIV testing programme and has undertaken to assist employees who are not members of medical aid societies by providing anti-retroviral drugs free of charge through the company's clinic. We still believe that the government needs to show much stronger commitment and leadership in addressing the pandemic as it will not be possible for the disease to be brought under control through using only the limited resources that are available to employers.

Part of the reason for our successful operations has been the team spirit which permeates throughout our company. We recognise the value of the contribution of each of our employees and will endeavour to allow them the opportunity to develop to their fullest potential. To this end we have a number of facilities, such as our study loan scheme, which are made available to employees. In an initiative that has been designed to significantly upgrade the standard of management in our southern African operations, we have embarked on a business studies programme that has been developed through Rand Afrikaans University. The objective of this programme is to ensure the optimum transfer of learning into management practice. Our policy is to promote from within and this, together with our organisational attitudes and values, has yielded positive results.

A more detailed summary of our human resources and employment equity initiatives is contained elsewhere in this report.

Safety

The company is committed to provide all employees with a safe working environment and to ensure that accidents in the workplace are kept to a minimum. Regular safety training is conducted and all new employees, be they permanent or temporary contractors, have to undergo safety induction before being allowed to commence work.

The company has achieved a NOSA four star grading and we are working towards improving on those areas which will allow us to achieve the highest recognition for safety.

I am pleased to report that the company has successfully retained its ISO 9002 certification and that we regard this not as an objective but as a result of how we do our business. We are currently engaged in getting our structures, processes and procedures revised in order to achieve compliance with ISO 9000: 2000.

CHIEF EXECUTIVE'S REPORT – *continued*

The Future

It is always speculative to look into the future and make predictions. However, we believe that our strategic planning processes take into account the threats and opportunities that are faced by business. The recent deterioration in the value of the Rand against major currencies provides us with great opportunities in our overseas markets where products are sold in US dollars. The leading indicators suggest that our business, which is diversified into the agricultural, construction and mining industries and which is placed in numerous countries and regions throughout the world, provides Bell with greater stability and the prospect of being able to grow its net asset value. Bell Equipment has seen a significant growth in net asset value over the past year and I am confident that we will continue to see this growing into the future. Initial performance in the current financial year points towards another good year and we will endeavour to place the company firmly into the position of being a leading international manufacturer and supplier of equipment.

Acknowledgements

The success of any business lies in its foundation of customer support. Our company interacts extensively with our customers and in this way we are able to learn and grow. We design and build our strong reliable machines by listening to our customers and providing them with solutions. I wish to thank our many customers for their continued support – you have brought us to where we are today.

The performance of the past year would not have been possible were it not for the dedication and tireless efforts of the management team and the rest of the Bell team members throughout the group. We, as the executive, are tremendously proud to be able to place the success of our business largely in their hands and for their contribution to producing this excellent set of results.

I also wish to pay a special tribute to our other business partners and stakeholders such as our suppliers whose efforts in ensuring that we receive quality components and products on time have contributed to the good performance of our factory. I thank our shareholders for the confidence they have shown in the directors and management and for the capital they have provided to the business.

We will continue to run this business and to enjoy the opportunity of creating shareholder wealth.

G W Bell
Chief Executive

Bell Articulated Dump Trucks continue to prove their worth in haulage applications in tough operating conditions

2001 *CORPORATE GOVERNANCE*

Good corporate governance is a continuous improvement process that requires ongoing commitment to world class business practice. 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 and are working towards incorporating the recommendations in the updated King Report even though these have not been finalised.

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 external consultants who enjoy the full support and co-operation of the Board of Directors, management and staff. The internal audit function has 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 factors that were taken into account by the directors in reaching their view that the company can be regarded as a going concern are (a) our current order book for new unit sales (b) the technology of our products (c) the volume of the after sales market (d) the liquidity and working capital of the company, including its credit facilities (e) market share for its products as monitored by independent

third parties, and (f) the positive working relationships with suppliers and employees.

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 through a process of review been identified and prioritised according to their significance and their potential impact on the organisation. The key business risks are being managed effectively in terms of our risk management programme and are regarded as strategic priorities.

As an interim measure the Audit Committee has been assigned the responsibility for the overall risk management process. At a later stage the directors will consider the question of the desirability of a separate Risk Committee in order to oversee the process as contained in the updated King Code of Corporate Practices and Conduct.

Environment

Bell Equipment places environmental responsibility amongst our core values and recognises the importance of preserving the integrity of our natural heritage. We will aim to comply with the environmental regulatory standards of all countries into which we sell our products.

Our concern for the environment will be subject to review of accomplishment and continuous improvement processes.

In designing and manufacturing our products we will aim that:

- our manufacturing operations are conducted in a manner which ensures that all industrial effluent and waste products are managed so as to minimise their impact on the environment;
- our products will be designed so as to ensure that emissions have the least impact on the environment and that operating noise levels are minimised;
- the environmental impact of our products shall be minimised by having due regard to their functionality in working in the industries into which they are sold.

As part of our drive towards sound corporate governance the company is committed to complying with requirements for our Richards Bay factory and distribution operations with a view to ensuring compliance with environmental requirements in all countries in which we operate.

Employment Equity

In more than 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 driving 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 eight 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 at least four 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.

Newly appointed directors undergo an induction programme during which they are briefed on their fiduciary duties, their legal obligations and the company's history, operations and key initiatives.

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, 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 page 58 and 59 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. It has complied with the terms of the Charter.

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 Audit Committee met on four occasions during the year under review with the internal and external auditors being present at each meeting.

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.

Bell Equipment has outsourced its bearing assembly requirements to a local centre for disadvantaged persons

The company's remuneration philosophy is to reward its people fairly and in line with the market in similar industries. As recognition for superior performance the company has successful incentive schemes which pay monthly and annual bonuses which could place employees' remuneration packages beyond the norm.

The remuneration paid to executive and non-executive directors of the Bell Equipment Group is disclosed in note 15 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 effective, transparent, balanced and fair and produce "Bell Online" to address such topical issues on a monthly 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.

The company is actively involved in the Business Against Crime initiative and supports the local police by providing maintenance to their premises, training for their officers and by making its fleet of helicopters available free of charge for medical emergencies.

Safety

The company has implemented an effective safety management process which is aimed at making the workplace and all work processes safe. All safety breach incidents are thoroughly investigated to ensure that these are not repeated and proper training and retraining is given where appropriate. Whilst it is a fact that accidents can and will happen, we try to inculcate a safety awareness ethic in all our employees. Our safety initiative has been awarded the NOSA 4 star grading and we are actively working towards achieving the top 5 star status.

EMPLOYEE RELATIONS *REPORT*

Bell has operations in various countries throughout the world and applies the ethic of consistency in our relationship with our employees. Where local legislation requires specific attention to be given to a particular aspect we aim for full compliance well ahead of deadlines. The majority of our employees being in South Africa results in this report primarily dealing with the domestic situation.

Significant change took place during 2001 in the Human Resources area with a Group Human Resources team being formalised. This team, besides covering the traditional focus areas such as employee relations, training and development, recruitment and HR systems, is leading the World Class Organisation (WCO) effort.

The positive relationship between management and employee representatives once again bore fruit with significant changes in working times agreed upon in June 2001. Employees within our Richards Bay factory agreed to reduce the number of breaks from three a day to two. In return the company introduced the 40 hour work week a year ahead of the industry. This and improved flexibility in the manufacturing process has allowed the company to introduce a shortened workday on Fridays, for the Richards Bay factory. Employees can now finish work at 13:00 on Fridays which is important for many of our employees who maintain homes in remote areas. This change has been achieved against significantly reduced overtime costs for 2001.

A Human Resources Strategy workshop was held in June 2001. Besides gathering together people working in human resources, representatives of management and employees were present. The key output of the workshop was highlighting areas for special attention rather than attempting to deal with all issues on a broad front.

Training and Development

Much progress has been made on the shop floor level in Adult Basic Education and Training and Skills Development. In addition, the ABET programme will be extended to our South African Distribution Operations in 2002. This will be implemented in early 2002 along with career pathing and should encourage employees to improve skills that will further improve their performance and opportunities.

Bell Equipment was the recipient of the National Productivity Institute's Gold Award in the corporate category in 2001. Pictured with the award is Ricky Bell, Strategic Sourcing Specialist, who is part of the Continuous Improvement Team

Employment Equity

We submitted the Employment Equity Report to the Department of Labour for the period 1 October 2000 to 30 September 2001 timeously. We are now in the process of further developing our Employment Equity Plan which will guide the organisation towards the achievement of goals.

A focus has been on the apprenticeship scheme, both for new employees and previously disadvantaged groups, and for existing employees who are keen to upgrade their skills.

Our employment equity targets have been arrived at after consultation with employee representatives. Due to past educational imbalances and consequently small pools of suitable candidates, many of our goals will only be achievable in the longer term. However, the company intends to work vigorously to get to our targets as speedily as possible.

A series of short workshops was held where employees were trained in the requirements of the Employment Equity Act. The 500 employees who have attended thus far have shown enthusiasm in wanting to know and understand the various provisions of the Employment Equity Act and how it affects them.

We are now in the process of setting up Diversity Management workshops in order to ensure that we establish, value and entrench the culture of diversity in our workforce, which will ensure that all employees are motivated to support the achievement of the company's business objectives.

Process Improvement

The company's recruitment process has been changed to ensure that consistent standards are maintained when appointing new employees. Managers responsible for recruitment are required to carefully consider other options before deciding to replace departing employees or adding new positions.

A task team has been assembled to establish an integrated Human Resource Data System, which will be accessible to management, so that they can manage their people more efficiently.

Continuous Improvement (Change Management)

A continuous improvement facilitator has been appointed to co-ordinate our efforts in our quest to be recognised as an A class World Class Organisation. To this end a key member of our manufacturing team was seconded to the group HR team who will ensure that the change processes are in place to make achievement of key strategic goals a reality.

Employee Relations

The employee relations climate in our company is positive due to the good and constructive relationship that exists between management and employee representative groups. However, greater effort will be made this year to improve the relationship between lower levels of management and employee representatives to ensure that both groups focus on the challenges of meeting the company's strategic business objectives.

The following is a comparison of Union membership as at December 2000 and December 2001.

	2001 %	2000 %
NUMSA	**35,4**	37,4
UASA (previously SAMRI)	**14,6**	15,9
Mineworkers Union	**3,2**	3,3
Nicwu	**0,3**	0,8
Non Unionised	**46,5**	42,6

Management holds monthly meetings with the National Union of Metalworkers of South Africa (majority union) to discuss matters of mutual interest. Contact is also maintained with other unions such as SAMRI and Mineworkers Union. This is to ensure that even though they are not officially recognised, a good relationship is sustained in order to maintain a positive climate within our organisation.

Recently management was approached by the representative of the United Association of South Africa, to open discussions on extended formal organisational rights. This request will be considered.

The innovative and progressive Bell team spirit produces positive results in many areas. Terry Gillham, Bell Equipment's Marketing Director, Mining (left) is seen here receiving the Institute of Marketing Management's Marketing Organisation of the Year award

An interesting development in this regard is the continuing discussions held with the employee groups on the chairing of disputes of right by the Commission for Conciliation, Mediation and Arbitration. This ground-breaking development will be made possible by the finalisation of the Labour Law amendments, and once it is concluded, will free up management time to concentrate on our core business of manufacturing, selling and supporting world class machines.

The employee groups have utilised the various employee relations structures to deal with contentious issues. These issues have ranged from non-appointment grievances to disputes about standard times. Appropriate structures have been used on each occasion and most have been resolved satisfactorily whilst others are still being processed. This augurs well for our organisation as it is extremely important that agreed and statutory structures and processes are followed in resolving conflict and joint problem solving.

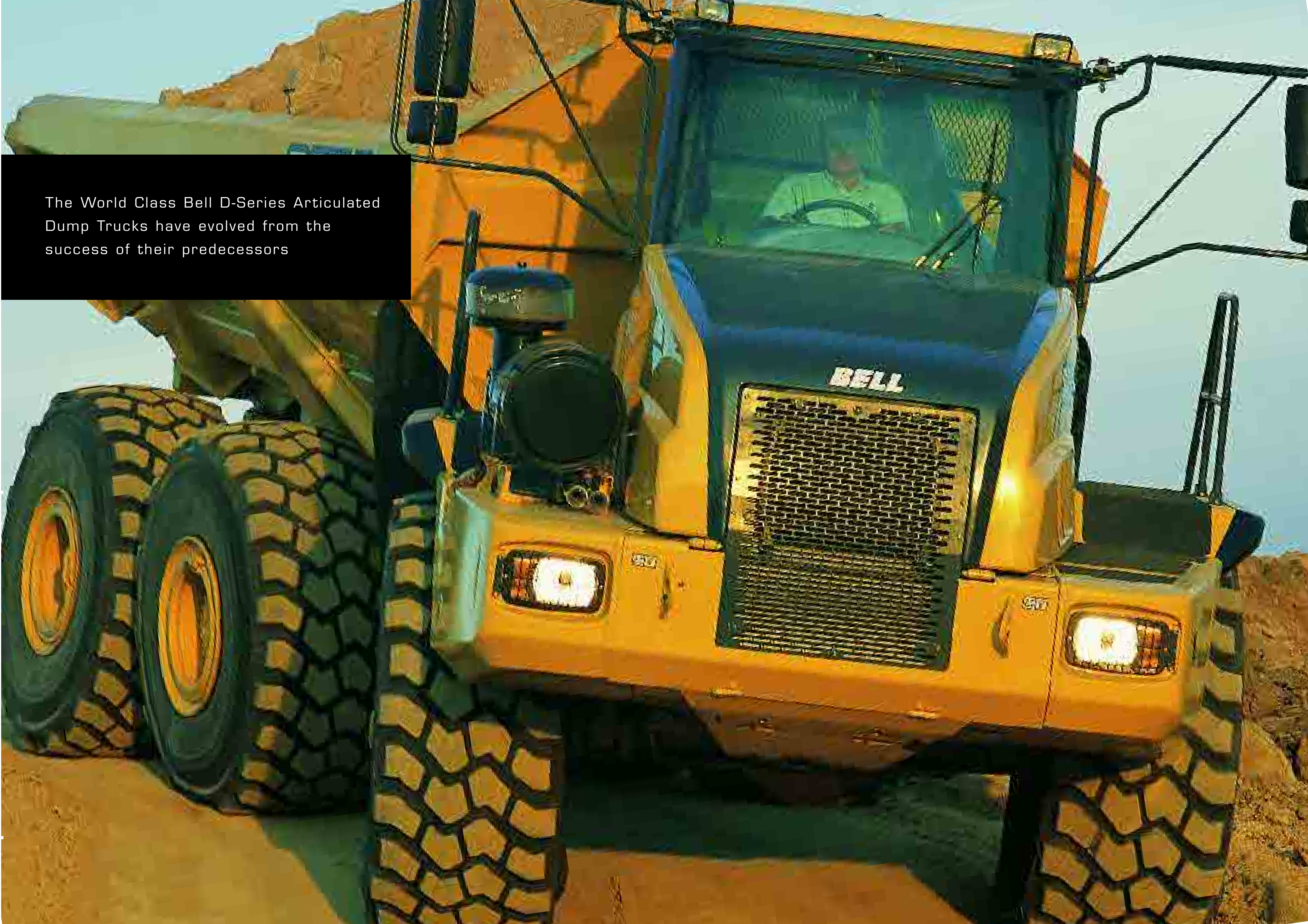
2001

BUSINESS *REVIEW*

D-SERIES LAUNCH

The second half of the year under review saw the successful introduction of the larger D-series Articulated Dump Trucks, with its official launch occurring in October. The D-series has most certainly raised the bar in terms of value, performance, operator comfort and serviceability. The response to this new range of trucks has been overwhelming with an ever increasing order book giving substance to the fact that this is the finest range of products to have come out of the Bell stable.

The World Class Bell D-Series Articulated Dump Trucks have evolved from the success of their predecessors



Quarries throughout the world have derived value for money from Bell ADTs and the D-Series will enhance this benefit

Our strategically located Customer Service Centres continued to expand and deliver service and support to our customer base so as to increase the uptime and drive down costs. Our web based Technical Assistance Centre is now fully operational 24 hours per day, seven days a week setting a new benchmark in service value.

MINING AND CONSTRUCTION

International gold, platinum and base metal prices continued to weaken in 2001. However, a year end rally did see a staged recovery which has continued into 2002.

Local gold producers continued to expand into Africa, North America, and South America and new low cost operations came on stream aided by the weaker R/US$ exchange rate allowing for good Rand returns to local companies, aided by the weaker R/US$ exchange rate.

World exploration, whilst muted in 2000, regained some stature throughout 2001. The major beneficiaries were neighbouring countries, Tanzania, Mali, Guinea Conakry and Zambia, in addition to Canada and South America. Local mine contracting providers seized these opportunities to expand their operations into Africa, in a bid to exploit the Rand weakness with earnings in hard currency. Bell benefited from the long-term relationship with the mining contractors as their fleets were further expanded to accommodate those new opportunities. In many instances, fleet sizes grew by double digits, not only with ADTs but also in other infrastructural equipment such as motor graders and dozers.

Our activities in Australia and South East Asia were somewhat less notable than in previous years. This can largely be ascribed to a bedding down period with our new strategic alliance partner in the region, Hitachi, and the fact that economies in the region have not yet fully recovered from the economic crisis of 1998. The Bell market share has declined as a result of a combination of factors such as aggressive pricing and attractive financial packages by competitors, and the timing of the ADT model change-over. The introduction of the D-series ADT should see an improved performance in 2002.

Again, as in 2000, construction markets generally remained bland. However, due to aggressive marketing, Bell was successful in achieving a bigger share of the market, increasing our worldwide fleet of construction equipment.

In the large North American market, the construction industry suffered a double digit decline in activity. However, due to the powerful John Deere brand name and dealer network, market share was maintained despite the first of the D-series only coming off the production line late in the year.

In Europe, traditional ADT industry leaders fought to maintain market share in the midst of a slowdown. Despite this, Bell continued to grow business in the key markets of UK, France and Germany. The strategically located German European Logistics Centre brought about a significant cost reduction in the logistics chain for distribution of parts into Europe and North America.

We reinforced our position as the leading supplier of ADTs to some of the largest and renowned diamond producers on the west coast of southern Africa and will build on this in the future.

Notable successes for Bell mining products were achieved in Zambia, Botswana and Namibia despite the base metals market being depressed. Platinum group metals were more active and much activity surrounds this market.

Most products in the Bell range found favour in the mining and construction industry and Bell Equipment's focus on providing the lowest cost per tonne solutions to our customers growth in stature.

An interesting aspect of our ADTs is the phenomenal sight of four generations of Bell trucks with a single client on job sites, highlighting the longevity and cost effectiveness of our product.

BUSINESS REVIEW – *continued*

AGRICULTURE

World sugar prices continued to disappoint for most of 2001 but recovered somewhat in the last quarter. The palm oil price also improved off its low in mid 2001, gaining 45%. Worldwide the timber industry remained severely depressed.

In the USA, our traditionally strong three wheeler sales slumped, as did the rest of the industry, however, market share of more than 30% was maintained. The South East Asia timber industry remained at a low ebb as the regional economies restricted capital expenditure.

2001 was a year of growth in both business and in relationships. With our new alliance partner Hitachi in the driving seat for Bell in the SE Asian region – the opportunity for Bell Equipment in terms of sugar, forestry and palm oil, is enormous. Significant advances were made in the marketing of our palm oil fruit loading equipment in Malaysia where, in conjunction with Hitachi, Bell carried out several successful demonstrations and gave many presentations of the system. The depressed Crude Palm Oil (CPO) price obviously had a negative effect on industry growth and sales are only expected when the CPO increases on a sustainable basis. However, this depressed period was the right time to have laid those foundations and actively marketed the Bell fruit handling solution.

Hitachi's distribution base is widespread and sees us being well represented in Thailand where there is an enormous sugar industry and we already have a strong market share of cane loading equipment. In Indonesia, where forestry is one of the primary industries, we already have a large population of equipment in operation. Hitachi dealers understand the contribution that Bell can offer – we can make a significant impact in the market and this makes our alliance one of the strongest in the equipment sales world.

In Africa, the rehabilitation of sugar estates and mills in Mozambique and Tanzania provided welcome relief to our three wheeler and tractor ranges as buoyant sales provided an opportunity for further expansion. Our first major deal with the Nigerian sugar industry proved successful, paving the way for other opportunities.

Longer term it could receive a major push if the next round of World Trade Organisation talks results in some relocation of agricultural production from high cost, heavily subsidised sophisticated locations in the northern hemisphere to lower cost operations in the southern hemisphere where our products are more appropriate.

Sugar has been a core business for Bell since developing the tri-wheeled crop handler in 1964. Our range of equipment provides the sugar industry with complete field to mill solutions for a wide variety of applications. Of all the sugar producing regions in the world, Africa has shown the most growth over the last few seasons and this should continue through expansion programmes and refurbishment projects.

New Generation Tractor Range

The new range of modern styled, cost efficient Rigid Haulers launched in South Africa proved that the tried and tested workhorse could be improved upon using new technology to provide lower running costs, greater comfort and safety features along with reliable systems. This new model range will further enhance our position in the sugar, forestry, palm oil and industrial rigid hauler applications.

With our roots firmly established in Africa, Bell machines are built to withstand harsh conditions. We are in tune with the needs of our customers whether they be hauliers, millers, growers or small contractors and have learned much about operator's and owner's needs. Through comprehensive market surveys we are able to design equipment based on actual customer requirements and it is for this reason that we are able to confidently manufacture and supply world class equipment.

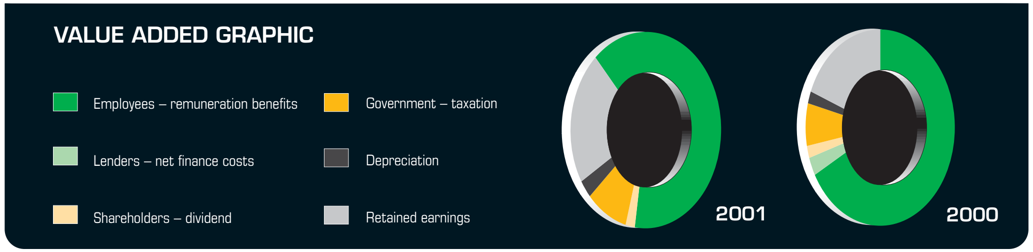
Bell Equipment's Flexiloader is a popular product in forestry industries in many countries

VALUE ADDED STATEMENT

for the year ended 31 December 2001

	December 2001 R'000	%	December 2000 R'000	%
Revenue	**1 658 096**		1 438 507	
Goods and services acquired	**1 249 214**		1 059 450	
Total value added	**408 882**		379 057	
Applied as follows:				
To employees – remuneration benefits	**259 972**	**64**	251 717	67
To lenders – net finance costs	**475**	**–**	11 538	3
To shareholders – dividend	**9 384**	**2**	9 363	2
To governments – taxation	**35 850**	**9**	25 077	7
Retained for investment in the group				
– Depreciation	**13 706**	**3**	9 411	2
– Retained earnings	**89 495**	**22**	71 951	19
Total value added	**408 882**	**100**	379 057	100

Note: *Retained income for 2001 and 2000 per balance sheet has been adjusted to take into account the dividend declared after the year end.*



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 29 to 56. 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 2001 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

Deloitte & Touche
Chartered Accountants (SA)

Richards Bay
11 March 2002

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 Statements of South African Generally Accepted Accounting Practice and examined by independent auditors in conformity with generally accepted auditing standards.

The annual financial statements of the group and the company which appear on pages 29 to 56 were approved by the directors on 11 March 2002 and are signed on their behalf by:

H J Buttery
Group Chairman

G W Bell
Group Chief Executive

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

2001 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 2001.

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.

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 2001 comprised 93 837 000 (December 2000: 93 634 200) ordinary shares of no par value.

Dividends

Subsequent to year end the directors have declared a dividend of 10 cents per share (2000: 10 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 the R42 million expansion of the Richards Bay factory was completed and commissioned.

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 2001	31 December 2000
Options granted brought forward	**1 339 650**	1 750 150
Options granted and accepted	**25 500**	–
Options exercised	**(202 800)**	(386 000)
Options forfeited	**(30 000)**	(24 500)
Options granted carried forward	**1 132 350**	1 339 650

Directors and senior management hold 562 300 of the unexercised options (2000: 731 800), 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 2001 was 29 150 shares (December 2000: 26 150).

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 and Forestry 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

J M Field – resigned 30 March 2001
J W Bloom – appointed 1 April 2001, resigned 31 October 2001
G P Harris – appointed 1 May 2001
B B Brock – resigned 31 October 2001
J W Kloet – appointed 1 November 2001
M O Rysa – appointed 1 November 2001

Alternate Directors

J W Bloom – resigned 30 March 2001
G P Harris – resigned 30 April 2001
T N Trone – appointed 1 November 2001, resigned 14 December 2001
C D Anderson – appointed 14 December 2001

Details of the directors and senior management of the Bell Equipment Group appear on pages 58 and 59 of this report.

Directors' Beneficial Shareholdings

	31 December 2001	31 December 2000
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**	4 642 774
D I Campbell	**3 784 860**	3 784 860
M A Campbell	**3 784 860**	3 784 860
G P Harris	**76 800**	1 800
P J C Horne	**20 000**	20 000
Total	**45 028 419**	44 953 419

Directors' Meetings and Attendance

The Board of Directors met on four occasions during 2001 and on each of these days there was a prior Audit Committee meeting. Attendance at these meetings was at a high level with the majority of directors attending every meeting. No director missed more than one meeting during the year.

Secretary

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

Subsidiaries

Details of the company's interest in its subsidiary companies are contained on page 57 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**

11 March 2002

	Dec 2001 R'000	Dec 2000 R'000	Dec 1999 R'000	Dec 1998 R'000	10 months Dec 1997 R'000	Feb 1997 R'000	Feb 1996 R'000
INCOME STATEMENT							
Revenue	**1 658 096**	1 438 507	1 163 526	942 685	849 220	821 311	658 085
Cost of sales	**1 228 425**	1 032 289	840 670	671 380	619 534	576 918	479 697
Gross profit	**429 671**	406 218	322 856	271 305	229 686	244 393	178 388
Operating costs	**294 467**	288 289	233 948	274 041	195 531	180 188	121 493
Operating profit (loss) before finance costs	**135 204**	117 929	88 908	(2 736)	34 155	64 205	56 895
Net finance costs	**475**	11 538	30 363	29 817	22 880	37 525	21 914
Profit (loss) before taxation	**134 729**	106 391	58 545	(32 553)	11 275	26 680	34 981
Taxation	**35 850**	25 077	12 134	149	4 376	8 551	12 909
Profit (loss) after taxation	**98 879**	81 314	46 411	(32 702)	6 899	18 129	22 072
Attributable to outside shareholders	**–**	–	–	1 243	(296)	(831)	(241)
Attributable to shareholders	**98 879**	81 314	46 411	(31 459)	6 603	17 298	21 831
Shares in issue 000	**93 837**	93 634	93 248	63 248	63 248	63 238	63 189
Shares in issue 000 (wt avg)	**93 750**	93 429	83 248	63 248	63 243	63 217	63 052
Earnings per share (cents)	**105**	87	56	(50)	10	27	35
Dividend per ordinary share (cents)	**10**	–	6	–	–	7	6
Net asset value (cents)	**708**	530	426	256	319	303	275
BALANCE SHEET							
Property, plant and equipment	**139 063**	102 892	82 485	29 782	103 857	95 019	78 353
Investment and long-term receivables	**21 083**	12 692	1 393	16 070	1 999	4 586	2 769
Inventory	**635 838**	513 638	333 366	359 986	348 998	320 945	218 567
Receivables	**344 976**	239 875	167 904	121 587	128 439	108 953	96 603
Payables, provisions and dividends payable	**(326 146)**	(233 576)	(125 340)	(102 733)	(128 587)	(194 040)	(105 151)
Taxation	**(17 590)**	(30 649)	(5 131)	3 944	5 046	(4 781)	(11 429)
Employment of capital	**797 224**	604 872	454 677	428 636	459 752	330 682	279 712
Shareholders' equity	**664 129**	496 689	397 202	162 117	201 666	191 485	173 770
Outside shareholders	**–**	–	–	–	5 245	4 540	3 170
Net borrowings	**120 329**	103 472	50 800	262 229	243 980	125 755	96 709
Deferred tax	**12 766**	4 711	6 675	4 290	8 861	8 902	6 063
Total capital employed	**797 224**	604 872	454 677	428 636	459 752	330 682	279 712

	Dec 2001 R'000	Dec 2000 R'000	Dec 1999 R'000	Dec 1998 R'000	10 months Dec 1997 R'000	Feb 1997 R'000	Feb 1996 R'000
KEY RATIOS							
Operating ratios							
Operating margin (%) (Operating profit) (Revenue)	**8**	8	8	–	4	8	9
Net asset turn (times) (Revenue) (Average net assets)	**2**	3	3	2	2	3	2
Return on net assets (%) (RONA) (Operating profit) (Average net assets)	**19**	22	20	(1)	9	21	21
Financial ratios							
Gearing (%) (Net borrowings) (Total shareholders' funds)	**18**	21	13	162	118	64	55
Interest cover (times) (Operating profit) (Net finance costs)	**285**	10	3	–	1	2	3
Overall performance							
Return on shareholders' funds (Attributable profit) (Average shareholders' funds)	**17**	18	17	(17)	3	9	13
Ratios							
Gross profit to revenue %	**26**	28	28	29	27	30	27
Working capital days trade cycle							
Inventory	**189**	182	145	196	206	203	168
Receivables	**76**	61	53	47	46	48	54
Payables	**(97)**	(83)	(54)	(56)	(76)	(123)	(80)
Total	**168**	160	144	187	176	128	142
ABBREVIATED CASH FLOW							
Operating profit before working capital changes	**221 226**	172 957	97 762	1 217	40 046	75 865	59 504
Cash invested in working capital	**(122 210)**	(164 860)	(3 559)	(29 990)	(108 565)	(27 137)	(9 613)
Net finance costs	**(3 530)**	(14 079)	(32 477)	(31 585)	(24 117)	(38 387)	(17 180)
Taxation paid	**(41 268)**	(4 955)	(1 358)	(2 846)	(14 244)	(12 332)	(2 584)
Net cash provided (utilised) by operating activities	**54 218**	(10 937)	60 368	(63 204)	(106 880)	(1 991)	30 127
Dividends paid	**(9 364)**	(5 595)	–	–	(4 427)	(3 791)	(7 131)
(Invested in) proceeds from property, plant, equipment, investment and long-term receivables	**(69 195)**	(40 783)	(32 047)	48 432	(8 890)	(25 643)	(10 742)
(Funding requirement) cash surplus	**(24 341)**	(57 315)	28 321	(14 772)	(120 197)	(31 425)	12 254
Net increase (redemption) of shares	**533**	1 061	180 120	–	30	149	(3 578)
Outside shareholders	**–**	–	–	(5 245)	705	1 370	418
Net borrowings increased (repaid)	**23 808**	56 254	(208 441)	20 017	119 462	29 908	(9 222)
Associated company debt (advanced) repaid	**–**	–	–	–	–	(2)	128
Funds procured (cash surplus applied)	**24 341**	57 315	(28 321)	14 772	120 197	31 425	(12 254)

as at 31 December 2001

	Notes	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
ASSETS					
Non-current assets		**160 146**	115 584	**290 514**	274 982
Property, plant and equipment	3	**139 063**	102 892	**–**	–
Interest in subsidiary companies	4	**–**	–	**290 514**	274 982
Investment	5	**11 529**	–	**–**	–
Long-term receivables		**9 554**	12 692	**–**	–
Current assets		**1 010 308**	784 825	**1 073**	675
Inventory	6	**635 838**	513 638	**–**	–
Trade and other receivables		**295 478**	236 248	**1 069**	640
Current portion of long-term receivables		**14 318**	–	**–**	–
Prepayments		**35 180**	3 627	**–**	–
Taxation		**1 871**	3 053	**4**	35
Cash resources		**27 623**	28 259	**–**	–
TOTAL ASSETS		**1 170 454**	900 409	**291 587**	275 657
EQUITY AND LIABILITIES					
Capital and reserves		**664 129**	496 689	**291 336**	274 293
Stated capital	7	**223 355**	222 822	**223 355**	222 822
Non-distributable reserves	8	**126 000**	48 458	**–**	–
Retained earnings		**314 774**	225 409	**67 981**	51 471
Non-current liabilities		**38 540**	36 411	**–**	188
Long-term borrowings	9	**25 774**	31 700	**–**	188
Deferred taxation	10	**12 766**	4 711	**–**	–
Current liabilities		**467 785**	367 309	**251**	1 176
Trade and other payables		**297 027**	206 254	**62**	536
Current portion of long-term borrowings	9	**5 811**	1 915	**187**	640
Warranty provision	11	**23 308**	25 407	**–**	–
Taxation		**19 461**	33 702	**–**	–
Short-term interest bearing debt		**122 178**	100 031	**2**	–
TOTAL EQUITY AND LIABILITIES		**1 170 454**	900 409	**291 587**	275 657
Shares issued (000)		**93 837**	93 634		
Net asset value per share (cents)		**708**	530		

for the year ended 31 December 2001

	Notes	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
Revenue					
Continuing operations		**1 658 096**	1 308 875	**25 860**	135
Discontinuing operations		**–**	129 632	**–**	–
Total revenue	12	**1 658 096**	1 438 507	**25 860**	135
Cost of sales		**1 228 425**	1 032 289	**–**	–
Gross profit		**429 671**	406 218	**25 860**	135
Other operating income		**51 269**	52 742	**–**	–
Distribution costs		**(220 809)**	(232 688)	**–**	–
Administration expenses		**(90 931)**	(69 866)	**(810)**	(452)
Other operating expenses		**(33 996)**	(38 477)	**(549)**	(1 430)
Profit (loss) from operating activities		**135 204**	117 929	**24 501**	(1 747)
Finance costs	13	**(74 562)**	(45 507)	**(59)**	(138)
Finance income	14	**74 087**	33 969	**3 055**	2 541
Profit before taxation	15	**134 729**	106 391	**27 497**	656
Taxation	16	**(35 850)**	(25 077)	**(1 623)**	14
Net profit for the year		**98 879**	81 314	**25 874**	670
		Cents	**Cents**		
Earnings per share					
Basic	17	**105**	87		
Diluted	17	**104**	86		
Headline earnings per share					
Basic	17	**105**	87		
Diluted	17	**104**	86		
Dividends per share	18	**10**	–		

for the year ended 31 December 2001

	Notes	Stated capital R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000
Group					
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
Issue of share capital		533	–	–	533
Increase in foreign currency translation reserve		–	79 689	–	79 689
Increase in legal reserve of foreign subsidiary		–	150	(150)	–
Exchange difference on foreign reserves		–	(2 297)	–	(2 297)
Net profit for the year		–	–	98 879	98 879
Dividend	18	–	–	(9 364)	(9 364)
Balance at 31 December 2001		**223 355**	**126 000**	**314 774**	**664 129**
Company					
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
Issue of share capital		533	–	–	533
Net profit for the year		–	–	25 874	25 874
Dividend	18	–	–	(9 364)	(9 364)
Balance at 31 December 2001		**223 355**	**–**	**67 981**	**291 336**

for the year ended 31 December 2001

	Notes	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
CASH FLOW FROM (APPLIED TO) OPERATING ACTIVITIES					
Cash generated from (applied to) operations	A	**99 016**	8 097	**23 598**	(1 339)
Net finance costs		**(3 530)**	(14 079)	**(59)**	(138)
Taxation paid	B	**(41 268)**	(4 955)	**(1 592)**	(48)
Net cash flow from (applied to) operating activities		**54 218**	(10 937)	**21 947**	(1 525)
CASH FLOW (APPLIED TO) FROM INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment		**(70 152)**	(19 839)	**–**	–
Purchase of replacement property, plant and equipment		**(2 996)**	(11 912)	**–**	–
Proceeds on disposal of property, plant and equipment		**26 662**	1 680	**–**	–
Proceeds on disposal of property, plant and equipment of discontinuing operations		**–**	587	**–**	–
Investment in foreign subsidiary		**–**	–	**–**	(18)
(Increase) decrease in investment		**(11 529)**	1 393	**–**	–
Decrease in interest in subsidiary companies		**–**	–	**589**	–
Net cash flow (applied to) from investing activities		**(58 015)**	(28 091)	**589**	(18)
CASH FLOW (APPLIED TO) FROM FINANCING ACTIVITIES					
(Advances to) repayments from subsidiaries		**–**	–	**(13 066)**	6 812
Dividends paid		**(9 364)**	(5 595)	**(9 364)**	(5 595)
Repayment of long-term borrowings		**(787)**	(1 169)	**(641)**	(735)
Proceeds from long-term borrowings		**1 812**	5 734	**–**	–
Increase in long-term receivables		**(11 180)**	(12 692)	**–**	–
Proceeds from share issues		**533**	1 061	**533**	1 061
Net cash flow (applied to) from financing activities		**(18 986)**	(12 661)	**(22 538)**	1 543
Net decrease in cash for the year		**(22 783)**	(51 689)	**(2)**	–
Net short-term interest bearing debt at beginning of the year		**(71 772)**	(20 083)	**–**	–
Net short-term interest bearing debt at end of the year	C	**(94 555)**	(71 772)	**(2)**	–

for the year ended 31 December 2001

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
A. Cash generated from (applied to) operations				
Profit (loss) from operating activities	**135 204**	117 929	**24 501**	(1 747)
Adjustments for:				
Depreciation	**13 706**	9 411	**–**	–
(Decrease) increase in warranty provision	**(2 099)**	25 407	**–**	–
Surplus on disposal of property, plant and equipment	**(425)**	(523)	**–**	–
Loss on disposal of property, plant and equipment of discontinuing operations	**–**	619	**–**	–
Exchange differences on translation of foreign subsidiaries	**74 840**	20 114	**–**	–
Operating profit (loss) before working capital changes	**221 226**	172 957	**24 501**	(1 747)
Increase in inventory	**(122 200)**	(180 272)	**–**	–
(Increase) decrease in receivables and prepayments	**(90 783)**	(71 971)	**(429)**	95
Increase (decrease) in trade and other payables	**90 773**	87 383	**(474)**	313
Total cash generated from (applied to) operations	**99 016**	8 097	**23 598**	(1 339)
B. Taxation paid				
Taxation owing (refund due) at beginning of year	**30 649**	5 131	**(35)**	27
Tax charge for the year:				
S.A. normal taxation				
– Current taxation	**26 662**	30 349	**632**	(14)
– Secondary tax on companies	**1 004**	(705)	**991**	–
Foreign taxation				
– Current taxation	**543**	762	**–**	–
– Secondary tax on companies	**–**	67	**–**	–
Taxation (owing) refund due at end of year	**(17 590)**	(30 649)	**4**	35
Total taxation paid	**41 268**	4 955	**1 592**	48
C. Net short-term interest bearing debt				
Short-term interest bearing debt	**122 178**	100 031	**2**	–
Cash resources	**(27 623)**	(28 259)	**–**	–
Net short-term interest bearing debt at end of the year	**94 555**	71 772	**2**	–

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 are consistent in all material respects with those of the previous year.

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 taxation 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 taxation 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 taxation 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 into South African Rand 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 into South African Rand 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.

Where a subsidiary reports in the currency of a hyperinflationary economy, its financial statements are restated by applying a general price index pertaining to that economy before they are translated and included in the consolidated financial statements. Translation of the restated financial statements of the subsidiary is performed at rates of exchange ruling at the year end.

Aggregated gains and losses arising on translation of foreign subsidiaries are taken directly to non-distributable reserves.

1.10 Investments

Investments are initially recorded at cost and are adjusted for interest earned thereon and the group's share of the profits or losses of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

1.11 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.

1.12 Revenue

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

1.13 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership 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.

1.14 Research and development

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

1.15 Warranty costs

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

1.16 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service.

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.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 Borrowing costs

Borrowing costs are charged against operating profit as incurred.

1.22 Government grants

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

for the year ended 31 December 2001

	South Africa R'000	Rest of world R'000	Consolidated R'000
2. Segmental analysis			
Geographical segments			
The group operates in two principal geographical areas.			
Group			
2001			
Revenue	**927 452**	**730 644**	**1 658 096**
Result			
Segment result	**117 812**	**17 392**	**135 204**
Net finance costs			**(475)**
Taxation			**(35 850)**
Net profit			**98 879**
Other information			
Segment assets	**853 065**	**317 389**	**1 170 454**
Segment current liabilities	**261 304**	**206 481**	**467 785**
Long-term borrowings	**19 760**	**6 014**	**25 774**
Deferred taxation	**11 793**	**973**	**12 766**
Consolidated total liabilities			**506 325**
Capital expenditure	**29 510**	**43 638**	**73 148**
Depreciation	**10 571**	**3 135**	**13 706**
Other non-cash (income) expenses	**(4 828)**	**2 729**	**(2 099)**
Group			
2000			
Revenue	721 169	717 338	1 438 507
Result			
Segment result	103 914	14 015	117 929
Net finance costs			(11 538)
Taxation			(25 077)
Net profit			81 314
Other information			
Segment assets	585 055	315 354	900 409
Segment current liabilities	202 648	164 661	367 309
Long-term borrowings	26 673	5 027	31 700
Deferred taxation	4 351	360	4 711
Consolidated total liabilities			403 720
Capital expenditure	27 972	3 779	31 751
Depreciation	7 875	1 536	9 411
Other non-cash expenses	25 407	643	26 050

	GROUP 2001 R'000 Cost/ valuation	Accumulated depreciation	Net book value	GROUP 2000 R'000 Cost/ valuation	Accumulated depreciation	Net book value
3. Property, plant and equipment						
Freehold land and buildings	**78 268**	**–**	**78 268**	56 344	–	56 344
Leasehold buildings	**5 186**	**1 166**	**4 020**	4 061	909	3 152
Plant and equipment	**120 536**	**75 029**	**45 507**	92 376	62 697	29 679
Aircraft	**3 715**	**2 725**	**990**	3 298	2 555	743
Vehicles	**13 340**	**3 062**	**10 278**	3 708	1 255	2 453
Capital work in progress	**–**	**–**	**–**	10 521	–	10 521
Totals	**221 045**	**81 982**	**139 063**	170 308	67 416	102 892

	Freehold land and buildings R'000	Leasehold buildings R'000	Plant and equipment R'000	Aircraft R'000	Vehicles R'000	Capital work in progress R'000	Total 2001 R'000	Total 2000 R'000
Movement in property, plant and equipment								
Net book value at beginning of the year	56 344	3 152	29 679	743	2 453	10 521	**102 892**	82 485
Additions	8 626	70	26 502	417	34 756	2 777	**73 148**	31 751
Disposals	–	(815)	(461)	–	(24 961)	–	**(26 237)**	(2 363)
Transfers	13 298	–	–	–	–	(13 298)	**–**	–
Depreciation	–	(232)	(10 853)	(170)	(2 451)	–	**(13 706)**	(9 411)
Translation differences	–	1 845	640	–	481	–	**2 966**	430
Net book value at end of the year	78 268	4 020	45 507	990	10 278	–	**139 063**	102 892

Certain vehicles are encumbered as indicated in note 9.

	2001	2000
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**	476
– subsequent additions at cost in 2001	**14 334**	–
Avda.Collao no. 1944, Concepcion, Chile		
– at cost in 2001	**7 590**	–
Total freehold land and buildings	**78 268**	56 344

	Total 2001 R'000	Total 2000 R'000
3. Property, plant and equipment – *continued*		
The freehold land and buildings, except for the property in Chile which was acquired in 2001, 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.		
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**	476
Subsequent additions at cost in 2001	**19 008**	–
Total open market value of buildings	**69 872**	50 864
The comparable amounts under the historical cost convention for the freehold land and buildings were:		
Historical cost	**66 827**	44 903

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
4. Interest in subsidiary companies				
Local subsidiaries				
Shares at cost	–	–	**12 065**	12 654
Subscription agreement for subsidiary shares	–	–	**17 491**	14 436
Indebtedness by subsidiaries	–	–	**165 990**	153 076
Indebtedness to subsidiaries	–	–	**–**	(152)
Total local subsidiaries	–	–	**195 546**	180 014
Foreign subsidiaries				
Shares at cost	–	–	**94 992**	94 992
Indebtedness by subsidiaries	–	–	**29**	29
Indebtedness to subsidiaries	–	–	**(53)**	(53)
Total foreign subsidiaries	–	–	**94 968**	94 968
Total interest in subsidiary companies	–	–	**290 514**	274 982

Further details of interest in subsidiary companies are set out on page 57.

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
5. Investment				
A financing venture has been entered into within Wesbank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group.				
In terms of this arrangement, the following categories of financing are provided for:				
– transactions for which Wesbank requires support, either due to the credit risk profile of the customer or the specific structuring of the financing deal. The group is entitled to a share of the remaining profits of these transactions. Applications from customers are categorised into Wesbank's risk grading system, with the risk category determining the funding required and level of risk shared by the group. The group's risk is, however, limited to the amount of its investment. This funding provided is reflected as an interest bearing investment on the balance sheet;				
– specific transactions, the risks and rewards of which are for the group. A fee is paid to Wesbank for administering this business. These transactions are consolidated by the group as reflected below.				
Total investment in financing venture	**31 431**	12 692	–	–
Capital investment	**29 903**	12 692	–	–
Interest earned	**1 278**	–	–	–
Share of profits	**250**	–	–	–
Less: specific transactions consolidated by the group	**19 902**	12 692	–	–
Long-term receivables	**7 077**	12 692	–	–
Current portion of long-term receivables	**12 825**	–	–	–
Net investment	**11 529**	–	–	–
6. Inventory				
Raw materials	**12 555**	8 779	–	–
Work in progress	**61 899**	29 186	–	–
Finished goods	**240 103**	254 671	–	–
Merchandise spares and components	**321 281**	221 002	–	–
Total inventory	**635 838**	513 638	–	–

Included above is inventory of R71,5 million (2000: R93,6 million) carried at net realisable value.

Certain inventory is encumbered as indicated in note 9.

for the year ended 31 December 2001

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
7. Stated capital				
Authorised:				
100 000 000 (2000: 100 000 000) ordinary shares of no par value	**–**	–	**–**	–
Issued:				
93 837 000 (2000: 93 634 200) ordinary shares of no par value	**223 355**	222 822	**223 355**	222 822
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 until the next annual general meeting of shareholders, subject to legal requirements, to repurchase shares in the issued capital of the company.				
At 31 December 2001, the company has granted options to directors and employees to subscribe for 1 132 350 (2000: 1 339 650) shares in the company as set out on page 30.				
8. Non-distributable reserves				
Surplus arising from revaluation of freehold land and buildings				
– prior years	**8 009**	11 441	**–**	–
– current year	**–**	(3 432)	**–**	–
Total surplus arising from revaluation of freehold land and buildings	**8 009**	8 009	**–**	–
Legal reserve of foreign subsidiaries				
– prior years	**1 437**	1 142	**–**	–
– current year	**150**	32	**–**	–
– exchange difference	**904**	263	**–**	–
Total legal reserve of foreign subsidiary	**2 491**	1 437	**–**	–
Foreign currency translation reserve				
– prior years	**39 012**	18 731	**–**	–
– current year	**79 689**	20 655	**–**	–
– exchange difference	**(3 201)**	(374)	**–**	–
Total foreign currency translation reserve	**115 500**	39 012	**–**	–
Total non-distributable reserves	**126 000**	48 458	**–**	–

for the year ended 31 December 2001

	Rate of interest	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
9. Long-term borrowings	**Rate of interest**				
Secured:					
Repayable by August 2001	–	**–**	190	**–**	190
Repayable by May 2002	12,25%	**187**	638	**187**	638
Repayable by June 2003	6%	**312**	460	**–**	–
Repayable by March 2005	5,7%	**1 326**	783	**–**	–
Repayable by April 2005	10,16% – 10,43%	**6 328**	5 057	**–**	–
Total secured long-term borrowings		**8 153**	7 128	**187**	828
Unsecured:					
Convertible into shares of a subsidiary company on 12 December 2006	19,73%	**23 432**	26 487	**–**	–
Total unsecured long-term borrowings		**23 432**	26 487	**–**	–
Total long-term borrowings		**31 585**	33 615	**187**	828
Less: current portion		**(5 811)**	(1 915)	**(187)**	(640)
Total long-term borrowings		**25 774**	31 700	**–**	188

Motor vehicles and inventory with a net book value of R739 392 and R6 115 822 respectively are encumbered as security for certain of the loans above.

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 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
10. Deferred taxation				
The deferred taxation liability, analysed by major category of temporary difference, is as follows:				
Revaluation of properties	**3 432**	3 432	**–**	–
Prepayments	**5 672**	54	**–**	–
Provision for doubtful debts	**(501)**	(649)	**–**	–
Excess tax allowances over depreciation charge	**1 780**	1 305	**–**	–
Sales in advance	**(738)**	(1 718)	**–**	–
Provision for future expenditure	**3 134**	1 538	**–**	–
Other	**(13)**	749	**–**	–
Total deferred taxation	**12 766**	4 711	**–**	–

for the year ended 31 December 2001

	At beginning of year R'000	Charge to income for year R'000	At end of year R'000
10. Deferred taxation – *continued*			
Reconciliation of the movement in the deferred tax balance			
Tax effect of:			
Revaluation of properties	3 432	–	**3 432**
Prepayments	54	5 618	**5 672**
Provision for doubtful debts	(649)	148	**(501)**
Excess tax allowances over depreciation charge	1305	475	**1 780**
Sales in advance	(1 718)	980	**(738)**
Provision for future expenditure	1 538	1 596	**3 134**
Other	749	(762)	**(13)**
Totals	4 711	8 055	**12 766**

	GROUP		COMPANY	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
11. Warranty provision				
Balance at beginning of year	**25 407**	–	**–**	–
Raised during the year	**23 297**	25 407	**–**	–
Utilised during the year	**(25 396)**	–	**–**	–
Balance at end of year	**23 308**	25 407	**–**	–
An insurance policy is in place to fund warranty costs incurred.				
12. Revenue				
12.1 Revenue represents:				
Sale of				
– Machines	**1 330 447**	1 161 505	**–**	–
– Parts	**257 216**	229 196	**–**	–
– Other	**70 433**	47 806	**25 860**	135
Total revenue	**1 658 096**	1 438 507	**25 860**	135

Related party sales are disclosed in note 24.

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
12. Revenue – *continued*				
12.2 Discontinuing operations				
During the prior 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	–	–
Profit before taxation	–	12 150	–	–

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 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
13. Finance costs				
Interest paid	**13 240**	13 594	**59**	138
Currency exchange losses:				
Borrowings	**5 547**	–	**–**	–
Operations	**55 775**	31 913	**–**	–
Total finance costs	**74 562**	45 507	**59**	138
14. Finance income				
Interest received	**5 500**	5 910	**–**	–
Financial instrument income	**3 055**	2 541	**3 055**	2 541
Currency exchange gains:				
Operations	**65 532**	25 518	**–**	–
Total finance income	**74 087**	33 969	**3 055**	2 541

for the year ended 31 December 2001

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
15. Profit before taxation				
Profit before taxation is analysed as follows:				
From continuing operations	**134 729**	94 241	**27 497**	656
From discontinuing operations	**–**	12 150	**–**	–
Total profit before taxation	**134 729**	106 391	**27 497**	656
Profit before taxation is arrived at after taking into account:				
Income				
Export incentives	**23 912**	35 900	**–**	–
Surplus on disposal of property, plant and equipment	**425**	523	**–**	–
Income from subsidiaries				
– interest	**–**	–	**59**	135
– dividends	**–**	–	**25 801**	–
Expenditure				
Auditors' remuneration				
– audit fees – current	**1 696**	1 381	**11**	11
– prior	**287**	(154)	**–**	–
– other services	**954**	751	**–**	–
– expenses	**14**	21	**–**	–
Depreciation				
– leasehold buildings	**232**	713	**–**	–
– plant and equipment	**10 853**	8 047	**–**	–
– aircraft	**170**	123	**–**	–
– vehicles	**2 451**	528	**–**	–
Loss on disposal of property, plant and equipment of discontinuing operations	**–**	619	**–**	–
Operating lease charges				
– equipment	**3 877**	3 668	**–**	–
– motor vehicles	**3 931**	5 796	**–**	–
– properties	**8 498**	7 724	**–**	–
Research and development expenses				
– direct material	**19 775**	9 838	**–**	–
– operating expenses	**17 094**	12 394	**–**	–
Restructuring costs	**–**	945	**–**	–
(Decrease) increase in warranty provision	**(2 099)**	25 407	**–**	–
Staff costs	**259 972**	251 717	**–**	–
Number of employees at the end of the year	**1 714**	1 789	**–**	–

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
15. Profit before taxation – *continued*				
Directors' emoluments				
Paid by company:				
– non-executive directors' fees			**187**	71
Paid by subsidiaries:				
Executive directors				
– salaries			**6 707**	8 292
– benefits			**1 687**	702
Total directors' emoluments			**8 581**	9 065
16. Taxation				
South African normal taxation				
Current taxation				
– current year	**26 728**	33 372	**633**	–
– prior year	**(66)**	(3 023)	**(1)**	(14)
Deferred taxation				
– current year	**7 504**	(6 860)	**–**	–
– prior year	**(44)**	1 272	**–**	–
Secondary tax on companies				
– current year	**1 004**	–	**991**	–
– prior year	**–**	(705)	**–**	–
Foreign taxation				
Current taxation				
– current year	**1 711**	757	**–**	–
– prior year	**(1 168)**	5	**–**	–
Deferred taxation				
– current year	**320**	192	**–**	–
– prior year	**(139)**	–	**–**	–
Secondary tax on companies	**–**	67	**–**	–
Total taxation	**35 850**	25 077	**1 623**	(14)

for the year ended 31 December 2001

	GROUP		COMPANY	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
16. Taxation – *continued*				
Reconciliation of rate of taxation (%)				
Standard rate of taxation	**30**	30	**30**	30
Adjustment for:				
Disallowable expenditure	**1**	1	**1**	69
Non-taxable income	**(1)**	(2)	**(31)**	(116)
Utilisation of tax losses	**–**	–	**(1)**	17
Prior year taxation	**–**	(2)	**–**	(2)
Secondary tax on companies	**1**	–	**4**	–
Different tax rates of subsidiaries operating in other jurisdictions and the utilisation of tax losses by these subsidiaries	**(4)**	(3)	**3**	–
Effective rate of taxation	**27**	24	**6**	(2)
Estimated losses attributable to foreign subsidiaries amount to approximately R69,2 million (2000: R38,6 million). The utilisation of these losses is dependent on there being future taxable income of sufficient amount.				
17. Earnings per share				
17.1 Earnings per share (basic)				
Profit attributable to shareholders (R'000)	**98 879**	81 314		
The weighted average number of shares in issue	**93 749 879**	93 429 484		
Earnings per share (basic) (cents)	**105**	87		
17.2 Earnings per share (diluted)				
Profit attributable to shareholders (R'000)	**98 879**	81 314		
Fully converted weighted average number of shares	**94 882 229**	94 769 134		
Earnings per share (diluted) (cents)	**104**	86		
The number of shares in issue for this calculation has been increased by the number of unexercised options.				
17.3 Headline earnings per share (basic)				
Profit attributable to shareholders (R'000)	**98 879**	81 314		
Surplus on disposal of property, plant and equipment	**(425)**	(523)		
Loss on disposal of property, plant and equipment of discontinuing operations	**–**	619		
Headline earnings (R'000)	**98 454**	81 410		
The weighted average number of shares in issue	**93 749 879**	93 429 484		
Headline earnings per share (basic) (cents)	**105**	87		

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
17. Earnings per share – *continued*				
17.4 Headline earnings per share (diluted)				
Earnings as calculated in 17.3 above (R'000)	**98 454**	81 410		
Fully converted weighted average number of shares per 17.2 above	**94 882 229**	94 769 134		
Headline earnings per share (diluted) (cents)	**104**	86		
18. Dividend				
Final dividend paid on 17 April 2001 10 cents per share	**9 364**	–	**9 364**	–
19. Change in accounting policy				
During the prior 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 prior year was as follows:				
Reduction in net profit due to increase in warranty expense:				
Gross	–	25 407	–	–
Taxation	–	7 622	–	–
Net	–	17 785	–	–
20. Contingent liabilities				
20.1 The group has guaranteed the repurchase of units sold to dealers and finance institutions for an amount of	**144 188**	87 395	–	–
In the event of repurchase, these units, in the opinion of the directors, would realise at least the value stated above.				
This risk of a shortfall between repurchase price and realisable value has been insured.				
20.2 The company has guaranteed the overdrafts and short-term borrowings made to subsidiaries.				
20.3 The company has issued performance guarantees, expiring on 26 September 2001, for the delivery of equipment.	–	2 373	–	2 373

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
20. Contingent liabilities – *continued*				
20.4 A subsidiary has issued a performance guarantee, expiring on 30 September 2002, for the delivery of equipment.	**80**	576	–	–
20.5 An action has been instituted against a subsidiary of the company for a substantial amount.				
As previously reported, this action is being defended and the continuing view of the company's legal advisers is that the company has good grounds for successfully opposing the claims. After consideration and based on this legal advice, the Board is satisfied that the company will not suffer any material loss.				
20.6 Revised income tax assessments have been received by the company for the 1997 to 1999 tax years. Objections to these assessments have been lodged and the view of the company's tax advisers is that the company has a strong case and will not suffer any material loss.				
21. Commitments				
21.1 Capital expenditure				
Authorised, but not contracted	**17 842**	31 207	–	–
This capital expenditure is to be financed from internal resources and long-term facilities.				
21.2 Operating lease commitments				
Land and buildings:				
Less than one year	**7 753**	6 595	–	–
Two to five years	**30 100**	24 779	–	–
More than five years	**4 082**	12 826	–	–
Equipment and vehicles:				
Less than one year	**7 954**	7 369	–	–
Two to five years	**8 183**	8 450	–	–
More than five years	**–**	48	–	–
Total operating lease commitments	**58 072**	60 067	–	–

22. 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. Sufficient information regarding this multi-employer plan is not available to enable the company to identify its share of the underlying financial position and performance and to account for the plan as a defined benefit plan. The actuarial review as at 31 December 2000 found the fund to be in a sound financial position with the book value of assets at R14,670 million (market value R19,638 million) and liabilities of R11,448 million.

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 R14,4 million during the current year (2000: R13 million) and were charged against income.

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

23. 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.

23.1 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.

23.2 Liquidity risk

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

23.3 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 2001, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

23.4 Currency risk

The group follows a policy of matching 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 2001 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 R'000**
Euro	18 196	8,749	159 185
Japanese Yen	506 250	12,237	41 371

23.5 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 2001, is as follows:

	Call	**1-6 months**	**Long-term borrowings**	**Total borrowings**
Borrowings (R'000)	40 000	82 178	31 585	153 763
Rate	Floating	Floating	Fixed	
% of total borrowings	26	53	21	

for the year ended 31 December 2001

	GROUP 2001 R'000	GROUP 2000 R'000	COMPANY 2001 R'000	COMPANY 2000 R'000
24. 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 arm's length. The nature and value of the transactions concluded during the year and balances at the year end are detailed below:				
Shareholders				
John Deere Construction and Forestry Company				
– sales	**210 205**	210 308	–	–
– purchases	**75 221**	26 063	–	–
– amounts owing to	**15 689**	7 674	–	–
– amounts owing by	**18 673**	38 668	–	–
Loinette Company Limited				
– sales	**15 247**	–	–	–
– leasing costs	**1 184**	554	–	–
– amounts owing by	**6 566**	–	–	–
Enterprises over which directors are able to exercise significant influence				
Triumph International				
– sales	**1 832**	1 373	–	–
– amounts owing by	**33**	5 227	–	–
– management fees	–	21	–	–
– commission paid	**3 135**	–	–	–
Tractor and Equipment (Mauritius) Limited				
– sales	**2 927**	3 483	–	–
– amounts owing by	**1 031**	558	–	–

25. 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.

as at 31 December 2001

	Business type	Issued share capital 2001 R	Effective holding 2001 %	Interest of Bell Equipment Limited: Book value of shares 2001 R'000	Book value of shares 2000 R'000	Amounts owing by (to) 2001 R'000	Amounts owing by (to) 2000 R'000
Southern Africa							
I A Bell & Co (Pty) Limited	D	–	–		538		(80)
Bell Air Charter (Pty) Limited	D	–	–		1		(49)
Bellmet Properties (Pty) Limited	D	–	–		12 113		32 035
Bell Equipment Co S.A.(Pty) Limited	O	2	100	12 063		165 990	121 040
I A B Properties (Pty) Limited	D	–	–				(22)
Bellmeak Brokers (Pty) Limited	O	360	100				
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				
Bell Equipment Mozambique Limited	O	1 297 080	100				
Bell Equipment Switzerland S.A.	O	1 705 420	100				
Bell Equipment (Deutschland) GmbH	O	300 250	100				
United States of America							
Bell Equipment North America Inc	O	12 294 600	100				
South America							
Bell Properties Chile S.A.	O	72 060	91				
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	18	(24)	(24)
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				107 057	107 646	165 966	152 900

D Dormant companies
H Holding companies
O Operating companies

2001

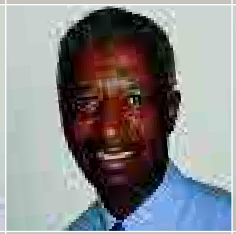
DIRECTORATE AND SENIOR MANAGEMENT

as at 1 January 2002

Howard Buttery
CTA
Group Chairman
Years Service: 31
Age: 55
Committees: § #

Gary Bell
Dip Mech Eng
Chief Executive
Years Service: 31
Age: 49
Committees: § #

Doug Anderson
BS
Alternate Director * †
Years Service: 1
Age: 54



Dr Millard Arnold
BA, Juris
Doctorate
Director * †
Years Service: 2
Age: 55
Committees: §

David Campbell
Alternate Director
Years Service: 25
Age: 44

Michael Campbell
Director
Years Service: 25
Age: 44

Ted Graff
BS, BA
Alternate Director * †
Years Service: 3
Age: 39

Max Guinn
BA Mech Eng,
MBA
Director * †
Years Service: 3
Age: 43
Committees: § #

Guy Harris
BCom Hons, CA(SA)
Director*
Years Service: 8
Age: 49
Committees: § #

Clive Barrett
Logistics Director
Years Service: 25
Age: 57

Bokkie Coertze
Regional Director:
Southern Africa –
Sales and Distribution
Years Service: 16
Age: 51

Rino D' Alessandro
CPIM
Chief Information
Officer
Years Service: 5
Age: 38

John du Toit
BSc Mech Eng
Group Marketing
Manager
Years Service: 7
Age: 31

Eric Lerche
Regional Director:
Europe
Years Service: 17
Age: 57

Richard Machanick
BA
Group HR Manager
Years Service: 13
Age: 46

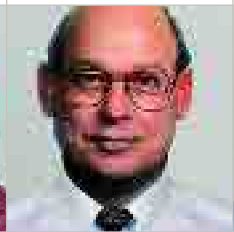
Key
Non-executive *
USA †
Audit Committee §
Remuneration Committee #
Finnish •

Peter Bell
Director
Years Service: 34
Age: 52

Paul Bell
Alternate Director
Years Service: 25
Age: 44

Jeremy Horne
FCA, ACMA, CA(SA)
Director *, Chair of Audit Committee
Years Service: 5
Age: 64
Committees: §

Tony Kgobe
Director *
Years Service: 2
Age: 39
Committees: §



John Kloet
BSc Acctg,CPA
Director * †
Age: 48
Committees: § #

Dennis Manhart
BSc Mnfg, Eng.
MBA
Alternate Director * †
Years Service: 3
Age: 58

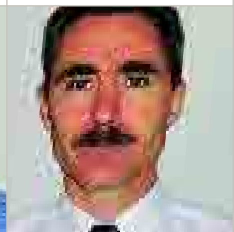
Mikko Rysa
Master of Forestry, BEcon
Director • *
Age: 54
Committees: § #

Danie Vlok
BCom, MBA
Director *, Chair of Remuneration Committee
Years Service: 7
Age: 57
Committees: § #

Pat Mahony
FCIS, FCIBM
Company Secretary
Years Service: 6
Age: 58

Doug Rhind
BCompt Hons
Alternate Director
Finance Director
Years Service: 19
Age: 52

Marc Schurmann
BEng Mech PrEng
Product Owner – ADTs
Years Service: 7
Age: 33



Derek Smythe
BCompt
Strategic Alliances Director
Years Service: 15
Age: 44

Alden Weston
Dealer Development Manager
Years Service: 15
Age: 55

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
Barclays Bank PLC
Commerzbank AG
FNB Corporate, a division of FirstRand Bank Limited
Investec Bank
Nedcor Bank Limited – London
UBS

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

as at 31 December 2001

SHAREHOLDER SPREAD

Shareholder type	Number of shareholders in South Africa		Number of shareholders other than in South Africa		Total shareholders	
	Nominal number	Percentage	Nominal number	Percentage	Nominal number	Percentage
Public	1 071	19,83	18	32,13	1 089	51,96
Directors	8	48,04	–	–	8	48,04
Total	1 079	67,87	18	32,13	1 097	100,00

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

STOCK MARKET STATISTICS

	Year ended 31 December 2001	Year ended 31 December 2000
Market price of shares		
– Year end	**940 cents**	770 cents
– Highest	**950 cents**	1 070 cents
– Lowest	**630 cents**	450 cents
Net asset value per share	**708 cents**	530 cents
Number of shares traded ('000)	**4 370**	6 062
Value of shares traded (R'm)	**R33,82**	R41,87
Market capitalisation to net asset value	**1,33**	1,45
Year end		
– earnings yield (%)	**11,17**	11,3
– dividend yield (%)	**1,06**	1,3
– price earnings ratio	**8,95**	9

EXCHANGE RATES

The following rates of exchange were used in the preparation of the financial statements:

	31 December 2001		31 December 2000	
	Weighted average	Year end	Weighted average	Year end
Australian $: United States $	**0,51**	**0,51**	0,57	0,55
British £: United States $	**1,43**	**1,45**	1,51	1,49
Chilean Peso: United States $	**637,88**	**661,30**	541,78	572,40
EURO: United States $	**0,89**	**0,89**	0,92	0,93
French Franc: United States $	**7,35**	**7,41**	7,13	7,06
German Mark: United States $	**2,19**	**2,21**	2,13	2,10
Japanese Yen: United States $	**122,12**	**131,36**	108,28	114,99
Malawi Kwacha: United States $	**72,43**	**67,00**	60,81	79,90
Mozambique MZM: United States $	**21 103,00**	**23 200,00**	16 040,00	16 400,00
New Zealand $: United States $	**0,42**	**0,42**	0,45	0,44
SA Rand: United States $	**8,74**	**12,01**	6,97	7,56
Singapore $: United States $	**1,80**	**1,85**	1,73	1,73
Swiss Franc: United States $	**1,69**	**1,67**	1,69	1,64
Zambia K: United States $	**3 651,67**	**3 910,00**	3 356,25	4 480,00
Zimbabwe $: United States $	**207,03**	**330,00**	45,40	55,20

Notice is hereby given that the 34th 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, 8 May 2002 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 2001 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 H J Buttery, P C Bell, M A Campbell and M W Arnold 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 Securities Exchange South Africa.

6. In accordance with Section 199 of the Companies Act 1973, as amended, to pass the following resolution as a Special Resolution:

   "That the company adopt a new set of Articles of Association as more fully set out in the accompanying explanatory circular."

   The reasons for the substitution of the Articles of Association is to take account of the requirements of STRATE (Share Transactions Totally Electronic – the settlement system for share dealings introduced for Bell Equipment Limited shares which were dematerialised in 2001), to provide for electronic communications with members of the company and to effect certain corrections in the existing Articles of Association.

   The effect of the Special Resolution if passed will be that the Articles of Association will be consistent with changed practices and circumstances.

7. 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, 6 May 2002.

By order of the Board

D P Mahony FCIS,FCIBM
Group Company Secretary

Printed by Ince (Pty) Ltd

For the annual general meeting to be held on Wednesday, 8 May 2002 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, 6 May 2002

To be completed by certificated shareholders only

For use at the annual general meeting to be held on Wednesday, 8 May 2002 at the registered office of the company, 13 – 19 Carbonode Cell Road, Alton, Richards Bay.

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, 8 May 2002 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			
Special Resolution Number 1			

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, 6 May 2002.

For the annual general meeting to be held on Wednesday, 8 May 2002 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

To be completed by those who have dematerialised their shares

For use at the annual general meeting to be held on Wednesday, 8 May 2002 at the registered office of the company, 13 – 19 Carbonode Cell Road, Alton, Richards Bay.

If shareholders have dematerialised their shares with a CSDP or broker, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard.This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We

of

appoint

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting,
as my/our proxy to act for me/us at the aforementioned general meeting of members, which will be held on Wednesday, 8 May 2002, and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the special resolution to be proposed thereat and to vote for and/or against such special resolution with or without modification and/or to abstain from voting thereon:

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			
Special Resolution Number 1			

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, 6 May 2002.

Bell Equipment's corporate headquarters and factory is situated in Richards Bay, South Africa