



2001

AUDITED RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2001

- Revenue up 15,3%
- Profit after tax up 21,6%
- Net Asset Value Per Share up 33,6%

Consolidated Income Statement

R'000	For year ended	
	31 December 2001	31 December 2000
Revenue	1 658 096	1 438 507
Cost of sales	1 228 425	1 032 289
Gross profit	429 671	406 218
Other operating income	51 269	52 742
Distribution costs	(220 809)	(232 688)
Administration expenses	(90 931)	(69 866)
Other operating expenses	(33 996)	(38 477)
Profit from operating activities	135 204	117 929
Net finance costs (Note 2)	475	11 538
Profit before taxation (Note 3)	134 729	106 391
Taxation	35 850	25 077
Profit after taxation	98 879	81 314
Number of shares in issue ('000)	93 837	93 634
Weighted average number of shares in issue ('000)	93 750	93 429
Earnings per share / Headline earnings per share (basic) (cents) (Note 4)	105	87
Earnings per share / Headline earnings per share (diluted) (cents) (Note 4)	104	86
Dividend per share (cents)	10	10

Consolidated Balance Sheet

R'000	At	
	31 December 2001	31 December 2000
ASSETS		
Non-current assets	160 146	115 584
Property, plant and equipment	139 063	102 892
Investments and long-term receivables	21 083	12 692
Current assets	1 010 308	784 825
Inventory	635 838	513 638
Trade and other receivables	295 478	236 248
Current portion of long-term receivables	12 119	-
Prepayments	35 180	3 627
Taxation	1 871	3 053
Cash resources	29 822	28 259
TOTAL ASSETS	1 170 454	900 409
EQUITY AND LIABILITIES		
Capital and reserves	664 129	496 689
Stated capital (Note 5)	223 355	222 822
Non-distributable reserves	126 000	48 458
Retained earnings	314 774	225 409
Non-current liabilities	38 540	36 411
Long-term borrowings	25 774	31 700
Deferred taxation	12 766	4 711
Current liabilities	467 785	367 309
Trade and other payables	297 027	206 254
Current portion of long-term borrowings	5 811	1 915
Warranty provision	23 308	25 407
Taxation	19 461	33 702
Short-term interest bearing debt	122 178	100 031
TOTAL EQUITY AND LIABILITIES	1 170 454	900 409
Net asset value per share (cents)	708	530

Abbreviated Cash Flow Statement

R'000	For year ended	
	31 December 2001	31 December 2000
Operating profit before working capital changes	221 226	172 957
Cash invested in working capital	(122 210)	(164 860)
Net cash generated from operations	99 016	8 097
Net finance costs	(3 530)	(14 079)
Taxation paid	(41 268)	(4 955)
Net cash flow from/(applied to) operating activities	54 218	(10 937)
Dividend paid	(9 364)	(5 595)
Invested in property, plant, equipment, investments and long-term receivables	(66 996)	(40 783)
Net cash outflow	(22 142)	(57 315)
Proceeds from shares issued	533	1 061
Net increase in borrowings	21 609	56 254
Cash deficit funded	22 142	57 315

Commentary on the results

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 Rand 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 25% despite fierce competition in stagnant world-wide 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. 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 2000. After investing and financing activities, the net decrease in cash was R22 million versus a R57 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 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.

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

Statement of Changes in Equity

R'000	For year ended	
	31 December 2001	31 December 2000
Equity at the beginning of the year	496 689	397 202
Changes in share capital	533	1 061
Issue of share capital	533	1 061
Changes in non-distributable reserves	77 542	17 144
Deferred tax on revaluation of properties	-	(3 432)
Increase in legal reserve of foreign subsidiary	150	32
Increase in currency translation reserve	79 689	20 655
Exchange differences on foreign reserves	(2 297)	(111)
Changes in retained earnings	89 365	81 282
Net profit for the year	98 879	81 314
Transfer to legal reserve of foreign subsidiary	(150)	(32)
Dividend	(9 364)	-
Equity at end of year	664 129	496 689

Abbreviated Notes To Audited Results

R'000	For year ended	
	31 December 2001	31 December 2000

1. ACCOUNTING POLICIES
The principal accounting policies have been consistently followed in all material respects with those of the previous year.

The group annual financial statements have been prepared in compliance with the South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act 1973, as amended.

The annual financial statements are compiled in accordance with the historical cost basis, adjusted for the revaluation of freehold property.

2. NET FINANCE COSTS		
Net interest paid	7 740	7 684
Net currency exchange (gains)/losses	(4 210)	6 395
Net finance costs paid	3 530	14 079
Financial instrument income	3 055	2 541
Net finance costs	475	11 538

3. PROFIT BEFORE TAXATION		
Profit before taxation is arrived at after taking into account:		
Income		
Export incentives	23 912	35 900
Net surplus on disposal of property, plant and equipment	425	-
Expenditure		
Depreciation of property, plant and equipment	13 706	9 411
Operating lease charges		
- equipment and motor vehicles	7 808	9 464
- properties	8 498	7 724
Staff costs	259 972	244 694
Net (decrease)/increase in warranty provision	2 099	25 407

4. EARNINGS PER SHARE
The calculation of earnings per share is based on profit after taxation and the weighted average number of ordinary shares in issue during the year. The weighted average number of shares in issue for the year under review was 93 749 879 (2000: 93 429 484). On a diluted basis, the fully converted weighted average number of shares is 94 882 229 (2000: 94 769 134).

5. 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

6. CAPITAL EXPENDITURE		
Authorised, but not contracted	17 842	31 207

7. SEGMENTAL ANALYSIS
Geographical segments
The group operates in two principal geographical areas

R'000	Revenue	Operating profit	Assets	Liabilities
2001				
South Africa	927 452	117 812	853 065	292 857
Rest of world	730 644	17 392	317 389	213 468
Total	1 658 096	135 204	1 170 454	506 325
2000				
South Africa	721 169	103 914	585 055	233 672
Rest of world	717 338	14 015	315 354	170 048
Total	1 438 507	117 929	900 409	403 720

8. CONTINGENT LIABILITY
As previously reported, an action has been instituted against a subsidiary of the company for a substantial amount. The action is being defended and the 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.

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.

H J Buttery
Group Chairman
19 March 2002

DECLARATION OF DIVIDEND
Notice is hereby given that a dividend of ten (10) cents per ordinary share of no par value payable in the currency of the Republic of South Africa will be paid to shareholders registered at 5 April 2002.

The dividend will be paid on or about 17 April 2002.

By order of the Board.

D P Mahony
Company Secretary

Registered office
13 - 19 Carbonode Cell
Alton
Richards Bay 3900

Transfer secretaries
Mercantile Registrars Limited
PO Box 1053
Johannesburg 2000

Directors: G W Bell (Chief Executive), H J Buttery (Chairman), *Dr M W Arnold (USA), P C Bell, M A Campbell, *M A Guinn (USA), *G P Harris, *P J C Horne, *T D Kgobe, *J W Kloet (USA), *M O Rysa (Finnish), *D J J Vlok (*Non-Executive Directors)

Alternate Directors: *C D Anderson (USA), P A Bell, D I Campbell, T J Graff (USA), D B Rhind, D C Manhart (USA)

Bell Equipment Ltd

(Incorporated in the Republic of South Africa) (Share code: BEL ISIN: ZAE000028304)
(Registration number 1968/013656/06) ("Bell")