BELL EQUIPMENT

Annual Report

2002

Strong Reliable Machines

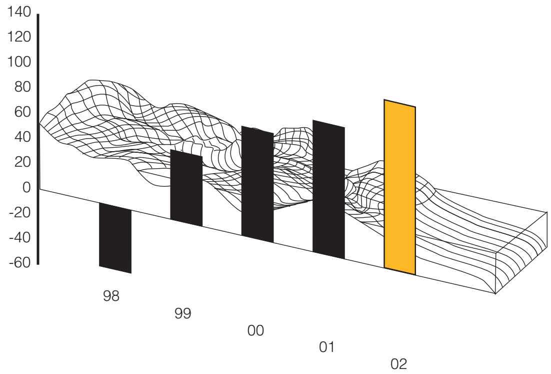
Contents

Mission Statement

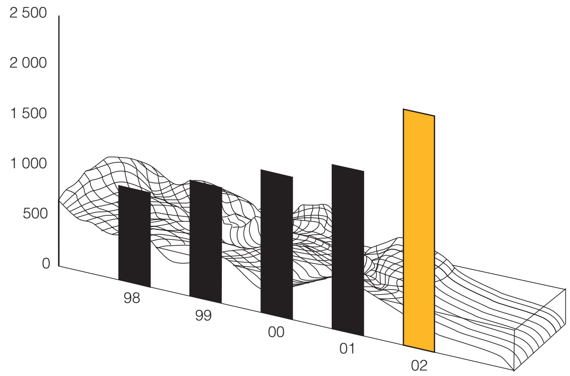
- At Bell we have learnt that by valuing the contribution of every one of our people, we have been able to grow. That everyone on the team can and does make a difference.
- Our customers will receive quality in everything we do. The commitment to our customers distinguishes Bell Excellence. It is a continuous process of achieving improvements which result in equitable attainment of customer, suppliers, shareholders and employee expectations.
- All our activities are conducted in a spirit of fairness, honesty and integrity. Bell products fulfil haulage and materials handling needs across many industries.
- We design and manufacture products to fulfil the needs of our customers. Through listening we are able to produce innovative equipment that matches their needs.
- We will continue to expand our international distribution.
- We are proud of our heritage and will provide opportunities for all our people in a safe and healthy environment worldwide.

Financial Highlights

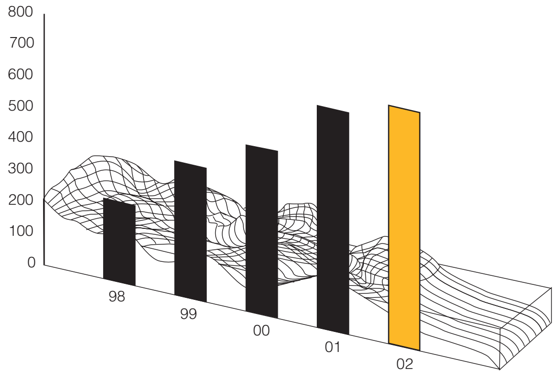
Earnings per share (cents)



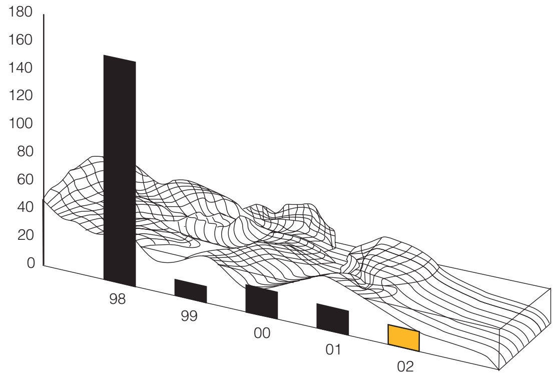
Revenue (millions)



Net asset value (cents)



Gearing %



Chairman's Statement

Another record year for the Bell Equipment Group... Gross profit margins were ahead of budget and despite fierce competition our market share across all products was good...

It once again gives me great pleasure to report on another record year for the Bell Equipment Group. Operating profit at R231,2 million is up 74% from last year's record R133 million and the all-important headline earnings per share is up from R1,04 per share to R1,33 per share. Shareholders' funds have increased from a net asset value of 705 cents (US$,59 cents) per share to 762 cents (US$,89 cents) per share over the twelve months, an increase of 51% in US Dollar terms. Our cash flow was R7,6 million negative after dividends being distributed, repayments of long-term borrowings and capital expenditure of R43,4 million being expended during the year. These results were achieved while there was a strengthening of the Rand/Dollar rate from R12,01 on 1 January 2002 to R8,58 at 31 December 2002. This strengthening of 29% had the effect of reducing net asset value by R85,4 million through devaluation of foreign assets (R60,8 million) and by marking unutilised forward exchange contracts to market (R68 million), less the revaluation of foreign debtors, creditors and bank to closing spot rate (R43,4 million).

Managing exports, which this year produced record turnover of US$108,3 million (2001: US$83,6 million) in the current environment of a strong and somewhat volatile Rand, is proving to be a challenge. Euro imports account for 50% of our manufacturing costs which continue to drop as a result of the Rand/Euro rate strengthening. The majority of our exports are invoiced in US Dollars, causing our offshore retail selling prices to be under margin pressure as the Rand strengthens. Increased sales to Europe, invoiced in Euros, to some extent offsets the adverse impact of the strengthening Rand/US Dollar exchange rate.

Special tribute must once again be paid to our Southern African Sales and Distribution Team. Their sales this year totalled R1 412,3 million, up 36% from last year, with a reduction of R15,9 million in working capital. Gross profit margins were ahead of budget and despite fierce competition our market share across all products was good. The South African construction equipment market continues to be buoyant and we expect this trend to continue throughout 2003.

Under difficult trading conditions the performance of our European region Articulated Dump Truck (ADT) distribution needs mention. We have set up a distribution network of sixty-four dealers throughout the United Kingdom and

Howard J Buttery Group Chairman

Europe supported by our three European service and parts distribution centres. The centres are located in the major ADT markets of France, Germany and the United Kingdom and cover twelve EU countries in which we market our equipment. Our overall European ADT market share of almost 17% is exceptional in the light of the strong competition from long standing European manufacturers with well established distribution networks and dealerships. However, profitability of our European region was disappointing and we are looking for a substantial improvement in cost containment and working capital management in 2003.

Elsewhere in this report considerable detail is given about the establishment of our German assembly plant. I would like all stakeholders to be aware that Bell Equipment remains totally committed to local manufacture and South African parts. The major objective of the German assembly plant is to reduce working capital and to give our European operations more flexibility. Current positive development in the company keeps us confident that no jobs will be lost in South Africa. At the same time Bell Equipment has not embarked upon major capital expenditure to reduce reliance on labour but we have rather worked with our team to improve quality through skills development.

Once again the world finds itself on the brink of war, this time in Iraq. What the world and South Africa most of all needs, is a long period of sustained peace and prosperity. This will allow us to focus on narrowing the divide between the 'haves' and the 'have-nots', thereby diminishing the incentive for global terrorist action. Our sales to the Third World, particularly north of the Limpopo River, were disappointing in 2002. Rising crude oil prices have created a huge burden for African economies whose forex is largely spent on oil. This, together with severe droughts, has impacted on the economies of several African countries, forcing a cutback in capital expenditure, infrastructure and project development.

We at Bell Equipment would like to assist Government in realising the objectives of the New Partnership for Africa's Development (NEPAD), which hopes to bring about economic, political and social development in Africa. It is hoped that NEPAD will provide a means to encourage African governments to commit to political stability, good governance, transparent legislation, the rule of law and security of tenure, unencumbered by arbitrary regulation or political advantage. Such commitments are essential for attracting foreign investment in infrastructure, mining and agricultural projects to which Bell Equipment can supply and benefit from. We in the private sector must demonstrate confidence in both NEPAD and Africa to encourage investment and stimulate economic growth on the continent.

Another 'battle' is taking place around the world as the framework for a global trading community is being developed. The major industrialised countries with their powerful manufacturing and service sectors, are pushing for the worldwide elimination of trade barriers for goods and services. At the same time these countries are using subsidies and other supply side measures to prop up their uncompetitive agricultural, service and manufacturing sectors. In order for us to continue to be globally competitive, South Africa needs time and resources to build a robust manufacturing sector and therefore it is essential to our business that support programmes, from which we can benefit, are made available.

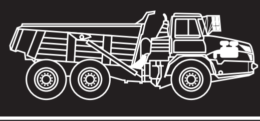
Corporate governance standards continue to enjoy our highest priority and commitment. This starts and ends with the Board of Directors who ensure that management, who

Chairman's Statement (continued)

are the stewards of our shareholders' capital, pursue the best interests of all stakeholders. Our Board members rely on management and the external auditors for all assurances required to review performance of the group. Of vital importance is the role, functions and responsibility of our non-executive directors and our management's demonstrated respect for these rights. Our non-executive directors exercise their legal and fiduciary responsibilities by ensuring the proper balance of power in the Board itself and as between the Board and management. Bell Audit Services, our internal audit function, continues to provide valuable information and service to both the Risk Management and Audit Committee and our management teams. The non-executive chairman of the Risk Management and Audit Committee continues to spend time each month in the company in pursuit of his duties and attends all the Bell Audit Services management meetings. We have already implemented many of the King II best practice recommendations and want all stakeholders to be aware of our continued commitment to excellence in this area.

As I have said in previous years, Bell Equipment is committed to continue to develop our business through forming strategic alliances. On 5 June 2002 we signed an alliance contract with Liebherr-Hydraulikbagger GMBH. In terms of this agreement Liebherr has been given the non-exclusive right to distribute Bell ADTs in Europe not only through their dealers but more importantly through their company owned stores and rental fleet. This has in no small way improved our distribution throughout Europe and played an important role in growing our market share. Our alliances with John Deere Construction and Forestry Company and Hitachi Construction Machinery continue to strengthen and add value to our group and we expect improved unit sales to both parties in 2003.

We have declared an increased dividend of 15 cents per share (10 cents in 2001) in respect of the year ended 31 December 2002. As is our stated policy, we have considered cash flow, capital expenditure and working capital requirements and the economic conditions prevailing



Bell ADTs

Strong and reliable

in our major markets to ensure the balance between retaining sufficient funds in the business and a fair dividend to our shareholders.

The first two months of the current financial year have been profitable and we are ahead of sales budgets. Providing we see some significant weakening of the Rand and the Southern African economy continues to remain strong, 2003 should again be a record year. All exports below the current Rand/US Dollar exchange rates produce only a marginal contribution to the group. Our focus for 2003 will be to continue our programmes to drive cost reduction and manufacturing efficiency, increase parts sales and to increase unit sales outside of South Africa to our three alliance partners. Working capital will continue to be a priority.

Once again I would like to thank all my Board colleagues for their continued commitment and enthusiasm for the group. Our non-executive directors, most of whom travel extremely long distances to attend our Board, Risk Management and Audit and Remuneration Committee meetings, continue to play a vital role in the success of our business.

Finally I would like to thank our two most important stakeholders, our employees and our customers, who strive to work together to ensure mutual growth and ongoing development. Bell Equipment employees are a special feature of our business as they continue to do everything they can to take ownership and responsibility for interaction between our important stakeholders.

Howard Buttery
Group Chairman

Chief Executive's Report

At Bell Equipment we are constantly seeking ways to provide our customers with value for money… We understand our customers' requirements and design and produce products to meet their needs…

Highlights

This past year presented business, particularly in the capital expenditure segment, with a number of challenges. Several countries had to contend with depressed economies while in South Africa our biggest concern was the volatility of our currency which saw the Rand strengthening considerably after its dramatic decline at the end of 2001.

Revenues for the group showed substantial improvement, ending the year at R2,4 billion which represents a 43,9% increase over the previous year. Despite strong competition from competitors who were seeking to improve their market share, we were able to maintain our gross margins. This was a significant achievement when one considers that a large proportion of our sales are Dollar based and the effect of the stronger Rand on our export earnings. Group operating profit before financing costs and taxation in 2002 was R231,2 million, well up on the R132,9 million in the previous year.

Despite an increase in inventory our gearing ratio and trade cycle days improved. Working capital management continues to be a strategic priority and will improve as a result of commissioning a new production facility in Eisenach in Germany.

Regional review

Southern Africa was once again our strongest market, bringing in 53% of group revenue. Whilst there was a strong performance in the local market, our foreign subsidiaries, still faced with high market development costs, made a less than satisfactory contribution. Sales into Africa, despite the economic conditions in many of these countries, were satisfactory and continued to reflect the acceptance our products have in tough operating conditions. There were substantial gains in market share in Europe, especially in the UK and Germany, but at lower margins. The introduction of our D-series range of products in the US has started to show positive results and in the coming year the 4206D Construction Tractor will be a strong factor in raising our revenues in that region.

The contribution of the joint venture finance company with Wesbank has been a strong contributor to the increase in the level of sales in South Africa and will in future continue to augment our direct sales efforts.

Manufacturing and product development

No business can afford to rest on its laurels and not look towards the future. At Bell Equipment we are constantly seeking ways to provide our customers with value for money solutions and to this end pay a great deal of attention to product development. We invest significant amounts of revenue in research and development and treat this as a charge against profits. During the year under review our engineering teams were successful in launching 30 new products and services. These were not merely facelifts of a cosmetic nature but, in many cases, represented 'clean sheet' designs.

Gary W Bell

Chief Executive

The D-series models continued to be well accepted in the marketplace, having proved their robustness and suitability across many industries. In the past year we launched the biggest model in our Articulated Dump Truck range, the B50D, which will come into production in 2003. Indications are that this product will also gain strong acceptance in the market. Our range of Front End Loaders, after being upgraded, have consolidated their position as the number one wheeled loader in Southern Africa.

During the year we concluded a deal with Protec to brand and distribute their vibrating compaction roller products in South Africa and we also have acquired the agency from Ausa for a range of all terrain forklifts. This, coupled with our existing arrangements to brand and distribute Kato Excavators and a range of John Deere construction machinery, has positioned Bell Equipment as a 'one stop shop' being able to satisfy the diverse needs of our customers.

Our 4206D Construction Tractor, which was recently unveiled at a trade exhibition in America, attracted a high level of interest and we anticipate a very good contribution from this product in 2003. The success of this product illustrates the ability of Bell Equipment to understand our customers' requirements and to design and produce a product to meet these needs. I am extremely proud of the achievements of our engineers in this respect.

European assembly

A historical problem faced by Bell Equipment has been the enormous cost of our long supply chain for components sourced from Europe and the inability to respond rapidly to the needs of our market. We have been importing engines and transmissions from Germany and tyres from France together with numerous other smaller components, fitting these to our products and then exporting the fully assembled units back to Europe. The impact of this long supply chain can readily be seen in the level of inventory, which includes goods in transit.

Following an intensive feasibility study which included the evaluation of a number of possible locations, the Board has authorised the creation of an assembly operation in Eisenach which is situated in central Germany. This facility will be supplied with semi-assembled units which will be made in South Africa, to which will be fitted the rest of the componentry that is sourced from various suppliers in Europe. In cutting out the long shipping requirement of bringing components all the way to South Africa and then sending it all the way back again we estimate that we will be able to free up about R100 million of working capital with the obvious benefits that will accrue from this change. Our ability to respond to changing market needs will also be enhanced.

The facility will be designed to handle a throughput of 650 units per annum and will supply our markets in Europe as well as the John Deere branded ADTs in North America. There are supply side incentives available which increase the viability of the facility.

In planning the logistics of setting up the new facility in Europe we paid particular attention to maintaining the level of employment at our existing factory in Richards Bay. I am pleased to report that this should be accomplished given reasonable growth prospects and that this will reinforce the sound industrial relations climate in our company.

Quality, safety and environment

Operating procedures are thoroughly documented and on the job training is conducted throughout the year. We have accordingly been able to achieve our ISO 9001:2000 certification and I congratulate my entire team for working together to achieve this important recognition.

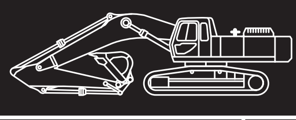
We are continuing to work towards our goal of becoming an A-class World Class Organisation by 2005. Reaching this milestone will position Bell Equipment alongside the other global players – a tremendous achievement considering our beginnings as a small manufacturing business.

There are inherent risks in any business and we are continuously managing these risks so as to ensure that our people work in a safe environment. In seeking to keep industrial accidents down to a minimum we conduct safety induction training for all new employees and contractors coming on site before they are allowed to commence work. We also have ongoing initiatives to keep safety at the forefront of employees' minds in all the jobs that are undertaken. The company has retained its NOSA 4 Star grading and we are strongly committed to earning the highest grading.

We are not actively seeking certification under the ISO 14000 code. However, in designing our products we take into account the environmental impact of our factory, the impact of our products in performing their purpose as well as the ultimate disposal of waste. We are also cognisant of environmental legislation applicable in the countries into which we sell our products and seek to achieve continuous full compliance.

HIV/Aids

A great deal has been highlighted in regard to the threat of HIV/Aids to businesses in Africa. With the statistics indicating alarming situations in the near future it would be irresponsible for Bell Equipment not to be proactive in



Bell Excavator Versatile and Robust

addressing the needs and interests of our employees, the community and of course our shareowners. Whilst testing and disclosure of status remains voluntary it is not possible to determine the exact extent of the problem, however we are dealing with this issue on the basis of the best information available.

The company has an Aids awareness programme and seeks to educate all employees of the threat posed by this pandemic. We also contribute a significant amount of money towards a community based Aids management programme. The company has undertaken to supply any employee who is not on a medical aid providing HIV/Aids benefits and who is HIV positive with anti retroviral drugs free of charge. A small number of employees are presently being assisted in this programme.

Acknowledgements

Every business needs people to drive it, to achieve new standards of excellence, to grow its customer base, to build a solid foundation from which to continuously reach new levels of achievement. I am pleased to report that in my team at Bell Equipment I am able to rely on people who seek to excel in all that they undertake and that this is done with pride and enjoyment. This enthusiasm is the cornerstone of our success and what makes Bell Equipment a particularly special company.

I wish to pay a special tribute to my management team for their tireless efforts in the past year in keeping the passion to be the best foremost in the minds of all their team members. Thank you for your support over the past year and for once again turning in a record set of results.

To our business partners – our customers, our suppliers, our financiers – thank you too for your contribution to another chapter in the success story of a proudly South African company. I look forward to working with you in the years that lie ahead.

Gary Bell
Chief Executive

Corporate Governance

Our compliance with best practices in corporate governance is an essential feature of the way we behave as a responsible corporate citizen.

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. We are strongly committed to ensuring that our business is built on the fundamental pillars of corporate governance contained in the second report of the King Committee. We see our compliance with the recommendations made in the King II Report as an essential feature of the way we behave as a responsible corporate citizen and an integral part of our drive to become an A-Class World Class Organisation.

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

Internal control systems

The internal audit function of the group enjoys 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 given the assurance 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, and for this reason this needs to be reviewed and updated on a regular basis.

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 expect that the group has adequate resources to continue to operate 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 group 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.

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.

The Audit Committee has been assigned the responsibility for the overall risk management process, its charter being amended and its title changed to the Risk Management and Audit Committee.

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.

Bell Front End Loader

Market leader

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

Employment equity

In taking our responsibilities as an employer to greater lengths than required by 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 work place 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 and is still in place. A task group representing all sectors of our employees and management has been driving the aspects covered in the agreement with a view to eliminating any inequities that may exist.

Corporate Governance (continued)

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 the performance of their duties.

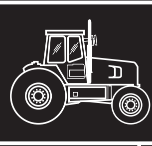
Newly appointed directors undergo an induction programme during which they are briefed on their fiduciary duties, their legal obligations and the company's history, operations and key initiatives.

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.

Directors' attendance at meetings

During the course of 2002 the Board met on four occasions, with attendance being as follows:

Directors	**Attendance**
Dr M W Arnold	2 out of 4
Mr G W Bell	4 out of 4
Mr P C Bell*	3 out of 4
Mr H J Buttery	4 out of 4
Mr M A Campbell***	3 out of 4
Mr M A Guinn**	1 out of 4
Mr G P Harris	4 out of 4
Mr P J C Horne	4 out of 4
Mr T D Kgobe	1 out of 4
Mr J W Kloet	2 out of 4
Mr M O Rysa	2 out of 4
Mr D J J Vlok	3 out of 4
Alternate directors	
Mr P A Bell (Alt*)	1 out of 1
Mr C D Anderson (Alt **)	1 out of 1
Mr D B Rhind (Alt ***)	4 out of 4



Bell Rigid Tractor Versatile and robust

At least two John Deere directors attended each meeting of the Board and all Board committees.

Particulars of the composition of the Board of Directors and committees appear on pages 64 and 65 of this report.

Audit Committee

Bell Equipment has an Audit Committee, the chairman of which is an independent 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. After the publication of the King II Report risk management was added to the terms of reference of this committee.

As mentioned under the earlier heading of Risk Management, the Board has assigned responsibility for risk management to the Audit Committee. As a result the name of the committee has been changed to the Risk Management and Audit Committee and a revised charter has been drawn up and approved by the Board. An independent non-executive director will continue to chair this committee.

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.

Audit Committee attendance at meetings

During the course of 2002 the Audit Committee met on four occasions, with attendance being as follows:

Directors	Attendance
Mr C D Anderson (Alt *)	1 out of 1
Dr M W Arnold	2 out of 2
Mr G W Bell	4 out of 4
Mr H J Buttery	4 out of 4
Mr M A Guinn*	1 out of 4

Directors	Attendance
Mr G P Harris	4 out of 4
Mr P J C Horne	4 out of 4
Mr T D Kgobe	1 out of 2
Mr J W Kloet	2 out of 4
Mr M O Rysa	2 out of 3
Mr D J J Vlok	3 out of 4
Mr D B Rhind	4 out of 4

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

Corporate Governance (continued)

Remuneration Committee

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

The 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 directors of the company 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 and during the year under review there has been substantial compliance.

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.

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.


BELL
B50D

Employee Relations

For any company to be able to operate it needs a stable and committed workforce who are prepared to go the extra mile. In this respect Bell Equipment's success is in no small way attributable to its primary resource, its people.

Bell Equipment has operations in various countries throughout the world and applies the ethic of consistency in our relationship with all 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.

Management has had to deal with significant challenges on the labour front during 2002, especially in the area of employment equity and gainshare. The challenges in reconciling the interests of the different groups of employees and management has tested the resilience of the relationship established between management and labour. Due to the strength of the relationship we have, unlike some other companies, been able to constructively work through these issues without employee parties resorting to disruptive industrial action.

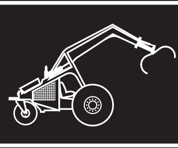
HR systems

The company has decided to implement a turnkey solution to manage the whole spectrum of its Human Resources function. We have purchased the SAP HR package which will manage the payroll, time and attendance, access control, performance management, personnel records, training and career paths, recruitment and salary surveys. This system will allow the company to integrate its payrolls around the world. It will also free up management time as employees will be able to interact directly with the system to apply for their leave, check their pay and find other relevant information. This turnkey solution will be implemented in three phases during 2003 and the first quarter of 2004.

Training and development

A management development programme has been developed in conjunction with RAU which kicked off in March 2002. This was done to further enhance managerial competence by equipping people in leadership positions with the necessary knowledge and skills which will lead to greater productivity and performance of their subordinates.

We continue to produce a steady stream of artisans in key technical areas through our learnership processes. This programme, along with our higher mechanical engineering training, has ensured that Bell Equipment has an enviable base of technical expertise. This continues to sustain our high levels of technical in field support and our ongoing new product development process. Further, our intake from historically disadvantaged communities has grown over the years. It now constitutes almost 70% of our intake into these programmes.



Bell Forestry Products

Much progress has been made on the shop floor level in Adult Basic Education and Training Skills Development. In addition, the ABET Programme was extended to our South African Sales and Distribution Operations during 2002. The training programmes in key skill areas in production such as fabrication and machining ensure that we have well trained employees in these key manufacturing processes.

Employment equity

We are making steady progress towards providing a more equitable balance in our employee groups. An analysis of our major South African employee statistics reveals the following numerical distribution:

Group	**2002 %**	2001 %	2000 %
Asian	**27,4**	25,9	26,0
Black	**42,2**	40,2	41,6
Coloured	**1,4**	1,5	1,2
White	**28,9**	32,4	31,2
Gender			
Female	**12,8**	12,6	11,6
Male	**87,3**	87,4	88,4

We have taken steps to ensure that our recruitment policy and procedure places emphasis on recruiting people from historically disadvantaged groups. We are confident that this along with our strong technical learnership programmes will allow us to further accelerate our progress.

The group has embarked on a series of diversity management workshops. The purpose of these workshops is to prepare our teams to work comfortably with people different from themselves. This programme is critical as it will help to retain rare skills vital for the group's growth.

Continuous improvement

The Continuous Improvement Facilitator appointed in late 2001 has already initiated a number of improvement projects within the group and with the supplier base with attributable savings of R6,5 million per annum. We are confident that this figure will grow significantly in 2003 and beyond.

Employee Relations (continued)

Employee relations

The following is a comparison of union membership as at December 2002 and the previous year:

	2002 **%**	2001 %
NUMSA	**34**	35
UASA	**13**	15
Mine Workers Union	**4**	3
NICWU	**2**	–
Non-unionised	**47**	47

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 UASA and Mine Workers 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. UASA represents a significant number of our salaried employees. They have asked for organisational rights which have been granted on a temporary basis. However, should they not attain majority representation of their constituency these will be rescinded.

Social responsibility

We are conscious that we live in an environment where high levels of poverty are a fact of life. Many of our employees have to cope with these issues on a daily basis and are often responsible for family members less fortunate than themselves. This often creates a heavy burden which can affect employees adversely. Added to this is the problem of HIV/Aids. The Richards Bay area in which most of our employees are based is in the epicentre of this pandemic. Apart from ongoing education and support within the ranks of our employees the company has participated in local initiatives to combat the threat of HIV/Aids such as Aids care centres.

The group and its employees have also pioneered a savings and loan cooperative which is a separate legal entity not linked to the company in any way. This cooperative already has over 250 members and provides an alternative to loans from micro lending institutions and informal loan sharks. Plans are afoot to extend membership to SMMEs via the Business Development Centre of the Zululand Chamber of Business Foundation. This would allow micro businesses access to seed capital to grow their businesses.


BELL

Business Review

Bell Equipment produces a range of strong reliable machines which serve various industries worldwide.

Bell Equipment has not only succeeded in building on the strong foundations of 2001 but in the past year has introduced over 30 new products to continue the growth trend into the future. These include a range of compaction rollers, the 4206D Construction Tractor, an all-terrain forklift and our impressive 50 ton Articulated Dump Truck (ADT).

While our Southern Africa operations had a superb year and remains our major market, exceptional growth in Europe has seen the company set new sales records in several months during the period under review.

Mining

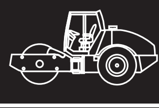
Base metal prices were once again under pressure which curbed capital expenditure during the period under review. However, gold staged a remarkable recovery in the last quarter of the year and appears to be holding onto these gains and is expected to continue this strength well into 2003.

The strengthening of the South African Rand in the last quarter of 2002 put added pressure on local mining companies. In the gold industry, this was offset to some degree by the improved gold price which enabled companies to post good Rand returns.

The Southern African market for mining equipment grew significantly in 2002 and Bell Equipment benefited from this growth by moving more equipment into the mining sector. Our customers were given an advantage from a joint strategic approach which was aimed at a single objective – ensuring our clients the lowest cost per tonne solution available. This will remain a top priority for us in the future and will ensure that we maintain our prominence as market leaders.

Bell Equipment has performed well in the mining industry in the United Kingdom, particularly clay and coal. Despite the UK having a mature ADT market, we have succeeded in growing our market share through the acceptance of our D-series ADTs and our group strategy to sell direct and grow relationships with customers. In 2003/2004 the company will be aggressively looking at the potential of its newly launched B50D ADT in mining applications where there are no road restrictions.

During 2002, the Oceania region showed signs of a recovery, albeit limited. Our strategic alliance with Hitachi in the region is bedding down and the introduction of the D-series ADTs has seen us regain substantial market share. Indications are that this will further improve in 2003.



Bell Compaction Rollers

Construction

Activity in the Southern African construction industry has remained relatively stable since 2001. Bell Equipment has been able to maintain its position in this industry as a preferred equipment supplier through the advent of the D-series ADT and will be reinforced by the introduction of the 4206D Construction Tractor.

Furthermore the rapidly growing popularity of the range of Bell Front End Loaders has again been illustrated by the need to increase production by a further 21% in 2002. This increase in brand awareness and acceptance has been accelerated by concerted efforts to spread product knowledge, and introduce the brand to new markets through education and product demonstration. A very successful year for the product, 2002 has seen the introduction of the Plus II range in the last quarter, which promises to position the brand for another year of growth in 2003. Bell Equipment once again enjoys the position of market leader in the Southern African region, a position which it first assumed during the course of 2001. This success can be attributed to the efficient sales and distribution of a well respected product, and a concerted effort to make our mark on this market.

In the UK, authorities have recognised the need to increase road construction to combat the escalating traffic congestion. This has contributed to the current buoyant nature of the industry as a whole in the region. Bell Equipment has benefited from this increased expenditure, in this sector, through the distribution of the smaller range of ADTs, which are ideally suited to the application. This is illustrated by a 250% increase in our market share and the narrowing of the margin between ourselves and the market leader.

Bell has performed well in other countries in Europe, with Germany and France being the most notable. The introduction and favourable reception of the D-series ADT, early in 2002, laid the platform for a period of unprecedented expansion for the company. In both countries Bell Equipment was able to increase its market penetration, a reflection of the brand acceptance, dealer development and expansion of our dealer network.

In the Americas, the introduction of Bell ADT specialists to work with our alliance partner John Deere has started to pay dividends. In 2002 the Deere dealers have had extensive training on the ADT product and although we only had a slight improvement in the unit sales during the year in review, this training and sales assistance will ensure further market penetration in 2003.

Business Review (continued)

Our 4206D Construction Tractor has taken the USA market by storm. Apart from being voted one of the top 100 products launched in the USA during 2002 and creating unprecedented interest at its launch at CONEXPO in Las Vegas, the unit has started to attract a host of new customers. This product will be an area of growth for Bell Equipment during 2003.

Sugar and Forestry

Our Sugar and Forestry products team, which produced its 10 000th tri-wheeler in 2002, has fought hard to maintain its market share throughout the world despite an economic depression in both of these industries. South Africa remains our largest market followed by the rest of Africa, North America, Asia Pacific and South America.

In South Africa there has been a drastic reduction in the amount of new forest planted. In 1990/91 45 423 hectares of new forest was planted but this dwindled to 2 751 hectares by 1999/2000. Likewise the saw-milling sector has experienced a turbulent time as the price of structural lumber has fallen and stocks remain high.

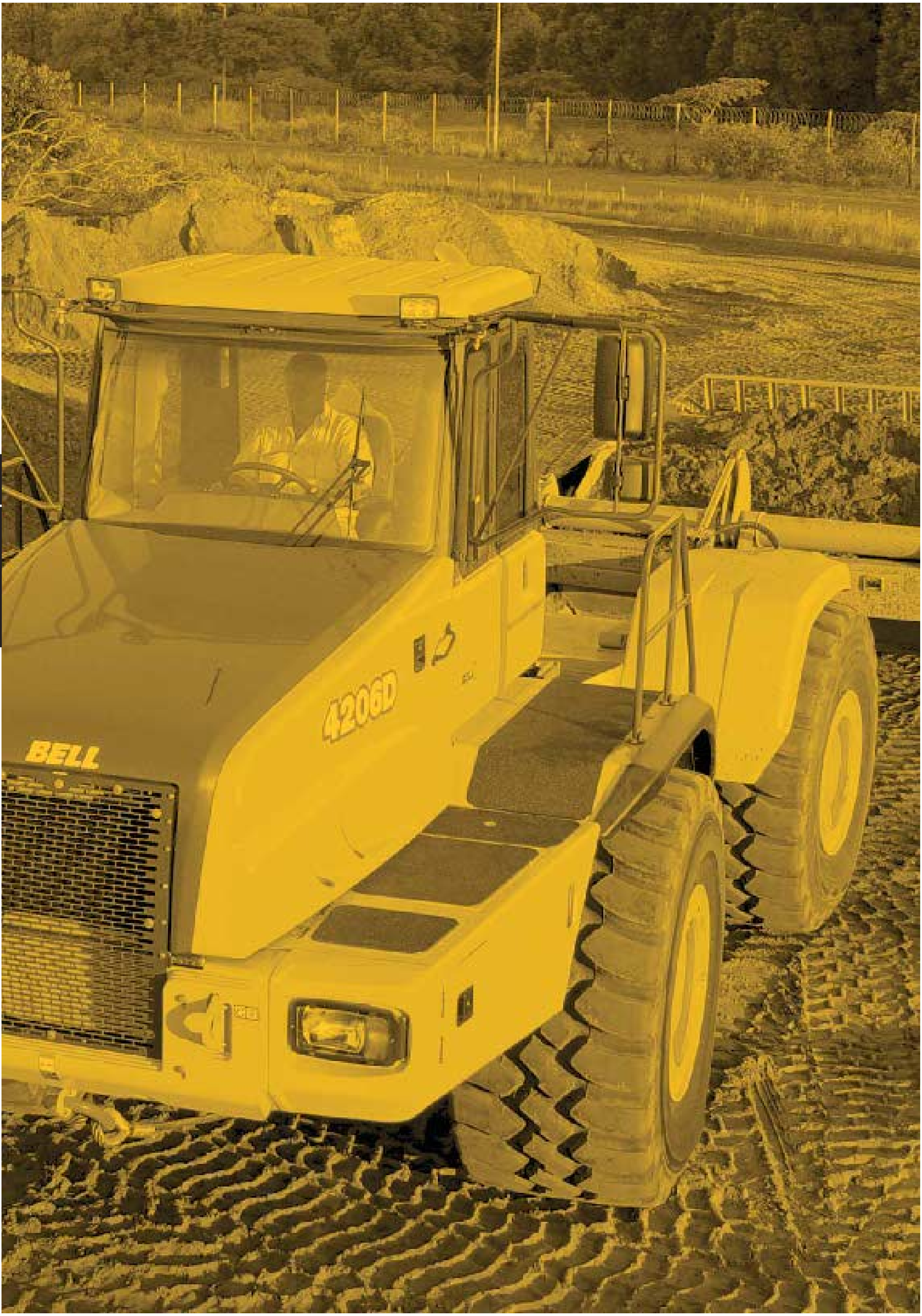
The sugar price has dropped from about US$184 per tonne in 2001 to about US$140 per tonne in 2002. In South Africa there is also a drive towards the emergence of small growers but the cost of capital equipment is a factor threatening the economic viability of this sector.

The launch of our Series II Rigid Tractor in the first quarter coincided with a large depreciation in the Rand resulting in the cost of the new product showing the impact of the depreciation. An increase in orders towards the end of 2002 indicates a recovery.

Agriculture was the foundation of Bell Equipment and remains to this day an important contributor to the company's bottom line. A strategic planning session was held to ensure that this sector of the business continues to grow so as to mitigate the loss of revenues should hard times befall the mining or construction industries. To encourage growth we are investing a sizeable amount into the research and development of new products.

Aftermarket

Finance packages have been designed to make owning capital equipment more attractive and affordable to all customers. Packages include extended warranty coverage up to 15 000 hours and selected new machines have a three year finance package with a 50% residual.


4206D
BELL

History of Bell Equipment

A small engineering business that has grown into a global player in less than 50 years.

From humble beginnings as a small engineering business, through the innovation and vision of its founder Irvine Bell, the company has grown in leaps and bounds. In the early days the customers were mainly sugar cane farmers in Empangeni, situated on the north coast of KwaZulu-Natal, South Africa. Today Bell Equipment is a leading manufacturer and exporter of a wide range of materials handling machines which are marketed and distributed through a customer service orientated network of branches and independent dealers.

In the 49 years since Irvine Bell founded the business, Bell Equipment has become a significant worldwide operation. It devotes considerable resources to research and development, training and product support.

Bell Equipment's product range of over 50 different models of ADTs, wheeled loaders, rigid and articulated haulers and tri-wheeler rough terrain material handling equipment is manufactured locally to world class quality standards. It supplies machinery to the sugar, forestry, mining and construction industries worldwide.

In addition, Bell Equipment is an appointed distributor in selected territories representing the manufacturers of several leading international brands. The company has also strengthened its trading base through trade and strategic alliance agreements with other global companies including Kato Works in Japan, John Deere in the United States, Hitachi in Asia and Liebherr in Germany. In 2002 branding deals were concluded with Protec in Germany for vibratory compaction rollers and Ausa in Spain for all-terrain forklifts.

Bell Equipment's policy in design and manufacture is to look for opportunities to create added value for our customers. In line with becoming a global role player, Bell Equipment is accredited with the SABS ISO 9001 certification and has the 2000 Quality Management System Certification. An initiative is in implementation to achieve A-class World Class Organisation (WCO) status by 2005.

The company has been the recipient of various export awards in 1990, 1991 and 1994 including being elected as the overall winner of the State President's Award for export

Bell ADTs Strong and reliable

achievement in 1991. More recently the company was the recipient of the National Productivity Institute's Gold Award in the corporate category in 2001. The B30D ADT was adjudged the winner of the South African Institute of Mechanical Engineers Project and Systems Award in the R2 million to R50 million category in 2002.

Today Bell Equipment is an international company with more than 19 000 machines operating in 70 countries around the world, with nine marketing and support operations outside of South Africa and 95 offshore distribution outlets and dealerships. Locally it has more than 25 distribution outlets. The Group employs over 2 000 people worldwide.

Since listing on the Johannesburg Stock Exchange in 1995, Bell Equipment has increased its annual revenues from five hundred million Rand to over R2,3 billion in 2002, which marks the fourth consecutive year that the company has reported record financial results.

Five Year Review

R000	FY Dec 2002	FY Dec 2001	FY Dec 2000	FY Dec 1999	FY Dec 1998
INCOME STATEMENT					
Revenue	**2 386 356**	1 658 096	1 438 507	1 163 526	942 685
Cost of sales	**1 768 707**	1 228 425	1 032 289	840 670	671 380
Gross profit	**617 649**	429 671	406 218	322 856	271 305
Operating costs	**386 423**	296 696	288 289	233 948	274 041
Operating profit (loss) before finance costs	**231 226**	132 975	117 929	88 908	(2 736)
Net finance costs	**56 144**	475	11 538	30 363	29 817
Profit (loss) before taxation	**175 082**	132 500	106 391	58 545	(32 553)
Taxation	**49 481**	35 217	25 077	12 134	149
Profit (loss) after taxation	**125 601**	97 283	81 314	46 411	(32 702)
Attributable to outside shareholders	**–**	–	–	–	1 243
Attributable to shareholders	**125 601**	97 283	81 314	46 411	(31 459)
Shares in issue 000	**94 210**	93 837	93 634	93 248	63 248
Shares in issue 000(wt avg)	**93 892**	93 750	93 429	83 248	63 248
Earnings per share (cents)	**134**	104	87	56	(50)
Dividend per ordinary share (cents)	**10**	10	–	6	–
Net asset value (cents)	**762**	705	530	426	256
BALANCE SHEET					
Property, plant and equipment	**142 284**	135 054	102 892	82 485	29 782
Investments and long-term receivables	**30 440**	21 083	12 692	1 393	16 070
Deferred taxation	**5 303**	–	–	–	–
Inventory	**843 994**	635 838	513 638	333 366	359 986
Receivables and prepayments	**295 135**	344 976	239 875	167 904	121 587
Taxation	**–**	–	–	–	3 944
Total assets	**1 317 156**	1 136 951	869 097	585 148	531 369
Shareholders' equity	**717 688**	661 259	496 689	397 202	162 117
Deferred taxation	**–**	11 627	4 711	6 675	4 290
Payables, provisions and dividends payable	**471 360**	326 146	233 576	125 340	102 733
Taxation	**19 675**	17 590	30 649	5 131	–
Net borrowings	**108 433**	120 329	103 472	50 800	262 229
Total equity and liabilities	**1 317 156**	1 136 951	869 097	585 148	531 369

Five Year Review (continued)

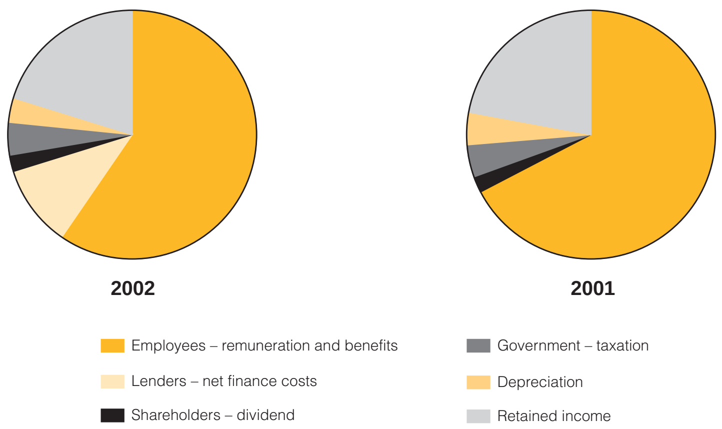
R000	FY Dec 2002	FY Dec 2001	FY Dec 2000	FY Dec 1999	FY Dec 1998
KEY RATIOS					
Operating ratios					
Operating margin (%)	**10**	8	8	8	–
(Operating profit)					
(Revenue)					
Net asset turn(times)	**3**	2	3	3	2
(Revenue)					
(Average net assets)					
Return on net assets (%) (RONA)	**29**	19	22	20	(1)
(Operating profit)					
(Average net assets)					
Financial ratios					
Gearing (%)	**15**	18	21	13	162
(Net borrowings)					
(Total shareholders' equity)					
Interest cover (times)	**18**	17	15	5	–
(Operating profit)					
(Net interest paid)					
Overall performance					
Return on shareholders' equity	**18**	17	18	17	(17)
(Attributable profit)					
(Average shareholders' equity)					
Ratios					
Gross profit to revenue (%)	**26**	26	28	28	29
Working capital days trade cycle					
Inventory	**174**	189	182	145	196
Receivables	**45**	76	61	53	47
Payables	**97**	97	83	54	56
Total	**122**	168	160	144	187
ABBREVIATED CASH FLOW					
Cash operating profit before working capital changes	**211 408**	221 226	172 957	97 762	1 217
Cash invested in working capital	**(30 917)**	(122 210)	(164 860)	(3 559)	(29 990)
Net finance costs paid	**(57 718)**	(3 530)	(14 079)	(32 477)	(31 585)
Taxation paid	**(64 402)**	(41 268)	(4 955)	(1 358)	(2 846)
Net cash provided (utilised) by operating activities	**58 371**	54 218	(10 937)	60 368	(63 204)
Dividends paid	**(9 385)**	(9 364)	(5 595)	–	–
(Invested in) proceeds from property, plant, equipment, investments and long-term receivables	**(16 814)**	(69 195)	(40 783)	(32 047)	48 432
Cash surplus (funding requirement)	**32 172**	(24 341)	(57 315)	28 321	(14 772)
Net increase in shares	**953**	533	1 061	180 120	–
Outside shareholders	**–**	–	–	–	(5 245)
Net borrowings (repaid) increased	**(33 125)**	23 808	56 254	(208 441)	20 017
(Cash surplus applied) funds procured	**(32 172)**	24 341	57 315	(28 321)	14 772

Value Added Statement

for the year ended 31 December 2002

	December 2002 R000	%	December 2001 R000	%
Revenue	**2 386 356**		1 658 096	
Goods and services acquired	**1 814 609**		1 249 214	
Total value added	**571 747**		408 882	
Applied as follows:				
To employees – remuneration and benefits	**320 617**	**56**	259 972	64
To lenders – net finance costs	**56 144**	**10**	475	–
To shareholders – dividend	**14 134**	**2**	9 385	2
To governments – taxation	**49 481**	**9**	35 217	9
Retained for investment in the group				
– Depreciation	**19 904**	**3**	15 935	4
– Retained income	**111 467**	**20**	87 898	21
Total value added	**571 747**	**100**	408 882	100

Value Added



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 31 to 60. These annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements, based on our audit.

Scope

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

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

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

Opinion

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2002 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
12 March 2003

Approval of Annual Financial Statements

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

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

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

The annual financial statements of the group and the company which appear on pages 31 to 60 were approved by the directors on 12 March 2003 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

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 2002

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 alliance partners, 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 2002 comprised 94 209 600 (December 2001: 93 837 000) ordinary shares of no par value.

Dividends

Subsequent to year end the directors have declared a dividend of 15 cents per share (2001: 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.

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 2002	31 December 2001
Options granted brought forward	**1 132 350**	1 339 650
Options granted and accepted	**32 000**	25 500
Options exercised	**(372 600)**	(202 800)
Options forfeited	**(20 600)**	(30 000)
Options granted carried forward	**771 150**	1 132 350

Directors and senior management hold 201 800 of the unexercised options (2001: 562 300), 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 2002 was 19 250 shares (December 2001: 30 650).

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

Share Purchase Option

In terms of an agreement concluded on 18 March 1999, John Deere Construction 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 31 December 2005.

Directors

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

T J Graff (Alternate director) – Resigned 18 June 2002
D C Manhart (Alternate director) –Resigned 18 June 2002

Details of the directors and senior management of the Bell Equipment Group appear on pages 64 and 65 of this report.

Directors' Report (continued)

for the year ended 31 December 2002

Directors' Shareholdings

As at the end of the period under review the directors' shareholdings were as follows:

Director	Direct beneficial	Indirect beneficial	Indirect non-beneficial
G W Bell	10 000	*	–
P C Bell	–	*	–
P A Bell	–	*	23 400
M A Campbell	–	*	–
D I Campbell	–	*	–
H J Buttery	–	*	8 000
P J C Horne	10 000	10 000	5 500
G P Harris	75 000	1 800	–

*The above directors have an indirect beneficial shareholding in 45 259 913 shares (48,04% of the issued share capital) through their 100% holding in I A Bell & Co (Pty) Limited which owns the shares in Bell Equipment Limited.

Major Shareholders

The major shareholders in Bell Equipment as at 31 December 2002 were:

I A Bell & Co (Pty) Limited	48,04%
John Deere Construction and Forestry Company	31,84%
Old Mutual	10,46%

Secretary

Particulars of the Company Secretary and his business and postal addresses appear on page 61 of this report.

Subsidiaries

Details of the company's interest in its subsidiary companies are contained on page 60 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

12 March 2003

Balance Sheets

at 31 December 2002	Notes	GROUP 2002 R000	GROUP 2001 R000	COMPANY 2002 R000	COMPANY 2001 R000
ASSETS					
Non-current assets		**178 027**	156 137	**280 568**	290 514
Property, plant and equipment	3	**142 284**	135 054	**–**	–
Interest in subsidiary companies	4	**–**	–	**280 568**	290 514
Investment	5	**24 094**	11 529	**–**	–
Long-term receivables		**6 346**	9 554	**–**	–
Deferred taxation	6	**5 303**	–	**–**	–
Current assets		**1 145 056**	1 010 308	**580**	1 073
Inventory	7	**843 994**	635 838	**–**	–
Trade and other receivables		**253 171**	295 478	**–**	1 069
Current portion of long-term receivables		**8 250**	14 318	**–**	–
Prepayments		**33 714**	35 180	**–**	–
Taxation		**1 121**	1 871	**580**	4
Cash resources		**4 806**	27 623	**–**	–
TOTAL ASSETS		**1 323 083**	1 166 445	**281 148**	291 587
EQUITY AND LIABILITIES					
Capital and reserves		**717 688**	661 259	**281 132**	291 336
Stated capital	8	**224 308**	223 355	**224 308**	223 355
Non-distributable reserves	9	**65 310**	125 518	**–**	–
Retained earnings		**428 070**	312 386	**56 824**	67 981
Non-current liabilities		**6 221**	37 401	**–**	–
Long-term borrowings	10	**6 221**	25 774	**–**	–
Deferred taxation	6	**–**	11 627	**–**	–
Current liabilities		**599 174**	467 785	**16**	251
Trade and other payables		**430 493**	297 027	**16**	62
Current portion of long-term borrowings	10	**2 073**	5 811	**–**	187
Warranty provision	11	**38 794**	23 308	**–**	–
Taxation		**20 796**	19 461	**–**	–
Short-term interest bearing debt		**107 018**	122 178	**–**	2
TOTAL EQUITY AND LIABILITIES		**1 323 083**	1 166 445	**281 148**	291 587
Shares issued (000)		**94 210**	93 837		
Net asset value per share (cents)		**762**	705		

Income Statements

for the year ended 31 December 2002		GROUP		COMPANY	
	Notes	**2002 R000**	2001 R000	**2002 R000**	2001 R000
Revenue					
Continuing operations	12	**2 386 356**	1 658 096	**4**	25 860
Cost of sales		**1 768 707**	1 228 425	**–**	–
Gross profit		**617 649**	429 671	**4**	25 860
Other operating income		**73 202**	51 269	**–**	–
Distribution costs		**(336 378)**	(220 809)	**–**	–
Administration expenses		**(82 016)**	(90 931)	**(196)**	(810)
Other operating expenses		**(41 231)**	(36 225)	**(252)**	(549)
Profit (loss) from operating activities		**231 226**	132 975	**(444)**	24 501
Finance costs	13	**(157 674)**	(74 562)	**(766)**	(59)
Finance income	14	**101 530**	74 087	**2 116**	3 055
Profit before taxation	15	**175 082**	132 500	**906**	27 497
Taxation	16	**(49 481)**	(35 217)	**(2 678)**	(1 623)
Net profit (loss) for the year		**125 601**	97 283	**(1 772)**	25 874
		Cents	Cents		
Earnings per share					
Basic	17	**133**	104		
Diluted	17	**133**	103		
Headline earnings per share					
Basic	17	**133**	103		
Diluted	17	**132**	102		
Proposed dividend per share	18	**15**	10		

Cash Flow Statements

for the year ended 31 December 2002

	Notes	GROUP 2002 R000	GROUP 2001 R000	COMPANY 2002 R000	COMPANY 2001 R000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash generated from operations	A	**180 491**	99 016	**579**	23 598
Net finance costs paid		**(57 718)**	(3 530)	**(224)**	(59)
Taxation paid	B	**(64 402)**	(41 268)	**(3 254)**	(1 592)
Net cash flow from (applied to) operating activities		**58 371**	54 218	**(2 899)**	21 947
CASH FLOW (APPLIED TO) FROM INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment		**(30 638)**	(70 152)	**–**	–
Purchase of replacement property, plant and equipment		**(3 378)**	(2 996)	**–**	–
Proceeds on disposal of property, plant and equipment		**1 426**	26 662	**–**	–
Increase in investment		**(12 565)**	(11 529)	**–**	–
(Increase) decrease in interest in subsidiary companies		**–**	–	**(1 494)**	589
Net cash flow (applied to) from investing activities		**(45 155)**	(58 015)	**(1 494)**	589
CASH FLOW (APPLIED TO) FROM FINANCING ACTIVITIES					
Advances to subsidiaries		**–**	–	**(6 051)**	(13 066)
Dividends paid		**(9 385)**	(9 364)	**(9 385)**	(9 364)
Proceeds from cancellation of convertible loan structure	C	**19 065**	–	**19 065**	–
Long-term borrowings repaid	C	**(44 097)**	(787)	**(187)**	(641)
Long-term borrowings raised	C	**3 315**	1 812	**–**	–
Decrease (increase) in long-term receivables		**9 276**	(11 180)	**–**	–
Proceeds from share issues		**953**	533	**953**	533
Net cash flow (applied to) from financing activities		**(20 873)**	(18 986)	**4 395**	(22 538)
Net (decrease) increase in cash for the year		**(7 657)**	(22 783)	**2**	(2)
Net short-term interest bearing debt at beginning of the year		**(94 555)**	(71 772)	**(2)**	–
Net short-term interest bearing debt at end of the year	D	**(102 212)**	(94 555)	**–**	(2)

Notes to the Cash Flow Statements

for the year ended 31 December 2002	GROUP 2002 R000	GROUP 2001 R000	COMPANY 2002 R000	COMPANY 2001 R000
A. Cash generated from operations				
Profit (loss) from operating activities	**231 226**	132 975	**(444)**	24 501
Adjustments for:				
Depreciation	**19 904**	15 935	**–**	–
Increase (decrease) in warranty provision	**15 486**	(2 099)	**–**	–
Surplus on disposal of property, plant and equipment	**(320)**	(425)	**–**	–
Exchange differences on translation of foreign subsidiaries	**(54 888)**	74 840	**–**	–
Operating profit (loss) before working capital changes	**211 408**	221 226	**(444)**	24 501
Increase in inventory	**(208 156)**	(122 200)	**–**	–
Decrease (increase) in receivables and prepayments	**43 773**	(90 783)	**1 069**	(429)
Increase (decrease) in trade and other payables	**133 466**	90 773	**(46)**	(474)
Total cash generated from operations	**180 491**	99 016	**579**	23 598
B. Taxation paid				
Taxation owing (refund due) at beginning of year	**17 590**	30 649	**(4)**	(35)
Tax charge for the year:				
S.A. normal taxation	**64 168**	26 662	**1 168**	632
Secondary tax on companies	**1 159**	1 004	**1 159**	991
Capital gains tax	**351**	–	**351**	–
Foreign taxation	**809**	543	**–**	–
Taxation (owing) refund due at end of year	**(19 675)**	(17 590)	**580**	4
Total taxation paid	**64 402**	41 268	**3 254**	1 592
C. Long-term borrowings				
Long-term borrowings at beginning of year	**25 774**	31 700	**–**	188
Add: current portion at beginning of year	**5 811**	1 915	**187**	640
Total long-term borrowings at beginning of year	**31 585**	33 615	**187**	828
Long-term borrowings raised	**3 315**	1 812	**–**	–
Long-term borrowings repaid	**(44 097)**	(787)	**(187)**	(641)
Proceeds from cancellation of convertible loan structure	**19 065**	–	**–**	–
Financial instrument income	**(1 574)**	(3 055)	**–**	–
Less: current portion at end of year	**(2 073)**	(5 811)	**–**	(187)
Long-term borrowings at end of year	**6 221**	25 774	**–**	–
D. Net short-term interest bearing debt				
Short-term interest bearing debt	**107 018**	122 178	**–**	2
Cash resources	**(4 806)**	(27 623)	**–**	–
Net short-term interest bearing debt at end of the year	**102 212**	94 555	**–**	2

Statements of Changes in Equity

for the year ended 31 December 2002

	Notes	Stated capital R000	Non-distributable reserves R000	Retained earnings R000	Total R000
Group					
Balance at 31 December 2000		222 822	48 458	225 409	496 689
Change in accounting policy (note 19)		–	(241)	(1 033)	(1 274)
Restated balance		222 822	48 217	224 376	495 415
Issue of share capital		533	–	–	533
Realisation of revaluation reserve on depreciation of buildings		–	(241)	241	–
Increase in foreign currency translation reserve of foreign subsidiaries		–	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		–	–	97 283	97 283
Dividend	18	–	–	(9 364)	(9 364)
Balance at 31 December 2001		**223 355**	**125 518**	**312 386**	**661 259**
Issue of share capital		953	–	–	953
Realisation of revaluation reserve on depreciation of buildings		–	(241)	241	–
Decrease in foreign currency translation reserve of foreign subsidiaries		–	(63 569)	–	(63 569)
Increase in legal reserve of foreign subsidiary		–	773	(773)	–
Exchange difference on foreign reserves		–	2 829	–	2 829
Net profit for the year		–	–	125 601	125 601
Dividend	18	–	–	(9 385)	(9 385)
Balance at 31 December 2002		**224 308**	**65 310**	**428 070**	**717 688**
Company					
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
Issue of share capital		953	–	–	953
Net loss for the year		–	–	(1 772)	(1 772)
Dividend	18	–	–	(9 385)	(9 385)
Balance at 31 December 2002		**224 308**	**–**	**56 824**	**281 132**

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 have been prepared using 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, with the exception of the accounting policy for depreciation on freehold buildings, which has been amended to conform with the requirements of South African Statement of Generally Accepted Accounting Practice AC135, Investment Property.

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 is not depreciated and is stated at valuation with subsequent additions at cost. Freehold buildings are stated at valuation, with subsequent additions at cost and less accumulated depreciation. Revaluations, on the depreciated replacement cost basis, are undertaken every five years.

Leasehold buildings are depreciated over the period of the lease. Aircraft, plant and equipment and vehicles are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis over the anticipated useful lives of the assets.

The following annual rates of depreciation are used:

Freehold buildings	3,33%
Leasehold buildings	10%
Plant and equipment	10 % – 33 %
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. Accounting policies (continued)

1.4 Financial instruments

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

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

1.5 Inventory

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

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

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

1.6 Deferred taxation

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

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

1.7 Foreign currency transactions

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

1.8 Foreign currency balances

Monetary assets and liabilities in foreign currencies are translated 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.

1. Accounting policies (continued)

1.9 Foreign subsidiary translation (continued)

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. Sales to group companies are invoiced at cost plus a mark up and are reversed on consolidation.

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 the interest rate applicable.

1.14 Research and development

Research and development costs, excluding capital items, 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. Accounting policies (continued)

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.

	South Africa R000	Rest of world R000	Consolidated R000
2. Segmental analysis			
Geographical segments (in line with internal reporting)			
The group operates in two principal geographical areas.			
Group			
2002			
Revenue	**1 269 027**	**1 117 329**	**2 386 356**
Result			
Segment result	**197 278**	**33 948**	**231 226**
Net finance costs			**(56 144)**
Taxation			**(49 481)**
Net profit			**125 601**
Other information			
Segment assets	**995 735**	**327 348**	**1 323 083**
Segment current liabilities	**491 869**	**107 305**	**599 174**
Long-term borrowings	**5 011**	**1 210**	**6 221**
Consolidated total liabilities			**605 395**
Capital expenditure	**31 885**	**2 131**	**34 016**
Depreciation	**16 680**	**3 224**	**19 904**
Other non-cash expenses	**9 155**	**6 331**	**15 486**
Group			
2001			
Revenue	927 452	730 644	1 658 096
Result (see note below)			
Segment result	91 788	41 187	132 975
Net finance costs			(475)
Taxation			(35 217)
Net profit			97 283
Other information			
Segment assets	844 878	321 567	1 166 445
Segment current liabilities	261 304	206 481	467 785
Long-term borrowings	19 760	6 014	25 774
Deferred taxation	10 654	973	11 627
Consolidated total liabilities			505 186
Capital expenditure	29 510	43 638	73 148
Depreciation	12 683	3 252	15 935
Other non-cash (income) expenses	(4 828)	2 729	(2 099)

The segment result and assets for 2001 have been adjusted by R23,9 million and R4,4 million respectively, being certain revenue and related assets arising from exports which was previously allocated to South Africa and which has now been reallocated to Rest of world.

for the year ended 31 December 2002 — GROUP

	2002 Cost/ valuation R000	2002 Accumulated depreciation R000	2002 Net book value R000	2001 Cost/ valuation R000	2001 Accumulated depreciation R000	2001 Net book value R000
3. Property, plant and equipment						
Owned						
Freehold land and buildings	**78 760**	**6 129**	**72 631**	78 268	4 009	74 259
Leasehold buildings	**2 015**	**1 266**	**749**	2 357	970	1 387
Plant and equipment	**142 688**	**86 950**	**55 738**	120 536	75 029	45 507
Aircraft	**3 715**	**2 929**	**786**	3 715	2 725	990
Vehicles	**11 784**	**4 883**	**6 901**	12 356	2 603	9 753
Capitalised leased assets						
Leasehold buildings	**2 393**	**246**	**2 147**	2 829	196	2 633
Plant and equipment	**3 096**	**19**	**3 077**	–	–	–
Vehicles	**598**	**343**	**255**	984	459	525
Totals	**245 049**	**102 765**	**142 284**	221 045	85 991	135 054

	Freehold land and buildings R000	Leasehold buildings R000	Plant and equipment R000	Aircraft R000	Vehicles R000	**Total 2002 R000**	Total 2001 R000
Movement in property, plant and equipment							
Net book value at beginning of the year	74 259	4 020	45 507	990	10 278	**135 054**	101 112
Additions	3 106	–	28 817	804	1 289	**34 016**	73 148
Disposals	–	–	(149)	(774)	(183)	**(1 106)**	(26 237)
Depreciation	(2 333)	(323)	(14 739)	(234)	(2 275)	**(19 904)**	(15 935)
Translation differences	(2 401)	(801)	(621)	–	(1 953)	**(5 776)**	2 966
Net book value at end of the year	72 631	2 896	58 815	786	7 156	**142 284**	135 054

Certain property, plant and equipment is encumbered as indicated in note 10.

	2002 R000	2001 R000
Freehold land and buildings at cost/valuation comprise:		
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**	14 334
– subsequent additions at cost in 2002	**2 959**	–
Avda. Collao no. 1944, Concepcion, Chile		
– at cost in 2001	**4 976**	7 590
– subsequent additions at cost in 2002	**147**	–
Total freehold land and buildings at cost/valuation	**78 760**	78 268

	Total 2002 R000	Total 2001 R000
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	**17 398**	19 008
Subsequent additions at cost in 2002	**3 106**	–
Total open market value of buildings	**71 368**	69 872
The comparable amounts under the historical cost convention for the freehold land and buildings were:		
Historical cost	**67 319**	66 827

	GROUP		COMPANY	
	2002 R000	2001 R000	**2002 R000**	2001 R000
4. Interest in subsidiary companies				
Local subsidiaries				
Shares at cost	**–**	–	**12 065**	12 065
Subscription agreement for subsidiary shares	**–**	–	**–**	17 491
Indebtedness by subsidiaries	**–**	–	**173 260**	165 990
Total local subsidiaries	**–**	–	**185 325**	195 546
Foreign subsidiaries				
Shares at cost	**–**	–	**96 486**	94 992
Indebtedness by subsidiaries	**–**	–	**5 090**	29
Indebtedness to subsidiaries	**–**	–	**(6 333)**	(53)
Total foreign subsidiaries	**–**	–	**95 243**	94 968
Total interest in subsidiary companies	**–**	–	**280 568**	290 514
Further details of interest in subsidiary companies are set out on page 54				

for the year ended 31 December 2002

	GROUP 2002 R000	GROUP 2001 R000	COMPANY 2002 R000	COMPANY 2001 R000
5. Investment				
A financing venture has been entered into with 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	**36 552**	31 431	**–**	–
Capital investment	**32 916**	29 903	**–**	–
Interest earned	**3 186**	1 278	**–**	–
Share of profits	**450**	250	**–**	–
Less: specific transactions consolidated by the group	**12 458**	19 902	**–**	–
Long-term receivables	**4 592**	7 077	**–**	–
Current portion of long-term receivables	**7 866**	12 825	**–**	–
Net investment	**24 094**	11 529	**–**	–

for the year ended 31 December 2002	GROUP		COMPANY	
	2002 **R000**	2001 R000	**2002** **R000**	2001 R000
6. Deferred taxation				
The deferred taxation (asset) liability, analysed by major category of temporary difference, is as follows:				
Revaluation of properties	**3 123**	3 226	**–**	–
Prepayments	**3 932**	5 672	**–**	–
Provision for doubtful debts	**202**	(501)	**–**	–
Excess tax allowances over depreciation charge	**2 181**	847	**–**	–
Sales in advance	**–**	(227)	**–**	–
Provision for warranty expenditure	**(8 920)**	2 623	**–**	–
Provision for leave pay	**(2 385)**	–	**–**	–
Tax losses	**(3 436)**	–	**–**	–
Other	**–**	(13)	**–**	–
Total deferred taxation	**(5 303)**	11 627	**–**	–

Reconciliation of the movement in the deferred tax balance

	At beginning of year R000	Charge to income for year R000	At end of year R000
Tax effect of:			
Revaluation of properties	3 226	(103)	3 123
Prepayments	5 672	(1 740)	3 932
Provision for doubtful debts	(501)	703	202
Excess tax allowances over depreciation charge	847	1 334	2 181
Sales in advance	(227)	227	–
Provision for warranty expenditure	2 623	(11 543)	(8 920)
Provision for leave pay	–	(2 385)	(2 385)
Tax losses	–	(3 436)	(3 436)
Other	(13)	13	–
Totals	11 627	(16 930)	(5 303)

for the year ended 31 December 2002

	GROUP		COMPANY	
	2002 R000	2001 R000	**2002 R000**	2001 R000
7. Inventory				
Raw materials	**9 017**	12 555	**–**	–
Work in progress	**112 251**	61 899	**–**	–
Finished goods	**293 995**	240 103	**–**	–
Merchandise spares and components	**428 731**	321 281	**–**	–
Total inventory	**843 994**	635 838	**–**	–
Included above is inventory of R61,1 million (2001: R71,5 million) carried at net realisable value.				
Certain inventory is encumbered as indicated in note 10.				
8. Stated capital				
Authorised: 100 000 000 (2001: 100 000 000) ordinary shares of no par value	**–**	–	**–**	–
Issued: 94 209 600 (2001: 93 837 000) ordinary shares of no par value	**224 308**	223 355	**224 308**	223 355

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 2002, the company had granted options to directors and employees to subscribe for 771 150 (2001: 1 132 350) shares in the company as set out on page 32.

for the year ended 31 December 2002		GROUP		COMPANY	
		2002 R000	2001 R000	**2002 R000**	2001 R000
9. Non-distributable reserves					
Surplus arising from revaluation of freehold land and buildings					
– prior years		**7 527**	7 768	**–**	–
– current year		**(241)**	(241)	**–**	–
Total surplus arising from revaluation of freehold land and buildings		**7 286**	7 527	**–**	–
Legal reserve of foreign subsidiaries					
– prior years		**2 491**	1 437	**–**	–
– current year		**773**	150	**–**	–
– exchange difference		**(835)**	904	**–**	–
Total legal reserve of foreign subsidiaries		**2 429**	2 491	**–**	–
Foreign currency translation reserve of foreign subsidiaries					
– prior years		**115 500**	39 012	**–**	–
– current year		**(63 569)**	79 689	**–**	–
– exchange difference		**3 664**	(3 201)	**–**	–
Total foreign currency translation reserve of foreign subsidiaries		**55 595**	115 500	**–**	–
Total non-distributable reserves		**65 310**	125 518	**–**	–
10. Long-term borrowings	**Rate of interest**				
Secured:					
Repayable by May 2002		**–**	187	**–**	187
Repayable by June 2003	6%	**77**	312	**–**	–
Repayable by March 2005	5,7%	**1 262**	1 326	**–**	–
Repayable by April 2005	10,16% – 10,43%	**3 640**	6 328	**–**	–
Repayable by February 2008	15%	**3 315**	–	**–**	–
Total secured long-term borrowings		**8 294**	8 153	**–**	187
Unsecured:					
Convertible into shares of a subsidiary company on 12 December 2006		**–**	23 432	**–**	–
Total long-term borrowings		**8 294**	31 585	**–**	187
Less: current portion		**(2 073)**	(5 811)	**–**	(187)
Total long-term borrowings		**6 221**	25 774	**–**	–

for the year ended 31 December 2002	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R000	R000	**R000**	R000
10. Long-term borrowings (continued)				
The following inventory and property, plant and equipment, at net book value, is encumbered as security for the secured borrowings above:				
Inventory R3 300 491				
Motor vehicles R254 513				
Plant and equipment R3 077 156				
Leasehold land and buildings R2 146 671				
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.				
11. Warranty provision				
Balance at beginning of year	**23 308**	25 407	**–**	–
Raised during the year	**63 500**	48 958	**–**	–
Utilised during the year	**(48 014)**	(51 057)	**–**	–
Balance at end of year	**38 794**	23 308	**–**	–
An insurance policy is in place to fund warranty costs incurred.				
12. Revenue				
Revenue represents:				
Sale of				
– Machines	**1 998 722**	1 330 447	**–**	–
– Parts	**301 537**	257 216	**–**	–
– Other	**86 097**	70 433	**4**	25 860
Total revenue	**2 386 356**	1 658 096	**4**	25 860
Related party sales are disclosed in note 24.				
13. Finance costs				
Interest paid	**21 455**	13 240	**766**	59
Currency exchange losses:				
Borrowings	**2 139**	5 547	**–**	–
Operations	**134 080**	55 775	**–**	–
Total finance costs	**157 674**	74 562	**766**	59

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2002	GROUP		COMPANY	
	2002 R000	2001 R000	**2002 R000**	2001 R000
14. Finance income				
Interest received	**8 508**	5 500	**267**	–
Financial instrument income	**1 574**	3 055	**1 574**	3 055
Currency exchange gains:				
Operations	**91 448**	65 532	**275**	–
Total finance income	**101 530**	74 087	**2 116**	3 055
15. Profit before taxation				
Profit before taxation is analysed as follows:				
From continuing operations	**175 082**	132 500	**906**	27 497
Profit before taxation is arrived at after taking into account				
Income				
Import duty rebates	**41 236**	23 912	**–**	–
Surplus on disposal of property, plant and equipment	**320**	425	**–**	–
Income from subsidiaries				
– interest	**–**	–	**4**	59
– dividends	**–**	–	**–**	25 801
Expenditure				
Auditors' remuneration				
– audit fees – current	**2 653**	2 025	**12**	11
– prior	**138**	287	**–**	–
– other services	**724**	625	**–**	–
– expenses	**25**	14	**–**	–
Depreciation				
– freehold buildings	**2 333**	2 229	**–**	–
– leasehold buildings	**323**	232	**–**	–
– plant and equipment	**14 739**	10 853	**–**	–
– aircraft	**234**	170	**–**	–
– vehicles	**2 275**	2 451	**–**	–
Operating lease charges				
– equipment	**4 385**	3 877	**–**	–
– motor vehicles	**4 627**	3 931	**–**	–
– properties	**9 934**	8 498	**–**	–
Research and development expenses				
– direct material	**18 856**	19 775	**–**	–
– operating expenses	**20 094**	17 094	**–**	–
Increase (decrease) in warranty provision	**15 486**	(2 099)	**–**	–
Staff costs	**320 617**	259 972	**–**	–
Number of employees at the end of the year	**2 138**	1 824	**–**	–

for the year ended 31 December 2002

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R000	R000	**R000**	R000
15. Profit before taxation (continued)				
Directors' emoluments				
Paid by company:				
– non-executive directors' fees			**438**	187
Paid by subsidiaries:				
Executive directors				
– salaries			**3 487**	3 526
– benefits			**4 494**	2 494
Non-executive directors				
– other services			**185**	–
Total directors' emoluments			**8 604**	6 207
Details of directors' emoluments paid to directors of the company are set out on page 62.				
16. Taxation				
South African normal taxation				
Current taxation				
– current year	**54 233**	26 728	**–**	633
– prior year	**9 935**	(66)	**1 168**	(1)
Deferred taxation				
– current year	**(2 345)**	6 871	**–**	–
– prior year	**(10 894)**	(44)	**–**	–
Secondary tax on companies				
– current year	**1 159**	1 004	**1 159**	991
Capital gains tax	**351**	–	**351**	–
Foreign taxation				
Current taxation				
– current year	**818**	1 711	**–**	–
– prior year	**(9)**	(1 168)	**–**	–
Deferred taxation				
– current year	**(3 767)**	320	**–**	–
– prior year	**–**	(139)	**–**	–
Total taxation	**49 481**	35 217	**2 678**	1 623

for the year ended 31 December 2002	GROUP		COMPANY	
	2002	2001	**2002**	2001
16. Taxation (continued)				
Reconciliation of rate of taxation (%)				
Standard rate of taxation	**30**	30	**30**	30
Adjustment for:				
Disallowable expenditure	**–**	1	**28**	1
Non-taxable income	**–**	(1)	**(52)**	(31)
Utilisation of tax losses	**–**	–	**(22)**	(1)
Prior year taxation	**(1)**	–	**145**	–
Secondary tax on companies	**1**	1	**128**	4
Capital gains tax	**–**	–	**39**	–
Different tax rates of subsidiaries operating in other jurisdictions and the utilisation of tax losses by these subsidiaries	**(2)**	(4)	**–**	3
Effective rate of taxation	**28**	27	**296**	6
Estimated tax losses attributable to foreign subsidiaries amount to approximately R67,5 million (2001: R69,2 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 (R000)	**125 601**	97 283		
The weighted average number of shares in issue	**93 891 981**	93 749 879		
Earnings per share (basic) (cents)	**134**	104		
17.2 Earnings per share (diluted)				
Profit attributable to shareholders (R000)	**125 601**	97 283		
Fully converted weighted average number of shares	**94 663 131**	94 882 229		
Earnings per share (diluted) (cents)	**133**	103		
The number of shares in issue for this calculation has been increased by the number of unexercised options.				

for the year ended 31 December 2002	GROUP		COMPANY	
	2002	2001	**2002**	2001
17. Earnings per share (continued)				
17.3 Headline earnings per share (basic)				
Profit attributable to shareholders (R000)	**125 601**	97 283		
Surplus on disposal of property, plant and equipment	**(320)**	(425)		
Headline earnings (R000)	**125 281**	96 858		
The weighted average number of shares in issue	**93 891 981**	93 749 879		
Headline earnings per share (basic) (cents)	**133**	104		
17.4 Headline earnings per share (diluted)				
Earnings as calculated in 17.3 above (R000)	**125 281**	96 858		
Fully converted weighted average number of shares per 17.2 above	**94 663 131**	94 882 229		
Headline earnings per share (diluted) (cents)	**132**	102		
	R000	R000	**R000**	R000
18. Dividend				
Final dividend paid on 15 April 2002 (17 April 2001) 10 cents per share	**9 385**	9 364	**9 385**	9 364

19. Change in accounting policy

During the year the group changed its accounting policy with respect to depreciation on freehold buildings.

The group now provides for depreciation on freehold buildings. Previously, buildings were not depreciated as they were considered to be investment properties. The comparative amounts have been appropriately restated. The effect of this change is as follows:

for the year ended 31 December 2002	GROUP		COMPANY	
	2002 R000	2001 R000	**2002 R000**	2001 R000
19. Change in accounting policy (continued)				
Reduction in net profit due to increase in depreciation expense:				
Gross	**2 333**	2 229	**–**	–
Taxation	**(663)**	(633)	**–**	–
Net	**1 670**	1 596	**–**	–
Restatement of opening retained earnings in respect of prior year adjustment:				
Gross	**4 009**	1 780	**–**	–
Taxation	**(1 139)**	(506)	**–**	–
Effect on equity at the beginning of the year	**2 870**	1 274	**–**	–
Transfer from revaluation reserve	**(482)**	(241)	**–**	–
Net	**2 388**	1 033	**–**	–
20. Contingent liabilities				
20.1 The group has guaranteed the repurchase of units sold to dealers and finance institutions for an amount of	**164 536**	144 188	**–**	–
In the event of repurchase, these units, in the opinion of the directors, would presently realise	**162 525**	147 402	**–**	–
This risk of a shortfall between repurchase price and realisable value has been insured.				
20.2 The company provided unlimited suretyship for the overdrafts and short-term borrowings made to subsidiaries.				
20.3 A subsidiary has issued performance guarantees and an advance payment guarantee, all expiring during 2003, for the delivery of equipment.	**1 030**	80	**–**	–

for the year ended 31 December 2002	GROUP 2002 R000	GROUP 2001 R000	COMPANY 2002 R000	COMPANY 2001 R000
20. Contingent liabilities (continued)				
20.4 The company has guaranteed a bank facility provided to a related party	**30 020**	42 035	**–**	–
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.				
21. Commitments				
21.1 Capital expenditure commitments				
Contracted	**323**	–	**–**	–
Authorised, but not contracted	**49 925**	17 842	**–**	–
Total capital expenditure commitments	**50 248**	17 842	**–**	–
This capital expenditure is to be financed from internal resources and long-term facilities.				
21.2 Operating lease commitments				
The group has commitments under non-cancellable operating leases as set out below:				
Land and buildings:				
Less than one year	**7 933**	7 753	**–**	–
Two to five years	**22 115**	30 100	**–**	–
More than five years	**1 218**	4 082	**–**	–
Equipment and vehicles:				
Less than one year	**10 864**	7 954	**–**	–
Two to five years	**12 232**	8 183	**–**	–
More than five years	**26**	–	**–**	–
Total operating lease commitments	**54 388**	58 072	**–**	–

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 2001 found the fund to be in a sound financial position with the market value of assets at R22 800 million and liabilities of R11 175 million.

The Pension Funds Second Amendment Act, 2001 became effective on 7 December 2001. The changes to the Act aim to make provision for the apportionment of actuarial surpluses and for minimum benefits to members. The Act requires an equitable once-off apportionment of the existing surplus at the surplus apportionment date between members, former members, pensioners and the employer.

The Act defines an actuarial surplus as follows:
- an actuarial surplus in a defined benefit fund;
- an employer reserve account in a defined contribution fund; and
- a surplus that has been utilised improperly by the employer prior to the surplus apportionment date.

The surplus apportionment date of the fund can be no later than the next statutory actuarial valuation of the fund.

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 R17,1 million during the current year (2001: R14,4 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, which reports to the Audit Committee. The committee operates within group policies approved by the Board.

23. Financial instruments (continued)

23.2 Liquidity risk

The group manages liquidity risk by proper management of working capital and cash flows. Adequate banking facilities are maintained. The group's general banking facility utilisation at 31 December 2002 is as follows:

	Facilities R000	Utilisation R000
General banking facilities	320 963	107 018

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 wide spread customer base, and operations management undertake ongoing credit evaluations of the financial condition of their customers. At 31 December 2002, 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 2002 are listed below. These contracts will be utilised during the next six months. These contracts have been fair valued at the year end as follows:

	Foreign amount 000	Rate	Fair value in Rands R000
Euro	26 630	10,501	279 642
Japanese Yen	504 592	11,744	42 966

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 2002, is as follows:

	Call	1-6 months	Long-term borrowings	Total borrowings
Borrowings (R000)	55 000	52 018	8 294	115 312
Rate	Floating	Floating	Fixed	
% of total borrowings	48	45	7	

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2002	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R000	R000	**R000**	R000
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	**213 895**	210 205	**–**	–
– purchases	**85 371**	75 221	**–**	–
– amounts owing to	**30 751**	15 689	**–**	–
– amounts owing by	**30 925**	18 673	**–**	–
Loinette Company Limited				
– sales	**–**	15 247	**–**	–
– leasing costs	**5 672**	1 184	**–**	–
– interest paid	**153**	–	**–**	–
– amounts owing by	**–**	6 566	**–**	–
Enterprises over which directors are able to exercise significant influence				
Triumph International Madagascar SARL				
– sales	**194**	1 832	**–**	–
– amounts owing by	**56**	33	**–**	–
Tractor and Equipment (Mauritius) Limited				
– sales	**3 348**	2 927	**–**	–
– amounts owing by	**269**	1 031	**–**	–

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.

Subsidiaries

at 31 December 2002

SUBSIDIARIES	Business Type	Issued share capital 2002 R	Interest of Bell Equipment Limited: Effective holding 2002 %	Book value of shares 2002 R000	Book value of shares 2001 R000	Amounts Owing by (to) 2002 R000	Amounts Owing by (to) 2001 R000
Southern Africa							
Bell Equipment Co S.A.(Pty) Limited	O	**2**	100	**12 063**	12 063	**173 260**	165 990
Bell Equipment Group Insurance 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	**1 072 137**	100				
Bell PTA (Pvt) Limited	O	**3 993 435**	100				
Bell Equipment (Malawi) Limited	O	**2**	100				
Bell Equipment Mozambique Limited	O	**923 695**	100				
Europe							
Bellinter Holdings SA	H	**159 532 200**	100	**94 974**	94 974	**5 090**	
Bell Handling Systems (CI) Limited	O	**10 292 400**	100				
Bell France SARL	O	**30 569 232**	100				
Bell Equipment UK Limited	O	**6 924 238**	100				
Heathfield Haulamatic Limited	D	**60 545**	100				
BEQ Switzerland BV	O	**165 955**	100	**18**	18	**(6 333)**	(24)
Bell Equipment Switzerland S.A.	O	**1 218 450**	100	**1 494**			
Bell Equipment (Deutschland) GmbH	O	**216 904**	100				
United States of America							
Bell Equipment North America Inc	O	**17 154 000**	100				
South America							
Bell Properties Chile S.A.	O	**47 172**	91				
Asia							
Bell Equipment (SEA) Pte Limited	O	**12 884 466**	100				
Australasia							
Bell Equipment (NZ) Limited	O	**2 562 533**	100				
Bell Equipment Australia (Pty) Limited	O	**18 837 777**	100				
Interest in subsidiary companies				**108 551**	107 057	**172 017**	165 966

D Dormant companies
H Holding companies
O Operating companies

Group Services

Attorneys
Chapman Dyer Inc.

Auditors
Deloitte & Touche

Share transfer secretaries
Computershare Investor Services
11 Diagonal Street
Johannesburg, 2001
PO Box 1053, Johannesburg, 2000

Telephone: + 27 11 370 5000
Facsimile: + 27 11 370 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: + 27 35 907 9111
Facsimile: + 27 35 797 4336

Postal address
Private Bag X20046
Empangeni, 3880
South Africa

Web:
www.bellequipment.com

E-mail: Company Secretary – patm@bell.co.za

Shareholders' Diary

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

Directors' Emoluments

for the year ended 31 December 2002

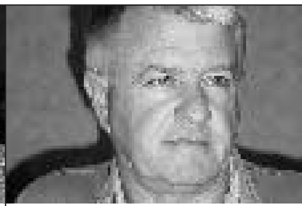
	Salary R	Bonus R	Pension/ provident fund R	
Paid to directors of the company by the company and its subsidiaries				
Executive directors				
G W Bell	551 907	126 167	128 872	
P C Bell	729 795	167 333	139 161	
H J Buttery	724 887	164 000	145 113	
M A Campbell	291 464	79 214	37 934	
D B Rhind	602 082	243 074	81 880	
P A Bell	309 878	40 000	109 100	
D I Campbell	276 942	72 047	35 798	
	3 486 955	891 835	677 858	
Non-executive directors				
P J C Horne				
D J J Vlok				
T D Kgobe				
G P Harris				
Dr M W Arnold				

Mr D B Rhind has current share options in terms of the Employee Share Option Scheme in respect of 8 200 shares at R3,00 each (expiry date 25 May 2005) and 40 000 shares at R2,50 each (expiry date 31 December 2008).
All other executive directors have no unexercised share options.

Other benefits and allowances R	Gain on share options exercised R	Share option price R	Strike Price R	Number of share options exercised	**Total R**
173 221	525 000	2,50	9,50	75 000	**1 505 167**
143 044	525 000	2,50	9,50	75 000	**1 704 333**
132 000	525 000	2,50	9,50	75 000	**1 691 000**
151 818	124 250	2,40	9,50	17 500	**684 680**
94 206	–	–	–	–	**1 021 242**
123 602	124 250	2,40	9,50	17 500	**706 830**
158 835	124 250	2,40	9,50	17 500	**667 872**
976 726	1 947 750			277 500	**7 981 124**
			Fees R	Other services R	
			123 000	–	**123 000**
			107 000	–	**107 000**
			71 000	–	**71 000**
			71 040	184 966	**256 006**
			66 000	–	**66 000**
			438 040	184 966	**623 006**
					8 604 130

Howard Buttery
CTA
Group Chairman
Years Service: 32
Age: 56
Committees: § #

Gary Bell
Dip Mech Eng
Chief Executive
Years Service: 32
Age: 50
Committees: § #



Peter Bell
Director
Years Service: 35
Age: 53

Paul Bell
Alternate Director
Years Service: 26
Age: 45

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

Directorate and Senior Management

as at 1 January 2003

Doug Anderson
BS
Alternate Director * †
Years Service: 2
Age: 55

Dr Millard Arnold
BA, Juris
Doctorate
Director * †
Years Service: 3
Age: 56

David Campbell
Alternate Director
Years Service: 26
Age: 45

Michael Campbell
Director
Years Service: 26
Age: 45

Max Guinn
BA Mech Eng,
MBA
Director * †
Years Service: 4
Age: 44

Guy Harris
BCom Hons, CA(SA)
Director*
Years Service: 9
Age: 50
Committees: § #

Jeremy Horne
FCA, ACMA, CA(SA)
Director *, Chair of Audit
Committee
Years Service: 6
Age: 65
Committees: §

Tony Kgobe
Director *
Years Service: 3
Age: 40

John Kloet
BSc Acctg, CPA
Director * †
Years Service: 1
Age: 49
Committees: § #

Mikko Rysa
Master of Forestry, BEcon
Director ‡ *
Years Service: 1
Age: 55
Committees: #

Danie Vlok
BCom, MBA
Director *, Chair of Remuneration Committee
Years Service: 8
Age: 58
Committees: § #

Clive Barrett
Logistics Director
Years Service: 26
Age: 58

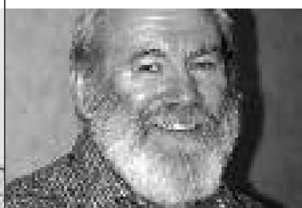
Bokkie Coertze
Regional Director: Southern Africa – Sales and Distribution
Years Service: 17
Age: 52

Rino D' Alessandro
CPIM
Chief Information Officer
Years Service: 6
Age: 39

John du Toit
BSc Mech Eng
Group Marketing Manager
Years Service: 8
Age: 32

Eric Lerche
Regional Director: Europe
Years Service: 18
Age: 58

Richard Machanick
BA
Group HR Manager
Years Service: 14
Age: 47



Pat Mahony
FCIS, FCIBM
Company Secretary
Years Service: 7
Age: 59

Doug Rhind
BCompt Hons
Alternate Director
Finance Director
Years Service: 20
Age: 53

Marc Schurmann
BEng Mech PrEng
Product Owner – ADTs
Years Service: 8
Age: 34

Derek Smythe
BCompt
Strategic Alliances Director
Years Service: 16
Age: 45

Alden Weston
Dealer Development Manager
Years Service: 16
Age: 56

at 31 December 2002

BENEFICIAL SHAREHOLDER SPREAD

Shareholder type	Number of nominal shareholders in South Africa		Number of nominal shareholders other than in South Africa		Total nominal shareholders	
	Number	Percentage	Number	Percentage	Number	Percentage
Public	886	18,87	46	32,84	932	51,71
Directors	8	48,29	–	–	8	48,29
Total	**894**	**67,16**	**46**	**32,84**	**940**	**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 2002**	Year ended 31 December 2001
Market price of shares		
– Year end	**955 cents**	940 cents
– Highest	**990 cents**	950 cents
– Lowest	**680 cents**	630 cents
Net asset value per share	**762 cents**	705 cents
Number of shares traded ('000)	**6 677**	4 370
Value of shares traded (R'm)	**R55,18**	R33,82
Market capitalisation to net asset value	**1,25**	1,33
Year end		
– earnings yield (%)	**14,03**	11,06
– dividend yield (%)	**1,57**	1,06
– price earnings ratio	**7,13**	9,04

EXCHANGE RATES

The following rates of exchange were used in the preparation of the financial statements:	**31 December 2002**		31 December 2001	
	Weighted average	**Year end**	Weighted average	Year end
Australian $: United States $	**0,55**	**0,56**	0,51	0,51
British £: United States $	**1,51**	**1,61**	1,43	1,45
Chilean Peso: United States $	**692,88**	**720,50**	637,88	661,30
EURO: United States $	**0,95**	**1,05**	0,89	0,89
Japanese Yen: United States $	**124,67**	**118,78**	122,12	131,36
Malawi Kwacha: United States $	**77,56**	**87,60**	72,43	67,00
Mozambique MZM: United States $	**23 514,00**	**24 100,00**	21 103,00	23 200,00
New Zealand $: United States $	**0,47**	**0,53**	0,42	0,42
SA Rand: United States $	**10,32**	**8,58**	8,74	12,01
Singapore $: United States $	**1,79**	**1,74**	1,80	1,85
Swiss Franc: United States $	**1,55**	**1,39**	1,69	1,67
Zambia K: United States $	**4 521,00**	**4 600,00**	3 651,67	3 910,00
Zimbabwe $: United States $	**631,17**	**1 750,00**	207,03	330,00

Notice to Members

Notice is hereby given that the 35th 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, 7 May 2003 at 10:00 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 2002 together with the auditors' and directors' reports thereon.

2. To note that in terms of the company's Articles of Association G P Harris, J W Kloet, D J J Vlok and M O Rysa are due to retire by rotation at this annual general meeting, but being eligible offer themselves for re-election.

   Brief particulars of these directors are included in the biographical details contained on page 58 and 59 of this report.

3. 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.

4. In accordance with article 28.9 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 JSE Securities Exchange South Africa.

5. To transact such other business as may be transacted at a general meeting of members for which due notice has been given.

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 10:00 on Monday, 5 May 2003.

By order of the Board

D P Mahony FCIS, FCIBM
Group Company Secretary

31 March 2003

Notes

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Proxy Form

For the annual general meeting to be held on Wednesday, 7 May 2003 at 10:00

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 10:00 on Monday, 5 May 2003

To be completed by certificated shareholders only

For use at the annual general meeting to be held on Wednesday, 7 May 2003 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 10:00 on Wednesday, 7 May 2003 and at each adjournment thereof.

Signature ______________________________ Date ______________

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

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

NOTES

1. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a member.
2. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.
3. Proxy forms should be signed, dated and forwarded to the Group Company Secretary whose address is stated above or delivered to the registered office of the company at Carbonode Cell, Alton, Richards Bay, to be received by no later than 10:00 on Monday, 5 May 2003.

Proxy Form

For the annual general meeting to be held on Wednesday, 7 May 2003 at 10:00
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, 7 May 2003 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, 7 May 2003, 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:

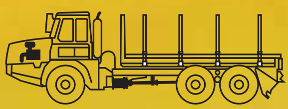
Signature ____________________ Date __________

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			

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 10:00 on Monday, 5 May 2003.

Bell Equipment Limited Registration number 1968/013656/06

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