BELL EQUIPMENT

2001

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2001

Revenue up 29% | **Profit after tax up 14%** | **Net asset value per share up 10% since December 2000**

Consolidated Income Statement

R'000	% change	UNAUDITED 6 months ended 30 June 2001	UNAUDITED 6 months ended 30 June 2000	AUDITED 12 months ended 31 December 2000
REVENUE	29	**857 787**	662 992	1 438 507
Cost of sales	31	**627 184**	477 967	1 032 289
Gross profit	25	**230 603**	185 025	406 218
Other operating income	(18)	**25 517**	31 107	52 742
Distribution costs	26	**(126 106)**	(100 185)	(232 688)
Administration costs	1	**(27 203)**	(26 977)	(69 866)
Other operating costs	2	**(14 630)**	(14 347)	(38 477)
Profit from operating activities	18	**88 181**	74 623	117 929
Net finance costs (Note 2)	103	**13 258**	6 530	11 538
Profit before taxation (Note 3)	10	**74 923**	68 093	106 391
Taxation	–	**20 795**	20 776	25 077
Profit after taxation	14	**54 128**	47 317	81 314
Earnings per share (basic) (cents) (Note 4)	14	**58**	51	87
Earnings per share (diluted) (cents) (Note 4)	14	**57**	50	86
Headline earnings per share (basic) (cents) (Note 4)	14	**59**	51	87
Headline earnings per share (diluted) (cents) (Note 4)	14	**58**	50	86
Dividend per share (cents)	–	**–**	–	10

Consolidated Balance Sheet

R'000	UNAUDITED at 30 June 2001	UNAUDITED at 30 June 2000	AUDITED at 31 December 2000
ASSETS			
Non-current assets	**134 400**	92 379	115 584
Property, plant and equipment	**111 442**	85 066	102 892
Long-term receivables	**22 958**	7 313	12 692
Current assets	**765 503**	650 286	784 825
Inventory	**515 615**	453 197	513 638
Trade and other receivables	**223 838**	174 653	236 248
Prepayments	**11 500**	7 210	3 627
Taxation	**1 480**	–	3 053
Cash resources	**13 070**	15 226	28 259
Total assets	**899 903**	742 665	900 409
EQUITY AND LIABILITIES			
Capital and reserves	**547 011**	450 546	496 689
Stated capital (Note 5)	**223 162**	222 117	222 822
Non-distributable reserves	**53 739**	36 985	48 458
Retained earnings	**270 110**	191 444	225 409
Non-current liabilities	**36 724**	39 382	36 411
Long-term borrowings	**30 391**	29 041	31 700
Deferred taxation	**6 333**	10 341	4 711
Current liabilities	**316 168**	252 737	367 309
Trade and other payables	**237 905**	198 661	206 254
Current portion of long-term borrowings	**2 296**	735	1 915
Warranty provision	**28 250**	–	25 407
Taxation	**18 380**	25 167	33 702
Short-term interest bearing debt	**29 337**	28 174	100 031
Total equity and liabilities	**899 903**	742 665	900 409
Number of shares in issue (000)	**93 763**	93 383	93 634
Net asset value per share (cents)	**583**	482	530

Abbreviated Cash Flow Statement

R'000	UNAUDITED 6 months ended 30 June 2001	UNAUDITED 6 months ended 30 June 2000	AUDITED 12 months ended 31 December 2000
Operating profit before working capital changes	**103 169**	88 060	172 957
Cash generated by/(invested in) working capital	**34 211**	(54 000)	(164 860)
Net finance costs paid	**(14 785)**	(7 801)	(14 079)
Taxation paid	**(32 922)**	(506)	(4 955)
Net cash from/(applied to) operating activities	**89 673**	25 753	(10 937)
Dividend paid	**(9 363)**	(5 595)	(5 595)
Invested in property, plant, equipment and long-term receivables	**(25 744)**	(12 835)	(40 783)
Net cash surplus/(outflow)	**54 566**	7 323	(57 315)
Proceeds from shares issued	**340**	356	1 061
Net (repayment of)/increase in borrowings	**(54 906)**	(7 679)	56 254
Cash (surplus applied)/deficit funded	**(54 566)**	(7 323)	57 315

Statement of Changes in Equity

R'000	UNAUDITED 6 months ended 30 June 2001	UNAUDITED 6 months ended 30 June 2000	AUDITED 12 months ended 31 December 2000
Equity at beginning of period	**496 689**	397 202	397 202
Changes in share capital	**340**	356	1 061
Issue of share capital	**340**	356	1 061
Changes in non-distributable reserves	**5 281**	5 671	17 144
Deferred taxation on revaluation of properties	**–**	(3 432)	(3 432)
Increase in legal reserve of foreign subsidiary	**64**	–	32
Increase in currency translation reserve	**5 477**	9 052	20 655
Exchange differences on foreign reserves	**(260)**	51	(111)
Changes in retained earnings	**44 701**	47 317	81 282
Net profit for period	**54 128**	47 317	81 314
Transfer to legal reserve of foreign subsidiary	**(64)**	–	(32)
Dividend	**(9 363)**	–	–
Equity at end of period	**547 011**	450 546	496 689

Bell Equipment Ltd

(Incorporated in the Republic of South Africa) (Registration number 1968/013656/06) ("Bell")

Notes to Interim Report

R'000	UNAUDITED 6 months ended 30 June 2001	UNAUDITED 6 months ended 30 June 2000	AUDITED 12 months ended 31 December 2000
1. **ACCOUNTING POLICIES** The same accounting policies and methods of computation are followed in the interim report as compared with the annual financial statements for the year ended 31 December 2000.			
2. **NET FINANCE COSTS**			
Net interest paid	**4 346**	4 088	7 684
Net currency exchange losses	**10 439**	3 713	6 395
Net finance costs paid	**14 785**	7 801	14 079
Financial instrument income	**(1 527)**	(1 271)	(2 541)
Net finance costs	**13 258**	6 530	11 538
3. **PROFIT BEFORE TAXATION** Profit before taxation is arrived at after taking into account:			
Income			
MIDP and other benefits	**13 558**	20 664	35 900
Net surplus on disposal of property, plant and equipment	**–**	158	–
Expenditure			
Depreciation of property, plant and equipment	**5 958**	4 492	9 411
Net loss on disposal of property, plant and equipment	**970**	–	96
Operating lease charges			
– equipment and motor vehicles	**3 720**	2 420	9 464
– properties	**3 615**	3 572	7 724
Staff costs	**125 552**	105 844	251 717
Warranty provision	**2 843**	–	25 407

4. **EARNINGS PER SHARE**
The calculation of earnings per share is based on profit after taxation and the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue for the period under review was 93 715 300 (June 2000: 93 299 856).

On a diluted basis, the fully converted weighted average number of shares is 94 926 650 (June 2000: 94 925 106). Headline earnings is arrived at after taking into account the net loss on disposal of property, plant and equipment as reflected in Note 3.

R'000	30 June 2001	30 June 2000	31 December 2000
5. **STATED CAPITAL**			
Authorised 100 000 000 (December 2000: 100 000 000) ordinary shares of no par value			
Issued 93 763 100 (December 2000: 93 634 200) ordinary shares of no par value	**223 162**	222 117	222 822
6. **COMMITMENTS**			
Capital expenditure			
Authorised, but not contracted	**15 729**	15 240	31 207

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

Rm	Revenue	Operating profit	Assets	Liabilities
June 2001				
South Africa	**436**	**69**	**714**	**318**
Rest of the world	**422**	**19**	**186**	**35**
Total	**858**	**88**	**900**	**353**
June 2000				
South Africa	365	72	615	267
Rest of the world	298	3	128	25
Total	663	75	743	292
December 2000				
South Africa	703	61	658	293
Rest of the world	736	57	242	111
Total	1 439	118	900	404

Assets in South Africa are also used to generate rest of the world revenue.

Chairman's Statement for the six months ended 30 June 2001

Once again I am proud to report on a record breaking six month trading result. Operating profit is 18% up on the comparable period in 2000 whilst net asset value increased by 53 (fifty-three) cents per share to R5,83 since the beginning of the year, this despite a dividend of 10 (ten) cents being paid in April 2001. In Rand terms this increase in net asset value for the six months amounted to R50,3 million, of which R0,3 million was in respect of additional shares to option holders.

Another very positive aspect of the results was the very strong cash flow allowing the debt : equity ratio to stay below 10% despite capex, taxation and dividend payments of R68 million. Working capital management remains a high priority and we are planning further reductions in the next six months.

Increased competition in the Southern African market has resulted in a decreased gross profit margin. Finance charges have increased principally due to currency exchange losses arising from a volatile Euro and increased procurement of componentry out of Europe.

Once again special tribute must be paid to the group's Southern African Sales & Distribution Division for the record performance and contribution to group profits. Our market share in South Africa for articulated dump trucks, wheel loaders and tracked excavators has improved in the first six months of this year. In the wheeled loader market we attained number one position for the first time.

We continue to work very closely with our strategic alliance partners, John Deere Construction Equipment Company and Hitachi Construction Machinery Limited, in an effort to increase leverage by reducing costs of manufacture and distribution. From the end of October 2001 we will be launching our new D-series articulated dump trucks, which will give us the opportunity to prove that we are at the leading edge of world technology in this field. Our new range of trucks is a quantum leap ahead of our existing products and will be in line with both our partners' and our customers' expectations.

The first six months' results are unlikely to be repeated in the next six months due to a general slow down in the world economies. Despite this, continued investment in research and development, in our people and our market, places Bell in a strong position for the years to come.

Howard J Buttery
Group Chairman

10 August 2001

REVIEW BY INDEPENDENT AUDITORS

The financial information set out above has been reviewed but not audited by Deloitte & Touche and their unqualified report is available at the registered office.

Registered office:
13 – 19 Carbonode Cell
Alton
Richards Bay 3900

Transfer secretaries:
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PO Box 1053
Johannesburg 2000

Directors: G W Bell (Chief Executive), H J Buttery *(Chairman)*, P C Bell, M A Campbell, J W Bloom *(USA)**, M A Guinn *(USA)**, P J C Horne*, D J J Vlok*, T D Kgobe*, M W Arnold *(USA)**, B B Brock *(USA)**, G P Harris*

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

* Non-executive

Company Secretary: D P Mahony

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