2002 INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2002

BELL EQUIPMENT

• REVENUE UP 29% • NET PROFIT FOR THE PERIOD UP 61% • NET ASSET VALUE PER SHARE UP 30%

Consolidated Balance Sheet

R'000	Unaudited at 30 June 2002	Unaudited at 30 June 2001	Audited at 31 December 2001
ASSETS			
Non-current assets	170 356	131 767	156 558
Property, plant and equipment	136 088	108 809	135 475
Investment	23 107	–	11 529
Long-term receivables	11 161	22 958	9 554
Current assets	1 074 915	765 503	1 010 308
Inventory	716 000	515 615	635 838
Trade and other receivables	281 917	223 838	295 478
Current portion of long-term receivables	40 783	–	14 318
Prepayments	24 008	11 500	35 180
Taxation	1 296	1 480	1 871
Cash resources	10 911	13 070	27 623
TOTAL ASSETS	1 245 271	897 270	1 166 866
EQUITY AND LIABILITIES			
Capital and reserves	708 494	545 133	661 553
Stated capital (Note 5)	223 401	223 162	223 355
Non-distributable reserves	95 845	53 377	125 518
Retained earnings	389 248	268 594	312 680
Non-current liabilities	31 452	35 966	37 528
Long-term borrowings	22 927	30 391	25 774
Deferred taxation	8 525	5 575	11 754
Current liabilities	505 325	316 171	467 785
Trade and other payables	333 184	237 905	297 027
Current portion of long-term borrowings	5 138	2 296	5 811
Warranty provision	32 505	28 250	23 308
Taxation	31 613	18 380	19 461
Short-term interest bearing debt	102 885	29 340	122 178
TOTAL EQUITY AND LIABILITIES	1 245 271	897 270	1 166 866
Number of shares in issue (000)	93 855	93 763	93 837
Net asset value per share (cents)	755	581	705

Consolidated Income Statement

R'000	Percentage change	Unaudited 6 months ended 30 June 2002	Unaudited 6 months ended 30 June 2001	Audited 12 months ended 31 December 2001
REVENUE	29	1 106 679	857 787	1 658 096
Cost of sales	23	772 949	627 184	1 228 425
Gross profit	45	333 730	230 603	429 671
Other operating income	36	34 780	25 517	51 269
Distribution costs	34	(168 812)	(126 106)	(220 809)
Administration expenses	61	(43 823)	(27 203)	(90 931)
Other operating expenses	40	(21 867)	(15 585)	(35 905)
Profit from operating activities	54	134 008	87 226	133 295
Net finance costs (Note 2)	25	16 557	13 258	475
Profit before taxation (Note 3)	59	117 451	73 968	132 820
Taxation	52	31 201	20 541	35 341
Net profit for the period	61	86 250	53 427	97 479
Earnings per share (basic) (cents) (Note 4)	61	92	57	104
Earnings per share (diluted) (cents) (Note 4)	63	91	56	103
Headline earnings per share (basic) (cents) (Note 4)	59	92	58	104
Headline earnings per share (diluted) (cents) (Note 4)	60	91	57	102
Dividend per share (cents)	–	–	–	10

Abbreviated Cash Flow Statement

R'000	Unaudited 6 months ended 30 June 2002	Unaudited 6 months ended 30 June 2001	Audited 12 months ended 31 December 2001
Operating profit before working capital changes	122 670	103 169	221 226
Cash (invested in)/generated by working capital	(19 272)	34 211	(122 210)
Net finance costs paid	(18 393)	(14 785)	(3 530)
Taxation paid	(21 703)	(32 922)	(41 268)
Net cash from operating activities	63 302	89 673	54 218
Dividend paid	(9 385)	(9 364)	(9 364)
Invested in property, plant, equipment, investments and long-term receivables	(49 698)	(25 744)	(69 195)
Net cash surplus/(deficit)	4 219	54 565	(24 341)
Proceeds from shares issued	46	340	533
Net (repayment of)/increase in borrowings	(4 265)	(54 905)	23 808
Cash (surplus applied)/deficit funded	(4 219)	(54 565)	24 341

Statement of Changes in Equity

R'000	Unaudited 6 months ended 30 June 2002	Unaudited 6 months ended 30 June 2001	Audited 12 months ended 31 December 2001
Equity at the beginning of the period	661 553	496 689	496 689
Effect of change in accounting policy (Note 1)	–	(1 176)	(1 176)
Restated balance	661 553	495 513	495 513
Changes in share capital	46	340	533
Issue of share capital	46	340	533
Changes in non-distributable reserves	(29 673)	5 161	77 302
Realisation of revaluation reserve on depreciation of buildings	(120)	(120)	(240)
Increase in legal reserve of foreign subsidiary	417	64	150
(Decrease)/Increase in foreign currency translation reserve	(29 597)	5 477	79 689
Exchange differences on foreign reserves	(373)	(260)	(2 297)
Changes in retained earnings	76 568	44 119	88 205
Net profit for the period	86 250	53 427	97 479
Transfer from revaluation reserve on depreciation of buildings	120	120	240
Transfer to legal reserve of foreign subsidiary	(417)	(64)	(150)
Dividend	(9 385)	(9 364)	(9 364)
Equity at the end of the period	708 494	545 133	661 553

Bell Equipment Ltd

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

Registered office
13 – 19 Carbonode Cell
Alton
Richards Bay 3900

Transfer secretaries
Computershare Investor Services Limited
PO Box 1053
Johannesburg 2000

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

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

Company Secretary: D P Mahony

Notes to Interim Report

1. ACCOUNTING POLICIES

The principal accounting policies of the group conform with South African Statements of Generally Accepted Accounting Practice, and except for the adoption of AC 135, Investment Property, are consistent with those applied for the year ended 31 December 2001.

Depreciation is now provided on freehold buildings. Previously, buildings were not depreciated as they were considered to be investment properties. Comparative amounts have been restated. The effect of this change is as follows:

R'000	Unaudited 6 months ended 30 June 2002	Unaudited 6 months ended 30 June 2001	Audited 12 months ended 31 December 2001
Reduction in net profit due to increase in depreciation expense:			
Gross	1 151	955	1 909
Tax	(331)	(254)	(509)
Net	820	701	1 400
Restatement of opening retained earnings in respect of prior year adjustment:			
Gross	3 589	1 680	1 680
Tax	(1 013)	(504)	(504)
Effect on equity at the beginning of the period	2 576	1 176	1 176
Transfer from revaluation reserve	(482)	(241)	(241)
Net	2 094	935	935

2. NET FINANCE COSTS

R'000	30 June 2002	30 June 2001	31 December 2001
Net interest paid	10 662	4 346	7 740
Net currency exchange losses/(gains)	7 731	10 439	(4 210)
Net finance costs paid	18 393	14 785	3 530
Financial instrument income	(1 836)	(1 527)	(3 055)
Net finance costs	16 557	13 258	475
Exchange rates used (major currencies):			
SA Rand/United States $			
– weighted average	10,81	7,92	8,74
– closing	10,21	8,06	12,01
SA Rand/Euro			
– weighted average	9,72	7,04	7,77
– closing	10,10	6,85	10,68

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after taking into account:

R'000	30 June 2002	30 June 2001	31 December 2001
Income			
Export incentives	19 092	13 558	23 912
Net surplus on disposal of property, plant and equipment	83	–	425
Expenditure			
Depreciation of property, plant and equipment	9 518	6 913	15 615
Net loss on disposal of property, plant and equipment	–	970	–
Operating lease charges			
– equipment and motor vehicles	2 157	3 720	7 808
– properties	4 701	3 615	8 498
Staff costs	161 205	125 552	259 972
Increase/(Decrease) in warranty provision	9 423	2 843	(2 099)

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 93 846 539 (June 2001: 93 715 300).

On a diluted basis, the fully converted weighted average number of shares is 94 977 689 (June 2001: 94 926 650).

Headline earnings is arrived at after taking into account the net surplus/(loss) on disposal of property, plant and equipment as reflected in Note 3.

5. STATED CAPITAL

Authorised
100 000 000 (December 2001: 100 000 000) ordinary shares of no par value

R'000	30 June 2002	30 June 2001	31 December 2001
Issued 93 854 800 (December 2001: 93 837 000) ordinary shares of no par value	223 401	223 162	223 355

6. CONTINGENT LIABILITIES

	30 June 2002	30 June 2001	31 December 2001
6.1 The group has guaranteed the repurchase of units sold for an amount of	165,407	115,445	144,188

In the event of repurchase, these units, in the opinion of the directors, would realise at least the value stated above. The risk of a shortfall between repurchase price and realisable value has been insured.

6.2 An action has been instituted against a subsidiary of the company. 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 claim. After consideration and based on this legal advice, the Board is satisfied that the company will not suffer any material loss.

7. COMMITMENTS

R'000	30 June 2002	30 June 2001	31 December 2001
Capital expenditure Authorised, but not contracted	4 865	15 729	17 842

8. SEGMENTAL ANALYSIS

Geographical segments

The group operates in two geographical areas:

R'm	Revenue	Operating profit	Assets	Liabilities
June 2002				
South Africa	611	129	977	479
Rest of the world	496	5	268	58
Total	1 107	134	1 245	537
June 2001				
South Africa	436	68	711	317
Rest of the world	422	19	186	35
Total	858	87	897	352
December 2001				
South Africa	927	116	850	292
Rest of the world	731	17	317	213
Total	1 658	133	1 167	505

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

9. INDEPENDENT AUDITORS' REVIEW

The financial information set out in the interim report has been reviewed, but not audited, by the company's auditors, Deloitte & Touche. Their unqualified review report is available for inspection at the registered office of the company.

Chairman's Statement – 30 June 2002

Once again I am pleased to report a record breaking six month trading result.

Net profit from operating activities is up 54% on the comparable period in 2001 resulting in earnings of 92 cents per share (June 2001: 57 cents).

The net asset value has increased by 50 cents per share to R7,55 since the beginning of the year, despite a dividend of 10 cents being paid in April 2002 and the strengthening Rand, which has reduced the currency translation reserves, and thereby equity, by R29,6 million (32 cents per share).

Cash flow was positive despite an increase of R49,7 million in fixed assets and investments and the payment of a R9,4 million dividend. Net working capital increased by R19,2 million in the period under review in line with the increased sales volumes, but trade cycle days has improved from 194 days at December 2001 to 150 days at half year. Inventory days at 187 are however higher than budget and management continues to focus effort on reducing inventory.

The South African market has continued to be strong and the fluctuating exchange rate has affected the competitiveness of the imported units of our competitors. Financing charges have increased due to currency exchange losses arising from a strengthening Euro, and together with higher than budgeted borrowings, has caused a considerable increase in financing cost as compared with December 2001. Similarly the strengthening Euro and the purchase of increased componentry out of Europe as well as offshore operations has increased costs over the same period in 2001.

The first six months' results are unlikely to be repeated in the next six months due to the cyclical decreased demand from the Northern Hemisphere.

During the period under review our D-series Articulated Dump Truck worldwide launch was completed. I am pleased to report that this has been an unequalled success resulting in increased sales and market share throughout the world. Our previously reported negotiations with Liebherr for European distribution were concluded in May 2002. This agreement provides for Liebherr to distribute our full range of Articulated Dump Trucks under the Bell brand name throughout their extensive European network of dealers and in-house stores.

For the remainder of 2002, we will continue to ensure we attain higher levels of quality in our products, lower inventory levels, increased sales outside South Africa and that we continue to drive our cost reduction and manufacturing efficiency improvement programme.

H J Buttery
Group Chairman

5 August 2002