2003 INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2003

• REVENUE UP 32% • NET ASSET VALUE PER SHARE UP 2%

Consolidated Balance Sheet

R'000	Unaudited at 30 June 2003	Unaudited at 30 June 2002	Audited at 31 December 2002
ASSETS			
Non-current assets	**217 120**	170 356	178 027
Property, plant and equipment	**154 180**	136 088	142 284
Investments and long-term receivables	**48 681**	34 268	30 440
Deferred taxation	**14 259**	–	5 303
Current assets	**1 268 839**	1 074 915	1 145 056
Inventory	**914 904**	716 000	843 994
Trade and other receivables	**306 009**	281 917	253 171
Current portion of long-term receivables	**20 062**	40 783	8 250
Prepayments	**23 362**	24 008	33 714
Taxation	**1 518**	1 296	1 121
Cash resources	**2 984**	10 911	4 806
TOTAL ASSETS	**1 485 959**	1 245 271	1 323 083
EQUITY AND LIABILITIES			
Capital and reserves	**722 264**	708 494	717 688
Stated capital (Note 5)	**224 336**	223 401	224 308
Non-distributable reserves	**47 002**	95 845	65 310
Retained earnings	**450 926**	389 248	428 070
Non-current liabilities	**28 461**	31 452	6 221
Long-term borrowings	**8 840**	22 927	6 221
Deferred taxation	**–**	8 525	–
Warranty provision	**19 621**	–	–
Current liabilities	**735 234**	505 325	599 174
Trade and other payables	**383 185**	333 184	430 493
Current portion of long-term borrowings	**2 792**	5 138	2 073
Warranty provision	**47 724**	32 505	38 794
Taxation	**–**	31 613	20 796
Short-term interest bearing debt	**301 533**	102 885	107 018
TOTAL EQUITY AND LIABILITIES	**1 485 959**	1 245 271	1 323 083
Number of shares in issue ('000)	**94 219**	93 855	94 210
Net asset value per share (cents)	**767**	755	762

Consolidated Income Statement

R'000	Percentage change	Unaudited 6 months ended 30 June 2003	Unaudited 6 months ended 30 June 2002	Audited 12 months ended 31 December 2002
Revenue	32	**1 457 672**	1 106 679	2 386 356
Cost of sales	48	**1 144 815**	772 949	1 768 707
Gross profit	(6)	**312 857**	333 730	617 649
Other operating income	7	**37 261**	34 780	73 202
Distribution costs	17	**(197 582)**	(168 812)	(336 378)
Administration expenses	(25)	**(32 884)**	(43 823)	(82 016)
Other operating expenses	10	**(23 950)**	(21 867)	(41 231)
Profit from operating activities	(29)	**95 702**	134 008	231 226
Net finance costs (Note 2)	155	**42 298**	16 557	56 144
Profit before taxation (Note 3)	(55)	**53 404**	117 451	175 082
Taxation	(60)	**12 488**	31 201	49 481
Net profit for the period	(53)	**40 916**	86 250	125 601
Earnings per share (basic) (cents) (Note 4)	(53)	**43**	92	134
Earnings per share (diluted) (cents) (Note 4)	(53)	**43**	91	133
Headline earnings per share (basic) (cents) (Note 4)	(53)	**43**	92	133
Headline earnings per share (diluted) (cents) (Note 4)	(53)	**43**	91	132
Proposed dividend per share (cents)	–	**–**	–	15

Abbreviated Cash Flow Statement

R'000	Unaudited 6 months ended 30 June 2003	Unaudited 6 months ended 30 June 2002	Audited 12 months ended 31 December 2002
Cash operating profit before working capital changes	**114 104**	122 670	211 408
Cash invested in working capital	**(160 704)**	(19 272)	(30 917)
Cash (applied to) generated from operations	**(46 600)**	103 398	180 491
Net finance costs paid	**(42 298)**	(18 393)	(57 718)
Taxation paid	**(42 637)**	(21 703)	(64 402)
Net cash (applied to) from operating activities	**(131 535)**	63 302	58 371
Dividend paid	**(14 131)**	(9 385)	(9 385)
Invested in property, plant, equipment, investments and long-term receivables	**(54 037)**	(49 698)	(16 814)
Net cash (outflow) inflow	**(199 703)**	4 219	32 172
Proceeds from shares issued	**28**	46	953
Net increase in (repayment of) borrowings	**199 675**	(4 265)	(33 125)
Funding requirement (cash surplus applied)	**199 703**	(4 219)	(32 172)

Statement of Changes in Equity

R'000	Unaudited 6 months ended 30 June 2003	Unaudited 6 months ended 30 June 2002	Audited 12 months ended 31 December 2002
Equity at the beginning of the period	**717 688**	661 553	661 259
Changes in share capital	**28**	46	953
Issue of share capital	**28**	46	953
Changes in non-distributable reserves	**(18 308)**	(29 673)	(60 208)
Realisation of revaluation reserve on depreciation of buildings	**(121)**	(120)	(241)
Increase in legal reserve of foreign subsidiary	**319**	417	773
Decrease in currency translation reserve	**(18 191)**	(29 597)	(63 569)
Exchange differences on foreign reserves	**(315)**	(373)	2 829
Changes in retained earnings	**22 856**	76 568	115 684
Effect of adoption of AC133:			
Adjustment to opening retained income in respect of fair value of embedded forward exchange derivatives in sales contracts	**(3 731)**	–	–
Net profit for the period	**40 916**	86 250	125 601
Transfer from revaluation reserve on depreciation of buildings	**121**	120	241
Transfer to legal reserve of foreign subsidiary	**(319)**	(417)	(773)
Dividend	**(14 131)**	(9 385)	(9 385)
Equity at the end of the period	**722 264**	708 494	717 688

Notes to Interim Report

R'000	Unaudited 6 months ended 30 June 2003	Unaudited 6 months ended 30 June 2002	Audited 12 months ended 31 December 2002

1. ACCOUNTING POLICIES

The accounting policies of the group comply with South African Statements of Generally Accepted Accounting Practice applicable to Interim Financial Reporting, and, except for the adoption of AC133, Financial Instruments: Recognition and Measurement, are consistent with those applied for the previous year.

As a result of adopting AC133, embedded forward exchange derivatives in sales contracts, which were previously not recognised in the financial statements, are now accounted for on the balance sheet at fair value, with all changes in fair value being recognised in the income statement in the period to which they relate.

2. NET FINANCE COSTS

R'000	30 June 2003	30 June 2002	31 December 2002
Net interest paid	**8 243**	10 662	12 947
Net currency exchange losses	**34 055**	7 731	44 771
Net finance costs paid	**42 298**	18 393	57 718
Financial instrument income	**–**	(1 836)	(1 574)
Net finance costs	**42 298**	16 557	56 144

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after taking into account:

R'000	30 June 2003	30 June 2002	31 December 2002
Income			
Import duty rebates	**17 452**	19 092	41 236
Net surplus on disposal of property, plant and equipment	**30**	83	320
Expenditure			
Auditors' remuneration	**1 868**	2 214	3 540
Depreciation of property, plant and equipment	**12 118**	9 518	19 904
Operating lease charges – equipment and motor vehicles	**2 119**	2 157	9 012
– properties	**5 747**	4 701	9 934
Research and development expenses	**21 537**	19 177	38 950
Staff costs	**175 257**	161 205	320 617
Increase in warranty provision	**28 551**	9 423	15 486

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 94 214 225 (June 2002: 93 846 539). On a diluted basis, the fully converted weighted average number of shares is 94 976 175 (June 2002: 94 977 689).

Headline earnings is arrived at after excluding the net surplus on disposal of property, plant and equipment as reflected in Note 3.

5. STATED CAPITAL

Authorised

100 000 000 (June 2002: 100 000 000) ordinary shares of no par value

R'000	30 June 2003	30 June 2002	31 December 2002
Issued			
94 218 800 (June 2002: 93 854 800) ordinary shares of no par value	**224 336**	223 401	224 308

6. CAPITAL EXPENDITURE COMMITMENTS

R'000	30 June 2003	30 June 2002	31 December 2002
Contracted	**4 875**	–	323
Authorised, but not contracted	**10 171**	4 865	49 925
Total capital expenditure commitments	**15 046**	4 865	50 248

7. SEGMENTAL ANALYSIS

Geographical segments

The group operates in two principal geographical areas:

R'000	Revenue	Operating profit	Assets	Liabilities
June 2003				
South Africa	680 406	46 079	1 100 870	679 873
Rest of world	777 266	49 623	385 089	83 822
Total	1 457 672	95 702	1 485 959	763 695
June 2002				
South Africa	610 577	129 147	977 284	479 133
Rest of world	496 102	4 861	267 987	57 644
Total	1 106 679	134 008	1 245 271	536 777

R'000	Unaudited at 30 June 2003	Unaudited at 30 June 2002	Audited at 31 December 2002

8. CONTINGENT LIABILITIES

8.1 An action has been instituted against a subsidiary of the company for a substantial amount. As previously reported, the action is being defended and the continuing view of the company's legal advisersis 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.

	30 June 2003	30 June 2002	31 December 2002
8.2 The group has guaranteed the repurchase of units sold for an amount of	**178 440**	165 407	164 536

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.

9. EXCHANGE RATES

The following major rates of exchange were used:	30 June 2003 Weighted average	30 June 2003 Closing	30 June 2002 Weighted average	30 June 2002 Closing	31 December 2002 Weighted average	31 December 2002 Closing
Euro: United States $	1,12	1,15	0,90	0,99	0,95	1,05
SA Rand: United States $	7,88	7,48	10,81	10,21	10,32	8,58
British £: United States $	1,62	1,65	1,45	1,53	1,51	1,61

10 INDEPENDENT AUDITORS' REPORT

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

Chairman's Statement

As expected, results for the six months are disappointing but are consistent with the 27% strengthening of the Rand against the US dollar over the past 12 months. Revenue for the six months was at an all time high, up 32% on the comparable period last year, of which 53% were exports. During the six months ended June 2002, we obtained an average Rand rate of R10,81 for each US dollar earned from export proceeds whilst we only earned R7,88 for each US dollar export in this six month period. In terms of volume, sales for the six months were up nearly 50% on the comparable period.

Net operating profit was R96 million as compared to R134 million and there was a R105 million drop in gross profit as compared with the budget, both caused exclusively by the strengthening of the Rand.

The net asset value has increased by 5 cents per share to R7,67 since the beginning of the year after a 15-cent per share dividend was paid in the period under review. The strengthening Rand also reduced the currency translation reserves, and thereby equity, by R19 million, equating to 20 cents per share.

Cash flow was R200 million negative despite an improvement in working capital (trade cycle) days down from 136 to 121 days year on year. With an increase in turnover and volumes coupled with capital expenditure of R54 million and below budgeted profits, it is to be expected that borrowings will come under pressure. Inventory days at 145 are lower than budget and are 29 days better than at the last year end, however, inventory is up in value by R71 million due to increased trading activity. Financing charges have increased by R26 million compared with June 2002 due to currency exchange losses arising from a strengthening Rand. R15 million was charged to finance charges in the period in compliance with the new accounting standard AC133 – Financial Instruments: Recognition and Measurement. Net interest paid was lower than the comparable period last year.

Another feature of our results is the decision by the directors to provide, on a more conservative basis, for specific future warranties in an ongoing comprehensive product improvement programme. This additional provision has resulted in a charge of R33 million against profits for the six-month period.

The consequences of a strong Rand are of great concern, as South Africa is fast becoming an import favourable led economy. This is going to force Bell to increase the import of third party products and at the same time change the focus of our German plant, due to be commissioned in October, from assembly to manufacture. Our desire is for South Africa to be an export led economy but this needs a realistic exchange rate to be competitive. The next six months' trading results are dependent on future exchange rates.

In view of the disappointing results and continued strength of the Rand, management has increased its resolve to aggressively reduce overheads and working capital in the coming six months. It is anticipated that this programme will see an improvement in debt equity ratios, manufacturing efficiency, costs and quality.

H J Buttery

1 August 2003

Bell Equipment Ltd

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

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

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

Company Secretary: D P Mahony

Registered Office
13 – 19 Carbonode Cell
Alton
Richards Bay

Transfer Secretaries
Computershare Limited
70 Marshall Street
Johannesburg