

**BELL EQUIPMENT LTD
FINANCIAL REVIEW (UNAUDITED) - QUARTER 1 2008**



May 2008

**Strong Reliable Machines
Strong Reliable Support**



Growing Our Business & Profitability

Income Statement

INCOME STATEMENT R'000	Actual Mar 08	Prior Mar 07
Sales	1,276,259	939,632
Cost of Sales	958,765	724,780
Gross Profit	317,494	214,852
G P %	25%	23%
Other Income	15,540	13,432
Total Income	333,034	228,284
Total expenses	186,437	117,637
Depreciation	9,643	5,986
Net foreign currency losses (gains)	20,173	-6,165
Salaries and wages	186,488	127,882
Decrease in warranty provision	-7,365	-1,993
Warranty	21,409	19,285
Manufacturing and services labour and overhead recovered	-147,162	-106,230
General	103,251	78,872
Profit before interest and tax	146,596	110,647
Net interest paid	13,076	2,779
Profit before tax	133,521	107,868
Tax	42,301	26,735
Profit after tax	91,220	81,133
Net profit attributable to:		
Equity holders of Bell Equipment Ltd	84,167	81,133
Minority interest	7,053	0

Balance Sheet

R'000	Actual Mar 08	Prior Mar 07
ASSEIS		
Non - current assets		
Property, plant and equipment and intangible assets	509,468	357,605
Investments	17,684	18,661
Long term receivables	12,590	6,824
Deferred taxation	27,330	22,405
Total non - current assets	567,072	405,495
Current assets		
Current portion of long term receivables	8,675	545
Inventory	1,901,710	1,276,429
Trade receivables	717,197	360,372
Other receivables	89,741	31,054
Prepayments	12,897	28,814
Cash and bank balances	98,408	10,378
Taxation	4	3
TOTAL ASSEIS	3,395,703	2,113,090

Balance Sheet (cont)

R'000	Actual Mar 08	Prior Mar 07
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	226,293	226,185
Minority interest	900	-
Non - distributable reserves	198,671	62,529
Retained earnings	1,105,768	754,357
Total capital and reserves	1,531,632	1,043,071
Non - current liabilities		
Interest-bearing liabilities	159,036	1,966
Repurchase obligations and deferred leasing income	110,050	132,217
Deferred warranty income	59,306	17,205
Long term provisions and lease escalation	9,720	35,244
Current liabilities	1,525,959	883,387
Trade payables	590,180	189,937
Other payables	306,742	403,430
Current portion of interest-bearing liabilities	69,083	2,117
Current portion of repurchase obligations and deferred leasing income	16,473	17,649
Current portion of deferred warranty income	4,882	6,846
Current portion of provisions and lease escalation	47,402	42,078
Taxation	74,892	61,048
Short - term interest bearing debt	416,305	160,282
TOTAL EQUITY AND LIABILITIES	3,395,703	2,113,090

COMMENTARY ON RESULTS – Q1 2008 vs Q1 2007

- ❑ 36% increase in sales
 - ❑ Machine sales volumes up 19%, ADT truck sales up 61%
 - ❑ majority export sales in Euros, positive impact of weaker Rand in 2008
- ❑ 25% GP, up from 23% in Q1 of 2007
 - ❑ assisted by weaker Rand against the Euro
 - ❑ good price realisation in key markets, especially Africa and Australasia
- ❑ Expenses increase of 58% of management concern and a focus area
 - ❑ salaries up, additional heads employed
 - ❑ labour and overhead recovered below expectation due to impact on production of component shortages and electricity load shedding
- ❑ Increased interest cost due to higher borrowings, funding increased working capital
- ❑ Inventory up 49% - driven by sales increase, exchange rate impact, component shortages and load shedding