



CHAMBERLIN & HILL PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2003

Chairman's Statement

This time last year we were looking for an improvement in trading conditions. In the event we were disappointed. Indeed, with slow trading, combined with pressure for lower selling prices and significant upward pressure on costs, we made no overall progress.

With both turnover and margins down, operating profit fell to £1,373,000 (2002: £2,545,000) and adjusted earnings per share (before restructuring costs) to 13.3p (2002: 24.0p). The balance sheet remains strong with net cash of £692,000 at the year end. The Directors are recommending a maintained final dividend of 8.00p making a total for the year of 11.85p (2002: 11.85p).

In a year when trading is tough it is tempting to avoid difficult decisions in order to protect short term results. Cutting costs, particularly reducing the number of employees, is both unwelcome and expensive as our restructuring charge demonstrates. Continued capital expenditure and vigorous product development also limit short term results but, as we see it, we have no alternative but to maintain an aggressive policy of improvement.

We cannot report a significant upturn and the pressure on costs and prices remains. We are winning new business but schedules are not yet sufficiently buoyant. There will come a day when the cycle turns and when it does I am confident that we will break new ground. We have a good team, well led and, with a strong balance sheet to back sound market positions, we have every prospect of resuming progress.

John Eccles
Chairman

Consolidated profit and loss account for the year ended 31 March 2003

	2003	2002
	£000	£000
Turnover	<u>27,027</u>	<u>30,548</u>
Operating profit	1,373	2,545
Exceptional item – restructuring costs	(451)	-
Operating profit after exceptional item	<u>922</u>	<u>2,545</u>
Interest (payable)/receivable	(14)	(19)
Profit on ordinary activities before taxation	908	2,526
Taxation	(250)	(778)
Profit after taxation	<u>658</u>	<u>1,748</u>
Dividend	(871)	(866)

Retained (loss)/profit	<u>(213)</u>	<u>882</u>
Earnings per share - basic	9.0p	24.0p
- adjusted	13.3p	24.0p
- diluted	9.0p	24.0p
Dividend per share: proposed final	8.00p	8.00p
interim already paid	3.85p	3.85p

Statement of total recognised gains and losses for the year ended 31 March 2003

	2003	2002
	£000	£000
Profit after taxation	658	1,748
Prior year adjustment - adoption of FRS 19 "Deferred Taxation"	-	(752)
Total recognised gain	<u>658</u>	<u>996</u>

Consolidated balance sheet as at 31 March 2003

	As at 31 March 2003		As at 31 March 2002	
	£000	£000	£000	£000
Fixed assets				
Tangible assets	9,045		8,892	
Intangible assets	<u>215</u>	9,260	<u>229</u>	9,121
Current assets				
Stock	3,282		3,362	
Debtors	5,623		6,634	
Cash at bank and in hand	<u>692</u>		<u>626</u>	
	9,597		10,622	
Creditors – under one year	<u>(4,449)</u>		<u>(5,124)</u>	
Net current assets		5,148		5,498
Provisions		<u>(762)</u>		<u>(790)</u>
Net assets		<u>13,646</u>		<u>13,829</u>
Capital and reserves				
Called up share capital		1,835		1,830
Share premium account		718		693
Reserves		<u>11,093</u>		<u>11,306</u>
Shareholders' funds		<u>13,646</u>		<u>13,829</u>

Reconciliation of movement in shareholders' funds

2003	2002
£000	£000

Profit for the year	658	1,748
Dividends	(871)	(866)
Issue of share capital	30	80
Net movement in the year	(183)	962
Opening shareholders' funds	13,829	12,867
Closing shareholders' funds	13,646	13,829

Consolidated cash flow statement for the year ended 31 March 2003

	2003	2002
	£000	£000
Net cash inflow from operating activities	3,218	3,586
Return on investments and servicing of finance	(14)	(19)
Taxation paid	(679)	(778)
Net capital expenditure and financial investment	(1,619)	(1,073)
Dividends paid	(870)	(844)
Net cash flow before financing	36	872
Financing: redemption of loan notes	-	(504)
issue of shares (including premium)	30	80
Increase in cash and bank balances	66	448

Reconciliation of operating profit to net cash flow from operating activities

	2003	2002
	£000	£000
Operating profit	1,373	2,545
Exceptional item – restructuring costs	(451)	-
Depreciation	1,542	1,527
Amortisation of goodwill	14	14
Profit on disposals	(76)	(95)
Government grants credited	(5)	(10)
Decrease/(increase) in stocks	80	(40)
Decrease in debtors	1,011	288
(Decrease) in creditors	(270)	(643)
	3,218	3,586

Notes:

1. The results for the year to 31 March 2003 have been extracted from the financial statements for the year which have been audited and will be filed with the Registrar of Companies. The results for the year to 31 March 2002 are an abridged version of the Company's full accounts for that year which have been filed with the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not include a statement under Section 237(2) or (3) of the Companies Act.
2. The calculation of basic earnings per share is based on a profit of £658,000 (2002: £1,748,000) and a weighted average of 7,336,439 shares (2002: 7,274,281) in issue during the period. Adjusted earnings per share is after adding back the effect of the exceptional item which was £316,000 (net of tax).
3. The full published accounts will again include the transitional provisions of FRS17 (Retirement Benefits) and this will consequently not impact on the 2002/2003 figures. If

FRS17 had been fully adopted during the year, the Group would have recorded an increased net liability in its balance sheet of £2.97 million, up from £0.8 million last year.

4. A copy of the Annual Report and Accounts for the year ended 31 March 2003 will be posted to shareholders in the week commencing 23 June 2003. The Annual General Meeting will be held on Friday, 25 July 2003.
5. Subject to shareholders' approval at the Annual General Meeting, the dividend will be paid on 25 July 2003 to ordinary shareholders registered at the close of business on Friday, 4 July 2003.