



CHAMBERLIN & HILL PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2004

Highlights

- Pre-tax profit increased from £0.9 million to £1.0 million
- Dividend maintained at 11.85p per share
- Strong balance sheet
- Acquisition of Russell Castings completed on 2 April 2004

Chairman's Statement

In our Interim Announcement in November we commented on our experience of slow markets and that we expected further consolidation within the foundry sector. Activity continued at a disappointingly low level until the end of January but since that time we have experienced some improvement in general demand. In addition to this there have been a number of foundry closures which have benefited our order books. However at the same time we have experienced very significant increases in the price of ferrous raw materials, driven by rapidly escalating global prices, and it has been difficult to achieve timely price rises from our customers to adequately compensate for these.

Overall, turnover for the year was 1% higher than in 2003 at £27.31m. Operating profit was reduced to £1.007m (£1.373m previously), largely due to pressure on margins resulting from the raw material price rises referred to above. Profit before tax was £1.013m compared to £0.908m previously. Earnings per share were 9.6p (9.0p previously). The Balance Sheet remains strong with net cash of £482,000 (£692,000 previously) at the year end. The Directors are recommending an unchanged final dividend of 8.00p, making a total for the year of 11.85p (2003: 11.85p)

We announced in March our agreement to purchase certain assets and the business of Russell Castings in Leicester. Following shareholder approval at our EGM on 2nd April we completed this transaction, significantly extending our foundry operations. We are exploring the synergy opportunities for Russell Castings with our existing foundries and are pleased to be joined by an excellent team that will complement our existing staff.

For the first time for some while all of the foundry sites are now operating at budgeted levels of volume, although the problem of rising raw material prices has continued. We have also seen some improvement in demand for our safety and security products, albeit of a more modest amount. Overall we expect to see a return to growth in the year ahead aided by Russells,

although as indicated in the circular posted to shareholders at the time of the acquisition, some non-recurring restructuring costs are anticipated in order to maximise the opportunities available.

TOM BROWN

Chairman

Consolidated profit and loss account for the year ended 31 March 2004

	2004	2003
	£000	£000
Turnover	<u>27,311</u>	<u>27,027</u>
Operating profit	1,007	1,373
Exceptional item – restructuring costs	-	(451)
Operating profit after exceptional item	<u>1,007</u>	922
Interest (payable)/receivable	<u>6</u>	(14)
Profit on ordinary activities before taxation	1,013	908
Taxation	<u>(306)</u>	(250)
Profit after taxation	707	658
Dividend	<u>(871)</u>	(871)
Retained (loss)/profit	<u>(164)</u>	(213)
Earnings per share - basic	9.6p	9.0p
- adjusted	9.6p	13.3p
- diluted	9.6p	9.0p
Dividend per share: proposed final	8.00p	8.00p
interim already paid	3.85p	3.85p

Consolidated balance sheet as at 31 March 2004

	As at		As at	
	31 March 2004		31 March 2003	
	£000	£000	£000	£000
Fixed assets				
Tangible assets	8,770		9,045	
Intangible assets	<u>201</u>	8,971	<u>215</u>	9,260
Current assets				
Stock	3,496		3,282	
Debtors	6,656		5,623	
Cash at bank and in hand	<u>482</u>		<u>692</u>	
	10,634		<u>9,597</u>	
Creditors – under one year	<u>(5,389)</u>		<u>(4,449)</u>	
Net current assets		5,245		5,148
Provisions		<u>(734)</u>		<u>(762)</u>

Net assets	13,482	13,646
Capital and reserves		
Called up share capital	1,835	1,835
Share premium account	718	718
Reserves	10,929	11,093
Shareholders' funds	13,482	13,646

Reconciliation of movement in shareholders' funds

	2004	2003
	£000	£000
Profit for the year	707	658
Dividends	(871)	(871)
Issue of share capital	-	30
Net movement in the year	(164)	(183)
Opening shareholders' funds	13,646	13,829
Closing shareholders' funds	13,482	13,646

Consolidated cash flow statement for the year ended 31 March 2004

	2004	2003
	£000	£000
Net cash inflow from operating activities	2,001	3,218
Return on investments and servicing of finance	6	(14)
Taxation paid	(247)	(679)
Net capital expenditure and financial investment	(1,098)	(1,619)
Dividends paid	(871)	(870)
Net cash flow before financing	(209)	36
Financing: issue of shares (including premium)	-	30
(Decrease)/increase in cash and bank balances	(209)	66

Reconciliation of operating profit to net cash flow from operating activities

	2004	2003
	£000	£000
Operating profit	1,007	1,373
Exceptional item – restructuring costs	-	(451)
Depreciation	1,377	1,542
Amortisation of goodwill	14	14
Profit on disposals	(4)	(76)
Government grants credited	(3)	(5)
(Increase)/decrease in stocks	(214)	80
(Increase)/decrease in debtors	(1,033)	1,011
Increase/(decrease) in creditors	857	(270)
	2,001	3,218

Notes:

1. The results for the year to 31 March 2004 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 2003 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 £707,000 (2003: £658,000) and a weighted average of 7,340,908 shares (2003: 7,336,439) in issue during the period. Adjusted earnings per share in the year ended 31 March 2003 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 2003/2004 figures. If FRS17 had been fully adopted during the year, the Group would have recorded an reduced net liability in its balance sheet of £2.00 million, down from £2.97 million last year.
4. A copy of the Annual Report and Accounts for the year ended 31 March 2004 will be posted to shareholders in the week commencing 28 June 2004. The Annual General Meeting will be held on Friday, 30 July 2004.
5. Subject to shareholders' approval at the Annual General Meeting, the dividend will be paid on 30 July 2004 to ordinary shareholders registered at the close of business on Friday, 2 July 2004.