



CHAMBERLIN & HILL PLC

**PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED
31 MARCH 2005**

Highlights

- • Turnover up 54% to £42m
- • Operating profit up 103% to £2.05 million
- • Basic earnings per share up 87% to 18.0p
- • Strong performance from Russell Castings acquisition
- • Dividend maintained at 11.85p for the year
- • Dividend cover increased to 1.5 times
- • Balance sheet remains strong

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Turnover	41,970	27,311
Operating profit	2,046	1,007
Profit before taxation	1,986	1,013
Basic earnings per share	18.0p	9.6p
Dividends per share	11.85p	11.85p

Chairman's Statement

When I reported to shareholders in November 2004, we expected that the activity levels experienced in the first half would continue to be broadly similar for the remainder of the year. In the event this was indeed the case, and I am pleased to report that, for the year ended 31 March 2005, it has allowed the Group to record a significant improvement over the previous year despite the

difficulties arising from the escalating costs of raw materials and energy.

Turnover for the group reached £42.0m (2004: £27.3m), a growth of 54%. Operating profit increased 103% to £2.05m (2004: £1.01m), while profit before tax, after exceptional items of £325k relating primarily to restructuring of the foundry divisions, and a net goodwill credit mainly arising from the Russell acquisition of £299k, was £1.99m (2004: £1.01m). Fully diluted earnings per share rose to 18.0p. The balance sheet remains strong with net debt at the year end of £42k (2004: net cash £482k) after the purchase of Russell Castings for £1.12m in cash, and capital investment of £1.25m.

The Board is recommending an unchanged final dividend of 8.0p per share (11.85p total for the year) payable on 29 July 2005 to shareholders on the register as at the close of business on 8 July 2005.

The largest contributor to the Group's welcome return to growth was an excellent performance from Russell Castings, which we acquired on 2 April 2004. Russell Castings has fully lived up to our initial expectations and continues to demonstrate that it was a sound investment. Synergy opportunities and plans for longer term integration of our foundry activities continue to be developed. The Walsall foundry and PFP Electrical Products, our specialised lighting business, also showed welcome progress.

An improvement in demand was accompanied by very substantial increases in the costs of our raw materials and energy. Difficulties and delays in recovering these cost rises have had the inevitable effect of reducing net margins. At the time of writing there has been a lull in cost increases, although uncertainty remains over their future direction.

The Group is presently operating in line with budgeted levels of sales and profitability. We currently anticipate activity to remain broadly similar for the foreseeable future and if this proves to be the case, we anticipate another year of underlying progress. In addition, we will continue to seek new opportunities to use the Group's strong balance sheet to further enhance earnings.

Tom Brown
Chairman
9 June 2005

**Consolidated Profit and Loss Account
for the year ended 31 March 2005**

	Before goodwill and other exceptional items £000	Goodwill amortisation and negative goodwill release £000	Other exceptional items £000	Total £000	Year ended 31 March 2004 £000
Turnover					
- continuing activities	30,788			30,788	27,311
- acquisition	11,182			11,182	-
	41,970			41,970	27,311
Cost of sales	(34,831)			(34,831)	(22,526)
Gross Profit	7,139			7,139	4,785
Other operating expenses	(5,067)	299	(325)	(5,093)	(3,778)
Operating profit					
- continuing activities	1,290	(13)	(325)	952	1,007
- acquisition	782	312		1,094	-
Total operating profit	2,072	299	(325)	2,046	1,007
Interest (payable)/receivable	(60)			(60)	6
Profit on ordinary activities before taxation	2,012	299	(325)	1,986	1,013
Taxation	(656)	(106)	97	(665)	(306)
Profit on ordinary activities after taxation	1,356	193	(228)	1,321	707
Dividends				(872)	(871)
Transfer to/(from) reserves				449	(164)
Earnings per share:					
basic				18.0p	9.6p
adjusted	18.5p				9.8p
diluted				18.0p	9.6p
adjusted	18.4p				9.8p
Dividend per share				11.85p	11.85p
- - interim paid				3.85p	
- - final proposed				8.00p	
Dividend cover				1.52	0.81

All items dealt with in arriving at the operating profit for both 2005 and 2004 relate to continuing activities.

The group has no material recognised gains or losses other than the profit for the year as disclosed.

Consolidated Balance Sheet
At 31 March 2005

	31 March 2005		31 March 2004	
	£000	£000	£000	£000
Fixed assets				
Intangible assets - goodwill	188		201	
- negative goodwill	(105)		-	
		83		201
Tangible assets		9,042		8,770
		9,125		8,971
Current assets				
Stocks	5,055		3,496	
Debtors	9,325		6,656	
Cash at bank and in hand	1		482	
	14,381		10,634	
Creditors: amounts falling due within one year	(8,819)		(5,389)	
Net current assets		5,562		5,245
Total assets less current liabilities		14,687		14,216
Provisions		(726)		(734)
Net assets		13,961		13,482
Capital and reserves				
Called up share capital		1,840		1,835
Share premium account		743		718
Capital redemption reserve		109		109
Revaluation reserve		575		583
Profit and loss account		10,694		10,237
Equity shareholders' funds		13,961		13,482

**Consolidated Cash Flow Statement
For the year ended 31 March 2005**

	2005		2004	
	£000	£000	£000	£000
Net cash inflow from operating activities		2,942		2,001
Return on investments and servicing of finance				
Interest paid	(70)		(8)	
Interest received	<u>10</u>		<u>14</u>	
Net cash (outflow)/inflow from returns on investments and servicing of finance		(60)		6
Taxation				
UK Corporation Tax paid		(278)		(247)
Acquisition of business and assets of Russell Castings		(1,116)		-
Capital expenditure and financial investment				
Purchase of fixed assets	(1,248)		(1,147)	
Disposal of fixed assets	<u>76</u>		<u>49</u>	
Net cash outflow from capital expenditure and financial investment		(1,172)		(1,098)
Equity dividends paid		(870)		(871)
Net cash flow before financing		(554)		(209)
Financing				
Issue of shares (including premium)	30		-	
Net cash inflow from financing		30		-
Decrease in cash and bank balance		(524)		(209)
Reconciliation of operating profit to net cashflow from operating activities				
Operating profit		2,046		1,007
Depreciation		1,654		1,377
Amortisation		(299)		14
Profit on disposal of fixed assets		(1)		(4)
Government grants credited		-		(3)
(Increase)/Decrease in stocks		(674)		(214)
(Increase)/Decrease in debtors		(950)		(1,033)
Increase/(Decrease) in creditors		1,116		857
Increase/(Decrease) in		<u>50</u>		<u>-</u>

provisions

2,942

2,001

There were no activities which would fall under the heading of "management of liquid resources" during the year.

Notes:

- 1 1 The results for the year to 31 March 2005 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 2004 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 1985.

- 2 2 The calculation of basic earnings per share is based on the profit after tax of £1,321,000 (2004: £707,000) and a weighted average of 7,347,398 shares (2004: 7,340,908) in issue during the year. Adjusted earnings per share is calculated after adjusting the profit to exclude exceptional items, the amortisation or release of goodwill and the taxation effects of those adjustments. The adjusted profit figure used was £1,356,000 (2004: £721,000).

- 3 3 The full published accounts will again include the transitional provisions of FRS 17 (Retirement Benefits). If FRS 17 had been fully adopted during the year, the effect of making provision for the funding deficit in the staff pension scheme would have resulted in the recognition of a net liability in the balance sheet of the Group of £2,324,000 (2004: £2,001,000).

- 4 4 A copy of the Annual Report and Accounts for the year ended 31 March 2005 is expected to be posted to shareholders in week commencing 28 June 2005. The Annual General Meeting will be held on Friday 29 July 2005.

- 5 5 Subject to shareholders' approval at the Annual General Meeting, the dividend will be paid on 29 July 2005 to ordinary shareholders on the register at the close of business on 8 July 2005.