

PRESS RELEASE

For immediate release

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PROGRESS MADE, TAXI SALES INCREASED, OPERATING LOSSES PRE-ZINGO REDUCED

Manganese Bronze Holdings PLC, the manufacturer of London taxis, bus doors and automotive components, today announces its unaudited interim results for the six months ended 31 January 2002.

	Six months to 31 Jan 2002 (unaudited)	Six months to 31 Jan 2001 (unaudited) (as restated)
	£000	£000
Turnover	55,493	52,603
Operating Loss	(1,610)	(1,562)
Pre-tax loss	(1,985)	(1,814)
Loss per share	(8.68)p	(7.48)p
Dividend per share	-	2.00p

KEY POINTS

- License agreement signed to produce taxis in China - already revenue producing
- Taxi demand has recovered slightly with sales up by 4.3%
- Zingo taxi hailing system delayed
- Components division disappoints

Jamie Borwick, Chairman, commenting on current trading, said:

"UK taxi sales for February were 126 compared to 149 in February last year. Year to date UK taxi sales for the seven months were 1,326, 4.5% higher than the comparable period last year. The Vehicles Division result for the second half will largely depend on demand for the new TXII launched in January and will benefit from the net income from the China license agreement.

"Our Components Division result for the second half will benefit from termination of the loss-making automotive contract.

"We are disappointed that the Zingo taxi hailing project has been delayed. However, its launch will be the culmination of our efforts to transfer Manganese Bronze's dependency from UK manufacturing towards a more service oriented business."

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CHAIRMAN'S STATEMENT

Despite the difficult economic conditions for manufacturing, the Group made progress in the six months ended 31 January 2002. Turnover increased by 5.5% to £55.5m and the pre-tax loss before the costs of developing the Zingo taxi hailing system reduced to £1.1m (2001: £1.8m).

After a tax credit of £0.5m (2001: £0.5m, as restated in accordance with FRS19, Deferred Tax), the loss per share increased to 8.68p. Despite total revenue expenditure of £0.9m and capital expenditure of £0.5m on the Zingo project, borrowings reduced to £12.3m from £12.7m at the end of the last financial year and £14.5m at the same time last year.

We have seen some recovery in demand for taxis in the first half with sales of new units increasing over the first half 2001 by 4.3% to 1,224 (including 24 exports). The Vehicles Division turnover increased to £39.7m (2001: £37.2m) and the division reported a profit of £0.5m (2001: loss of £1.6m).

The new TXII model was introduced in January as planned. This new version has a Ford DuraTorq diesel engine to comply with the Euro III emission regulations, which came into effect at the beginning of the calendar year. Revenue expenditure of £0.8m and capital expenditure of £1.8m has been incurred developing the new version over the last twelve months. Early indications are that the enhanced performance of the TXII is being welcomed by drivers.

We announced at the beginning of January that the Group has signed a license agreement with Brilliance China Automotive Holdings Ltd (CBA) to enable CBA to manufacture and sell a taxi based on the TXII for the Chinese market. Good progress has been achieved to date in transferring the design data of the TXII to CBA and the first payment due under the agreement was received shortly after the end of the first half. The results of the Vehicles Division for the first half include net income of £0.3m from this license agreement.

The receivership of UPF, which manufactures our taxi chassis, has been widely reported in the media. We do not currently anticipate a disruption to our taxi production as a result of the receivership.

During last summer, the new Mayor of London announced that he would commission a review of the Conditions of Fitness that regulate vehicles used as taxis in London. The results of the review are expected to be announced during the second half of the Group's financial year. Our taxi retail operation achieved an improved performance in the first half and our taxi financing operations again performed well.

The result of our Components Division is disappointing. Turnover increased by 2.8% to £15.8m but a loss of £1.2m was incurred (2001: profit of £0.1m). Deans Powered Doors, our business producing doors and ramps for buses, suffered a reduction in turnover and profits in the UK due to reduced demand from bus customers, particularly for the London market. George Vint, acquired in November 2000, contributed a full six months of profitable turnover of £0.9m which is incremental to last year. Metal Powders suffered a decline in activity, resulting in a small loss.

Precision Castings incurred disappointing losses, principally due to an automotive component supply contract that is no longer profitable to the Group and which will be terminated this month. Advanced Sintering has benefited from the increased production of new automotive components that have been developed over the last two years although we have seen a decline in demand for the traditional bronze bearing products.

Zingo

Progress on developing our new taxi hailing service, Zingo, has been slower than planned. We are unable to progress any faster than the mobile phone companies who will provide the passenger location data our Zingo service requires. We now expect the system to be launched to passengers in the next financial year. The cost of developing and launching Zingo is still estimated to be £8.0m.

Dividend

The Group is going through a period of rapid and exciting change. In the circumstances the Board has decided not to pay an interim dividend but to review the position at year-end.

Current Trading and Prospects

Our Components Division result for the second half will benefit from termination of the loss-making automotive contract referred to earlier.

The delays to Zingo will move revenue expenditure of approximately £1.0m to £1.5m from the current financial year to the next financial year.

UK taxi sales for February were 126 compared to 149 in February last year. Year to date UK taxi sales for the seven months were 1,326, 4.5% higher than the comparable period last year. The Vehicles Division result for the second half will largely depend on demand for the new TXII launched in January and will benefit from the net income from the China license agreement.

Jamie Borwick
4 March 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the six months ended 31 January 2002

	Notes	Six months to 31 Jan 2002 (Unaudited) £000	Six months to 31 Jan 2001 (Unaudited) (as restated) £000	Twelve months to 31 July 2001 (Audited) (as restated) £000
Turnover		55,493	52,603	114,985
Cost of sales		(47,363)	(45,099)	(98,228)
Gross Profit		8,130	7,504	16,757
Net operating expenses		(9,740)	(9,066)	(19,033)
Operating Loss		(1,610)	(1,562)	(2,276)
Finance charge - net		(375)	(252)	(691)
Loss on Ordinary Activities before Taxation		(1,985)	(1,814)	(2,967)
Tax on loss on ordinary activities	1/2	468	514	719
Loss for the Financial Year		(1,517)	(1,300)	(2,248)
Dividends (including non-equity dividends)	3	(28)	(383)	(589)
Transfer from Reserves		(1,545)	(1,683)	(2,837)
Basic Loss per Ordinary Share	4	(8.68)p	(7.48)p	(12.97)p
Diluted Loss per Ordinary Share	4	(8.67)p	(7.45)p	(12.96)p
Dividend per Ordinary Share		-	2.00p	3.00p

ANALYSIS OF RESULTS

Turnover				
Vehicles Division		39,670	37,212	81,597
Components Division		15,823	15,391	33,388
		55,493	52,603	114,985
Operating Profit/(Loss)				
Vehicles Division		482	(1,614)	(101)
Components Division		(1,164)	52	(1,876)
Zingo		(928)	-	(299)
		(1,610)	(1,562)	(2,276)

CONSOLIDATED BALANCE SHEET as at 31 January 2002

	Notes	As at 31 Jan 2002 (Unaudited) £000	As at 31 Jan 2001 (Unaudited) (as restated) £000	As at 31 July 2001 (Audited) (as restated) £000
Fixed Assets		41,068	42,069	41,680
Current Assets				
Stocks		22,580	22,276	23,756
Debtors		9,028	9,238	9,352
Cash at bank and in hand		470	454	1,591
		32,078	31,968	34,699
Creditors Amounts falling due within one year				
Bank overdraft and other short-term debt		-	-	(1,000)
Stocking loan		(9,346)	(9,919)	(12,167)
Finance contracts		(686)	(422)	(391)
Creditors		(19,021)	(16,685)	(18,739)
Current tax		(682)	(115)	(763)
Dividends		-	(355)	(178)
		(29,735)	(27,496)	(33,238)
Net Current Assets		2,343	4,472	1,461
Total Assets Less Current Liabilities		43,411	46,541	43,141
Creditors Amounts falling due after one year				
Bank loan		(2,500)	(4,000)	-
Finance contracts		(254)	(655)	(772)
Provisions for liabilities and charges	1/6	(4,227)	(5,095)	(4,394)
Net Assets		36,430	36,791	37,975
Capital and Reserves				
Called up share capital		5,179	5,166	5,179
Share premium account		3,593	3,561	3,593
Capital redemption reserve		916	916	916
Revaluation reserve		11,300	9,349	11,397
Profit and loss account		15,442	17,799	16,890
Shareholders' Funds Including Non-Equity Interests		36,430	36,791	37,975
Net Assets per Ordinary Share		198.8p	201.4p	207.4p

GROUP CASH FLOW STATEMENT for the six months ended 31 January 2002

	Six months to 31 Jan 2002 (Unaudited)	Six months to 31 Jan 2001 (Unaudited) (as restated)	Twelve months to 31 July 2001 (Audited) (as restated)
	£000	£000	£000
Reconciliation of Operating Loss to			
Net Cash Outflow from Operating Activities:			
Operating loss	(1,610)	(1,562)	(2,276)
Depreciation	2,453	2,743	5,520
Amortisation of intangible fixed assets	5	-	7
Provision against ESOT shares	-	288	309
Loss/(profit) on sale of fixed assets	7	(14)	(8)
Asset impairment	-	-	2,000
Decrease/(increase) in working capital	2,002	(9,550)	(8,946)
Net Cash Inflow/(Outflow) from Operating Activities	2,857	(8,095)	(3,394)
Return on Investments and Servicing of Finance			
Interest received	-	78	35
Interest paid	(315)	(283)	(620)
Interest element of finance contract payments	(60)	(47)	(106)
Preference dividends paid	(28)	(28)	(56)
Net Cash Outflow from Return on Investments and Servicing of Finance	(403)	(280)	(747)
Taxation			
UK Corporation Tax paid	-	(633)	(625)
Capital Expenditure			
Purchase of tangible fixed assets	(2,049)	(1,436)	(4,195)
Proceeds from sale of tangible fixed assets	196	217	848
Net Cash Outflow from Capital Expenditure	(1,853)	(1,219)	(3,347)
Acquisitions			
Purchase of trade and assets	-	(208)	(208)
Equity dividends paid	(178)	(1,243)	(1,599)
Net Cash Inflow/(Outflow) before Financing	423	(11,678)	(9,920)
Financing			
Issue of Ordinary Share Capital	-	1	46
New finance contracts	67	372	954
Capital element of finance contract payments	(290)	(227)	(723)
(Decrease)/increase in stocking loan	(2,821)	5,702	7,950
Increase in bank loan	1,500	4,000	1,000
Net Cash (Outflow)/Inflow from Financing	(1,544)	9,848	9,227
Decrease in Cash	(1,121)	(1,830)	(693)

- 1 These interim accounts are prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 July 2001, with the following changes:

FRS19 (Deferred Tax) is effective for the current financial year. Deferred tax is the tax attributable to timing differences arising from the inclusion of gains and losses in one period for tax purposes and another for financial accounting. The major timing difference arises on fixed assets, with tax deductible capital allowances exceeding depreciation on a year-on-year basis due to an ongoing programme of capital investment, and surplus taxable losses which can be carried forward and offset against future taxable profits. In previous years provision for deferred tax was only made to the extent that these timing differences were likely to reverse. FRS19 now requires full provision to be made on such items.

	Six months to 31 Jan 2002 (Unaudited)	Six months to 31 Jan 2001 (Unaudited) (as restated)	Twelve months to 31 July 2001 (Audited) (as restated)
	£000	£000	£000
Profit and Loss Account			
Tax on loss on ordinary activities:			
Corporation tax	81	388	(252)
Deferred tax - partial basis	-	-	649
Tax credit as originally stated	-	388	397
Deferred tax credit resulting from movement to full provision	-	126	322
Deferred tax - full basis	387	-	-
Tax on loss on ordinary activities	468	514	719

Balance Sheet

Provision for liabilities and charges:

Deferred tax provision - partial basis	-	(1,775)	(1,126)
Additional deferred tax resulting from movement to full basis:			
- prior periods	-	(1,748)	(1,748)
- current period	-	126	322
	-	(1,622)	(1,426)
Deferred tax provision - full basis	(2,165)	(3,397)	(2,552)
Other provisions for liabilities and charges	(2,062)	(1,698)	(1,842)
Provision for liabilities and charges	(4,227)	(5,095)	(4,394)

- 2 Based on Corporation Tax of 30% (2001 - 30%)

- 3 Distributions to shareholders include preference dividends of £28,000 in the half year (2001 - £28,000) and £56,000 in the year ended 31 July 2001.
- 4 The loss per Ordinary Share is calculated on the loss on ordinary activities after both taxation and the preference dividend and on the weighted average number of shares in issue.
- 5 The Interim Report and Accounts were approved by the Board of Directors on 4 March 2002. Six months figures are unaudited. Twelve months figures are abridged, restated for FRS19, audited and unqualified.

6 SEGMENTAL NET ASSETS

	Notes	As at 31 Jan 2002 (Unaudited) £000	As at 31 Jan 2001 (Unaudited) (as restated) £000	As at 31 July 2001 (Audited) (as restated) £000
Vehicles Division		29,391	30,973	30,313
Components Division		19,407	20,360	20,335
Zingo		(52)	-	66
		48,746	51,333	50,714
Less net borrowings		(12,316)	(14,542)	(12,739)
Total Net Assets		36,430	36,791	37,975
Additional deferred tax resulting from movement to full basis	1		1,622	1,426
Net Assets as previously published			38,413	39,401

7 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Six months to 31 Jan 2002 (Unaudited) £000	Six months to 31 Jan 2001 (Unaudited) (as restated) £000	Twelve months to 31 July 2001 (Audited) (as restated) £000
Decrease in cash in the period	(1,121)	(1,830)	(693)
New finance contracts	(67)	(372)	(954)
Capital element of finance contract payments	290	227	723
Decrease/(increase) in stocking finance	2,821	(5,702)	(7,950)
Increase in bank loan	(1,500)	(4,000)	(1,000)
Change in net debt	423	(11,677)	(9,874)
Net debt brought forward	(12,739)	(2,865)	(2,865)
Net debt carried forward	(12,316)	(14,542)	(12,739)
Gearing	33.8%	39.5%	33.5%