

Manganese Bronze Holdings PLC
Interim Report 2005
for the six months ending 31 January 2005



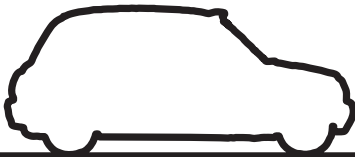
CONTENTS

2	Chairman's statement	6	Consolidated balance sheet
4	Consolidated profit and loss account	7	Consolidated cash flow statement
5	Analysis of results	8	Notes to the interim financial statements
	Consolidated statement of total recognised gains and losses	12	Company information and advisers
			Group contacts

KEY STATISTICS

	2005 Half year turnover (unaudited) £000	2005 Half year profit/(loss) before tax (unaudited) £000	As restated 2004 Half year turnover (unaudited) £000	2004 Half year profit/(loss) before tax (unaudited) £000	2004 Full year turnover (audited) £000	2004 Full year profit/(loss) before tax (audited) £000
Vehicles	40,561	1,733	41,721	1,962	85,750	4,315
Zingo	377	(489)	483	(2,516)	650	(4,087)
Exceptional cost	–	–	–	–	–	(2,585)
Head office	350	(457)	155	(492)	312	(1,343)
Pension contributions to closed scheme	–	(622)	–	(725)	–	(1,325)
Turnover/operating profit/(loss)	41,288	165	42,359	(1,771)	86,712	(5,025)
Exceptionals:						
Costs of a fundamental restructuring of continuing operations		(211)		–		–
Profit on sale of fixed assets		–		–		4,659
Profit/(loss) on disposal of discontinued operations		195		(33)		(559)
Profit/(loss) on ordinary activities before finance charges		149		(1,804)		(925)
Finance charges – net		(69)		(160)		(249)
Profit/(loss) on ordinary activities before taxation		80		(1,964)		(1,174)
Net assets		22,871		22,205		22,818
				As restated 2004 Half year		2004 Full year
Basic earnings/(loss) per ordinary share		0.88p		(7.73)p		(1.96)p
Interim dividend per ordinary share		1.00p		1.00p		1.00p
Final dividend per ordinary share		–		–		2.00p
Price range of ordinary shares (1 August – 31 January; 1 August – 31 July)		142p – 215p		106p – 201p		105p – 275p
Weighted average number of ordinary shares in issue		18,915,649		18,335,738		18,609,518
Market capitalisation at 1 March/1 September		£43.22m		£42.80m		£31.59m
Net assets per ordinary share		117.5p		114.2p		117.2p

MANGANESE BRONZE HOLDINGS PLC AIMS TO MAKE TAXIS SAFE, CONVENIENT, COMFORTABLE AND AFFORDABLE FOR ALL



HIGHLIGHTS

- Group returns to profitability, with a profit before taxation of £0.1 million (2004: £2.0 million loss)
- Core vehicles division produced an operating profit of £1.7 million
- UK taxi sales increased by 3% to 1,108 vehicles (2004: 1,080)
- Zingo losses reduced to £0.5 million (2004: £2.5 million loss)
- Zingo licence agreement signed with Computer Cab plc
- Net debt reduced from £5.1 million at 31 January 2004 to £1.8 million at 31 January 2005
- Interim dividend declared of 1p (2004: 1p)

CHAIRMAN'S STATEMENT

Results

The Group returned to profit in the six months to 31 January 2005, recording a profit before tax of £0.1 million compared to a loss before tax of £2.0 million in the first half of 2004. This improved result has been achieved despite slightly lower turnover of £41.3 million (2004: £42.4 million). Net borrowings at 31 January 2005 were £1.8 million, significantly below the level of a year earlier (£5.1 million).

Vehicles Division

UK sales of the distinctive LTI black taxi increased by 3% to 1,108 (2004: 1,080). Higher sales in the core London market were partially offset by slower sales in our regional markets. Exports of taxis were affected by the US\$ exchange rate, which led to lower sales to North America, causing a reduction in overall exports. The impact of the reduction in total taxi sales (from 1,242 to 1,140) has been offset by efficiency improvements and other cost savings to produce an operating profit for the Vehicles Division of £1.7 million, only £0.3 million lower than in the comparable period last year.

The Public Carriage Office (PCO) is continuing to conduct a second limited review of the London Conditions of Fitness, the regulations designed to ensure high standards for London's taxis. The PCO has recently published the results of the studies that have been completed to date on their website. An announcement of the outcome of the review is expected in the next few weeks.

In December last year, the Public Carriage Office also published new emissions regulations for London's taxis. These required all London taxis to comply with Euro III emission regulations by the end of 2007. Last week the Public Carriage Office revised the regulations, delaying the start of the process until July 2006 and extending the time period for all taxis to be Euro III compliant to the end of June 2008. There are currently 21,000 taxis in service in London, of which approximately 17,000 do not comply with the Euro III regulations. These vehicles will have to be scrapped, modified or replaced by this deadline.

Overseas projects

China

We have continued to work closely with China National Bluestar (Group) Corporation to secure a licence from the Chinese government to enable us to form a joint venture with Bluestar to manufacture and sell our instantly recognisable taxis in China. We have recently submitted a detailed feasibility study to the Chinese authorities and a decision on the licence application is anticipated in the next few months.

US

In February 2005, the operations of our US distributor, London Taxis North America (LTNA), were merged with those of London Fleet Inc. London Fleet has exclusive rights to sell advertising on London Taxis in the US and also sells our vehicles to the taxi industry. The major shareholders in LTNA have agreed to invest a further \$2 million in the new combined entity of which Manganese Bronze will provide \$0.8 million. These funds will be used for additional working capital and to fund the development of a petrol engine version of the taxi. LTNA placed an order for 100 vehicles in October, of which 23 have already been delivered. We are confident that the US will become a significant market for our taxi once the petrol engine version has been developed.

Mexico

We are making good progress in negotiating an assembly contract for our taxi to be produced in Mexico with a number of local Mexican automotive companies. We plan to start production in Mexico for both the local and North American markets when development of the petrol-powered version of the taxi has been completed.

Zingo

Zingo, the mobile phone taxi hailing service, continued to incur losses in the first half despite the cost savings instituted last year. Zingo achieved faster customer acceptance than driver take-up, with more than twice as many calls taken as it was possible to



fulfill. As such, the hail volumes that we could achieve with the existing Zingo fleet were insufficient to cover the ongoing operating costs. The loss for the first half was £0.5 million, £2.0 million lower than in the comparable period last year.

In December last year, a licence agreement was signed with Computer Cab plc (ComCab), which ended Manganese Bronze's exposure to further losses from Zingo. Going forward, Manganese Bronze will receive a licence fee of up to 50% of the accumulated profits earned by ComCab from the Zingo system in London and neighbouring counties.

Property

Contracts have been exchanged for the sale of our surplus property in Birmingham for a gross consideration of £0.8 million. Completion is expected to take place in the first week of August 2005.

Dividend

The Board has declared an interim dividend of 1.0p per share. This will be paid on 22 April 2005 to shareholders on the register on 1 April 2004.

Board changes

I am delighted to announce that Peter Shillcock has been appointed as a director of the Company in the role of Chief Operating Officer. Peter has been Managing Director of LTI (London Taxi International) in Coventry for the past four years. At the same time, Mark Fryer, our Finance Director, has taken on the additional responsibility for business development and will assume the role of Group Finance and Business Development Director.

Current trading and prospects

The results of the Group for the second half of the year will benefit from the elimination of the Zingo losses following the completion of the licence agreement with ComCab. Orders for new taxis in the first few weeks of the second half have been satisfactory. We are hopeful that the outcome of the second limited review of the London Conditions of Fitness will lift the uncertainty affecting the taxi trade and have a positive impact on taxi sales in the coming months.

We remain focused on providing the best service to our existing customers while actively pursuing our overseas projects to enable the Group to benefit from the significant interest in the London taxi from potential customers around the world.



Tim Melville-Ross

21 March 2005



CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 31 January 2005

	Notes	Six months to 31 Jan 2005 (unaudited) £000	Six months to 31 Jan 2004 (unaudited) £000	Before exceptional items 12 months to 31 July 2004 (audited) £000	Exceptional items 12 months to 31 July 2004 (audited) £000	Total 12 months to 31 July 2004 (audited) £000
Turnover		41,288	42,359	86,712	–	86,712
Cost of sales		(33,173)	(35,626)	(73,278)	–	(73,278)
Gross profit		8,115	6,733	13,434	–	13,434
Operating expenses		(7,328)	(7,779)	(14,549)	(2,585)	(17,134)
Pension contribution to closed scheme	2	(622)	(725)	(1,325)	–	(1,325)
Net operating expenses		(7,950)	(8,504)	(15,874)	(2,585)	(18,459)
Operating profit/(loss)		165	(1,771)	(2,440)	(2,585)	(5,025)
Costs of a fundamental restructuring of continuing operations	3	(211)	–	–	–	–
Profit on sale of fixed assets of continuing operations	4	–	–	–	4,659	4,659
Profit/(loss) on disposal of discontinued operations	5	195	(33)	–	(559)	(559)
Profit/(loss) on ordinary activities before finance charges		149	(1,804)	(2,440)	1,515	(925)
Finance charges – net		(69)	(160)	(249)	–	(249)
Profit/(loss) on ordinary activities before taxation		80	(1,964)	(2,689)	1,515	(1,174)
Tax credit on profit/(loss) on ordinary activities		113	586	550	147	697
Tax credit on exceptional items		–	–	–	168	168
Total tax credit	6	113	586	550	315	865
Profit/(loss) on ordinary activities after taxation		193	(1,378)	(2,139)	1,830	(309)
Dividends (including non-equity dividends)	7	(216)	(216)	(620)	–	(620)
Transferred (from)/to reserves		(23)	(1,594)	(2,759)	1,830	(929)
Basic earnings/(loss) per ordinary share	8	0.88p	(7.73)p			(1.96)p
Diluted earnings/(loss) per ordinary share	8	0.87p	(7.73)p			(1.96)p
Interim dividend per ordinary share		1.00p	1.00p			1.00p
Final dividend per ordinary share		–	–			2.00p

All activities arise from continuing operations, with the exception of the profit/(loss) on disposal of discontinued operations (note 5).

ANALYSIS OF RESULTS

	Six months to 31 Jan 2005 (unaudited) £000	As restated Six months to 31 Jan 2004 (unaudited) £000	12 months to 31 July 2004 (audited) £000
Turnover			
Vehicles	40,561	41,721	85,750
Zingo	377	483	650
Head office	350	155	312
	41,288	42,359	86,712
Operating profit/(loss)			
Vehicles	1,733	1,962	4,315
Zingo	(489)	(2,516)	(4,087)
Exceptional cost	–	–	(2,585)
Head office	(457)	(492)	(1,343)
Pension contributions to closed scheme	(622)	(725)	(1,325)
	165	(1,771)	(5,025)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the six months ended 31 January 2005

	Six months to 31 Jan 2005 (unaudited) £000	Six months to 31 Jan 2004 (unaudited) £000	12 months to 31 July 2004 (audited) £000
	Notes		
Profit/(loss) for the period	193	(1,378)	(309)
Unrealised net deficit on revaluation of properties	–	–	(110)
Currency translation differences	10 (16)	–	–
Total recognised gains and losses relating to the period	177	(1,378)	(419)
Prior year adjustment	–	285	285
Total gains and losses recognised since the last annual report and financial statements	177	(1,093)	(134)

CONSOLIDATED BALANCE SHEET
as at 31 January 2005

	Notes	As at 31 Jan 2005 (unaudited) £000	As at 31 Jan 2004 (unaudited) £000	As at 31 July 2004 (audited) £000
Fixed assets				
Intangible assets – development costs	9	–	–	1,137
Tangible assets		18,224	22,852	19,829
Trade investments	10	523	–	–
		18,747	22,852	20,966
Current assets				
Stocks		16,764	16,284	15,987
Debtors		5,529	6,037	5,996
Cash at bank and in hand		5,989	2,000	6,399
		28,282	24,321	28,382
Creditors Amounts falling due within one year				
Stocking loan		(7,239)	(6,364)	(7,432)
Finance contracts		(484)	(294)	(502)
Creditors		(12,974)	(15,303)	(14,620)
Proposed dividends		(192)	(189)	(378)
		(20,889)	(22,150)	(22,932)
Net current assets		7,393	2,171	5,450
Total assets less current liabilities		26,140	25,023	26,416
Creditors Amounts falling due after more than one year				
Finance contracts		(17)	(411)	(199)
Provisions for liabilities and charges		(3,252)	(2,407)	(3,399)
Net assets		22,871	22,205	22,818
Capital and reserves				
Called up share capital		5,371	5,362	5,371
Share premium account		4,700	4,651	4,700
Capital redemption reserve		916	916	916
Revaluation reserve		1,860	2,429	1,860
Employee Share Ownership Plan (ESOP) reserve		(408)	(500)	(500)
Profit and loss account		10,432	9,347	10,471
Shareholders' funds including non-equity interests		22,871	22,205	22,818
Net assets per ordinary share		117.5p	114.2p	117.2p

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 31 January 2005

	Notes	Six months to 31 Jan 2005 (unaudited) £000	Six months to 31 Jan 2004 (unaudited) £000	12 months to 31 July 2004 (audited) £000
Net cash inflow/(outflow) from operating activities	12	416	(1,313)	1,419
Net cash inflow/(outflow) from operating activities:				
Continuing operating activities		416	(1,313)	1,419
Discontinued operating activities		–	–	–
Returns on investments and servicing of finance				
Interest received		122	6	83
Interest paid		(165)	(147)	(286)
Interest element of finance contract payments		(26)	(19)	(46)
Preference dividend paid		(27)	(27)	(53)
Net cash outflow from returns on investments and servicing of finance		(96)	(187)	(302)
Taxation				
UK corporation tax recovered		91	–	–
Capital expenditure				
Purchase of intangible fixed assets		–	–	(1,137)
Purchase of tangible fixed assets		(480)	(1,201)	(6,637)
Purchase of trade investments	10	(539)	–	–
Proceeds from sale of intangible fixed assets		700	–	–
Proceeds from sale of tangible fixed assets		196	11	8,663
Net cash (outflow)/inflow from capital expenditure		(123)	(1,190)	889
Acquisitions and disposals				
Net proceeds/(costs) from sale of business		–	75	(559)
Equity dividends paid		(375)	(4,810)	(4,996)
Net cash outflow before financing		(87)	(7,425)	(3,549)
Financing				
Issue of ordinary share capital		–	1,241	1,299
Capital element of finance contract payments		(222)	(235)	(838)
(Decrease)/increase in stocking loan		(193)	(307)	761
Decrease in ESOP reserve		92	–	–
Net cash (outflow)/inflow from financing		(323)	699	1,222
Decrease in cash		(410)	(6,726)	(2,327)

1 BASIS OF PREPARATION

These interim statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 July 2004.

The Interim Report and financial statements were approved by the Board of Directors on 21 March 2005. The results for the six months ended 31 January 2005 and 31 January 2004 have not been audited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The abridged financial information for the year ended 31 July 2004 has been extracted from the Annual Report 2004, which has been filed with the Registrar of Companies and on which the auditors reported without qualification.

The analysis of turnover for the six months to 31 January 2004 has been restated to show third-party rental income as head office turnover, consistent with the statutory accounts for the year ended 31 July 2004.

2 OPERATING EXPENSES – PENSIONS

Additional contributions required under Minimum Funding Regulations totalling £622,000 in the half year (2004: £725,000), and £1,325,000 in the year ended 31 July 2004, were paid into the Manganese Bronze Group Defined Benefit Scheme. The scheme closed in 1995 and no employees currently contribute to the scheme. All other pension costs are included in other operating expenses.

3 COSTS OF A FUNDAMENTAL RESTRUCTURING OF CONTINUING OPERATIONS

The costs of fundamental restructuring relate to the licence agreement entered into with Computer Cab Plc (ComCab) for the Zingo mobile phone taxi hailing system. Under the terms of the licence agreement the existing London Zingo operation and assets were transferred to ComCab on 13 December 2004, with Manganese Bronze Holdings PLC receiving a licence fee of up to 50% of the accumulated future profits earned by ComCab from the Zingo system in London and neighbouring counties.

4 PROFIT ON SALE OF FIXED ASSETS

The net profit on sale of fixed assets in the year ended 31 July 2004 relates to the sale of property at Holloway Road, London, for a profit of £4,751,000, and at Fishponds Road, Bristol, for a loss of £92,000.

5 PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

The profit on disposal of discontinued operations of £195,000 in the half year is an adjustment in respect of the disposal of the Components Division which occurred on 29 July 2003.

6 TAXATION

The taxation credit which is based on the profit/(loss) for the period comprises:

	Six months to 31 Jan 2005 (unaudited) £000	Six months to 31 Jan 2004 (unaudited) £000	12 months to 31 July 2004 (audited) £000
UK corporation tax	–	–	–
Adjustments relating to prior years – current taxation	–	–	(129)
	–	–	(129)
Deferred taxation			
Origination and reversal of timing differences	(113)	(586)	(346)
Adjustments relating to prior years	–	–	(390)
Total taxation credit	(113)	(586)	(865)
Tax reconciliation:			
	Six months to 31 Jan 2005 (unaudited) £000	Six months to 31 Jan 2004 (unaudited) £000	12 months to 31 July 2004 (audited) £000
Profit/(loss) on ordinary activities before taxation	80	(1,964)	(1,174)
Corporation tax thereon at 30%	24	(589)	(352)
Non-taxable income (property disposals)	–	–	(1,389)
Timing differences in relation to fixed assets	–	–	1,241
Sundry disallowed expenses	52	3	154
Timing differences	113	586	346
Utilisation of brought forward losses not recognised	(189)	–	–
Adjustment to prior years	–	–	(129)
Taxation credit for current year	–	–	(129)

7 DIVIDENDS

Distributions to shareholders in the half year include a proposed interim dividend of 1p per ordinary share (2004: 1p) totalling £189,000 (2004: £189,000) and preference dividends of £27,000 (2004: £27,000).

8 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated on the profit on ordinary activities after both taxation and the preference dividend and on the weighted average number of ordinary shares in issue, excluding those shares held under the ESOP trust.

Diluted earnings per share is calculated using an adjusted number of shares reflecting the number of dilutive shares under option.

9 INTANGIBLE ASSETS – DEVELOPMENT COSTS

The project to develop a low-emission inner-city utility vehicle, with gross development costs of £1,137,000 capitalised during the financial year ending 31 July 2004 and grants received of £506,000 held as deferred income at 31 July 2004, was sold for £700,000 on 5 October 2004, realising a small profit to net book value after costs associated with the sale.

10 TRADE INVESTMENTS

The trade investment of £523,000 (cost £539,000 less currency translation difference of £16,000) represents a \$1,000,000 investment in preferred stocks of London Taxis North America Incorporated, which equates to approximately 9% of their total stock.

11 SEGMENTAL NET ASSETS

	As at 31 Jan 2005 (unaudited) £000	As at 31 Jan 2004 (unaudited) £000	As at 31 July 2004 (audited) £000
Vehicles	21,548	21,410	21,775
Zingo	(212)	2,282	(299)
Head office	3,286	3,582	3,076
	24,622	27,274	24,552
Less net borrowings	(1,751)	(5,069)	(1,734)
Total net assets	22,871	22,205	22,818

12 ANALYSIS OF CASH, DEBT AND GEARING

	Six months to 31 Jan 2005 (unaudited) £000	Six months to 31 Jan 2004 (unaudited) £000	12 months to 31 July 2004 (audited) £000
Reconciliation of operating profit/(loss) to operating cash flows:			
Operating profit/(loss)	149	(1,804)	(5,025)
Depreciation	1,820	2,253	4,617
Loss on sale of fixed assets	-	-	9
Asset impairment	-	-	2,585
Increase in stocks	(777)	(868)	(568)
Decrease/(increase) in debtors	489	(5)	135
Decrease in creditors and provisions	(1,265)	(889)	(334)
Net cash inflow/(outflow) from operating activities	416	(1,313)	1,419
Reconciliation of net cash flow to movement in net (debt)/funds:			
Decrease in cash in the period	(410)	(6,726)	(2,327)
Capital element of finance contracts payments	222	235	838
Decrease/(increase) in stocking loan	193	307	(761)
Change in net debt/funds resulting from cash flows	5	(6,184)	(2,250)
Non-cash items – new finance contracts	(22)	(579)	(1,178)
Movement in net debt/funds in period	(17)	(6,763)	(3,428)
Net (debt)/funds brought forward	(1,734)	1,694	1,694
Net debt carried forward	(1,751)	(5,069)	(1,734)
Shareholders' funds	22,871	22,205	22,818
Gearing	7.7%	22.8%	7.6%

13 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group is required under European legislation to adopt International Financial Reporting Standards (IFRS) in accounting periods beginning on or after 1 January 2005. The Group has a transition plan to manage the conversion to IFRS, which will first apply to the Group's financial statements for the year ending 31 July 2006.

COMPANY INFORMATION AND ADVISERS

Directors

Tim Melville-Ross	Chairman
Christopher Ross	Deputy Chairman
Ian Pickering	Chief Executive
Mark Fryer	Group Finance and Business Development Director
Peter Shillcock	Chief Operating Officer
Andrew Walker	Non-executive Director

Company Secretary

Tim White ACIS

Registered office

Third Floor
Midsummer House
Midsummer Boulevard
Milton Keynes
MK9 3BN
Tel +44 (0) 1908 540080
Fax +44 (0) 1908 540081

Company number

61050

Website

www.manganese.com

Exchange Price Information Code

MNGS

Auditors

Deloitte & Touche LLP

GROUP CONTACTS

Manganese Bronze Holdings PLC

Third Floor
Midsummer House
Midsummer Boulevard
Milton Keynes
MK9 3BN
United Kingdom
Tel +44 (0) 1908 540080
Fax +44 (0) 1908 540081
www.manganese.com

London Taxis International

Manufacture of the London taxi
Peter Shillcock +44 (0) 2476 572000

London Taxis International – Export

Export sales of the London taxi
Mathew Cheyne +44 (0) 2476 572000

Bankers

HSBC Bank plc
Lloyds TSB Group PLC

Merchant bankers

N M Rothschild & Sons Limited

Stockbrokers

Collins Stewart Limited

Financial PR consultants

Financial Dynamics
Tel +44 (0) 20 7831 3113
Fax +44 (0) 20 7831 7961

Solicitors

Simmons & Simmons

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel
UK 0870 162 3100
Overseas +44 (0) 20 8639 2157
Fax +44 (0) 20 8639 2342

Mann & Overton London

Taxi sales
Peter Rigden +44 (0) 20 7700 0888

Mann & Overton Birmingham

Taxi sales
Roger Bull +44 (0) 121 322 0700

Mann & Overton Leeds

Taxi sales
Andrew Shaw +44 (0) 113 388 8600

Mann & Overton Manchester

Taxi sales
Andrew Shaw +44 (0) 161 831 3434

LTI Finance

Finance for taxi purchases
Michael McRedmond +44 (0) 20 7371 9299

Manganese Bronze Holdings PLC
Third Floor
Midsummer House
Midsummer Boulevard
Milton Keynes
MK9 3BN
United Kingdom
Tel +44 (0) 1908 540080
Fax +44 (0) 1908 540081
www.manganese.com

