



Date: Tuesday 11 October, 2005

**MANGANESE BRONZE HOLDINGS PLC
AUDITED PRELIMINARY RESULTS**

Manganese Bronze Holdings PLC, the leading manufacturer of the distinctive London black taxi, announces its audited preliminary results for the twelve months to 31 July, 2005.

Highlights

- Initial phase of turnaround complete with a return to profit – profit before taxation £1.6 million (2004: £1.2 million loss)
- UK taxi sales increased by 6.2% to 2,412 vehicles (2004: 2,271)
- Further progress in developing the Group's business outside the UK
- Zingo license agreement signed with Computer Cab Plc (Comcab) – ongoing losses eliminated (2004: £4.1 million loss before exceptional costs)
- Operating cashflow £9.9 million (2004: £1.4 million)
- Balance sheet strengthened - net cash of £3.3 million (2004: £1.7 million net debt)
- Recommended final dividend increased by 50% to 3 pence per share (2004: 2p)

Recent events

- Sales of surplus properties in Ipswich and Birmingham set to generate £5.0 million post year end
- Good start to new financial year with taxi sales ahead of previous year

Ian Pickering, Chief Executive of Manganese Bronze, said;

“We have completed the initial phase of the turnaround of Manganese Bronze. Following four years of losses, we have delivered a pre-tax profit of £1.6 million.

“We have a strong balance sheet which gives us the resources to invest in the development of our core UK taxi business and a clear growth strategy for overseas expansion.

“Current trading is encouraging with volumes of new taxis sold ahead of the same period last year.”

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Chairman's Statement

Results for the Year

I am very pleased to be able to report that the Group has returned to profit after four years of losses. We achieved an operating profit of £1.8 million compared with a loss of £2.4 million before exceptional items in 2004. Profit before tax was £1.6 million (after charging interest expense of £0.1 million and net exceptional costs of £0.1 million), an encouraging turnaround compared with the loss before taxation of £1.2 million the previous year.

Total group turnover increased from £86.7 million to £87.6 million. Overall taxi sales increased by 1%, with growth in sales in the United Kingdom of 6% partially offset by a reduction in exports, principally to the United States.

Progress

The outcome of the second limited review of the London Conditions of Fitness has been awaited for some time and should be announced during the first half the current financial year. The implementation of TfL's strategy to reduce exhaust emissions from London's taxis has been delayed until 1 July 2006 and is not now expected to have a major impact on the results for this year.

We have increased our investment in the United States and now have a controlling interest in our North American distributor. This will enable us to ensure an enhanced level of customer service in this major potential market. The initial results of trials of our vehicle at altitude in Mexico City have been encouraging.

We have continued to work to secure a license from the Chinese government to manufacture and sell taxis in China and we remain committed to achieving a successful outcome for this project.

During the year we entered into a license agreement for our Zingo mobile phone taxi hailing system which has eliminated future losses from Zingo.

The new financial year will see an increased level of investment in product development and capital expenditure as we prepare for the implementation of the new Euro IV emission regulations at the beginning of 2007 and for the move of our London dealership from Holloway Road to Brewery Road in the autumn of 2006.

Dividend

The Board has recommended a final dividend of 3 pence per share which, if approved, will be paid on 29 November, 2005 to shareholders on the register on 4 November, 2005.

Board

Peter Shillcock was appointed to the Board as Chief Operating Officer earlier this year and accordingly will stand for election at the Annual General Meeting in November. The directors who will retire by rotation and stand for re-election at the AGM are Tim Melville-Ross and Andrew Walker. Christopher Ross, the Deputy Chairman, has been a non-executive director of the Group for ten years. The revised Combined Code considers directors who have served for nine or more years as not independent and states that such directors should be re-elected by shareholders annually. All of the other directors of the Company view Christopher Ross as independent, and believe he offers valuable industry experience to the Board. The directors recommend that shareholders vote in favour of his re-election at the AGM.

Current Trading and Prospects

Taxi sales of 385 in the first two months of the year are encouraging and ahead of the level achieved in the same period last year (313). Taxi sales in the United Kingdom for the year as a whole will depend on the outcome of the Conditions of Fitness review. As with all UK manufacturers, our production costs are being impacted by the increased costs of raw materials and utilities, which we will seek to mitigate in the year ahead.

We expect to make further progress during the year in exploiting the overseas potential of our purpose built taxi. The investments that we plan to make in product development and our key London dealership will leave us well placed to achieve further growth in the coming years.

Chief Executive's Review

United Kingdom Taxi Market

Sales of new taxis in the UK increased by 6% during the year from 2,271 to 2,412. Sales in London were strongly ahead despite the uncertainty caused by the second Conditions of Fitness review and the London emissions strategy, partly offset by weaker regional sales.

The second limited review of the London Conditions of Fitness was announced in September 2003 and was initially expected to take less than a year to complete. The Public Carriage Office has conducted an extensive series of studies into the three aspects of the Conditions being reviewed; the turning circle, sliding doors and split rear windscreens. The studies were completed earlier this year and the results published on the PCO's website. We believe that they have confirmed both the usefulness of the existing conditions and that there would be minimal cost savings, if any, for drivers from the possible alternative vehicles that currently fail to meet the conditions of fitness. The results of the review should be announced in the coming weeks.

The PCO has also announced its strategy for reducing emissions from London's taxis. The start of implementation of the strategy was pushed back to allow further testing of a number of systems that have been developed to be retrofitted to existing vehicles to allow them to comply with the strategy. Implementation will now commence from 1 July, 2006 and be completed by 31 July, 2008 when all of London's taxis must at least comply with Euro III emissions standards.

Product Development

During 2005 we have started the work required to make the TXII comply with Euro IV emissions standards, which will apply to our vehicle from January 2007. In parallel with this effort we will also be developing a modified braking system to incorporate anti-lock braking. In total we will be investing over £4 million in upgrading the vehicle over the next 12 months. We also recently introduced a revised rear suspension incorporating coil springs rather than the traditional leaf springs to further improve the ride quality of the taxi.

The recent increase in the price of oil and growing public concern about global warming have increased interest in vehicles that use a hybrid drive train. We have successfully completed the development of three prototype hybrid powered taxis and are now looking at how we could make a hybrid vehicle as a viable commercial proposition for drivers.

Production

We maintained an average production rate of 55 vehicles per week during the year and have continued at this level in the new financial year. We have experienced considerable difficulties in recent years securing a reliable supply of chassis for our vehicle and took the decision late last year to bring the chassis assembly activity in house. Also during the year, the sub-contractor who applied the electrocoating treatment to our taxi bodies ceased this activity, which is now being performed for us by LDV in Birmingham. Both of these changes were achieved with little disruption to production.

In common with other UK manufacturing businesses, we are experiencing significant increases in the costs of raw materials and utilities. The full impact of these increases will only be felt in the current year. We will endeavour to mitigate these extra costs by productivity improvements where we can, but it may not be possible to achieve this completely.

Warranty

We have increased our provision for warranty costs from £3.4 million to £4.6 million at the end of the year. This follows the end of the warranty cover for the TXI vehicles, sales of which ceased at the beginning of 2002. The only vehicles now under warranty are the TXII model. While we did experience a sharp increase in warranty costs with the introduction of the TXII, warranty costs on recently produced TXII's are below the TXI levels. The warranty provision at the end of the year also includes a provision for warranty costs in the US.

Mann & Overton

Our London dealership produced improved results from the increased sales of new vehicles but our regional dealerships again struggled. During the current financial year we will start the move of our London dealership from Holloway Road to Brewery Road. We plan to invest £1.5 million in the next 12 months on the conversion of the Brewery Road premises.

Parts and Service

Both our parts and finance businesses produced improved results during the year. We recently reached agreement with Lloyds TSB Asset Finance Division for them to take over the administration of the taxi finance business, LTF. The administration will be carried on within Lloyd's existing operations and result in cost savings for the finance business. As a result, the seven staff involved in the finance administration will be leaving the Group during the year. They have made a significant contribution to the Group and leave with our very best wishes.

Overseas Activities

In June we announced that we had acquired a majority stake in our US distributor, LTNA. This followed the restructuring of the distributor in February when it merged with the London Fleet wrap advertising business based in Chicago. The results for the year include the results of LTNA from the date of acquisition.

The number of taxis carrying wrap advertising business has increased in recent weeks. This trend should continue in the coming months, and should lead to LTNA making its first monthly profit.

Following the acquisition of LTNA, we have carried out a review of the programme to develop a petrol powered version of our vehicle for the US market. Further development of the petrol powered vehicle has been held pending negotiation of a suitable supply agreement with the engine manufacturer.

We recently completed a successful trial of our vehicle in Mexico City to ensure that the performance of the vehicle would be acceptable at this altitude. Following conclusion of the trial we are in the process of making arrangements for a trial fleet of taxis in Mexico City.

Work has continued to secure a license from the Chinese government to manufacture our vehicle in China and this will enable us to sharply reduce the cost of our production and grow export volumes in the coming years.

In addition to applying for a license to manufacture vehicles in China for the local market, we have applied for an import license so that we can start sales of UK produced vehicles to China prior to the start of production. The first two vehicles will be delivered in the first half of this financial year.

Zingo

We announced in November that we had entered into a license agreement with Comcab under which Comcab agreed to take over the operations of the Zingo service in London. The transfer of Zingo's activities was completed successfully in January as a result of which we have incurred no costs on the Zingo system in the second half of the financial year.

Property

Since the end of the financial year we have completed the sale of our surplus property in Birmingham for £0.8million, and reached agreement to sell our Hadleigh Road Ipswich property for £4.25 million. This completes the disposal of our surplus properties.

Summary

While it is pleasing to have returned to profitability, we recognise that this is only the first step in achieving the potential inherent in the business. These improved results were achieved in the face of difficult market conditions caused by the uncertainty over the London taxi regulations. This uncertainty should be resolved in the current financial year.

The return to profitability has also led to an improved cash position which will enable us to undertake the significant investments planned over the next twelve months to update the product and move our London dealership into more appropriate premises.

Longer term we will continue to pursue our strategy of controlled overseas expansion in the US, Mexico and China in order to realise the value in the iconic London black taxi.

Finance Director's Review

Profit and Loss Account

The profit before taxation for the year ended 31 July, 2005 of £1.6 million is a significant turnaround from the 2004 loss before taxation of £1.2 million, itself a significant improvement on the 2003 loss of £10.2 million. The main factors underlying the trading turnaround are increased taxi volumes, improved product mix, cessation of Zingo losses and cost savings.

Overall taxi volumes increased by 1%, with 2,521 vehicles sold (2004 2,494 vehicles). UK sales rose by 6% to 2,412 units (2004 2,271). Group turnover of £87.6 million increased some 1% (2004 £86.7 million).

Vehicle operating profit of £5.1 million was higher than the £4.3 million achieved in 2004. This result was achieved through higher volume, improved mix and cost savings in the Coventry factory. During the year, we have been successful in achieving cost reductions through overseas component procurement mitigating the impact of higher steel and utility costs. These costs are expected to rise further in 2006.

Zingo losses reduced to £0.5 million (2004 £4.1 million), which were all incurred in the first half of the year prior to the licence agreement with ComCab.

Head Office costs increased to £1.6 million (2004 £1.3 million) although this is still well down on the 2003 level of £2.7 million.

Contributions of £1.2 million (2004 £1.3 million) have been made to the closed defined benefit pension scheme. These have been expensed in line with SSAP 24.

The depreciation charge was £3.5 million, a reduction from £4.6 million in 2004 with no Zingo depreciation charge (2004 £1.0 million) following the £2.6 million impairment provision made in July 2004.

Net exceptional costs of £0.1 million were incurred during the year, with £0.2 million of costs for the restructuring of Zingo. The 2004 results benefited strongly from net exceptional profits of £4.1 million including £4.7 million from the sale of the Holloway Road property partially offset by costs of £0.6 million from the sale of the Components Division.

Balance Sheet

The group has net assets of £23.8 million (2004 £22.8 million) and net cash of £3.3 million (2004 £1.7 million net debt). The net cash position is made up of £9.6 million (2004 £6.4 million) of cash deposits less stocking loans for finished vehicles of £5.6 million (2004 £7.4 million) and finance leases of £0.7 million (2004 £0.7 million). The Group has a total stocking loan facility of £13.4 million (2004 £13.4 million) and an unused and unchanged overdraft facility of £3.0 million. The balance on the stocking loan includes amounts owed by the Group's third party owned dealers for whom the Group provide payment guarantees.

Intangibles of £2.7 million (2004 £1.1 million) include goodwill of £2.3 million arising on the acquisition of the Group's 86% shareholding in London Taxis North America (LTNA) in June 2005. The 2004 capitalised development cost for the electric delivery vehicle project of £1.1 million has been written off together with an associated £0.5 million creditor for grants received. This project was sold in October 2004 for £0.7 million, realising a small profit on sale. The remaining intangibles, other than goodwill, represent development costs of complying with US vehicle regulations.

Warranty provisions increased from £3.4 million to £4.6 million, with £0.7 million of the increase arising on the acquisition of LTNA, and the remainder reflecting warranty cost increases during the year.

Cash flow

With the turnaround to profit, cash generation has been strong, with a net cash inflow from operating activities of £9.9 million (2004 £1.4 million).

Dividend

A final dividend of 3 pence per share is declared (2004 2 pence) giving a total dividend for the year of 4 pence (2004 3 pence) a total distribution of £0.8 million (2004 £0.6 million) which is covered twice.

Pensions

The Group has two principal pension schemes, a defined benefit scheme, which was closed in 1995, and a defined contribution scheme. An actuarial valuation of the defined benefit scheme has been carried out in accordance with the requirements of FRS 17. This indicates a deficit of £6.2 million (2004 £6.4 million). The Group made cash contributions of £1.2 million during the year, a level well above the requirements of the Minimum Funding Requirement.

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 will apply IFRS to the Groups financial statements for the year ending 31 July, 2006, the first application of which will be in the interim accounts as at 31 January, 2006.

Mark Fryer
Group Finance and Business Development Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 July 2005

	Notes	Before exceptional items 2005 £000	Exceptional items (notes 1e, & 1g) 2005 £000	Total 2005 £000	Before exceptional items 2004 £000	Exceptional items (notes 1d, 1f & 1g) 2004 £000	Total 2004 £000
Turnover	1	87,598	-	87,598	86,712	-	86,712
Cost of sales		(75,230)	-	(75,230)	(73,278)	-	(73,278)
Gross profit		12,368	-	12,368	13,434	-	13,434
Operating expenses		(9,340)	-	(9,340)	(14,549)	(2,585)	(17,134)
Pension contributions to closed scheme		(1,222)	-	(1,222)	(1,325)	-	(1,325)
Net operating expenses		(10,562)	-	(10,562)	(15,874)	(2,585)	(18,459)
Operating profit/(loss)		1,806	-	1,806	(2,440)	(2,585)	(5,025)
Costs of a fundamental restructuring of continuing operations	1(e)	-	(213)	(213)	-	-	-
(Loss)/profit on sale of fixed assets (continuing operations)	1(f)	-	(45)	(45)	-	4,659	4,659
Profit/(loss) on disposal of discontinued operations	1(g)	-	153	153	-	(559)	(559)
Profit/(loss) on ordinary activities before finance charges		1,806	(105)	1,701	(2,440)	1,515	(925)
Finance charges – net		(139)	-	(139)	(249)	-	(249)
Profit/(loss) on ordinary activities before taxation	1	1,667	(105)	1,562	(2,689)	1,515	(1,174)
Tax credit on profit/(loss) on ordinary activities		152	-	152	550	147	697
Tax credit on exceptional items		-	-	-	-	168	168
Total tax credit	2	152	-	152	550	315	865
Profit/(loss) on ordinary activities after taxation for the financial year		1,819	(105)	1,714	(2,139)	1,830	(309)
Minority interests		22	-	22	-	-	-
Profit/(loss) for the financial year		1,841	(105)	1,736	(2,139)	1,830	(309)
Dividends (including non-equity dividends)	4	(810)	-	(810)	(620)	-	(620)
Transferred to/(from) reserves		1,031	(105)	926	(2,759)	1,830	(929)
Basic earnings/(loss) per ordinary share	3			8.92p			(1.96)p
Diluted earnings/(loss) per ordinary share	3			8.84p			(1.96)p

All activities in the current year arise from continuing operations with the exception of the profit on disposal of £153,000 (2004: £559,000 loss) in relation to the financial year ended 31 July 2003 (note 1(g)).

Historical cost profits and losses

On an historical cost basis, the profit on ordinary activities before taxation and the retained profit after taxation and dividends would have reduced by £51,000 (2004: loss reduced by £634,000), £nil (2004: £708,000) due to the realisation of property revaluation gains of previous years, and £51,000 (2004: £74,000) due to the difference between the historical cost depreciation charge and the actual charge calculated on the revalued amount.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2005

	2005 £000	2004 £000
Profit/(loss) for the financial year	1,736	(309)
Unrealised net deficit on revaluation of properties	(341)	(110)
Currency translation differences	12	-
Total recognised gains/(losses) relating to the year	1,407	(419)
Prior year adjustment	-	285
Total gain/(loss) recognised since the last annual report and financial statements	1,407	(134)

CONSOLIDATED BALANCE SHEET

at 31 July 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Intangible assets – development costs			412		1,137
Intangible assets – goodwill			2,239		-
Tangible assets			20,407		19,829
			23,058		20,966
Current assets					
Stocks		15,286		15,987	
Debtors		7,007		5,996	
Cash at bank and in hand		9,642		6,399	
		31,935		28,382	
Creditors Amounts falling due within one year		(25,534)		(22,932)	
Net current assets			6,401		5,450
Total assets less current liabilities			29,459		26,416
Creditors Amounts falling due after more than one year			(1,086)		(199)
Provisions for liabilities and charges			(4,592)		(3,399)
Net assets			23,781		22,818
Capital and reserves					
Called up share capital			5,401		5,371
Share premium account			4,919		4,700
Capital redemption reserve			916		916
Revaluation reserve			1,511		1,860
Employee Share Ownership Plan (ESOP) reserve			(210)		(500)
Profit and loss account			11,218		10,471
Shareholders' funds including non-equity interests	6		23,755		22,818
Minority interests including non-equity interests			26		-
Capital employed			23,781		22,818
Net assets per ordinary share			121.4p		117.2p

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2005

	Notes	Total 2005 £000	Total 2004 £000
Net cash inflow from operating activities	5	9,945	1,419
Net cash inflow from operating activities:			
Continuing operating activities		9,945	1,419
Discontinued operating activities		-	-
Returns on investments and servicing of finance			
Interest received		251	83
Interest paid		(352)	(286)
Interest element of finance contract payments		(38)	(46)
Preference dividend paid		(53)	(53)
Net cash outflow from returns on investments and servicing of finance		(192)	(302)
Taxation			
UK Corporation tax paid		(6)	-
Net cash outflow from taxation		(6)	-
Capital expenditure			
Purchase of intangible fixed assets		(145)	(1,137)
Purchase of tangible fixed assets		(2,929)	(6,637)
Proceeds from sale of tangible fixed assets		533	8,663
Proceeds from sale of intangible fixed assets		700	-
Net cash (outflow)/inflow from capital expenditure		(1,841)	889
Acquisitions and disposals			
Purchase of subsidiary undertaking		(972)	-
Net overdrafts acquired with subsidiary undertaking		(67)	-
Net proceeds/(costs) from sale of business		-	(559)
Equity dividends paid			
		(567)	(4,996)
Net cash inflow/(outflow) before financing		6,300	(3,549)
Financing			
Issue of ordinary share capital		91	1,299
Capital element of finance contract payments		(617)	(838)
(Decrease)/increase in stocking loan		(2,464)	761
Net cash (outflow)/inflow from financing		(2,990)	1,222
Increase/(decrease) in cash in the year	5	3,310	(2,327)

1. ANALYSIS OF RESULTS

(a) By division

	2005 Turnover	2004 Turnover	2005 Profit/(loss) before tax	2004 Profit/(loss) before tax
	£000	£000	£000	£000
Continuing Operations:				
Vehicles	87,013	85,750	5,089	4,315
Zingo	275	650	(489)	(4,087)
Exceptional cost	-	-	-	(2,585)
Head Office	310	312	(1,572)	(1,343)
Pension contributions to closed scheme	-	-	(1,222)	(1,325)
Turnover/operating profit/(loss)	87,598	86,712	1,806	(5,025)
Exceptionals:				
Costs of a fundamental restructuring of continuing operations			(213)	-
(Loss)/profit on sale of fixed assets			(45)	4,659
Profit/(loss) on disposal of discontinued operations			153	(559)
Profit/(loss) on ordinary activities before finance charges			1,701	(925)
Finance charges – net			(139)	(249)
Profit/(loss) on ordinary activities before taxation			1,562	(1,174)

(b) By market area

	2005 Turnover	2004 Turnover
	£000	£000
Europe	25	1,031
Asia	109	25
North America	505	3,659
Rest of world	1,737	-
Total exports	2,376	4,715
United Kingdom	85,222	81,997
Total turnover	87,598	86,712

All turnover originates in the United Kingdom with the exception of £54,000 (2004: £nil) which originates in North America.

(c) Segmental net assets Divisional

	2005 £000	2004 £000
Continuing operations:		
Vehicles	18,501	21,775
Zingo	(345)	(299)
Head office	2,318	3,076
	20,474	24,552
Plus net funds/(less net borrowings)	3,307	(1,734)
Total net assets	23,781	22,818

Geographical

United Kingdom	22,892	22,818
North America	889	-
Total net assets	23,781	22,818

(d) Exceptional costs

Exceptional costs in the year ended 31 July 2004 relate to an impairment provision made against the Zingo plant and equipment.

(e) Costs of a fundamental restructuring of continuing operations

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

(f) (Loss)/profit on sale of fixed assets

The loss on sale of fixed assets in the year relates to warranty claims associated with the sale of the Coventry property on 29 July 2003. 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.

(g) Profit on disposal of discontinued operations

The profit on disposal of discontinued operations of £153,000 (2004: £559,000 loss) is an adjustment in respect of the disposal of the Components Division which occurred on 29 July 2003.

2. TAX CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

	2005 £000	2004 £000
UK corporation tax	-	-
Adjustments relating to prior years – current taxation	6	(129)
	6	(129)
Deferred taxation		
Origination and reversal of timing differences	(2)	(346)
Adjustments relating to prior years	(156)	(390)
Total taxation credit	(152)	(865)

The difference between total current tax as shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before taxation is:

	2005 £000	2004 £000
Profit/(loss) on ordinary activities before taxation	1,562	(1,174)
Corporation tax thereon at 30% (2004: 30%)	469	(352)
Non taxable income	(32)	(1,389)
Timing differences in relation to fixed assets	(575)	1,241
Sundry disallowed expenses	136	154
Timing differences	2	346
Adjustment to prior years	6	(129)
Taxation charge/(credit) for current year	6	(129)

3. EARNINGS/(LOSS) PER ORDINARY SHARE

The calculations of earnings/(loss) per share are based on the following profit/(loss) and numbers of shares:

	2005 £000	2004 £000
Profit/(loss) for the financial year	1,736	(309)
Preference dividends	(53)	(53)
	1,683	(362)

	2005 Number	2004 Number
Weighted average number of shares in issue, less shares upon which dividends waived (shares held under ESOP trust)	18,863,312	18,444,226
Potential exercise of share options	177,505	-
For diluted earnings/(loss) per share	19,040,817	18,444,226

4. DIVIDENDS

	2005 £000	2004 £000
Non-equity – 8.25% cumulative preference shares of £1 each		
Preference dividend paid to 31 December	26	26
Preference dividend paid to 30 June	27	27
Preference dividend paid	53	53
Equity – ordinary shares of 25p each		
Interim dividend paid – 1p per share (2004: 1p)	189	189
Final dividend payable – proposed 3p per share (2004: 2p)	568	378
Total dividends	810	620

5. ANALYSIS OF CASH, DEBT AND GEARING

Consolidated

Reconciliation of operating profit/(loss) to operating cash flows:

	2005 £000	2004 £000
Operating profit/(loss)	1,806	(5,025)
Depreciation	3,516	4,617
Amortisation of intangible fixed assets	27	-
(Profit)/loss on sale of fixed assets	(19)	9
Cash impact of fundamental restructuring	(213)	-
Asset impairment	-	2,585
Decrease/(increase) in stocks	711	(568)
(Increase)/decrease in debtors	(714)	135
Increase/(decrease) in creditors and provisions	4,831	(334)
Net cash inflow from operating activities	9,945	1,419

Reconciliation of net cash flow to movement in net funds/(debt):

	2005 £000	2004 £000
Increase/(decrease) in cash in the year	3,243	(2,327)
Capital element of finance contract payments	617	838
Decrease/(increase) in stocking loan	2,464	(761)
Change in net funds resulting from cash flows	6,324	(2,250)
Non-cash items - new finance contracts	(619)	(1,178)
Non-cash items - acquisition	(642)	-
Non-cash items – exchange movements	(22)	-
Movement in net funds in year	5,041	(3,428)
Net (debt)/funds brought forward	(1,734)	1,694
Net funds/(debt) carried forward	3,307	(1,734)
Shareholders' funds	23,755	22,818
Gearing	-	7.6%

Reconciliation of movement in net funds/(debt):

	As at 1 August 2004 £000	Cashflow £000	Acquisition £000	Non-cash movements £000	Exchange movements £000	As at 31 July 2005 £000
Cash	6,399	3,243	-	-	-	9,642
Stocking loan	(7,432)	2,464	(642)	-	(22)	(5,632)
Finance contracts due within one year	(502)	617	-	(314)	-	(199)
Finance contracts due after more than one year	(199)	-	-	(305)	-	(504)
Net funds/(debt)	(1,734)	6,324	(642)	(619)	(22)	3,307

6. SHAREHOLDERS' FUNDS

Reconciliation of movements in Group shareholders' funds

	Consolidated 2005 £000	Consolidated 2004 £000
Profit/(loss) for the financial year	1,736	(309)
Dividends	(810)	(620)
	926	(929)
Deficit on revaluation	(341)	(110)
Net exchange differences	12	-
Repurchase of preference shares	-	(42)
Share options exercised	91	-
New share capital subscribed	249	1,341
Net addition to shareholders' funds	937	260
Opening shareholders' funds (as previously stated)	22,818	22,773
Prior year adjustment	-	(215)
Opening shareholders' funds (as restated)	22,818	22,558
Closing shareholders' funds	23,755	22,818

- The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2005 or 31 July 2004, but is derived from those accounts. Statutory accounts for 31 July 2004 have been delivered to the Registrar of Companies and those for 2005 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.
- The preliminary results for the year ended 31 July 2005 have been prepared using accounting policies consistent with those used in the statutory financial statements for the year ended 31 July 2004.
- The preliminary results were approved by the Board of Manganese Bronze Holdings PLC on 11 October 2005.
- The one hundred and sixth Annual General Meeting of Manganese Bronze Holdings PLC will be held at One Ropemaker Street, London, EC2Y 9HT on 22 November 2005 at 12 noon.
- Copies of this announcement may be obtained from the Company Secretary, Manganese Bronze Holdings PLC, Third Floor, Midsummer House, Midsummer Boulevard, Milton Keynes, MK9 3BN.