

# MANGANESE BRONZE HOLDINGS PLC UNAUDITED SECOND INTERIM RESULTS

Parent company of LTI Vehicles, Manganese Bronze has announced their second interim results. UK taxi sales are up 39.0% since the launch of the TX4 last October and the company's joint venture with Geely has now been finalised, with all regulatory and shareholder approvals received. Commenting on the results, John Russell, Chief Executive, said: "This is another strong set of results for Manganese Bronze. Our Chinese joint venture with Geely has been now finalised and we are progressing our plans to commence production in late 2008. The successful launch of the TX4 saw UK taxi sales increase by 39% and this was supported by our move to new, larger retail facilities in London. We anticipate continued strong demand for the TX4 and will continue to deliver the best possible results from our business in the UK. Overseas, we will work to ensure the success of our joint venture, SLTI, whilst preparing to market its vehicles internationally as we progress further in making the London Taxi a global brand."



John Russell

## SALES ARE UP



In his Chairman's Statement, Tim Melville-Ross stated overall sales volumes increased by 27% to 3,153 vehicles (2006: 2,480) with higher growth since the launch of the TX4. He said: "Our cash generation continues to be impressive, despite capital expenditure of £4.1 million (including £2.2 million on engineering the TX4 and £0.8 million refurbishing our new London dealership), with net funds increasing by £6.5 million to £9.1 million (2006: £2.6 million).

The group has continued to perform strongly in the second six month interim period, with the TX4 continuing to deliver strong sales, particularly in London, where the opening of our new dealership has significantly improved the quality of sales, service and parts support we are able to provide to our customers.

"In June, the final regulatory approvals were granted in China for the establishment of our Chinese joint venture, Shanghai LTI (SLTI) to produce the London taxi, a limousine and two large saloon cars. We are now working with our partner, Geely, to put the TX4 into production at the highest quality and lowest cost, and develop the infrastructure and capability to sell the vehicles internationally."

Total vehicle sales in the second interim period increased by 32.2% to 1,806 (2006: 1,366). For the 12 months, total vehicle sales increased by 27.1% to 3,153 (2006: 2,480). The sales increase has been largely driven by the launch of the TX4, with its new VM powertrain and additional refinements, rather than any short term impact from the Public Carriage Office's emissions strategy. As expected, the majority of drivers have fitted a conversion kit that allows compliance with Euro III rather than immediately purchasing a new, or compliant used, vehicle.

## SHANGHAI LTI

Manganese Bronze announced in November 2006 that they had signed agreements with Geely to form a joint venture to produce the London Taxi, a limousine and two large saloon cars in Shanghai. This development followed several years of attempting to find the right partner in China. Manganese Bronze shareholder approval was obtained in January 2007, with Geely's shareholder approval following in March and regulatory approval in June 2007. MBH will take more responsibility for quality, project management and supplier development. This has resulted in the allocation of key personnel in the UK to support SLTI. Paul Stowe has been appointed as Executive Deputy General Manager of SLTI. He will

be pivotal to ensuring that vehicles of the required quality are delivered on time and to budget. Paul was previously Quality Director for Nanjing MG Motor Company in China where he was a senior member of the team responsible for the start of production of the MG7 vehicle in Nanjing.

All intellectual property has now been transferred from Manganese Bronze to Geely and the engineering, procurement and facilities staff from both companies are working closely together to achieve production start up.

## INTERNATIONAL MARKET DEVELOPMENT

Work has begun on the development of sales, marketing and distribution capabilities in international markets and MBH are providing support to Geely as they develop their plans for China and Asia. This initiative will be led directly by John Russell, who will follow up on the large volume of requests for vehicles which MBH have previously been unable to meet on cost grounds. The press coverage has already generated significant interest from existing and new prospects from around the world, confirming the international appeal of a lower cost taxi. MBH believe that, in addition to selling their products directly to taxi drivers and fleet operators, there is an opportunity to broaden their business by expanding into the provision of taxi services with existing operators in targeted markets outside the UK.

Tim Melville Ross also commented: "We believe that UK demand for the TX4 will remain strong because of the combination of excellent product acceptance by drivers supplemented by the impact of the emissions regulations in London. We also expect to maintain or improve UK demand outside London, with the appeal of the TX4 more than offsetting the increasing pressure from competition and deregulation. We will continue to deliver the best possible results from our UK business whilst applying appropriate additional resources to ensure that SLTI delivers high quality, low cost products on time and we have in place the means to market those vehicles internationally."

## WINNER OF GEORGIA'S THE APPRENTICE ORDERS LONDON BLACK CABS TO BOOST BANK

The winner of Georgia's version of The Apprentice has said: "You're hired" to LTI Vehicles, the manufacturer of the iconic London taxi. Luka Lomaia, a 20-year-old student, was chosen to take up the position of Senior Manager of Strategic Projects at the Bank of Georgia after seeing off 13 other finalists to be chosen by the Eastern European equivalent of Sir Alan Sugar, Lado Gurgenzidze, the bank's President.

One of his first acts in his new role was to order a fleet of six of LTI Vehicles' latest model, the TX4, to work as taxis in the capital of Tbilisi. The cabs have been painted bright orange to reflect the bank's corporate colours and are fitted with DVD players and screens to advertise the bank's services to passengers. There are even plans to install telephones to give passengers a direct line to the bank if they see a product that takes their fancy.

Nigel Walters, Overseas Operations Co-ordinator for LTI Vehicles, said the bank was hoping to cash in on the novelty value of the famous vehicles. "At first we thought they were going to be corporate vehicles for the bank's VIP customers," he said. "It's quite unusual but it is a good idea. People are attracted to the cab and once they're inside they see the adverts." Mr Walters added: "We have hit a bit of a purple patch when it comes to foreign exports. I think they are attracted to the black cab's famous shape, as well as the fact that it is the best purpose-built taxi in the world."

