

THE TANFIELD GROUP PLC
(“TANFIELD”, THE “GROUP” OR THE “COMPANY”)

PRELIMINARY RESULTS

FOR THE YEAR TO 31 DECEMBER 2007

The Tanfield Group Plc, the leading manufacturer of zero emission electric vehicles and aerial work platforms, is pleased to announce its Preliminary Results for the financial year ending 31 December 2007.

Highlights:

Financial

- Strong financial performance across the Group:
 - Turnover increased 201% to £123m (2006: £40.9m)
 - Profit after tax from continuing operations increased 310% to £11.9m (2006: £2.9m)
 - Basic Earnings per Share increased 194% to 3.59p (2006: 1.22p)
 - Net cash at year end £28m, (June 07 £4.9m)
 - Net assets of £165m (2006: £43.4m)

Operational

- Agreement with Ford on development of commercial electric vehicles
- Agreement to develop and manufacture electric taxi cab
- Launch new light van utilising Tanfield derived IP
- Confirmed vehicle order book for remainder of 2008 of 523 units
- Expansion of vehicle production facilities on track
- Powered Access order book for 2008 of £101m
- OEM agreement signed with Manitou
- Record US customer backlog of \$111m
- Snorkel acquisition fully integrated
- Expansion of Powered Access facilities on track

Commenting, Darren Kell, Chief Executive of The Tanfield Group Plc, said: “We have delivered an excellent set of results, in line with our strategy for profitable growth.

“We have strengthened our position as the worldwide leader in commercial electric vehicles and continue to develop our powered access division into one of the leading global players in this sector.

“We are already delivering on our strategy for 2008 and retain an extremely robust outlook for future performance.”

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Notes to editors

The Tanfield Group Plc is the world's leading developer and manufacturer of road-going commercial electric vehicles and aerial work platforms. Tanfield is headquartered in Washington, Tyne & Wear, with operations in Europe, Scandinavia, North America, the Middle East, Asia-Pacific and Africa. It has two main divisions:

Smith Electric Vehicles, was founded in 1920 and acquired by Tanfield in October 2004. Following its acquisition, Smith is developing into a world leader in new technology electric vans and trucks with greatly enhanced performance, speed and range capabilities. This makes them attractive for all fleet operators in large towns, cities and closed industrial environments. For the first time, these fleet operators have economically viable, zero emission alternatives to using diesel vans and trucks. Smith has an unrivalled UK-wide service and support network, which already maintains over 5,000 vehicles for major fleet operators. Smith's airport offering is complemented by two specialist airport vehicle sub-divisions; Jumbotugs and Norquip.

www.smithelectricvehicles.com

Powered Access, contains two of the world's most established aerial work platform brands, UpRight Powered Access and Snorkel International. UpRight is the UK's biggest manufacturer of self-propelled aerial work platforms (also known as "cherry-pickers", "mobile elevating work platforms", "aerial lifts", etc). UpRight has assembly facilities in the UK and USA, with products sold through a strong network of over 200 independent, full-service distributors across Europe, Scandinavia, the Middle East and Asia-Pacific

regions. Snorkel, acquired in August 2007, has significant manufacturing capabilities along with strong sales and distribution, in North America and Australasia. Tanfield has successfully extended its powered access product range and is now one of only three "full line" aerial lift manufacturers to have a significant global footprint in both the North America and EMEA regions, in what is a \$7bn market.

www.upright.com / www.snorkelusa.com

CHAIRMAN'S STATEMENT

I am delighted once again to report a record set of results, achieved in another transformational year for the Group.

The Board remains committed to creating value for our shareholders through the growth of our core divisions. We have again delivered a superb financial performance, demonstrating Tanfield's successful execution of its strategy for high growth, while maintaining profitability.

This illustrates that the Company as a whole has taken another significant step towards becoming an established world leader in its chosen markets.

Financial Performance

2007 was a year of significant growth, as the Group maintained focus on its two main divisions, Powered Access and Zero Emission Vehicles. This resulted in a 194% increase in basic earnings per share from 1.22p to 3.59p. Turnover increased 201% to £123m, compared to £40.9m in 2006 and profit after tax from continuing operations rose 310% to £11.9m, from £2.9m in 2006.

Sales in the Zero Emission Vehicles division grew 37%, from £19m in 2006 to £26m in 2007. The Powered Access Division grew sales from £11m in 2006 to £90m in 2007, an increase of 718%.

Delivering Our Strategy

The growth achieved in 2007 was primarily organic, building on the acquisition of UpRight in 2006 and the further development of our new range of higher function commercial electric vehicles.

The most impressive growth occurred in the Powered Access division, as 2007 was the first full year to benefit from our reinvigoration of the UpRight brand (acquired in June 2006). We grew its independent distributor network during 2007 from 45 to over 180 companies and this drove a significant increase in sales.

To meet this higher demand from our customer base, we also increased output tenfold at Vigo Centre, our UK headquarters, from 20 units per week at the close of 2006 to 200 per week at the end of 2007.

The acquisition of Snorkel International Inc on 1 August 2007 is delivering the intended benefits. It accelerated the Group's growth in aerial work platforms, through immediate access to new geographical markets complementary to those already served by Tanfield.

It also instantly added a range of larger, proven products that would have taken us many years to develop. As a result, the Group is now one of four "full line" manufacturers in the powered access market and one of only three with a truly global footprint.

The Zero Emission Vehicles Division also enjoyed unprecedented growth, as two next-generation electric vehicles went into full production and achieved strong sales.

Edison is the world's first higher function electric van with a Gross Vehicle Weight (GVW) of under 3,500kg. This is critical to domestic sales, as anyone with a standard UK driving licence can operate vehicles under this GVW. Vehicles of a higher weight require drivers to have a commercial vehicle licence - and qualified drivers command higher wages.

Newton is the world's first higher function electric truck and remains the world's largest commercial electric vehicle, offered in GVWs from 7,500kg to 12,000kg. It uses a truck chassis cab from Avia in the Czech Republic.

We launched the Smith Newton in December 2006 and this generated significant sales throughout 2007, as we added further variants up to a Gross Vehicle Weight (GVW) of 12,000kg, based on the same chassis cab configuration.

Newton was followed by the Smith Edison, utilising the Ford Transit shell. We launched Edison in April 2007 at the Commercial Vehicle Show, one of the largest annual events for vans and trucks in Europe. The addressable market for vans is considerably larger than that of truck-sized goods vehicles and Edison is already outselling Newton 2:1.

Sales of these vehicles in 2007 confirmed Tanfield's position as the world's largest manufacturer of road-going, commercial electric vehicles and maintained our market leading position.

We successfully capitalised on market drivers that increasingly influence operators of urban vans and trucks. The most obvious benefit is reducing the environmental impact of a customer's commercial vehicle fleet, by providing 100% reduction in greenhouse gas (GHG) emissions and air pollutants, at the point of use. This can manifest as an economic benefit, as worldwide, zero emission vehicles are almost always exempt from road pricing such as congestion charges or highway tolls. For third party logistics providers, adopting zero emission vehicles can also provide a competitive edge, as a growing number of environmentally-conscious blue chip companies are demanding that their supply chain also reduces its carbon footprint.

With only a relatively small number of moving parts in the electric drive train and greatly reduced "fuel" costs, operating overheads for our EVs are significantly lower than those of the equivalent diesel vehicles. Finally, the driver experience is much more pleasant, as urban drivers do not have to endure the countless gear changes or cab vibration, noise and smell associated with diesel vehicles.

During 2007, the growth achieved by this division was chiefly as a result of increases in vehicle sales, underpinned by our EV service and maintenance operations.

Our People

In July 2007, Tanfield embarked on a comprehensive training programme that will see all production workers at Vigo Centre achieve an NVQ qualification in BIT (Business Improvement Techniques).

This programme has had a tangible impact on the shop floor. By the end of 2007, we had achieved a significant increase in productivity on the main Powered Access assembly lines.

Board Changes

We regularly review the composition of the Board to ensure it continues to provide the right leadership for the Group's further development.

On 23 May 2007 Colin Billiet joined the Board as Non-Executive Director. His experience as former Chief Executive of high growth, multinational, filtration product manufacturer Domnick Hunter will be extremely valuable as Tanfield continues to grow globally.

In January 2008, I became non-executive Chairman.

Summary

The Group has experienced another exciting year of exceptional growth and improved profitability.

We have increased our global presence in sizeable markets, which continue to present significant opportunities for growth. We remain a market leader in commercial electric vehicles and the Group's strategy continues to focus on growing its two core divisions, both organically and – where opportunities arise – through acquisition.

I would like to thank all our people for their efforts and for the continued support of all our stakeholders.

Roy Stanley,

Chairman

Chief Executive's Review of 2007 & Trading Update for Q1 2008

Zero Emission Vehicles Division

Ford Partnership

Tanfield has reached a broad agreement with Ford to collaborate on future zero emission vehicle projects and is investigating further opportunities in sales, marketing and product development both in Europe and North America.

The agreement includes dual-badging certain vehicles as Ford and Smith products and marketing support. Ford will continue to supply considerable engineering resource for the design and development of future commercial electric vehicles. This resource is focused on the chassis and does not involve Tanfield sharing its knowledge, expertise or intellectual property concerning the electric drive train.

We continue to strengthen and grow our relationship with Ford, which we believe provides Tanfield with a considerable competitive advantage over our peers.

Joint Venture to Produce Pure Electric Taxi Cab

Tanfield has signed an agreement with LTI Vehicles Ltd (LTI), a subsidiary of Manganese Bronze Holdings Plc (MNGS), to produce a battery powered, zero emission urban taxi cab.

Under the agreement, LTI and Tanfield will produce an all-electric version of LTI's TX4 black cab, branded the TX4E. Preliminary specifications for the vehicle are a top speed of 50mph and a range in excess of 100 miles on one battery charge.

The TX4E will contain all the conventional features of the TX4, but will be powered by Tanfield's advanced electric drive train and Iron Phosphate lithium-ion battery pack. It will be manufactured in the UK for the domestic urban taxi market and sold through LTI's distribution network.

Based on current electricity prices, the vehicle will cost less than 4p per mile to run, therefore providing significant whole life cost savings over an equivalent diesel vehicle.

We believe that this partnership will create a unique and highly marketable zero emissions vehicle and see the TX4E as an exciting growth opportunity that gives us first mover status in what is potentially a very large global marketplace.

Sales and Order Book

Tanfield built and shipped 260 vehicles in 2007, in line with internal targets. The Company delivered 200 out of the 260 units in the second half of the year, as we successfully ramped up production.

We closed 2007 with an order book of 387 units and at the end of March 2008, the confirmed order book for the remainder of 2008 stood at 523 units. This is a combination of initial orders, plus a myriad of fleet orders from clients moving from the low volume trial stage to smaller fleet purchases. We expect this process will lead to further significant volume fleet orders in 2008.

In the first three months of 2008, we built and shipped 146 vehicles to over 50 new customers in the private sector, along with a considerable number of public sector organisations.

Other Developments

We improved on our marked increase in production capacity as 2007 progressed and ended the year with the proven output capability of up to 28 vehicles per week. Currently we have the production capabilities to produce 30 vehicles per week, compared to 10 per week at the start of 2007. To facilitate further growth, we have identified a dedicated production facility for the Zero Emission Vehicles Division. This 150,000sq ft (14,000sq m) factory, also in the North East of England, will provide maximum capacity for 3,000 vehicles per annum – or 58 vehicles per week, ensuring the electric vehicle business has the space to grow over the medium term.

Plans are at an advanced stage to transfer the entire Zero Emissions Vehicles Division, including the Sales, Product Support, Technical, and Production teams. We anticipate that the first vehicles will begin to roll off the new lines of this facility early in the second half of 2008.

The strategy we outlined at the beginning of 2007 was to sell seed vehicles to major fleet operators in our core market of UK urban delivery, while establishing the methodology for volume production. Against these targets, Smith Electric Vehicles delivered an excellent performance throughout 2007. Our vehicles continue to demonstrate cost savings and environmental benefits to major fleet operators.

We significantly increased our addressable market with the launch of several new products, on 15 April 2008, at the Commercial Vehicle Show (CV Show) in Birmingham, UK.

Ampere is based on the Ford Transit Connect chassis cab and has a GVW of 2,340kg, with payload capacity of up to 800kg. This smaller, lighter vehicle sector is the largest volume market within commercial vehicles. We will begin full production of Ampere in the second half of 2008.

Ampere is dual badged as both a Ford and a Smith Electric Vehicles product and Ford launched Ampere on its stand at the CV Show concurrently with Smith. Ford provided significant engineering support with regard to the Connect chassis throughout the vehicle design and development process. Ampere is powered by a drive train developed in-house and Tanfield retains all the intellectual property on this drive line.

Ford has already announced that the Ford Transit Connect will be sold in North America and has unveiled a taxi cab variant intended for the USA. We will launch our Ampere vehicle in North America concurrently with Ford's launch of the Connect, next year.

The CV Show also marked the launch of our new Edison series, powered by an Iron Phosphate lithium-ion battery pack. This advanced technology allows us for the first time to produce van-sized vehicles with the same carrying space as the equivalent diesel vehicles. The previous battery technology could not be packaged as intricately and ate slightly into Edison's load area.

Joining the panel van and chassis cab variants of Edison is a new, pure electric minibus. The minibus is in the final stages of pre-production and customer deliveries will commence later this year. All Edison models are based on the Ford Transit chassis and, going forward, will also be dual badged as Ford and Smith products.

A small but significant number of fleet operators in the UK require heavy vans with a GVW in excess of 3,500kg, for extra payload capabilities. To accommodate this sector of the market, Tanfield has specifically developed a larger version of Edison, utilising the new 4,600kg larger Ford Transit chassis cab.

In North America, Ford has agreed to supply Tanfield with a range of its F-Series commercial vehicles as the chassis cabs for our US-specific commercial vehicles. This will include the F350, F450, F550 and F650 vans and trucks, providing us with vehicles that will be recognisable to and readily accepted by American customers.

The requisite design engineering work to bring these vehicles to market is underway and we displayed a pre-production, all-electric F650 truck at the CV Show. We are working through the necessary legislative requirements for vehicle type approval in North America, with support from Ford, and expect to commence US manufacture in the second half of 2008.

Following the development of our relationship with Ford in the USA, we have re-examined our options for the manufacture of vehicles in North America. As a result, the Board has identified several potential sites in North America for the production of commercial electric vehicles and we will provide further detail in due course.

Edison and Newton are both attracting buyers outside of their core market of urban delivery vehicles. We have now delivered product to diverse sectors including vehicle rental, tool hire, utilities, airports, telecommunications, construction and highways. In short, our electric vehicles are demonstrating cost savings, improved driver satisfaction and environmental benefits for customers in a widening range of applications for commercial vehicles within a closed urban environment.

We have achieved our first sales into mainland Europe, to customers now including TNT in the Netherlands and Carlsberg in Switzerland. Europe represents a significant opportunity for Tanfield's electric vehicles and the Group is embarking on a strategy of appointing distributors for Smith Electric Vehicles in key European territories.

Powered Access Division

The order book at the end of December 2007 stood at £83m, compared to £35m at the close of 2006. We increased production tenfold in this period and have significantly reduced lead times on all machines.

We have enjoyed a strong start to the year and sales for the first three months of 2008 reached £43m. At the end of March 2008, the confirmed order book for the calendar year 2008 stood at £101m. This reflects our increased penetration of all key target markets, including North America, Europe, Scandinavia, Russia and the Baltics, the Middle East and the Asia-Pacific region.

Total global production capacity currently stands at 320 units per week, compared to 270 units per week at the close of 2007 and 45 units per week at the end of 2006.

At Vigo Centre, we have maintained production capacity at 200 units per week, despite introducing larger products with a higher unit price into the build mix. The relocation of the Zero Emission Vehicles division will allow for the crane lines to increase in length and will provide room for up to two more similar lines. This space will be required for the larger, more expensive machines we wish to build in Vigo.

The acquisition of Snorkel Holdings LLC in August 2007 significantly enhanced our Powered Access product offering, improved our market presence in North America and increased our production capabilities.

Snorkel is enjoying its strongest start to the year for a decade, with sales of £21m in the first three months of 2008. Through our cross-selling into the UpRight distributor network, Snorkel is exporting more machines than ever before.

Similarly, Tanfield is significantly increasing Snorkel's domestic sales, in particular to Tier One equipment rental companies. Examples of this growth include one of America's largest equipment rental companies outlining an initial fleet requirement in excess of US\$50m. Tanfield has achieved preferred vendor status with this customer and we are examining further opportunities to grow sales and develop the relationship. Another major rental company and long-standing Snorkel customer placed a US\$10m order for Snorkel products at the ConExpo construction equipment exposition in Las Vegas in March 2008.

The strong start to 2008 by Snorkel, allied to our successful strategy of pushing the Snorkel big booms through the UpRight distribution channels outside of America, has significantly increased demand on Snorkel's production facilities in Kansas, USA. Although we have initiated a plan to ramp up production in Kansas by 60%, we have already sold the first six months of output in 2008.

We are increasing the assembly footprint in Kansas by 100,000sq ft, or 25 per cent. Through the introduction of lean manufacturing techniques and smarter working practices, we also expect to significantly improve efficiencies from the existing floor space.

Prior to the UpRight acquisition, Tanfield produced the steel fabrications for its aerial work platforms in-house. UpRight brought with it a fabrications supply chain from low cost countries including China and we further expanded, developed and refined this supplier base during 2007. Initial payment terms had a detrimental effect on working capital, but we successfully negotiated much more favourable terms as volumes grew.

We are switching Snorkel to this low cost supply chain and expect the process to be complete by end of 2008.

During 2007, we increased the UpRight distributor network to 180 members and have raised this to over 200 dealers during the first three months of 2008. We increased the UpRight product portfolio from 10 machines to over 30, by re-introducing models discontinued under the previous owners and by adding Snorkel products to the range.

I am pleased to announce that Tanfield has signed an OEM agreement with construction equipment and aerial work platform manufacturer Manitou. Under the agreement, Tanfield will manufacture certain key products from its range for Manitou's Maniaccess

range of aerial work platforms, to be sold via Manitou's extensive global network of over 500 distributors.

We have further augmented the UpRight distributor network in the first quarter of 2008, by appointing strong dealers in key territories including Southern Africa, the Iberian Peninsula and the Middle East.

Market Outlook

1. Zero Emission Vehicles Division

At the end of March 2008, UK diesel at the pump cost 115p per litre vs 93p in March 2007, a rise of 19.1%. US diesel pump prices are now around \$4 per gallon, up \$1.17 in the past 12 month, an increase of 29%. For first time, US freight operators are spending more on fuel than labour. Every increase in fossil fuel prices underlines the economic argument for our vehicles.

A growing number of cities are imposing fiscal penalties on commercial vehicles which enter their most densely populated urban centres, in a bid to reduce congestion and improve air quality. The continued exemption of electric vehicles from these congestion charges and road tolls adds to the inherent cost savings that our products already provide to customers.

The Board continues to expect that the economic, environmental and operator benefits of deploying electric vehicles over conventional vehicles in urban areas will increase the number of fleet managers who engage with us.

The widespread success of field trials with logistics and delivery companies during 2007 will continue to drive volume sales in 2008 and beyond. Our early penetration of other sectors deploying urban fleets bodes well for the development of new markets, while buoyant sales of commercial vehicles in the UK and Europe demonstrate that both the overall market and our addressable market are growing.

The appetite for electric vehicles in the USA is extremely strong and we expect this market to develop at a much faster rate than in Europe. Also, our early experiences with US customers indicate that in many cases, the percentage of vehicles within a fleet which fall within the operating capabilities of our EVs is higher than in the equivalent sector in Europe.

The launch of the world's first higher function electric minibus and the world's first high performance electric light van further consolidate our position as the market leader in zero emission commercial vehicles. No other manufacturer in the world can offer anywhere near the breadth and depth of Tanfield's road-going electric vehicle portfolio.

The cementing of our partnership with Ford, one of the most respected names in the automotive industry, underlines our global leader status, allows for faster and more efficient new product development and provides access to new, untapped markets. We expect this relationship will create many more exciting opportunities for both companies to exploit as we develop together.

2. Powered Access Division

Snorkel enjoys an excellent reputation among leading North American aerial lift rental companies – all of whom are forecasting considerable capital expenditure on fleet replacement and/or expansion during 2008.

Snorkel's position in this critical sales territory is unique, in that it is a well-respected brand but has not reflected this eminence in market share. As part of The Tanfield Group Plc, Snorkel is already beginning to properly leverage its brand equity.

The outlook for the US construction market remains mixed, but most signs are that non-residential construction – the key end user market for larger aerial work platforms – will continue to grow, albeit at a reduced rate. Residential construction has little impact on our Powered Access sales. This is because the chief product offering in the residential sector from our peers is the rough terrain fork lift, or telehandler. Tanfield does not manufacture telehandlers, so is nowhere near as exposed to trends in residential construction as its competitors.

Globally, the outlook for the construction industry is extremely healthy. Regions expected to grow the most this year include the Middle East, Russia & the Baltics and Southern Africa. Tanfield has worked hard to appoint high quality distributors in all these territories.

The continued growth of non-residential construction is equally as important to the smaller aerial work platforms in the product range, as these machines are primarily deployed in repair and maintenance of commercial and industrial premises.

Globally, end user purchases represent just 30% of all powered access sales, with the remaining 70% sold direct to equipment rental companies. Our increasing penetration of the rental sector therefore represents a significant opportunity going forward. The growth achieved with UpRight in 2007 was almost entirely from sales to end users, via the distributor network, with practically no sales to large equipment rental companies. However, the added value that UpRight's unique distributor network brings is also attracting rental company business in Scandinavia, Europe, the Baltic States and the Middle East. Along with our expanded product range, rental companies particularly appreciate the local, own-language product support with which the dealers can provide them. We are engaging with all of the major rental companies in Europe and Scandinavia at present and will continue to explore sales in this market, where appropriate.

Current Trading & Prospects

2007 was another highly successful year for the Company, as we once again transformed potential into profitable sales. In both divisions of Powered Access and Zero Emission Vehicles, we have successfully ramped up production, increased sales, enhanced the product range and expanded our global reach.

Our decision to utilise proven chassis from major manufacturers as the basis for our electric vehicles, rather than design a new product from the ground up, is proving to be the best route to growing profitable sales. It enables us to take years off the time frame of bringing a new vehicle to market. This strategy also allows us to benefit from the original vehicle manufacturers' investment in design development, which typically totals hundreds of millions of pounds. It provides us with robust and reliable chassis, which means we can focus our resources on the battery and electric drive train. Crucially, it also avoids any potential reliability issues that a newly-designed chassis could encounter.

The achievements of the first quarter of 2008 demonstrate that we are capitalising on the highly promising opportunities afforded by our growing global reputation. These new opportunities, allied to the ongoing development of existing products and sales channels, will continue to support the execution of our high growth strategy.

Finance Director's Report

All figures and their comparatives are presented in line with the International Financial Reporting Standards (IFRS).

In 2007 we delivered another record financial performance. Revenue was up 201% to £123m (2006: 98%). EBITA before restructuring was up 256% to £14.6m (2006: £4.1m). Profit from continuing operations before restructuring rose to £13.1m (2006: £5.7m)

The dramatic increases result from good organic growth in both zero emission and powered access divisions because of the increase in the volumes of new electric vehicles made and sold, and the execution of the ramp up the reinvigorated Upright brand. The results benefitted from the contribution of Snorkel International Inc following its acquisition in August.

Amortisation of Acquired Intangibles and Restructuring Costs

Profit from Operations is reported after charging Amortisation of £1.8m (2006: £0.4m) arising from the write down of Intangible Assets valued following acquisitions, of which £0.9m resulted from the acquisition of Snorkel.

Restructuring costs in the year of £1.2m related to costs arising following the acquisition of Snorkel. 2006 restructuring costs of £1.9m related to the UpRight acquisition.

Net Operating Expenses

Operating expenses are stated net of operating income from Government Grants and recovery of a Snorkel customer debt of £2m.

Net Finance Income

Net finance Income in the period was £0.9m (2006: Finance costs £0.1m) reflecting the net cash position held by the group throughout the period.

Profit before Tax

Profit before tax for continuing operations was £12.4m up 235% on 2006. There was a loss in the year for discontinued operations of £1.5m.

Taxation

The tax charge includes £1.7m of tax costs arising in the US, of which £0.4m was a non cash cost related to the creation of a deferred tax liability.

Earnings

Earnings per share increased by 194% to 3.59p (2006:1.22p). No dividend has been declared (2006:nil). The retained profit of £10.4m has been added to reserves to fund further business growth.

Net Cash

At 31 December 2007, the Group had cash of £28m. This cash will be used to fund further development of the business, including a transition in the supply chain.

Acquisitions

The Group acquired Snorkel International Inc on 1 August 2007. The acquisition was funded through a private placing.

TANFIELD GROUP PLC**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	Restated 2006
	£000's	£000's
Continuing Operations		
Revenue	123,288	40,580
Other operating income	-	-
Changes in inventories of finished goods and WIP	8,702	1,222
Raw materials and consumables used	(87,980)	(20,224)
Staff costs	(23,667)	(11,041)
Depreciation and amortisation expense	(2,724)	845
Other operating expenses	(4,791)	(5,696)
Restructuring costs	(1,270)	(1,877)
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Profit from continuing operations	11,558	3,809
Finance costs	879	(84)
	<hr/>	<hr/>
Net Profit before tax for year	12,437	3,725
Income tax expense	(560)	(823)
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Profit for the year from continuing operations	11,877	2,902

Discontinued operations

(Loss)/Profit for period from discontinued operations

(1,484)

(398)

Net profit for the year10,3932,504**Earnings per share**

From continuing operations

Basic

3.59p

1.22p

Diluted

3.41p

1.14p

From continuing and discontinued operations

Basic

3.14p

1.05p

Diluted

2.99p

0.99p

The results for year ending 31 December 2006 have been restated for the activities discontinued in the year ending 31 December 2007.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	2007	2006
	£000's	£000's
ASSETS		
Non Current Assets		
Property, plant and equipment	6,098	3,734
Goodwill	32,244	5,143
Intangible assets	22,685	5,792
Deferred tax asset	785	-
	<u>61,812</u>	<u>14,669</u>
Current Assets		
Inventories	60,352	14,158
Trade and other receivables	47,197	13,833
Investments	120	94
Current tax assets	1,459	-
Cash and cash equivalents	27,952	13,605
	<u>137,080</u>	<u>41,690</u>
TOTAL ASSETS	<u>198,892</u>	<u>56,359</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	26,406	6,801
Tax liabilities	-	1,178
Obligations under finance leases	684	421
Bank & other loans and overdrafts	-	163
Other creditors	467	2,221
	<u>27,557</u>	<u>10,784</u>

Non Current Liabilities

Bank & other loans	-	948
Other creditors	5,021	310
Obligations under finance leases	1,100	549
Deferred tax liability	-	19
Convertible loan notes	-	69
Provisions	-	262
	<u>6,121</u>	<u>2,157</u>

TOTAL LIABILITIES

	<u>33,678</u>	<u>12,941</u>
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EQUITY

Share capital	3,703	2,921
Share premium account	138,493	29,578
Share option reserve	992	255
Loan stock equity reserve	-	6
Merger reserve	1,534	1,534
Capital reduction reserve	7,228	7,228
Translation reserve	879	-
Profit and loss account	12,385	1,896

TOTAL EQUITY

	<u>165,214</u>	<u>43,418</u>
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TOTAL EQUITY AND LIABILITIES

	<u><u>198,892</u></u>	<u><u>56,359</u></u>
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital £000's	Share premium £000's	Share option reserve £000's	Loan stock equity reserve £000's	Merger reserve £000's	Capital reduction reserve £000's	Translation reserve £000's	Profit and loss account £000's	Total Equity £000's
Balance at 1 January 2007	2,921	29,578	255	6	1,534	7,228	-	1,896	43,418
Issue of new share capital	706	107,893	-	-	-	-	-	-	108,599
Exercise of convertible loan stock	8	67	-	(6)	-	-	-	-	69
Share options exercised	68	955	-	-	-	-	-	-	1,023
Exercise of share options	-	-	-	-	-	-	-	96	96
Share option provision	-	-	737	-	-	-	-	-	737
Foreign exchange differences on retranslation of investments in	-	-	-	-	-	-	879	-	879

subsidiary undertakings	-	-	-	-	-	-	-	-	10,393	10,393
Net profit for the year	-	-	-	-	-	-	-	-	10,393	10,393
Balance at 31 December 2007	3,703	138,493	992	-	1,534	7,228	879	12,385	165,214	

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER
2007**

	2007	2006
	£000's	£000's
Operating Activities		
Profit from Operations	10,074	3,455
Depreciation, Amortisation and Impairment	3,320	(773)
Movement in Working Capital	(42,435)	(9,930)
Cash used in operations	<u>(29,041)</u>	<u>(7,248)</u>
Income taxes paid	(2,943)	-
Interest paid	(331)	(208)
Net Cash used in Operating activities	<u>(32,315)</u>	<u>(7,456)</u>
Investing Activities		
Acquisitions	(44,564)	(6,851)
Purchase of property, plant and equipment	(1,851)	(503)
Proceeds from sale of property plant and equipment	758	150
Purchase of investments	(23)	(94)
Purchase of intangible fixed assets	(2,949)	(312)
Interest received	1210	34
Net cash used in investing activities	<u>(47,419)</u>	<u>(7,576)</u>
Financing Activities		
Issue of ordinary share capital	109,622	29,055
Repayment of bank loan	(14,904)	(870)

Capital element of finance leases	(621)	(567)
Net cash from financing	<u>94,097</u>	<u>27,618</u>
Net Increase in Cash and Cash Equivalents	14,363	12,586
Cash and cash Equivalents at beginning of Year	13,546	960
Effect of foreign exchange changes	43	-
Cash and Cash equivalents at end of the year	<u>27,952</u>	<u>13,546</u>

Notes to the financial statements at 31 December 2007**1 Accounting Policies**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

2. Unaudited Financial Statements

The above figures do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985.

The figures for the year ended 31st December 2006 constitute abridged accounts extracted from the published accounts for the year which have been filed with the Registrar of Companies and on which the auditors' report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

3. Earnings per ordinary share

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of shares in issue is 331,253,401 (2006 – 237,396,217), and the earnings, being the profit on ordinary activities after taxation and minority interest are £10,393,000 (2006: 2,504,000).

The weighted average number of shares for diluted earnings per share is 347,837,812 (2006 – 252,639,362) and the diluted earnings are £10,393,000 (2006 -£2,490,000).

	Year ended 31 December 2007	Year ended 31 December 2006
	Pence	Pence
Basic Earnings Per share	3.14	1.05
Diluted Earnings per share	2.99	0.99