

Tanfield Group PLC
26 April 2006

Tanfield Group plc

Preliminary Results

Twelve months to December 31st, 2005

Highlights

- Turnover Growth £22.4 million from £10.7million
- Operating profit (continuing and discontinuing) before tax £2.0m compared to loss of £5.8million.
- Strengthened Balance Sheet £11.8million net assets from £1.4million.
- Continued growth in order book.
- Launch of new products: Aerial Access; Electric Vehicles.
- Confirmed orders for new range of electric vehicles.

Tanfield Group Plc (TAN) is pleased to announce its preliminary results for the twelve month period to 31 December 2005 and also takes the opportunity to comment on the structure of the Group, acquisitions, recent trading performance and future prospects.

Following the large scale restructuring in 2004, the financial results for the twelve months to December 2005 demonstrate strong growth, profitability and a robust balance sheet.

Summary of Financial Performance

Turnover for the twelve month period grew to £22.4m, which compares to £10.7m for the full year to December 2004. This follows significant organic growth in the Group's operations and integrating the Smith Electric Vehicles business, which has stimulated sales growth across all of the Group's divisions.

Operating profit (continuing and discontinuing) before tax for the period of £2.0m compares favourably to the loss of £5.8m in the year to December 2004.

The balance sheet has been significantly strengthened during the period, with net assets at the end of December of £11.8m compared to £1.4m at the end of 2004. We now have Net Current Assets of £2.5m, compared to Net Current Liabilities of £1.9m at December 2004 and total debt has reduced to £2.8m at December 2005.

During the period, a new £4m Group bank facility was agreed which not only increases the working capital facilities available to the Group, but also significantly reduces its cost of borrowing. Furthermore, the Group raised mortgage funding to allow it to acquire the long leasehold on two of its buildings on the Tanfield site for a consideration of £1.16m.

Structure of the Group

Over the past twelve months the Group has developed a portfolio of businesses focused on providing zero emission vehicles and zero emission industrial products to customers operating in closed urban and industrial environments. This portfolio of businesses is supported by our well-established engineering capability.

Smith Electric Vehicles: is the largest manufacturer of commercial road going electric vehicles in the world with a customer base of over 500 operating both in the private and public sectors. It provides customers with vehicles using traditional technology and more recently has begun to deliver Faraday vehicles which have proven innovative technology with much greater range and speed. It also provides a national service and maintenance infrastructure to these customers with over 120 engineers in the field at eleven depots. This

infrastructure gives customers, particularly large fleet users, the confidence that the Group can support the vehicles in the field.

Norquip: is one of the world's leading manufacturer of ground support equipment in the form of airport service vehicles and passenger transfer units. Since the business was relaunched by the Group and the design of vehicles re-engineered, product has been delivered to customers and both the order book is ahead of plan and enquiry levels very buoyant.

Jumbotugs: is a UK brand that is recognised worldwide for producing one of the best electric powered tow tractors and platform trucks. These vehicles are used predominantly in the Airport and Industrial sectors.

Aerial Access: is a manufacturer with a global reputation for innovation and a strong heritage in the design and manufacture of high quality electrically powered aerial lifts and access platforms.

Tanfield Engineering Systems: is an engineering business that as well as supporting the Group's own product range also provides complex integrated systems to third party blue chip customers.

Growth of the Group

The profitable growth over the past year demonstrates the success of the strategy for the Group to concentrate on the expansion of the product ranges of electric vehicles and aerial access equipment and on value added engineering work with blue chip customers. The Group is considering further consolidation of all its assembly processes onto one site as the Directors believe this would increase operational efficiency. Existing operational improvements at the Tanfield site have already significantly reduced the unit cost of manufacture and improved output volumes.

Trading Update

The acquisition of SEV Group at the end of 2004 and of Norquip mid 2005 have both proved to be a success which the Directors believe have significantly increased the growth potential for the Group.

Smith Electric Vehicles

The most exciting development has been the significant growth in the order book for electric vehicles. There has been a substantial increase in orders for vehicles in the public sector : for municipals in such areas as waste disposal, parks and gardens maintenance, hospitals and universities; and in the private sector for home delivery companies, airport operators and wider industry. This has led to a quadrupling of output since the end of the third quarter of 2004. The increase in sales has been reflected in both the traditional type vehicles and, more significantly, the updated technology vehicles such as Faraday.

Service and Maintenance: There has been a doubling of sales in the service and maintenance division over the past twelve months. There continues to be further growth potential in this division based out of our nationwide chain of depots. SEV currently has over 120 people employed in servicing and maintaining electric vehicles throughout the UK, increased from 80 people at the half year. The Directors expect that this division will be further supplemented by increased business from existing customers. Also, as each new electric vehicle is sold it normally involves a five year service and maintenance contract. The availability of this service and maintenance network gives existing and future buyers of electric vehicles the confidence that there is a high level of support for their fleets.

New Vehicle Production: During the past twelve months this division has developed two new road going electric vehicles that can achieve ranges of over 100 miles and speeds of 50 mph. These vehicles cater for the demand in the home delivery market. The vehicles are now in production for a number of customers including, as well as those who traditionally buy electric vehicles, a number who have not previously bought electric vehicles. We have established for these new users that the vehicles offer significant whole life cost savings over, and are comparable in driveability to equivalent diesel vehicles.

Orders for New Vehicles (Faraday): As well as being in final negotiations with a number of other significant logistics, courier, Internet and home shopping companies. The following customers have confirmed orders;

- Sainsbury PLC - Home shopping delivery
- Petit Forestier - Europe wide Chilled Food distribution
- BAA - Airport transit and transport usage
- Co-Op Services- Secure data and recyclable waste transport
- Enterprise plc - Facilities management usage
- MRS Ltd - Estate services and management

The above orders reflect the level of acceptance in the market for our new vehicles.

New Vehicle Development: We are also working in collaboration with a national parcel delivery company and a specialist national food chain business to produce vehicles that meet specific specifications for their operations. These two vehicles have a potential demand of several thousand units within their sectors. They are expected to be ready for production by September 2006. We are also developing a 'mini-bus' vehicle for the National Trust. They have several hundred such diesel vehicles across their estate and want to replace these with zero emission electric vehicles.

By the end of 2006 we expect to have introduced five new electric vehicles to the market, each with a number of body configurations.

Aerial Access

There has been growth in both existing and new markets. More aggressive marketing of what was already a well respected product range meant that during 2005 there was large growth in the United States and mainland Europe. The business has aimed at serving the independent sector of this market.

Output Growth: Sales have increased by over 400% during the year with 90% of these exported sales. The division has experienced further substantial growth in Europe over the past six months, seeing output rise to this market by over 250%. The drivers behind this growth are better distribution channels, the appointment of new, better qualified agents and improvements to the range. Another important driver is the legislation introduced across Europe, The Health and Safety at Work Regulation, which limits the use of ladders and forces people to either use scaffolding or powered work platforms.

A new range of Aerial Access lifts, based on a standardised build programme, with enhanced features, was launched at the end of 2005. This product range has been well received by the market and orders have exceeded expectation. Distribution of the product range will be increased over the next twelve months by appointing more agents in mainland and Eastern Europe. The new venture with a partner in China is progressing and production will commence in the fourth quarter of this year.

Jumbotugs

Before the acquisition of SEV by Tanfield Group, this business had received very little development or focused investment for a number of years. The opportunity to provide zero emission tow tractors to the airport sector is a large, global opportunity and the sector is under pressure to reduce emissions. The product range has been re-engineered for ease of manufacture and to improve margins and the revised product has been very well received in the market place. During 2005, sales grew by 300% to over £1million and the business achieved 80% of

export sales. This year to date, the sales and order book exceed this figure substantially. Enquiries are at an unprecedented level. A new vehicle has been introduced to the market and is currently being trialled by two major national airlines. The trials to date are proving successful and because of its unique performance characteristics the vehicle has the potential to increase the sales of the business significantly over the next twelve months.

Norquip

The acquisition of the Norquip business for £280k in May 2005 has proven to be a worthwhile investment. The market has received the re-launch of the business with great enthusiasm. Sales are ahead of plan and the order book has grown substantially. This business exports 80% of its sales. This acquisition has increased our product offering in the airport sector and it allows the Group to integrate this product range with our electric drive train. This integration has proved very successful and we have received orders for 4 vehicles incorporating this technology, thus providing a product which was previously mounted on a diesel vehicle as a zero emission vehicle.

Tanfield Engineering Systems

The Group has leveraged the exceptional engineering capability of this division to support the development and sales of its product based businesses. There has been significant organic growth within Tanfield Engineering Systems with the monthly run rate growing significantly and steadily during the year and we are confident of being able to grow this business further. In 2005 this division accounted for 45% of sales of the Group. This year it will represent less than 20% due to the growth and acquisitions in other areas

Summary

Following a year of large scale change in our business model and the strategic acquisitions of SEV Group and Norquip, the Group is now demonstrating markedly improved profitable growth. The product portfolio that has been put together is highly complementary and has major growth potential in several large global markets. We have a number of exciting new products and projects in the pipeline, in both the Aerial Access and Electric Vehicle sectors, which are soon to be launched and we are seeing continuing organic growth in all our chosen target markets. We are also now operating from a position of renewed financial strength.

There has been major change in our organisation over the past twelve months. This would not have been possible without the efforts of all our people. I would like to take this opportunity to thank all our people for their efforts over the past 12 months and for the continuing support of all our stakeholders.

Roy Stanley
Chairman Tanfield Group plc

TANFIELD GROUP PLC

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £000's	2004 £000's
Continuing Operations		
Revenue	22,431	10,687
Other operating income	42	1
Changes in inventories of finished goods and WIP	1,983	(12)

Raw materials and consumables used	(9,112)	(3,692)
Reversal of previously impaired assets	69	-
Staff costs	(9,080)	(5,457)
Depreciation and amortisation expense	456	(490)
Other operating expenses	(4,680)	(3,305)
	-----	-----
Profit/(Loss) from continuing operations	2,109	(2,268)
Finance costs	(109)	(643)
	-----	-----
Net Profit/(Loss) before tax for year	2,000	(2,911)
Income tax expense	(344)	38
	-----	-----
Profit/(Loss) for the year from continuing operations	1,656	(2,873)
Discontinued operations		
Profit/(Loss) for period from discontinued operations	38	(2,936)
	-----	-----
Net profit for the year	1,694	(5,809)
	=====	=====
Earnings per share		
From continuing operations		
Basic	1.00p	-3.98p
Diluted	0.97p	-3.98p
From continuing and discontinued operations		
Basic	1.03p	-8.04p
Diluted	0.99p	-8.04p

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	2005 £000's	2004 £000's
ASSETS		
Non Current Assets		
Property, Plant and Equipment	4,015	2,289
Goodwill	5,143	4,913
Intangible Assets	3,213	604
	-----	-----
	12,371	7,806
	-----	-----
Current Assets		
Inventories	4,377	2,417
Trade and Other Receivables	5,700	4,041
Cash and Cash Equivalents	1,478	8,746
	-----	-----
	11,555	15,204
	-----	-----
TOTAL ASSETS	23,926	23,010
	=====	=====
LIABILITIES		
Current liabilities		
Trade and Other Payables	5,511	6,711
Tax Liabilities	299	-
Obligations Under Finance Leases	631	547
Bank and other Loans and Overdrafts	1,048	9,620
Other Creditors	1,583	-
Provisions	-	279

	9,072	17,157
Non Current Liabilities		
Bank and other Loans	1,392	329
Other Creditors	211	291
Obligations Under Finance Leases	723	927
Deferred Tax Liability	45	-
Convertible Loan Notes	69	1,663
Provisions	661	1,209
	3,101	4,419
TOTAL LIABILITIES	12,173	21,576
Equity		
Share Capital	1,905	1,328
Share Premium Account	1,509	18,632
Share Option reserve	308	410
Loan Stock Equity Reserve	6	169
Merger Reserve	1,534	1,534
Capital Reduction Reserve	7,228	-
Profit And Loss Account	(737)	(20,639)
Total Equity	11,753	1,434
Total Equity & Liabilities	23,926	23,010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Share capital £000's	Share Options reserve £000's	Share Premium £000's	Capital Reduction Reserve £000's	Loan Stock Equity Reserve £000's	Merger Reserve £000's	Profit and Loss Account £000's	Total Equity £000's
Balance at 1 January 2004	617	410	12,529	-		1,534	(14,908)	182
Issue of new share capital	711		6,103	-	-	-	-	6,814
Equity element of loan stock	-	-	-	-	169	-	-	169
Net loss for the (5,809) year	-	-	-	-	-	-	(5,809)	
Balance at 1 January 2005	1,328	410	18,632	-	169	1,534	(20,717)	1,356
- prior period adjustments	-	-	-	-	-	-	78	78
- as restated	1,328	410	18,632	-	169	1,534	(20,639)	1,434
Exercise of share options	12	(102)	-	-	-	-	134	44
Issue of new share capital	356	-	6,517	-	-	-	-	6,873
Capital Reduction	-	-	(25,302)	7,228	-	-	18,074	-
Conversion of convertible loan notes	200	-	1,581	-	(163)	-	-	1,618
Shares issued for	9	-	81	-	-	-	-	90

consideration									
Net profit for the year	-	-	-	-	-	-	1,694	1,694	
Balance at 31 December 2005	1,905	308	1,509	7,228	6	1,534	(737)	11,753	
	-----	-----	-----	-----	-----	-----	-----	-----	-----

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £000's	2004 £000's
Operating Activities		
Cash used in operations	(1,990)	(2,614)
Interest paid	(207)	(620)
Net Cash used in Operating activities	(2,197)	(3,234)
Investing Activities		
Acquisitions	(324)	(2,541)
Purchase of property, plant and equipment	(2,562)	(202)
Proceeds from sale of property, plant and equipment	-	222
Purchase of intangible fixed assets	(1,488)	(11)
Interest received	98	18
Net cash used in investing activities	(4,276)	(2,514)
Financing Activities		
Issue of ordinary share capital	6,886	6,714
Repayment of bank loans	742	(110)
Capital element of finance leases	(121)	(648)
Net cash from financing	7,507	5,956
Net Increase in Cash and Cash Equivalents	1,034	208
Cash and cash Equivalents at beginning of Year	(74)	(282)
Cash and Cash equivalents at end of the year	960	(74)

Notes

1. Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') for the first time.

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 2004 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.

These figures have been restated in accordance with IFRS. The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') for the first time.

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 165,038,027 (2004 - 72,209,946), and the earnings, being the profit on ordinary activities after taxation and minority interest are £1,694,000. (2004: loss of £5,809,000).

The weighted average number of shares for diluted earnings per share is 169,884,842, and the diluted earnings are £1,649,000. No diluted loss per share was disclosed in 2004 as the share options were anti dilutive.

	Year ended 31 December 2005	Year ended 31 December 2004
	Pence	Pence
Earnings/(Loss) Per share	1.03	(8.04)
Diluted Earnings per share	0.99	(8.04)

4 Explanation of transition to IFRS

This is the first year that the company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 31 December 2004 and the date of transition to IFRS was therefore 1 January 2004.

Group Balance Sheet

Reclassifications

IFRS results in a number of reclassifications between balance sheet categories. For clarity, the reclassifications are shown in a separate column to the other IFRS impacts which increase or decrease net assets.

Share Based Payments

Under IFRS2 'Share Based Payments' a charge to the income statement is made reflecting the fair value of options granted. The Group has elected to apply the exemption permitted under IFRS1 in respect of options granted but not vested before 1 January 2005 to not implement IFRS2. There have been no resulting changes in financial statements.

Business Combinations

The Group has not elected to make retrospective application of IFR 3 in respect of business combinations prior to the transition date of 1st January 2004.

In October 2004, the Group acquired SEV Group Ltd. The business combination has been restated to comply with IFRS 3. Assets acquired have been valued at deemed cost. The impact has been the reclassification of part of the goodwill as an intangible asset representing the value of the order book acquired of £560,000.

Goodwill

IAS 36 has been applied in testing the goodwill for impairment at the date of transition to IFRS. No changes have been made to the carrying amounts of goodwill.

expense					
236 (3,305) Other expenses		(3,541)	(3,541)	Other operating charges	
Administrative expenses	(7,920)	7,920			
---	-----	-----	-----	-----	---
Operating loss	(5,175)	-	(2,426)	Operating loss	(78)
236 (2,268)					
Interest receivable & similar income	18	-	18	Interest receivable & similar income	
interest payable & (661) Finance costs	(848)	187	(661)	Interest payable & similar charges	
similar charges					
---	-----	-----	-----	-----	---
Loss on ordinary activities before tax	(6,005)	(2,936)	(3,069)	Loss on ordinary activities before tax	(78)
236 (2,911)					
Tax charge on profit on ordinary expense activities	38	-	38	Tax charge on profit on ordinary activities	
38 Income tax					
---	-----	-----	-----	-----	---
Loss on ordinary activities after tax	(5,967)	(2,936)	(3,031)	Loss on ordinary activities after tax	(78)
236 (2,873)					
Discontinued operations		-	-	Discontinued operations	
Loss for period from discontinued operations	-	(2,936)	(2,936)	Loss for period from discontinued operations	
(2,936) Loss for period from discontinued operations					
---	-----	-----	-----	-----	---
Retained loss	(5,967)	-	(5,967)	Retained loss	(78)
236 (5,809) Net loss for the year					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Consolidated Balance Sheet Reconciliation - 31 December

2004

UK GAAP balances	IFRS	UK GAAP balances	Further IFRS
adjustments (UK GAAP to IFRS) in UK GAAP Format IFRS format	IFRS balances in Adjustments	adjustments in IFRS format	
	Creditors Provisions		

£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Order Book Capitali- sation	Reclassi- fication					Reclassi- fication of intangibles	Write back of goodwill 2004
ASSETS					ASSETS		
ASSETS					Non Current		
Fixed Assets					Assets		
Non Current							
Assets					Property,	(44)	-
Tangible		2,333	-	-	2,333		
-	-	2,289	Property,				
Assets					Plant and		
Plant and					Equipment		
Equipment					Goodwill	-	236
Goodwill		5,237	-	-	5,237		
(560)	-	4,913	Goodwill				
Intangible			-	-	-	Intangible	44
560	-	604	Intangible				
assets					Assets		
Assets							
		7,570	-	-	7,570	-	236
-	-	7,806					
Current					Current Assets		
Current							
Assets					Inventories	-	-
Assets							
Stocks		2,417	-	-	2,417		
-	-	2,417	Inventories				
Debtors due		4,041	-	-	4,041	Trade and	-
-	-	4,041	Trade and				
within one					Other		
Other					Receivables		
year							
Receivables					Cash and Cash	-	-
Cash and		8,746	-	-	8,746		
-	-	8,746	Cash and				
balances with					Equivalents		
Cash							
banks							
Equivalents							
		15,204	-	-	15,204		
15,204							
Total Assets		22,774	-	-	22,774	Total Assets	--
-	-	23,010	Total				236
Assets							

EQUITY & EQUITY & LIABILITIES LIABILITIES Capital and Equity reserves					EQUITY & LIABILITIES Equity		
Share Capital	1,328	-	-	1,328	Share Capital	-	-
-	-	1,328	Share				
Capital Shares to be	410	-	-	410	Capital	-	-
-	-	410	Share				
issued Option					Reserves		
Reserve							
-	169	169	Loan Stock			-	-
Equity							
Reserve Merger	1,534	-	-	1,534	Merger reserve	-	-
-	-	1,534	Merger				
reserve reserve Capital	18,632	-	-	18,632	Capital	-	-
--	-	18,632	Share				
Reserves Premium					Reserves		
Account Profit and	(20,875)	-	-	(20,875)	Profit and	-	236
-	-	(20,639)	Profit and				
loss account loss					loss account		
account							
-----	-----	-----	-----	-----	-----	-----	-----
Total Equity	1,029	-	-	1,029	Total Equity	-	236
-	169	1,434	Total				
Equity							
-----	-----	-----	-----	-----	-----	-----	-----
Creditors: Non-current due after one liabilities year	3,379	(3,379)	-	-	Non-current liabilities		
-	(60)	389	Bank Loans	389	Bank Loans	-	-
-	(169)	329	Bank Loans	1,832	Convertible	-	-
		1,832	Convertible				
Loan Notes					Loan Notes		
-	-	927	Obligations	927	Obligations	-	-
		927	Obligations				
Under Finance Leases					Under Finance Leases		

Consolidated Balance Sheet Reconciliation - 31 December 2004

(continued)

UK GAAP balances		IFRS		UK GAAP balances		Further IFRS	
adjustments (UK GAAP to IFRS)		IFRS balances		in			
in UK GAAP Format		Adjustments		in IFRS format			
IFRS format							
		Creditors		Provisions			
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
-	(279)	1,209	Provisions	1,488	1,488	Provisions	-
-	60	291	Other	231	231	Other creditors	-
creditors		3,379	-	1,488	4,867	-	-
-	(448)	4,419					
Provisions for liabilities & charges		1,488	(1,488)		-		
Current liabilities		16,878	(16,878)		-	Current liabilities	
Other Payables			547		547	Obligations Under Finance	
-	-	6,711	Trade and	6,711	6,711	Trade and Other Payables	-
Leases			9,620		9,620	Bank Loans and	-
-	-	9,620	Bank Loans				-
Overdrafts						Overdrafts - due within 1 yr	
-	279	279	Provisions			Provisions	-
-	279	16,878		-	16,878		-
		17,157					
Total Liabilities		21,745	-	-	21,745	Total Liabilities	-
-	169	21,576	Total Liabilities				-

Total equity	22,774	-	-	22,774	Total equity & liabilities	-	236
& liabilities	23,010						
& liabilities							

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

Tanfield Group Plc Consolidated Balance Sheet Reconciliation - 31 December 2003

UK GAAP (UK GAAP balances in UK IFRS format GAAP Format	IFRS Adjustments IFRS balances in	UK GAAP balances in IFRS format	Further IFRS adjustments to IFRS)
£000's	£000's	£000's	£000's
			Reclassification of intangibles
ASSETS		ASSETS	
ASSETS		Non Current	
Fixed		Assets	
Non Current		Assets	
Assets		Tangible	
Assets	2,962	2,962	(40)
Tangible		Property,	
2,922		Plant and	
Property,		Equipment	
Assets		Goodwill	
Plant and		4,556	-
Equipment	4,556	Goodwill	
Goodwill		-	
4,556		Intangible	
Goodwill		40	
Intangible		Assets	
-			
-			
40			
Intangible			
assets			
Assets			
	7,518	7,518	
Current		Current	
Current		Assets	
Assets		Assets	
Assets		Inventories	
Stocks	779	779	-
779			
Inventories			

Debtors due	1,228	-	-	1,228	Trade and	-	-
1,228 Trade and					Other		
within one					Receivables		
year							
Receivables							
Cash and	3,172	-	-	3,172	Cash and	-	-
3,172 Cash and					Cash		
balances					Equivalents		
Cash							
with banks							
Equivalents							
-----		-----	----	-----		-----	-----

5,179	5,179	-	-	5,179		-	-
-----		-----	----	-----		-----	-----

Total	12,697	-	-	12,697	Total	-	-
12,697 Total					Assets		
Assets					Assets		
Assets							
-----		-----	----	-----		-----	-----

EQUITY & LIABILITIES					EQUITY &		
EQUITY &					LIABILITIES		
LIABILITIES					Equity		
Capital and reserves							
Equity					Share	-	-
Share	617	-	-	617	Share		
617 Share					Capital		
Capital					Shares to	-	-
Capital					410 Shares to		
Shares to	410	-	-	410	be issued		
410 Share							
be issued							
Options							
Reserve							
Merger	1,534	-	-	1,534	Merger	-	-
1,534 Merger					reserve		
reserve							
reserve					Capital	-	-
Capital	12,529	-	-	12,529	Capital		
12,529 Capital					Reserves		
Reserves							
Reserves					Profit and	-	-
Profit and	(14,908)	-	-	(14,908)	loss		
(14,908) Profit and					loss		
loss					account		
loss							
account							
account							
-----		-----	----	-----		-----	-----

Total	182	-	-	182	Total	-	-
182 Total					Equity		
Equity					Equity		
Equity							
-----		-----	----	-----		-----	-----

Creditors:	3,418	(3,418)	-		Non-current		
Non-current					liabilities		
due after							
liabilities							
one year							

850 Bank Loans	850	-		850 Bank Loans	-	-
1,784 Convertible Loan Notes	1,784	-		1,784 Convertible Loan Notes	-	-
784 Obligations Under Finance Leases	784	-		784 Obligations Under Finance Leases	-	-
349 Provisions		544		349 Provisions	-	(195)
-----	-----	-----	-----	-----	-----	-----
3,767	3,418	-	544	3,962		(195)
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Provisions & charges	544	-	(544)	-	-	-
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Tanfield Group Plc
Reconciliation - 31 December 2003

Consolidated Balance Sheet

UK GAAP balances in adjustments (UK GAAP in IFRS UK GAAP Format IFRS)				IFRS Adjustments IFRS balances format		UK GAAP balances in IFRS format		Further IFRS to	
				Creditors Provisions					
£000's	£000's	£000's	£000's	£000's	£000's	Reclassification of intangibles			
Current liabilities	8,553	(8,553)	-	-	Current liabilities				
- 4,046 Trade and Payables		4,046	-	4,046	Trade and Other Payables				
- 1,053 Obligations		1,053	-	1,053	Obligations				
Under Finance Leases					Under Finance Leases				
- 3,454 Bank Loans and Overdrafts		3,454	-	3,454	Bank Loans and Overdrafts - due within 1 yr				

Net Cash from Operating activities	(3,234)	-	-
- (3,234)			
Investing Activities			
Acquisitions	(2,541)	-	-
- (2,541)			
Purchase of property, plant and equipment	(213)	11	-
11 (202)			
Proceeds from sale of property, plant and equipment	222	-	-
- 222			
Purchase of intangible fixed assets	-	(11)	-
(11) (11)			
Interest received	18	-	-
- 18			
Net cash used in investing activities	(2,514)	-	-
- (2,514)			
Financing Activities			
Issue of ordinary share capital	6,714	-	-
- 6,714			
Repayment of bank loans	(110)	-	-
- (110)			
Capital element of finance leases	(648)	-	-
- (648)			
Net cash used in financing	5,956	-	-
- 5,956			
Net increase/(decrease) in cash and cash equivalents	208	-	-
- 208			

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