The Tanfield Group Plc, the leading manufacturer of aerial work platforms and commercial electric vehicles, is pleased to announce its unaudited interim results for the six month period to 30 June 2008.

Financial Highlights

- Turnover increased to £92.8m (H1 2007: £36.8m)
- Profit from operations increased to £10.3m (H1 2007: £5.4m)
- Net cash at 30 June of £12m (H1 2007: £4.7m)

Corporate Highlights

- Strong trading in the first five months of 2008
- Net cash at 30th September of £12m: with no debt
- Increasing cash balances during 4th quarter, supported by independent review of working capital
- Smith Electric Vehicles supplier issues resolved
- Restructuring; cost reduction and cash conversion plan implemented
- Write down of goodwill and inventory

Roy Stanley, Chairman, said:

“It has been a very difficult time but we have managed through it. The business has been restructured and is operating normally, albeit in line with a reduced growth plan in the face of unpredictable market conditions. It is now time to hunker down with slower growth and run the business for sustainable profit and cash generation.”

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CHAIRMAN'S STATEMENT

Financial Performance

The Group continued to make progress in the six months ended 30 June 2008.

Turnover in the period was £92.8m, up 152% on H1 2007 (£36.8m). Profit from operations of £10.3m was up 91% (H1 2007 £5.4m). Turnover increased 36% on the pro-forma numbers for the same period in 2007 (pro-forma numbers are adjusted to take into account the acquisition of Snorkel in August 2007). Because of a market analysis and ongoing trading conditions, the Board felt it prudent to undertake an impairment review of its goodwill and other assets, particularly those arising from the acquisition of Snorkel International Inc in 2007. As a result there were a series of impairments totalling £75m, of which £48m arose from the impairment of Powered Access Goodwill and other intangible assets. These adjustments are non-cash items and result in loss after impairments of £65m.

The Balance Sheet after the impairments remains strong with net assets of £98m and excess of current assets over current liabilities of £82m. Cash at 30 June 2008 was £12m, at the end of September the cash figure is £12m. The Group's cash flow forecasts anticipate an increase in the Group's cash balances during the 4th quarter aided by the unwinding of working capital. Ernst & Young LLP were engaged by the Group to undertake a review of its cash flow forecasts, together with the underlying assumptions, for the remainder of the year. Having considered their report, the Board remains confident that:

- the Group's cash balances will start to increase in the final quarter;
- the business has sufficient working capital for the medium term; and
- there will be no requirement for any fund raising.

The business also has an unutilised debt facility in the USA of $35m.

Restructuring

We announced on July 1st that, following exceptional and unpredictable changes in our markets, our revised strategy would be to focus on cash conversion of profit and growing at a more moderate rate. The focus has been placed on being able to respond as quickly as possible to the rapid change in our trading environment. With this in mind, we have sized the business in line with expected market conditions.

Business: We have decided to withdraw from manufacturing the Norquip product range of airport equipment. Carrying the overhead attached to the business was not justified in relation to foreseeable market conditions. However, we will continue to provide spare parts and product support to all our existing Norquip customers. The Board will review this decision periodically.

Labour: The whole global organisation has been restructured to remove approximately 30% of our labour cost whilst ensuring we retain our key skills and competencies for the future. This will provide an annual cost saving in excess of £6m. We have identified areas of the operation that are not business critical and these have been suspended or discontinued permanently. Operational management has focused on cross training employees, driving out waste and improving velocity through the assembly operations.

Suppliers: In order to generate further cash we are reducing finished goods stock levels and building new machines, wherever possible, from existing inventory. In addition we have, where necessary, cancelled or rescheduled all outstanding purchase orders to reduce our raw material inventory and future liabilities. Our supply chain team is working on consolidating our supply base and re-negotiating terms and conditions to allow us to improve our flexibility and responsiveness in line with customer expectations.

Trading & Trading Outlook

Powered Access

Trading in the first five months of the year was strong, with significant inroads being made into the US, Western European, and emerging markets, assisted by the breadth of the combined product range and brand equity afforded by the combination of UpRight and Snorkel. June was a turning point for our industry with a significant reduction in overall industry demand and a substantial swing in product mix. The emerging markets remain buoyant and our penetration into these areas continues but even here, as with the more developed markets, the rate of growth is being hindered by the availability of credit. The Directors believe that the long term outlook for the industry is still strong due to the fundamental market drivers.

Tanfield has responded rapidly to the market downturn for aerial work platforms, cutting capacity in line with market conditions. We believe that, globally, due to the swiftness of the downturn, there remains an excess inventory of finished machine stock in the industry. In management's view this excess will take time to be depleted due to the reduced capital expenditure the larger rental companies are now reporting.

North America remains the most challenging market, the global macro-economic conditions exacerbated by uncertainty over the forthcoming election, further compounded by geographically the greatest concentration of excess equipment.

As anticipated, the UpRight distributor network is maintaining relatively strong sales to end users aided by an expanding range of equipment and our global presence. This goes some way to hedge against the global downturn in Powered Access, as UpRight is far less reliant on sales to major equipment rental companies than its competitors. However this market has been affected by the availability of credit to our end users.

We continue to enhance UpRight’s reputation for innovation and this month launched five new products at the APEX industry show in Holland. Three of these are “niche volume” machines, in line with our strategy of delivering products with no direct competitor in the market.

Smith Electric Vehicles

The supply issues which we referred to in our July statement have been resolved. We now have robust supply chains in place for Edison and Newton. We have been successful in developing new electric drive trains and are working to put a robust supply chain in place for the Ampere, our latest generation electric car based van.

The credit crunch is causing concern and delaying investment particularly within the volume end of the market. Registrations of commercial vehicles are significantly down as users reduce capital expenditure due to concerns over their own trading conditions and the availability of funding. Whilst we are therefore confident of further market and customer trials and further expansion into Europe, and North America, we believe that volume orders will be dependent upon the return of customer confidence.

However, interest in the Smith range of vehicles remains buoyant. We have just received an order for our largest 12 ton electric truck: a £1.1m contract to deliver 10 vehicles for TKMaxx. We have firm orders for 60 trial vehicles for the USA next year with letters of intent for another 200. Given the current economic climate the Board is considering a number of strategies in the way it is going to approach the opportunity in the USA.

Summary and Outlook

Trading conditions for both Divisions remain challenging. However, we have taken swift and responsible action to preserve the Group's profitability and cash in the short to medium term, while providing a solid platform for steady growth once market conditions normalise.

Board Changes and Management

We continue to look to strengthen the Board. We will be seeking to appoint another non-executive director over the next few months. We have further strengthened the executive team with the appointment of Geoff Allison as Managing Director for the Electric Vehicle division. Geoff was formerly Plant Manager at the Vigo Centre facility and brings with him a wealth of experience in managing growth in international manufacturing environments. He has been with the Group since 2006. Geoff will be joining the Board on the 1st November 2008. This will allow for a more divisionalised structure within the Group.

In what have been very difficult circumstances the executive team have been doing an outstanding job. A great deal of the progress achieved since the beginning of July in re-establishing stability to the business is down to their dedication and ability. The credibility of the management team in our industrial markets has never been greater.

Our People

It has been a time of great uncertainty for all the people who work in the Group. We have seen a number of our colleagues leave the business. I thank them for their involvement in helping to grow the company and wish them well for the future and I personally thank all those people remaining in the business for their continuing dedication and support.

Consolidated Income Statement

For the six months ending 30th June 2008

	Six months to 30 Jun 08 (unaudited) £000's	Six months to 30 Jun 07 (unaudited) £000's	Year to 31 Dec 07 (audited) £000's
Continuing operations			
Revenue	**92,785**	**36,826**	**123,288**
Changes in inventories of finished goods and WIP	(3,896)	257	8,702
Raw materials and consumables used	(53,374)	(18,291)	(87,980)
Staff costs	(16,971)	(8,563)	(23,667)
Depreciation and amortisation expense	(1,400)	(827)	(2,724)
Other operating income	-	-	2,769
Other operating expenses	(6,858)	(4,135)	(7,560)
Profit from operations	**10,286**	**5,267**	**12,828**
Impairment of Goodwill	(33,155)	-	-
Impairment of Intangible assets	(15,260)	-	-
Impairment of Inventories	(15,325)	-	-
Impairment of Receivables	(11,549)	-	-
Restructuring costs	-	-	(1,270)
(Loss) / Profit from continuing operations	**(65,003)**	**5,267**	**11,558**
Finance costs	(549)	(80)	(331)
Interest receivable	288	171	1,210
(Loss) / profit before taxation	**(65,264)**	**5,358**	**12,437**
Income tax expense	(2,807)	(1,500)	(560)
Net (loss) / profit from continuing operations	**(68,071)**	**3,858**	**11,877**
Discontinued operations			
(Loss) from discontinued operations	-	-	(1,484)
(Loss) / profit for the period	(68,071)	3,858	10,393
Earnings per share before exceptional items			
From continuing operations			
Basic (pence)	1.95	1.32	3.14
Diluted (pence)	1.88	1.26	2.99
From continuing and discontinued operations			
Basic (pence)	1.95	1.32	3.14
Diluted (pence)	1.88	1.26	2.99

Consolidated Balance Sheet

As at 30th June 2008	30 Jun 08 (Unaudited) £000's	30 Jun 07 (Unaudited) £000's	31 Dec 07 (Audited) £000's
ASSETS			
Non Current Assets			
Property, plant and equipment	8,106	4,389	6,098
Goodwill	0	5,143	32,244
Intangible assets	13,110	7,417	22,685
Deferred tax asset	785	-	785
	22,001	16,949	61,812
Current Assets			
Inventories	61,300	21,936	60,352
Trade and other receivables	46,197	23,568	47,197
Investments	130	94	120
Current tax assets	-	-	1,459
Cash and cash equivalents	12,009	4,938	27,952
	119,636	50,536	137,080
Total Assets	**141,637**	**67,485**	**198,892**
LIABILITIES			
Current liabilities			
Trade and other payables	32,169	13,373	26,406
Tax liabilities	1,293	2,678	-
Obligations under finance leases	671	402	684
Bank loans and overdrafts	-	203	-
Other creditors	3,728	1,532	467
Provisions	-	-	-
	37,861	18,188	27,557
Non Current Liabilities			
Bank loans	-	931	-
Other creditors	5,066	288	5,021
Deferred tax liability	-	19	-
Obligations under finance leases	800	384	1,100
Convertible loan notes	-	-	-
Provisions	-	262	-
	5,866	1,884	6,121
Total Liabilities	43,727	20,072	33,678
Equity			
Share capital	3,704	2,930	3,703
Share premium account	138,511	29,646	138,493
Share option reserve	992	255	992
Loan stock equity reserve	-	-	-
Merger reserve	1,534	1,534	1,534
Translation reserve	1,627	67	879
Capital reduction reserve	7,228	7,228	7,228
Profit and loss account	(55,686)	5,754	12,385
Total Equity	97,910	47,413	165,214
Total Equity and Liabilities	**141,637**	**67,485**	**198,892**

Consolidated Cash Flow Statement

For the six months ending 30th June 2007

	Six months to 30 Jun 08 (unaudited) £000's	Six months to 30 Jun 07 (unaudited) £000's	Year to 31 Dec 07 (audited) £000's
Operating Activities			
Profit / (loss) from continuing and discontinuing operations	10,286	5,267	10,594
Depreciation of property, plant and equipment	535	437	991
Amortisation of intangible fixed assets	865	390	1,752
(Gain) loss on disposal of fixed assets	(15)	-	57
Operating cash flows before movements in working capital	**11,671**	**6,094**	**13,394**
(Increase) decrease in debtors	(10,247)	(9,657)	(19,049)
Increase (decrease) in creditors	4,598	6,539	9,779
(Decrease) Increase in provisions	3,216	(701)	(4,416)
(Increase) decrease in inventories	(15,764)	(7,767)	(28,749)
Cash (used) generated from operations	**(6,526)**	**(5,492)**	**(29,041)**
Tax paid	(46)	-	(2,943)
Interest paid	(549)	(80)	(331)
Net Cash (used) generated from Operating activities	**(7,121)**	**(5,572)**	**(32,315)**
Investing Activities			
Acquisition of subsidiaries, net of overdraft acquired	-	-	(44,564)
Purchase of property, plant and equipment	(2,513)	(1,090)	(1,851)
Proceeds from sale of property, plant and equipment	-	-	758
Purchase of investments	(3)	-	(23)
Purchase of intangible fixed assets	(6,417)	(2,016)	(2,949)
Interest received	288	171	1,210
Net cash used in investing activities	**(8,645)**	**(2,935)**	**(47,419)**
Financing Activities			
Proceeds from issuance of ordinary shares	19	1	109,622
Increase in bank loans and other borrowings	-	52	-
Repayment of borrowings	-	-	(14,904)
Repayment of obligations under finance leases	(327)	(183)	(621)
Net cash used in financing	**(308)**	**(130)**	**94,097**
Net Increase/(Decrease) in Cash and Cash Equivalents	(16,074)	(8,637)	14,363
Cash and cash equivalents at beginning of the period	27,952	13,546	13,546
Effect of foreign exchange changes	131	-	43
Cash and cash equivalents at end of the period	**12,009**	**4,909**	**27,952**

Consolidated Statement of Changes in Equity

For the six month period ended 30th June 08

	Share capital £000's	Share Premium £000's	Share Option Reserve £000's	Loan Stock 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 2008	3,703	138,493	992	-	1,534	7,228	879	12,385	165,214
Exercise of share options	1	18	-	-	-	-	-	-	19
Net gains/(losses) not recognised in the income statement	-	-	-	-	-	-	-	-	-
Issue of new share capital	-	-	-	-	-	-	-	-	-
Capital Reduction	-	-	-	-	-	-	-	-	-
Conversion of convertible loan notes	-	-	-	-	-	-	-	-	-
Foreign exchange differences on retranslation of investments	-	-	-	-	-	-	748	-	748
Shares issued for consideration	-	-	-	-	-	-	-	-	-
Net (loss) for the period	-	-	-	-	-	-	-	(68,071)	(68,071)
Balance at 30 June 2008	**3,704**	**138,511**	**992**	**-**	**1,534**	**7,228**	**1,627**	**(55,686)**	**97,910**

For the six month period ended 30th June 07

	Share capital £000's	Share Premium £000's	Share Option Reserve £000's	Loan Stock 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
Exercise of share options	1	-	-	-	-	-	-	-	1
Net gains/(losses) not recognised in the income statement	-	-	-	-	-	-	-	-	-
Issue of new share capital	-	-	-	-	-	-	-	-	-
Capital Reduction	-	-	-	-	-	-	-	-	-
Conversion of convertible loan notes	8	68	-	(6)	-	-	-	-	70
Foreign exchange differences on retranslation of investments	-	-	-	-	-	-	67	-	67
Shares issued for consideration	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	3,858	3,858
Balance at 30 June 2007	**2,930**	**29,646**	**255**	**-**	**1,534**	**7,228**	**67**	**5,754**	**47,413**

Earnings per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months to 30 Jun 08	Six months to 30 Jun 07	Year to 31 Dec 07
Continuing and discontinuing operations			
Earnings			
Earnings for the purposes of basic earnings per share	(68,071)	3,858	10,393
Effect of dilutive potential ordinary shares:			
- interest on convertible loan notes	-	-	-
Earnings for the purposes of diluted earnings per share	(68,071)	3,858	10,393
Impairment of Goodwill	33,155	-	-
Impairment of Intangible assets	15,260	-	-
Impairment of Inventories	15,325	-	-
Impairment of Debtors	11,549	-	-
Adjusted earnings for the purposes of earnings per share before exceptional items	7,218	3,858	10,393
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	370,336,089	292,220,713	331,253,401
Convertible Loan Notes	-	-	-
Share Options*	13,759,411	14,353,671	16,584,411
Weighted average number of ordinary shares for the purposes of diluted earnings per share	384,095,500	306,574,384	347,837,812
Basic earnings per share (pence)	**(18.38)**	**1.32**	**3.14**
Diluted earnings per share (pence)	**(18.38)**	**1.26**	**2.99**
Basic earnings per share before exceptional items (pence)	**1.95**	**1.32**	**3.14**
Diluted earnings per share before exceptional items (pence)	**1.88**	**1.26**	**2.99**
From continuing operations			
Earnings			
Earnings for the purposes of basic earnings per share	(68,071)	3,858	11,877
Effect of dilutive potential ordinary shares:			
- interest on convertible loan notes	-	-	-
Earnings for the purposes of diluted earnings per share	(68,071)	3,858	11,877
Basic earnings per share (pence)	**(18.38)**	**1.32**	**3.59**
Diluted earnings per share (pence)	**(18.38)**	**1.26**	**3.41**
Basic earnings per share before exceptional items (pence)	**1.95**	**1.32**	**3.14**
Diluted earnings per share before exceptional items (pence)	**1.88**	**1.26**	**2.99**

*Share options outstanding represent the no shares with an intrinsic value at 30th June 2008, at a share price of 31.75p. At 1 July 2008 the share price was 5.53 and the number of options with an intrinsic value was 1,000,000 shares.

Business and Geographical Segments

For the six months ending 30.06.08

	Powered Access Platforms £000's	Zero Emmission Vehicles £000's	Other £000's	Consolidated £000's
Revenue				
External Sales	72,900	15,600	4,285	92,785
Inter-segment sales				
Total revenue	72,900	15,600	4,285	92,785
Result				
Segment Result before restructuring and impairments	8,297	1,896	93	10,286
Impairments	(75,289)	-	-	(75,289)
Profit from operations	(66,992)	1,896	93	(65,003)
Finance costs	(251)	(8)	(2)	(261)
Profit before tax	(67,243)	1,888	91	(65,264)
Income tax expense	2,253	529	25	2,807
Profit after tax	(69,496)	1,359	66	(68,071)
Other information				
Capital additions	2,437	6,471	22	8,930
Depreciation and amortisation	810	455	135	1,400
Balance Sheet				
Assets:				
Segment assets	108,055	29,113	4,469	141,637
Consolidated total assets	108,055	29,113	4,469	141,637
Liabilities:				
Segment Liabilities	30,654	4,883	8,190	43,727
Consolidated total liabilities	30,654	4,883	8,190	43,727

Business and Geographical Segments

For the six months ending 30.06.07	Powered Access Platforms	Zero Emmission Vehicles	Other	Consolidated
	£000's	£000's	£000's	£000's
Revenue				
External Sales	19,124	13,085	4,617	36,826
Inter-segment sales				
Total revenue	19,124	13,085	4,617	36,826
Result				
Segment Result before restructuring	3,464	2,069	185	5,718
Unallocated corporate expenses	-	-	-	(451)
Profit from operations	3,464	2,069	185	5,267
Finance costs	56	30	5	91
Profit before tax	3,520	2,099	190	5,358
Income tax expense	986	588	53	1,500
Profit after tax	2,534	1,511	137	3,858
Other information				
Capital additions	1,060	2,012	26	3,098
Depreciation and amortisation	303	387	156	846
Balance Sheet				
Assets:				
Segment assets	33,306	20,092	14,087	67,485
Consolidated total assets	33,306	20,092	14,087	67,485
Liabilities:				
Segment Liabilities	10,491	5,714	3,867	20,072
Consolidated total liabilities	10,491	5,714	3,867	20,072

Business and Geographical Segments

For the twelve months ending 31.12.07

	Powered Access Platforms £000's	Zero Emmission Vehicles £000's	Other £000's	Consolidated £000's
Revenue				
External Sales	90,064	26,109	7,115	123,288
Inter-segment sales				
Total revenue	90,064	26,109	7,115	123,288
Result				
Segment Result before restructuring	9,486	2,848	177	12,511
Restructuring costs	1,270	0	0	1,270
Segment result	8,216	2,848	177	11,241
Unallocated corporate expenses	0	0	0	317
Profit from operations	8,216	2,848	177	11,558
Finance costs	625	217	37	879
Profit before tax	8,841	3,065	214	12,437
Income tax expense	502	58	0	560
Profit after tax	8,339	3,007	214	11,877
Other information				
Capital additions	2,825	3,025	122	5,972
Depreciation and amortisation	1,484	933	307	2,724
Balance Sheet				
Assets:				
Segment assets	164,412	25,762	8,718	198,892
Consolidated total assets	164,412	25,762	8,718	198,892
Liabilities:				
Segment Liabilities	26,225	4,150	3,303	33,678
Consolidated total liabilities	26,225	4,150	3,303	33,678

Impairments

The impairment losses recognised in the Consolidated Income Statement result from impairment reviews triggered by the significant changes in the market outlook for the Powered Access division, experienced during June 2008.

In particular, the company addressed the valuation of the Intangible Assets and Goodwill arising from the acquisition of Snorkel International Inc and it subsidiaries August 2007.

In accordance with IAS 36 the Group values Goodwill at the lower of its carrying value or its recoverable value, where the recoverable value is the higher of the value if sold and its value in use. In addition IAS38 requires intangible assets with finite useful lives to follow the same impairment testing as Goodwill including the use of value in use calculations.

The impact of market changes in June and the uncertainty within this market going forward, described elsewhere in this statement, have meant that the value in use calculations, prepared to support previous valuations, are significantly altered.

For the impairment review, the Group's value in use calculations were prepared using revised pre-tax cash flow projections for the next five year period based on current trading levels, with conservative growth assumptions, given current uncertainty. The Group considers Snorkel and its subsidiaries as a cash generating unit for the purposes of IAS 36. The value in use for this cash generating unit has been compared with the assets for that unit and the impairments calculated accordingly.

Based on the value in use calculations, the Group has determined that the value of the Goodwill has been fully impaired and as such an impairment charge of £33.2m (2007: nil) has been made to fully write down the carrying value of the asset.

Based on the value in use calculations the Group has determined that the value of the intangible assets has been impaired and as such an impairment charge of £15.3m (2007: nil) has been made.

Allowance for doubtful receivables
A provision has been made against accounts that in the estimation of management may be impaired. Within each of the business segments an assessment has been made as to the recoverability of accounts receivable based on a range of factors including the age of the receivable, creditworthiness of the customer, any credits required to release payments, and changes in that customer's access to credit to fund their purchases. When determining the recoverability of an account the Group has made an estimation as to the financial condition of the customer and their ability to subsequently make payment.

The Group holds a provision for impairment of receivables at 30 June 2008 amounting to £11.5 million (2007: £nil)

Inventories
In accordance with IAS2 the group regularly reviews its inventory to ensure it is carried at the lower of cost or net realisable value. At 30 June 2008 the management believes the carrying value of inventories to be impaired by £15.3m due to slow moving and obsolete items arising from changes in the product mix demanded by customers, reductions in overall volumes, supplier failures and strategic resourcing decisions. Obsolescence provisions have been calculated based on current market values and future sales of inventories.