The Tanfield Group Plc

("Tanfield", "Group", or "the Company")

Interim Results for the six month period to 30 June 2010

XX August 2010

Tanfield Group Plc, the leading manufacturer of aerial work platforms and commercial electric vehicles, announces its unaudited interim results for the six month period to 30 June 2010.

- Turnover of £28.1m (H1 2009: £29.9m / H2 2009 £28.2m)
- Operating loss reduced to £9.8m (H1 2009: Operating loss of £11.0m / H2 2009 Operating loss £10.4m)
- Net cash at 30 June of £2.2m (31 December 2009: £5.4m)
- Return to growth in Electric Vehicles division
- Initial signs of stability in Powered Access end markets
- Negotiations on-going to consolidate Electric Vehicle businesses to optimise shareholder value.

Darren Kell, CEO of Tanfield, said: "Both of the principal business units performed in line with our expectations, during another extremely challenging period for the global economy.

"We maintained tight control of cash and moved closer towards a break-even position, while still retaining all our core people and skills. With no debt, we are well prepared to capitalise on any upswing in our end markets.

"Tanfield continues to leverage its status as the world leader in commercial electric vehicles, while we are also seeing signs that the global market for aerial lifts is stabilising, albeit at very low levels."

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Summary

We maintained our focus on cash preservation, whilst retaining our infrastructure and skills base for the eventual market recovery. Turnover in the first half was £28.1m, resulting in a loss of £9.8m, a significant improvement over the operating losses of £11.0m in the corresponding period of 2009. The company retained a net cash balance of £2.2m reflecting the adverse trading conditions in the period.

Demand for electric commercial vehicles continued to rise steadily during the period, with new markets outside of the UK accounting for a significant proportion of order intake. However, the ongoing global downturn in the construction sector, exacerbated by the continued absence of credit, denied the Powered Access division any opportunity for recovery.

Discussions with Smith Electric Vehicles US Corporation

As outlined in our announcement of 9th August, Tanfield has signed non-binding Heads of Terms with Smith Electric Vehicles US Corp (SEV US). The strategy centres on an agreement to consolidate the UK arm of Smith Electric Vehicles and SEV US. SEV US has indicated that it is exploring a possible public offering of its equity securities on the NASDAQ exchange. Because of this development, we are currently restricted from reporting any further details of our negotiations with SEV US. However, the Board of Directors will update shareholders on these discussions, as soon as it is appropriate.

Powered Access: Turnover of £18.6m (H1 2009: £21.2m / H2 2009: £20.5m)

We believe that, after an extremely turbulent two years, the market for aerial work platforms is beginning to stabilise.

During the period, the Powered Access division successfully sold significant amounts of excess inventory; going forward, we will maintain strategic stock across the globe.

For the past two years, we have marketed aerial lifts under two brands, UpRight Powered Access and Snorkel. In April 2010 we launched our new global Snorkel branding, which has been positively received by our customer base. On 31st August 2010, we will cease to market aerial work platforms under the UpRight banner, with all UpRight lifts consolidated into a global Snorkel product range. This consolidated portfolio contains new products in the volume segments of boom lifts and scissor lifts. The first of these new models are now in production and we will launch more next year.

During the first half, Tanfield further expanded and enhanced its global dealer network, with the appointment of new distributors in Latin America and Europe. However, the major equipment rental companies continued to age their fleets and held off additional capital expenditure. As these companies account for more than 70% of worldwide sales for powered access equipment, their ongoing lack of spending continues to impact the entire aerial lift industry.

In light of this situation, Tanfield continues to explore other opportunities for growth. Our licensing agreement with Pop-Up Products Ltd has allowed Tanfield to quickly generate a world-leading position in the emerging market of low-level access. Pop-Up is the acknowledged market leader in lightweight, compact lifts for interior use, which deliver substantial safety and productivity benefits in areas previously reliant on stepladders or scaffold podium towers. Working with Pop-Up, we have already launched new machines in this segment and are growing sales through our global distribution capabilities.

Zero Emission Vehicles: Turnover of £8.4m (H1 2009: £8.1m / H2 2009: £7.0m)

Tanfield remains the recognised world leader in commercial electric vehicle technologies and continued to enhance this position during the period.

After the most severely depressed period on record for the whole commercial vehicle sector, with demand in certain vehicle types down by as much as 80%, there are now some signs of market recovery, and it is encouraging that year on year revenues have grown in this division.

The Zero Emission Vehicles division has commenced delivery of the 47 electric vans through the UK Government's Low Carbon Vehicle Procurement Programme. We are on target to meet our agreed delivery schedule for these vehicles, which are destined for a range of Government bodies and local authorities. Tanfield is the largest supplier of electric vans into Phase One of the programme.

We have also supplied the majority of the 51 Smith Edison electric vehicles for Sainsbury's Online, on target with the customer's delivery schedule. This is already the largest fleet of electric light commercial vehicles in the world.

During the period, we continued to win new blue chip customers, including outsourcing group Bunzl and utility Western Power Distribution, plus 10 Smith Edison vans for a German Government project in Cologne. Smith Electric Vehicles launched several new products, including a new 17-seat minibus and Smith Telemetry, the world's first telematics software specifically developed for electric vehicles. We commenced trials of a hydrogen fuel cell range-extender and continued to add new export markets, with the appointment of a distributor in France.

Our associate company SEV US has successfully implemented its targeted build and delivery plan for the first half and is winning new business with US blue chip clients. SEV US is in receipt of a grant from the US Government Department of Energy of $32m to accelerate the implementation of these products in the USA. It is very likely that future growth in the US will be significantly more rapid than in the European market, due to number of Federal and state initiatives to drive demand and application.

In the UK, Smith is also leading on two world-first training initiatives; the Smith Electric Vehicles Apprenticeship Programme and an MSc in Low Carbon Vehicle Technologies.

Other: Turnover of £1.1m (H1 2009: £0.6m / H2 2008: £0.8m)

The core customer base of Tanfield's Engineering operations is mining and off-highway vehicle manufacturers. A small increase in activity from these customers delivered moderate growth in this business unit.

Outlook

Demand for low emission vehicles, especially in the commercial vehicle sector, will remain a major market driver for growth in the Smith Electric Vehicles business, in both the medium and long term.

Short term predictions remain modest, with any substantial growth dependent upon the economic recovery in the key end markets of the, UK and Western Europe. However we expect more rapid growth in the US market due to specific market drivers combined with a supportive grant and incentive environment.

While we believe the global market for aerial lifts has bottomed out, the low levels of activity mean there is little potential for growth before 2011. As we previously indicated, it appears that the major rental companies will not be investing in new fleets during 2010.

However, these major buyers of powered access now have fleets of aerial lifts well over their target average age for rental equipment. We therefore expect them to begin re-investing in new equipment at some point in 2011, dependent also on wider economic indicators and the availability of financing.

Overall, the Board expects trading conditions in the second half of 2010 will be similar to the first half of the year.

Given the focus on cash preservation, Tanfield is not proposing to pay a dividend for the period.

ENDS

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDING 30 JUNE 2010

	Six months to 30 Jun 10 (unaudited) £000's	Six months to 30 Jun 09 (unaudited) £000's	Year to 31 Dec 09 (audited) £000's
Revenue	**28,092**	**29,928**	**58,159**
Changes in inventories of finished goods and WIP	(2,702)	840	(6,358)
Raw materials and consumables used	(17,875)	(24,103)	(39,945)
Staff costs	(9,896)	(9,501)	(18,645)
Depreciation and amortisation expense	(1,454)	(1,539)	(3,007)
Other operating income	-	-	-
Other operating expenses	(5,984)	(6,672)	(11,648)
Loss from operations before impairments	**(9,819)**	**(11,047)**	**(21,444)**
Share of results of associates	-	-	(51)
Impairment of Receivables	-	-	(600)
Loss from operations after impairments	**(9,819)**	**(11,047)**	**(22,095)**
Finance costs	(188)	(374)	(567)
Interest receivable	36	26	207
Net finance expense	**(152)**	**(348)**	**(360)**
Loss before taxation	**(9,971)**	**(11,395)**	**(22,455)**
Taxation	(34)	838	1,066
Net loss	**(10,005)**	**(10,557)**	**(21,389)**
Attributable to:			
Owners of the parent	(9,960)	(10,557)	(21,388)
Non-controlling interest	(45)	-	(1)
Earnings per share			
Basic (pence)	(13.4)	(14.3)	(28.9)
Diluted (pence)	(13.4)	(14.3)	(28.9)

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

	30 Jun 10 (Unaudited) £000's	30 Jun 09 (Unaudited) £000's	31 Dec 09 (Audited) £000's
Non current assets			
Goodwill	356	356	356
Intangible assets	13,066	14,583	13,825
Property, plant and equipment	4,896	5,630	5,200
Deferred tax assets	1,915	1,781	1,915
Associate	-	-	-
Trade and other receivables	900	1,500	900
	21,133	23,850	22,196
Current assets			
Inventories	39,720	49,426	44,615
Trade and other receivables	12,528	13,103	11,878
Investments	451	208	275
Current tax assets	72	59	72
Cash and cash equivalents	2,228	10,813	5,414
	54,999	73,609	62,254
Total assets	**76,132**	**97,459**	**84,450**
Current liabilities			
Trade and other payables	16,757	15,176	16,178
Provisions	598	-	527
Tax liabilities	79	-	45
Obligations under finance leases	417	547	480
Other creditors	2,534	9,138	2,553
	20,385	24,861	19,783
Non-current liabilities			
Other creditors	-	-	-
Obligations under finance leases	-	303	156
Deferred tax liabilities	375	307	375
	375	610	531
Total liabilities	20,760	25,471	20,314
Equity			
Share capital	3,704	3,704	3,704
Share premium	-	138,511	-
Share option reserve	1,764	1,653	1,764
Special reserve	66,837	-	66,837
Merger reserve	1,534	1,534	1,534
Capital reduction reserve	-	7,228	-
Translation reserve	10,164	6,054	8,923
Profit and loss account	(28,585)	(86,696)	(18,625)
Total parent shareholders' equity	**55,418**	**71,988**	**64,137**
Minority interests	(46)	-	(1)
Total equity and total liabilities	**76,132**	**97,459**	**84,450**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDING 30 JUNE 2010

	Six months to 30 Jun 10 (unaudited) £000's	Six months to 30 Jun 09 (unaudited) £000's	Year to 31 Dec 09 (audited) £000's
Cash flow from operating activities			
Loss before interest and taxation	(9,819)	(11,047)	(22,095)
Depreciation and amortisation	1,454	1,539	3,007
(Gain) on deferred consideration reassessment	-	-	(926)
(Gain) Loss on disposal of fixed assets	-	-	55
(Gain) Loss on disposal of intangible assets	-	-	69
Impairment of receivables	-	-	600
Loss on impairment of investments	-	-	51
Operating cash flows before movements in working capital	**(8,365)**	**(9,508)**	**(19,239)**
(Increase) decrease in receivables	(358)	7,029	8,668
Increase (decrease) in payables	409	(3,881)	(2,981)
Increase (decrease) in provisions	73	-	(2,840)
Decrease (increase) in inventories	5,676	8,072	14,821
Net cash (used) generated from operating activities	**(2,565)**	**1,712**	**(1,571)**
Interest paid	(188)	(69)	(567)
Income taxes received	-	(374)	241
Net cash (used) generated from operating activities	**(2,753)**	**1,269**	**(1,897)**
Cash flow from Investing Activities			
Purchase of investments in Associates	-	-	(51)
Purchase of property, plant and equipment	(59)	(80)	(243)
Payment of deferred consideration	-	(349)	(2,904)
Proceeds from sale of property, plant and equipment	-	-	58
Purchase of investments	(143)	(3)	(51)
Purchase of intangible fixed assets	(136)	(349)	(544)
Interest received	36	26	207
Net cash used in investing activities	**(302)**	**(755)**	**(3,528)**
Cash flow from financing activities			
Repayments of obligations under finance leases	(227)	(278)	(504)
Net cash used in financing activities	**(227)**	**(278)**	**(504)**
Effect of exchange rate changes on cash and cash equivalents	96	(553)	213
Net decrease in cash and cash equivalents	**(3,186)**	**(317)**	**(5,716)**
Cash and cash equivalents at the start of year	5,414	11,130	11,130
Cash and cash equivalents at the end of the year	**2,228**	**10,813**	**5,414**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000's	Share premium £000's	Share option reserve £000's	Special 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
For the six month period ended 30 June 2010									
Balance at 1 January 2010	3,704	-	1,764	66,837	1,534	-	8,923	(18,625)	64,137
Foreign exchange differences on retranslation of investments	-	-	-	-	-	-	1,241	-	1,241
Net (loss) for the period	-	-	-	-	-	-	-	(9,960)	(9,960)
Balance at 30 June 2010	**3,704**	**-**	**1,764**	**66,837**	**1,534**	**-**	**10,164**	**(28,585)**	**55,418**
For the six month period ended 30 June 2009									
Balance at 1 January 2009	3,704	138,511	1,653	-	1,534	7,228	9,290	(76,139)	85,781
Foreign exchange differences	-	-	-	-	-	-	(3,236)	-	(3,236)
Net (loss) for the period	-	-	-	-	-	-	-	(10,557)	(10,557)
Balance at 30 June 2009	**3,704**	**138,511**	**1,653**	**-**	**1,534**	**7,228**	**6,054**	**(86,696)**	**71,988**
For the year ended 31 December 2009									
Balance at 1 January 2009	3,704	138,511	1,653	-	1,534	7,228	9,290	(76,139)	85,781
Share option provision	-	-	111	-	-	-	-	-	111
Cancellation of share premium account	-	(138,511)	-	66,837	-	(7,228)	-	78,902	-
Foreign exchange differences	-	-	-	-	-	-	(367)	-	(367)
Net (loss) for the period	-	-	-	-	-	-	-	(21,388)	(21,388)
Balance at 31 December 2009	**3,704**	**-**	**1,764**	**66,837**	**1,534**	**-**	**8,923**	**(18,625)**	**64,137**

1 Basis of preparation

The consolidated Interim Report of the Group for the six months ended 30 June 2010 has been prepared in accordance with AIM Rule 18 and not in accordance with IAS 34 "Interim Financial Reporting" therefore it is not fully in compliance with IFRS.

The half year report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 December 2009 which is available on request from the Group's registered office, Vigo Centre, Birtley Road, Washington, Tyne and Wear NE38 9DA or can be downloaded from the corporate website www.tanfieldgroup.com.

2 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those financial statements.

LOSS PER SHARE

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

	Six months To 30 Jun 10	Six months to 30 Jun 09	Year to 31 Dec 09
Weighted average number of shares in thousands			
Basic	**74,077**	**74,077**	**74,077**
Potential dilutive ordinary shares from share options	150	170	164
Total diluted	**74,227**	**74,247**	**74,241**
Loss per share			
Loss attributable to equity shareholders of the parent	**(9,960)**	**(10,557)**	**(21,388)**
Adjustment for one off items:			
Impairments	-	-	600
(Gain) on deferred consideration reassessment	-	-	(926)
Loss for the purposes of loss per share before one off items	**(9,960)**	**(10,557)**	**(21,714)**
Basic loss per share (pence)	(13.4)	(14.3)	(28.9)
Diluted loss per share (pence)	(13.4)	(14.3)	(28.9)
Basic loss per share before one off items (pence)	(13.4)	(14.3)	(29.3)
Diluted loss per share before one off items (pence)	(13.4)	(14.3)	(29.3)

IAS33 defines dilution as a reduction in earnings per share or an increase in loss per share resulting from the assumption that options are exercised. As the potential dilutive ordinary shares from share options reduce the loss per share these share are omitted from the dilutive loss per share calculation.

BUSINESS SEGMENTS

For management purposes, the Group is currently organised into three operating divisions – Powered Access Platforms, Zero Emission Vehicles and other operations. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Powered Access Platforms: design and manufacture of powered access equipment
Zero Emission Vehicles: design, manufacture, service and maintenance of electric vehicles
Other: design and manufacture of engineering parts and the group holding company

Operating results by line of business

	Six months ending 30 June 2010		Six months ending 30 June 2009		Year ended 31 December 2009	
	Revenue £000's	Loss £000's	Revenue £000's	Loss £000's	Revenue £000's	Loss £000's
Powered Access Platforms	18,582	(6,579)	21,184	(8,084)	41,708	(15,457)
Zero Emission Vehicles	8,438	(2,159)	8,100	(1,887)	15,057	(5,427)
Other	1,072	(1,081)	644	(1,076)	1,394	(1,160)
Segment revenue / loss	**28,092**	**(9,819)**	**29,928**	**(11,047)**	**58,159**	**(22,044)**
Share of post tax loss of associate		-		-		(51)
Restructuring costs		-		-		-
Finance income		36		26		207
Finance costs		(188)		(374)		(567)
Taxation		(34)		838		1,066
Loss for the year		**(10,005)**		**(10,557)**		**(21,389)**

Assets and liabilities by line of business

	Six months ended 30 June 2010 £000's	Six months ended 30 June 2009 £000's	Year ended 31 Dec 2009 £000's
Assets			
Powered Access Platforms	54,756	69,190	60,562
Zero Emission Vehicles	16,819	21,051	18,943
Other	2,570	5,378	2,958
Total segment assets	**74,145**	**95,619**	**82,463**
Current tax assets	72	59	72
Deferred tax assets	1,915	1,781	1,915
Total assets	**76,132**	**97,459**	**84,450**
Liabilities			
Powered Access Platforms	(11,066)	(14,509)	(10,792)
Zero Emission Vehicles	(4,351)	(3,090)	(3,675)
Other	(2,636)	(1,531)	(3,175)
Total segment liabilities	**(18,053)**	**(19,130)**	**(17,642)**
Current tax liabilities	(79)	-	(45)
Deferred tax liabilities	(375)	(307)	(375)
Retirement benefit obligations	(25)	(26)	(24)
Deferred consideration	(2,228)	(6,008)	(2,228)
Total liabilities	**(20,760)**	**(25,471)**	**(20,314)**

BUSINESS SEGMENTS CONTINUED

Total amortisation and depreciation, and capital expenditure by line of business

	Six months ended 30 June 2010 £000's	Six months ended 30 June 2009 £000's	Year ended 31 Dec 2009 £000's
Depreciation and amortisation			
Powered Access Platforms	795	700	1,639
Zero Emission Vehicles	562	572	1,148
Other	97	267	220
Total	**1,454**	**1,539**	**3,007**
Capital expenditure			
Powered Access Platforms	30	136	245
Zero Emission Vehicles	153	293	542
Other	12	-	-
Total	**195**	**429**	**787**
Impairments			
Powered Access Platforms	-	-	600
Zero Emission Vehicles	-	-	-
Other	-	-	-
Total	-	-	**600**