

# The Tanfield Group Plc

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

### Interim Results for the six-month period to 30 June 2016

Tanfield Group Plc, an investing company as defined by AIM Rules, announces its half year results for the period ending 30 June 2016. The unaudited financial statements are available on the Company website at [www.tanfieldgroup.com](http://www.tanfieldgroup.com).

#### Background

The Company is currently defined as an investing company that has two passive investments. This status resulted from the disposal of Smith Electric Vehicles in 2010 and the disposal of Snorkel Europe Limited in October 2013. Tanfield Group Plc currently owns 49% of Snorkel International Holdings LLC ("Snorkel") and 5.76% of Smith Electric Vehicles Corp. ("Smith").

The strategy of the Company in relation to these investments is to return as much as possible of any realised value to shareholders as events occur and circumstances allow, subject to compliance with any legal requirements associated with such distributions.

#### Summary

- Further sales growth achieved by Snorkel in the first six months of the year, up by more than 25% compared to H1 2015.
- Smith Electric continues to seek funding.
- Balance Sheet investment values:
  - Snorkel £36.3m (\$60.1m) based on the exchange rate at the date of receipt of the holding equivalent to 23.6p per share. This compares to £46m based on the current exchange rate, equivalent to 29.9p per share.
  - Smith Electric continues to be held at a nil balance sheet value following the impairment of the investment at the end of 2015.
- The net book value of the Company is £36.4m equivalent to 23.7p per share.

#### Overview of investments

During the first six months of 2016, Snorkel achieved sales growth in excess of 25% compared to the same period in 2015 which resulted in \$70m of sales for the period. The Board feels encouraged by the additional sales which have been achieved and is not aware of any reason why, with the ongoing efforts to further improve the product offering and customer experience, along with the continued commitment to Snorkel by the 51% beneficial owner, this trend should not continue.

As announced in the 2015 final results on 27 June 2016, the investment in Smith Electric was impaired to nil due to the uncertainty around its future and the level of funding it required. The situation continues to be monitored and should some significant progress be made then an update will be provided.

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# STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDING 30 JUNE 2016

	Six months to 30 Jun 16 (unaudited) £000's	Six months to 30 Jun 15 (unaudited) £000's	Year to 31 Dec 15 (audited) £000's
<b>Revenue</b>	-	-	-
Staff costs	(44)	(90)	618
Other operating income	14	15	27
Other operating expenses	(79)	(100)	(268)
<b>(Loss)/profit from operations before impairments</b>	<b>(109)</b>	<b>(175)</b>	<b>377</b>
Impairment of investments	-	-	(4,770)
<b>Loss from operations after impairments</b>	<b>(109)</b>	<b>(175)</b>	<b>(4,393)</b>
Finance expense	(8)	(34)	(54)
Finance income	-	-	1
<b>Net finance expense</b>	<b>(8)</b>	<b>(34)</b>	<b>(53)</b>
<b>Loss from operations before tax</b>	<b>(117)</b>	<b>(209)</b>	<b>(4,446)</b>
Taxation	-	-	-
<b>Loss &amp; total comprehensive income for the period attributable to equity shareholders</b>	<b>(117)</b>	<b>(209)</b>	<b>(4,446)</b>
<b>Loss per share</b>			
Earnings/(loss) per share from operations			
Basic and diluted (p)	(0.09)	(0.15)	(3.1)

# BALANCE SHEET

AS AT 30 JUNE 2016

	30 Jun 16 (unaudited) £000's	30 Jun 15 (unaudited) £000's	31 Dec 15 (audited) £000's
<b>Non current assets</b>			
Non current Investments	36,283	41,053	36,283
	36,283	41,053	36,283
<b>Current assets</b>			
Trade and other receivables	102	154	98
Cash and cash equivalents	364	157	94
	466	311	192
<b>Total assets</b>	<b>36,749</b>	<b>41,364</b>	<b>36,475</b>
<b>Current liabilities</b>			
Trade and other payables	100	119	110
	100	119	110
<b>Non-current liabilities</b>			
Other payables	262	1,601	254
	262	1,601	254
<b>Total liabilities</b>	<b>362</b>	<b>1,720</b>	<b>364</b>
<b>Equity</b>			
Share capital	7,686	7,187	7,546
Share premium	17,053	16,455	16,800
Share option reserve	461	845	461
Special reserve	66,837	66,837	66,837
Merger reserve	1,534	1,534	1,534
Retained earnings	(57,184)	(53,214)	(57,067)
<b>Total equity</b>	<b>36,387</b>	<b>39,644</b>	<b>36,111</b>
<b>Total equity and total liabilities</b>	<b>36,749</b>	<b>41,364</b>	<b>36,475</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share option reserve	Merger reserve	Special reserve	Retained earnings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>For the 6 month period ended 30 June 2016</b>							
<b>At 1 January 2016</b>	<b>7,546</b>	<b>16,800</b>	<b>461</b>	<b>1,534</b>	<b>66,837</b>	<b>(57,067)</b>	<b>36,111</b>
<b>Comprehensive income</b>							
Loss for the period	-	-	-	-	-	(117)	(117)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117)</b>	<b>(117)</b>
Transactions with owners in their capacity as owners:-							
Issuance of new shares	140	253	-	-	-	-	393
<b>At 30 June 2016</b>	<b>7,686</b>	<b>17,053</b>	<b>461</b>	<b>1,534</b>	<b>66,837</b>	<b>(57,184)</b>	<b>36,387</b>
<b>For the 6 month period ended 30 June 2015</b>							
<b>At 1 January 2015</b>	<b>7,187</b>	<b>16,455</b>	<b>845</b>	<b>1,534</b>	<b>66,837</b>	<b>(53,005)</b>	<b>39,853</b>
<b>Comprehensive income</b>							
Loss for the period	-	-	-	-	-	(209)	(209)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(209)</b>	<b>(209)</b>
<b>At 30 June 2015</b>	<b>7,187</b>	<b>16,455</b>	<b>845</b>	<b>1,534</b>	<b>66,837</b>	<b>(53,214)</b>	<b>39,644</b>
<b>For the year ended 31 December 2015</b>							
<b>At 1 January 2015</b>	<b>7,187</b>	<b>16,455</b>	<b>845</b>	<b>1,534</b>	<b>66,837</b>	<b>(53,005)</b>	<b>39,853</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	(4,446)	(4,446)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,446)</b>	<b>(4,446)</b>
Transactions with owners in their capacity as owners:-							
Issuance of new shares	359	345	-	-	-	-	704
Share based payments	-	-	(384)	-	-	384	-
<b>At 31 December 2015</b>	<b>7,546</b>	<b>16,800</b>	<b>461</b>	<b>1,534</b>	<b>66,837</b>	<b>(57,067)</b>	<b>36,111</b>

## CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDING 30 JUNE 2016

	Six months to 30 Jun 16 (unaudited) £000's	Six months to 30 Jun 15 (unaudited) £000's	Year to 31 Dec 15 (audited) £000's
Loss before interest and taxation	(109)	(175)	(4,393)
Loss on impairment of investments	-	-	4,770
<b>Operating cash flows before movements in working capital</b>	<b>(109)</b>	<b>(175)</b>	<b>(377)</b>
(Increase)/decrease in receivables	(12)	(28)	(25)
Increase/(decrease) in payables	(1)	25	(1,331)
<b>Net cash used in operations</b>	<b>(122)</b>	<b>(178)</b>	<b>(979)</b>
Interest paid	-	(34)	-
<b>Net cash used in operating activities</b>	<b>(122)</b>	<b>(212)</b>	<b>(979)</b>
<b>Cash flow from Investing Activities</b>			
Interest received	-	-	-
<b>Net cash from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of ordinary shares net of costs	392	-	704
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>704</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>270</b>	<b>(212)</b>	<b>(275)</b>
Cash and cash equivalents at the start of period	94	369	369
<b>Cash and cash equivalents at the end of the period</b>	<b>364</b>	<b>157</b>	<b>94</b>

## 1 Basis of preparation

The Interim Report of the Company for the six months ended 30 June 2016 has been prepared in accordance with AIM Rule 18 and not in accordance with IAS34 "Interim Financial Reporting" therefore 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 2015 which is available on request from the Company's registered office, Sandgate House, 102 Quayside, Newcastle upon Tyne NE1 3DX or can be downloaded from the corporate website [www.tanfieldgroup.com](http://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 2015, as described in those financial statements. In particular, the accounts have been prepared on a going concern basis, and as set out on page 16 of those financial statements.

## 3 Loss per share

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

<b>Number of shares</b>	<b>Six months to 30 Jun 16 000's</b>	<b>Six months to 30 Jun 15 000's</b>	<b>Year to 31 Dec 15 000's</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	152,464	143,741	144,823
Effect of dilutive potential ordinary shares from share options	149	635	171
Weighted average number of ordinary shares for the purposes of diluted earnings per share	12,613	144,376	144,994

  

<b>Loss</b>	<b>Six months to 30 Jun 16 £000's</b>	<b>Six months to 30 Jun 15 £000's</b>	<b>Year to 31 Dec 15 £000's</b>
<b>From operations</b>			
Loss for the purposes of basic earnings per share being net profit attributable to owners of the parent	(139)	(209)	(4,446)
Potential dilutive ordinary shares from share options	-	-	-
Loss for the purposes of diluted earnings per share	(139)	(209)	(4,446)

  

<b>Loss per share from operations</b>			
Basic (p)	(0.09)	(0.15)	(3.1)
Diluted (p) <sup>a</sup>	(0.09)	(0.15)	(3.1)

<sup>a</sup>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 shares are omitted from the dilutive loss per share calculation in June 2014 and June 2015.