

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

Interim Results for the six-month period to 30 June 2017

Tanfield, an investing company as defined by AIM Rules, announces its half year results for the period ending 30 June 2017. The unaudited financial information will shortly be available on the Company website at 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 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 13% compared to H1 2016 and profitable for the period.
- Snorkel carrying value is £36.3m which represents approximately 23p per share.
- Smith continues to be held at a nil balance sheet value following the impairment of the investment at the end of 2015.

Overview of investments

Based on the unaudited financial information received from Snorkel, during the first six months of 2017 the business achieved sales of \$79.7m, an increase of 13% compared to the same period in 2016, with an operating profit, excluding depreciation, of \$1.5m (H1 2016: \$1.4m loss). Should the trend of sales growth continue for the remainder of the year, the Board believes 2017 could be a profitable year for the Snorkel business and is of the opinion that the investment in Snorkel will result in a return to shareholders in the future. However, at the current rate of growth it is not expected to materialise until after 30 September 2018, when the outcome becomes uncertain and the return to shareholders could therefore be greater or less than the current carrying value.

In 2015 the investment in Smith 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.

For further information:

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDING 30 JUNE 2017

	Six months to 30 Jun 17 (unaudited) £000's	Six months to 30 Jun 16 (unaudited) £000's	Year to 31 Dec 16 (audited) £000's
Revenue	-	-	-
Staff costs	(44)	(44)	(85)
Other operating income	16	14	30
Other operating expenses	(81)	(79)	(182)
(Loss)/profit from operations before impairments	(109)	(109)	(237)
Finance expense	-	(8)	(13)
Finance income	-	-	1
Net finance expense	-	(8)	(12)
Loss from operations before tax	(109)	(117)	(249)
Taxation	-	-	-
Loss & total comprehensive income for the period attributable to equity shareholders	(109)	(117)	(249)
Loss per share			
Earnings/(loss) per share from operations Basic and diluted (p)	(0.1)	(0.1)	(0.2)

BALANCE SHEET

AS AT 30 JUNE 2017

	30 Jun 17 (unaudited) £000's	30 Jun 16 (unaudited) £000's	31 Dec 16 (audited) £000's
Non current assets			
Non current Investments	36,283	36,283	36,283
	36,283	36,283	36,283
Current assets			
Trade and other receivables	65	102	61
Cash and cash equivalents	166	364	269
	231	466	330
Total assets	36,514	36,749	36,613
Current liabilities			
Trade and other payables	101	100	91
	101	100	91
Non-current liabilities			
Other payables	-	262	-
	-	262	-
Total liabilities	101	362	91
Equity			
Share capital	7,816	7,686	7,816
Share premium	17,190	17,053	17,190
Share option reserve	459	461	459
Special reserve	66,837	66,837	66,837
Merger reserve	1,534	1,534	1,534
Retained earnings	(57,423)	(57,184)	(57,314)
Total equity	36,413	36,387	36,522
Total equity and total liabilities	36,514	36,749	36,613

STATEMENT OF CHANGES IN EQUITY

	Share capital £000's	Share premium £000's	Share option reserve £000's	Merger reserve £000's	Special reserve £000's	Retained earnings £000's	Total £000's
For the 6 month period ended 30 June 2017							
At 1 January 2017	7,816	17,190	459	1,534	66,837	(57,314)	36,522
Comprehensive income							
Loss for the period	-	-	-	-	-	(109)	(109)
Total comprehensive income for the period	-	-	-	-	-	(109)	(109)
At 30 June 2017	7,816	17,190	459	1,534	66,837	(57,423)	36,413
For the 6 month period ended 30 June 2016							
At 1 January 2016	7,546	16,800	461	1,534	66,837	(57,067)	36,111
Comprehensive income							
Loss for the period	-	-	-	-	-	(117)	(117)
Total comprehensive income for the period	-	-	-	-	-	(117)	(117)
Transactions with owners in their capacity as owners:-							
Issuance of new shares	140	253	-	-	-	-	393
At 30 June 2016	7,686	17,053	461	1,534	66,837	(57,184)	36,387
For the year ended 31 December 2016							
At 1 January 2016	7,546	16,800	461	1,534	66,837	(57,067)	36,111
Comprehensive income							
Profit for the year	-	-	-	-	-	(249)	(249)
Total comprehensive income for the year	-	-	-	-	-	(249)	(249)
Transactions with owners in their capacity as owners:-							
Issuance of new shares	270	390	-	-	-	-	660
Share based payments	-	-	(2)	-	-	2	-
At 31 December 2016	7,816	17,190	459	1,534	66,837	(57,314)	36,522

CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDING 30 JUNE 2017

	Six months to 30 Jun 17 (unaudited) £000's	Six months to 30 Jun 16 (unaudited) £000's	Year to 31 Dec 16 (audited) £000's
Loss before interest and taxation	(109)	(109)	(237)
Operating cash flows before movements in working capital	(109)	(109)	(237)
Decrease/(increase) in receivables	5	(12)	25
Increase/(decrease) in payables	1	(1)	(273)
Net cash used in operating activities	(103)	(122)	(485)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares net of costs	-	392	660
Net cash from financing activities	-	-	660
Net (decrease)/increase in cash and cash equivalents	(103)	270	175
Cash and cash equivalents at the start of period	269	94	94
Cash and cash equivalents at the end of the period	166	364	269

1 Basis of preparation

The Interim Report of the Company for the six months ended 30 June 2017 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 2016 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.

2 Accounting Policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2016, 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:

Number of shares	Six months to 30 Jun 17 000's	Six months to 30 Jun 16 000's	Year to 31 Dec 16 000's
Weighted average number of ordinary shares for the purposes of basic earnings per share	156,324	152,464	153,677
Effect of dilutive potential ordinary shares from share options	129	149	122
Weighted average number of ordinary shares for the purposes of diluted earnings per share	156,453	152,613	153,799
Loss	Six months to 30 Jun 17 000's	Six months to 30 Jun 16 000's	Year to 31 Dec 16 000's
From operations			
Loss for the purposes of basic earnings per share being net profit attributable to owners of the parent	(109)	(139)	(249)
Potential dilutive ordinary shares from share options	-	-	-
Loss for the purposes of diluted earnings per share	(109)	(139)	(249)
Loss per share from operations			
Basic (p)	(0.1)	(0.1)	(0.2)
Diluted (p) ^a	(0.1)	(0.1)	(0.2)

^aIAS33 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 2016 and June 2017.