TANDEM GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JANUARY 2008

Chairman's statement

Turnover for the year ended 31 January 2008 was £34,878,000 compared to £33,785,000 last year. There was a profit before taxation of £1,105,000 compared to £649,000.

Bicycles and accessories

The total number of bicycles sold increased by 4.8% over the previous year. With lower sales of higher priced models, due predominantly to the bad weather, revenue in our cycle businesses was down by 5.9%.

Our UK based product development team continues to design and develop new bicycles to provide our customers with innovative and exciting products reinforcing our commitment to independent bicycle retailers.

Sports, leisure and toys

Turnover in the sports, leisure and toy sector was up 16.3% over the previous year. Sales of the brands 'Hedstrom', 'In the Night Garden' and 'C'Mons' performed well. 'Hedstrom' is a wide range of outdoor play equipment including swings, slides and multiplay products. The 'In the Night Garden' range of wheeled toys is based on the very successful BBC children's programme. 'C'Mons' are the characters used by the Vauxhall motor company in the marketing of the Corsa, which was voted 'What Car' Car of the Year 2007.

Sales of Ben Sayers golf equipment continue to expand with the introduction of new products with the latest design and technology features.

Improvements to shareholder value

We continue to explore ways to enhance shareholder value.

The profit for the year and the elimination of the Tandem pension scheme deficit has substantially increased shareholders' funds.

In the year ended 31 January 2008 we generated £1,843,000 of cash enabling us to deal with the deficit on The Tandem pension scheme and buy some of our shares back.

On the 22 February 2008 the Group purchased 1,600,000 of its own shares and transferred them into treasury. This increases shareholder value and will improve earnings per share going forward. At the forthcoming Annual General Meeting we are asking shareholders' authority for the Company to continue to purchase its own shares. The Company would only exercise the authority if the effect of doing so would be to increase the earnings per share of the remaining shareholders and be in the best interests of shareholders generally. In addition, in exercising such authority, the Company would comply with the current guidelines of the ABI and the UK Listing Authority.

A large number of shareholders own a small number of shares, which they find uneconomical to sell. We are therefore offering shareholders holding 1,000 shares or less the opportunity, for a limited period, to sell their shares without any dealing costs. They will also be offered the opportunity to purchase more shares at a reduced fixed commission rate. Decreasing the number of small shareholders will reduce the administration costs of the Company. Further details of the offer will be sent to relevant shareholders shortly.

Pensions

The Group operates two pension schemes that have defined benefit liabilities.

I reported in the Interim Statement issued on 17 October 2007 that work was continuing on ways to further reduce or eliminate the deficit on the pension schemes. We are keen to protect the interest of the members of the Group's pension schemes and give them every possible opportunity to utilise the benefit to suit their personal circumstances. Following a significant amount of work with the scheme's administrators and actuary, members of the Tandem Group Pension Plan were offered the opportunity, for a limited period, to accept a cash sum to forego their non-statutory increases in pension. Thirty six percent of members of the scheme accepted the offer and a total payment of £352,000 was made in March 2008 to the members. This made a major contribution in eliminating the £1,547,000 deficit on the Tandem scheme at 31 January 2007 and turning it into a surplus of £971,000. In accordance with the accounting standard IAS 19 we have recognised £264,000 of this surplus on our balance sheet in these financial statements.

The deficit on the Casket Group Retirement and Death Benefit Scheme decreased from £590,000 last year to £546,000. We are now looking at ways to reduce or eliminate this deficit.

Employees

We wish to thank all management and employees for their contribution in increasing the Group's profitability. We have an established team of management and staff with the skills to take the business forward.

Summary

The year ended 31 January 2008 was a good year for your Group with turnover up 3.2% and profit before tax up 70.3%. Even with the increased turnover tight control of costs limited the increase in operating expenses to under 1%.

The year ahead will be challenging. Most retailers expect trading conditions to be difficult with the uncertainty in the economy. In addition, our suppliers are experiencing exceptional increases in steel, oil and labour costs, particularly in Asia. Additional effort and creativity will be required from our management teams and staff to ensure that, by working closely with suppliers, our customers can maintain and grow their sales.

We do not anticipate any growth in turnover for the first half of the year compared to last year. Turnover in the first quarter of the current year was down on the high levels achieved last year but with improved margins and firm management of operating expenses the profit before tax in this period was ahead of the same period last year. Increased selections with national retailers and new character licences should improve sales in the second half of the year compared to last year.

Graham Waldron
Chairman
1 May 2008

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Consolidated income statement

	Note	Year ended 31 January 2008 £'000	Year ended 31 January 2007 £'000
Revenue	3	34,878	33,785
Cost of sales		(23,753)	(23,169)
Gross profit		11,125	10,616
Operating expenses		(9,773)	(9,696)
Operating profit		1,352	920
Finance costs		(280)	(271)
Finance income		33	-
Profit before taxation		1,105	649
Tax income		-	297
Net profit for the year		1,105	946
Earnings per share	4	Pence	Pence
Basic		2.94	2.52
Diluted		2.91	2.52

All figures relate to continuing operations.

Consolidated balance sheet

At 31 January 2008

	2008 £'000	2007 £'000
Non current assets		
Goodwill	2,661	2,677
Property, plant and equipment	510	403
Deferred taxation	970	1,354
Pension scheme surplus	264	-
	4,405	4,434
Current assets		
Inventories	5,582	5,676
Trade and other receivables	5,556	5,435
Cash and cash equivalents	2,389	551
	13,527	11,662
Total assets	17,932	16,096
Current liabilities		
Trade and other payables	(7,792)	(6,076)
Financial liabilities	(2,300)	(2,456)
Current tax liabilities	(326)	(365)
	(10,418)	(8,897)

Non current liabilities		
Pension schemes' deficits	(546)	(2,137)
Deferred taxation	(74)	-
	(620)	(2,137)
Total liabilities	(11,038)	(11,034)
Net assets	6,894	5,062
Equity		
Share capital	1,503	1,503
Share premium	5,258	5,258
Other reserves	2,426	2,431
Profit and loss account	(2,293)	(4,130)
Total equity	6,894	5,062

Consolidated statement of recognised income and expense

	Year ended 31 January 2008 £'000	Year ended 31 January 2007 £'000
Foreign exchange differences on translation of overseas assets	(5)	(70)
Actuarial gain on pension schemes	1,281	1,221
Movement in pension schemes' deferred tax provision	(562)	-
Net income recognised directly in equity	714	1,151
Net profit for the year	1,105	946
Total recognised income and expense	1,819	2,097

Statement of movements on reserves

	Share account £'000	Merger reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 February 2006	5,258	1,036	1,427	38	(6,324)	1,435
Profit for the year	-	-	-	-	946	946
Re-translation of overseas subsidiaries	-	-	-	(70)	-	(70)
Net actuarial gains on pension schemes	-	-	-	-	1,221	1,221
Share based payments	-	-	-	-	27	27
Balance at 1 February 2007	5,258	1,036	1,427	(32)	(4,130)	3,559
Profit for the year	-	-	-	-	1,105	1,105
Re-translation of overseas subsidiaries	-	-	-	(5)	-	(5)
Net actuarial gains						

on pension schemes	-	-	-	-	719	719
Share based payments	-	-	-	-	13	13
Balance at 31 January 2008	5,258	1,036	1,427	(37)	(2,293)	5,391

Consolidated cash flow statement

	Year ended 31 January 2008 £'000	Year ended 31 January 2007 £'000
Cash flows from operating activities		
Net profit for the year	1,105	946
Adjustments:		
Depreciation of property, plant and equipment	152	173
Goodwill impairment	16	-
(Profit)/loss on sale of property, plant and equipment	(11)	48
Finance cost	280	271
Finance income	(33)	-
Taxation paid	(89)	(85)
Tax income	-	(297)
Share based payments	13	27
Fair value adjustments of forward contracts	(42)	37
Net cash inflow from operating activities before movements in working capital	1,391	1,120
Decrease/(increase) in inventories	94	(12)
Increase in trade and other receivables	(225)	(681)
Increase/(decrease) in trade and other payables	1,203	(1,166)
Cash generated/(utilised) from operations	2,463	(739)
Cash flows from investing activities		
Purchases of property, plant and equipment	(259)	(94)
Sale of property, plant and equipment	11	31
Net cash used in investing activities	(248)	(63)
Cash flows from financing activities		
Decrease in invoice financing	(115)	(726)
Capital element of finance lease rentals	-	(1)
Interest paid	(257)	(276)
Net cash used in financing activities	(372)	(1,003)
Net increase/(decrease) in cash and cash equivalents	1,843	(1,805)
Cash and cash equivalents at beginning of year	551	2,426
Effect of foreign exchange rate changes	(5)	(70)
Cash and cash equivalents at end of year	2,389	551

Notes to the preliminary results

1. General information

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The consolidated income statement, the consolidated balance sheet at 31 January 2008, the consolidated statement of recognised income and expense, the statement of movements on reserves, the consolidated cash flow statement and the associated notes for the year then ended have been extracted from the Group's financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 237 of the Companies Act 1985. The statutory accounts for the year ended 31 January 2008 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared under the historical cost convention and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the IFRS as issued by the International Accounting Standards Board. The transition to IFRS has been made in accordance with International Financial Reporting Standard 1, 'First-time adoption of International Financial Reporting Standards'.

The transition to IFRS reporting has resulted in a number of changes in the reported financial statements, notes thereto and accounting principles compared to the previous annual report. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are set out in the financial statements for the year ended 31 January 2008 and were summarised in the interim financial statements for the period ended 31 July 2007. The accounting policies are the same as those adopted for the interim financial statements.

The key areas of estimation uncertainty and judgment in the financial statements are as detailed below:

Impairment of goodwill

The annual impairment assessment in respect of goodwill requires estimates of the value in use of cash generating units to which goodwill has been allocated to be calculated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows.

Pension scheme valuation

The liabilities in respect of defined benefit pension schemes are calculated by qualified actuaries and reviewed by the Group, but are necessarily based on subjective assumptions. The principal uncertainties relate to the estimation of the life expectancies of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates.

Profits and losses in relation to changes in actuarial assumptions are taken directly to reserves and therefore do not impact on the profitability of the business, but the changes do impact on net assets.

Useful lives of property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the estimated period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Due to the long life of the assets, changes to the estimates used can result in significant variations in the carrying value.

Inventory

The Group reviews the net realisable value of and demand for its inventory on an ongoing basis to ensure recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices are the timing and success of future technological innovations, competitor actions, suppliers prices and economic trends. If total inventory losses differ, the Group's consolidated net income in the year would have improved or declined, depending upon whether the actual results were better or worse than expected.

3. Segmental reporting

For management purposes the Group is organised into two operating segments. The revenues, results and net assets for these segments are shown below:

(a) By business segment

	Bicycles and accessories £'000	Sports, leisure and toys £'000	Total £'000
Year ended 31 January 2008			
Revenue	18,675	16,203	34,878
Segment result	1,176	800	1,976
Unallocated corporate expenses			(624)
Operating profit			1,352
Finance costs			(280)
Finance income			33
Profit before taxation			1,105
Tax income			-
Net profit for the year			1,105
Segment assets	8,923	4,818	13,741
Unallocated assets			5,346
			19,087
Segment liabilities	(6,506)	(4,294)	(10,800)
Unallocatedliabilities			(1,393)
			(12,193)
Consolidated net assets			6,894
Capital additions	157	102	259
Depreciation and goodwill impairment	84	84	168
Year ended 31 January 2007			
Revenue	19,852	13,933	33,785
Segment result	1,260	147	1,407

Unallocated corporate expenses			(487)
Operating profit			920
Finance costs			(271)
Profit before taxation			649
Tax income			297
Net profit for the year			946
Segment assets	8,750	4,533	13,283
Unallocated assets			13,277
			26,560
Segment liabilities	(7,113)	(4,718)	(11,831)
Unallocated liabilities			(9,667)
			(21,498)
Consolidated net assets			5,062
Capital additions	18	76	94
Depreciation and goodwill impairment	61	112	173

(b) By geographical segment

	United Kingdom £'000	Europe £'000	Rest of the World £'000	Total £'000
Year ended 31 January 2008				
Revenue	32,425	1,748	705	34,878
Assets	16,902	-	2,185	19,087
Liabilities	(11,028)	-	(1,165)	(12,193)
Net assets	5,874	-	1,020	6,894
Capital additions	259	-	-	259
Year ended 31 January 2007				
Revenue	31,108	1,857	820	33,785
Assets	25,100	-	1,460	26,560
Liabilities	(20,754)	-	(744)	(21,498)
Net assets	4,346	-	716	5,062
Capital additions	94	-	-	94

4. Earnings per share

The calculation of earnings per share is based on the net profit and ordinary shares in issue during the year as follows:

	Year ended 31 January 2008 £'000	Year ended 31 January 2007 £'000
Net profit for the year	1,105	946
Weighted average shares in issue used for basic earnings per share	37,584,412	37,584,412
Weighted average dilutive shares under option	2,834,726	-
Number of shares that would have been issued at fair value	(2,415,422)	-
Average number of shares used for diluted earnings per share	38,003,716	37,584,412
	Pence	Pence
Basic earnings per share	2.94	2.52
Diluted earnings per share	2.91	2.52

5. Dividend

No dividend on the ordinary shares is being proposed (2007 - £nil).

6. Annual report and accounts

The annual report and accounts will be posted to shareholders shortly and will be available on the Company's website, www.tandemgroup.co.uk.

7. Annual General Meeting

The Annual General Meeting will be held at 11:00 a.m. on 19 June 2008 at MV Sports & Leisure Ltd, 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.

1 May 2008