TANDEM GROUP PLC
("Tandem" or the "Company")

HALF YEARLY REPORT

The Board of Tandem announces its half yearly report for the six months to 31 July 2009.

CHAIRMAN'S STATEMENT

Revenue for the six months ended 31 July 2009 increased by 5.2% to £18,949,000 from £18,020,000 in the same period last year. Profit before tax increased by 21.3% to £547,000 from £451,000. No dividend is proposed.

BICYCLES AND ACCESSORIES

Revenue in our bicycles and accessories businesses of £12,912,000 was 27.3% ahead of last year (2008: £10,141,000). The operating profit was £284,000 (2008: £605,000). The profit reduced as a result of charges to cost of sales for the revaluation of foreign exchange contacts referred to below.

Improved sales to national retailers increased revenue. A proportion of this business was shipped direct to our customers from our overseas production sources and as such had lower margins with no distribution costs and minimal UK overhead. Although our unit selling prices increased it was not possible to recover the full impact of rising costs in Asia and the volatile dollar and as a consequence margins in the bicycle businesses were lower.

Overheads remain under tight control.

The start of the second half of the year was affected by poor weather suppressing demand. The situation has since improved and we therefore expect to achieve a satisfactory result for our bicycles and accessories businesses for the full year.

SPORTS, LEISURE AND TOYS

Revenue from our sports, leisure and toys businesses of £6,037,000 was 23.4% down on last year (2008: £7,879,000). Operating profit increased to £621,000 (2008: £234,000).

An increase towards direct deliveries to our customers arranged by our Hong Kong office, which exclude distribution costs, reduced total revenue. Sales of Barbie, Hedstrom and In the Night Garden were down on the same period last year. The big success of the year was the Ben 10 wheeled products which won the award for Best Licensed Toy or Games Range at the industry's Licensing Award ceremony in September 2009. Sales of this range exceeded expectations and should make a good contribution to the second half of the financial year.

Although in difficult circumstances new product development helped to maintain margins in the sports, leisure and toys businesses, the main improvement to profitability was as a result of overhead savings. The increase towards direct deliveries enabled us to close a warehouse and further reduce expenses in the UK. We also benefitted from a complete period of the integration of the Ben Sayers golf business within the MV business.

FOREIGN CURRENCY

In accordance with international accounting standards the difference between the value of forward foreign exchange contracts at their contracted rate and the exchange rate at period ends is charged or credited to cost of sales. The charge or credit is reversed in the period when the contract matures. Included in the bicycle and accessories cost of sales in the period is a charge of £326,000 in respect of outstanding contracts at 31 July 2009. There was a credit of £3,000 in the comparative period last year. As all forward contacts as at 31 July 2009 mature before 31 January 2010, this charge will be recovered in the second half of the year.

SUMMARY

Following approval by shareholders, the share capital of the Company was reorganised on 25 September 2009. As a result the number of shareholders in the Company has reduced from around 17,500 to fewer than 5,000 easing the administrative burden on the Company and reducing the associated cost.

Trading conditions continue to be demanding and every effort is being made to maintain a level of profitability, generate cash and increase shareholder value.

Graham Waldron
Chairman

21 October 2009

CONSOLIDATED INCOME STATEMENT
For the 6 months ended 31 July 2009

	Note	**6 months ended 31 July 2009** ***Unaudited*** **£'000**	6 months ended 31 July 2008 *Unaudited* £'000	Year ended 31 January 2009 *Audited* £'000
Revenue		**18,949**	18,020	35,161
Cost of sales		**(14,367)**	(12,285)	(24,193)
Gross profit		**4,582**	5,735	10,968
Operating expenses		**(3,967)**	(5,189)	(10,267)
Operating profit		**615**	546	701
Finance costs		**(68)**	(95)	(173)
Finance income		**—**	—	65
Profit before taxation		**547**	451	593
Tax income/(expense)		**187**	(46)	(278)
Net profit for the period		**734**	405	315
		Pence	Pence	Pence
Earnings per share				
Basic – before goodwill impairment	3	**2.04**	1.08	2.01
Basic – after goodwill impairment	3	**2.04**	1.08	0.85
Diluted	3	**2.04**	1.06	0.85

All figures relate to continuing operations.

CONSOLIDATED BALANCE SHEET
As at 31 July 2009

	Note	**At 31 July 2009** *Unaudited* **£'000**	At 31 July 2008 *Unaudited* £'000	At 31 January 2009 *Audited* £'000
Non current assets				
Goodwill		**2,236**	2,661	2,236
Property, plant and equipment		**425**	543	488
Deferred taxation		**1,222**	955	1,009
Pension scheme surplus		**—**	308	—
		3,883	4,467	3,733
Current assets				
Inventories		**6,731**	6,131	7,583
Trade and other receivables		**6,333**	7,870	5,786
Cash and cash equivalents		**1,989**	2,815	2,121
		15,053	16,816	15,490
Total assets		**18,936**	21,283	19,223
Current liabilities				
Trade and other payables		**(6,842)**	(9,600)	(8,536)
Financial liabilities		**(3,517)**	(3,372)	(2,589)
Current tax liabilities		**(423)**	(401)	(276)
		(10,782)	(13,373)	(11,401)
Non current liabilities				
Pension scheme deficit		**(886)**	(502)	(964)
Deferred taxation		**—**	(74)	—
		(886)	(576)	(964)
Total liabilities		**(11,668)**	(13,949)	(12,365)
Net assets		**7,268**	7,334	6,858
Equity				
Share capital	4	**1,503**	1,503	1,503
Shares held in treasury	4	**(64)**	—	(64)
Share premium	4	**—**	5,258	—
Other reserves	4	**2,679**	2,452	3,009
Profit and loss account	4	**3,150**	(1,879)	2,410
Total equity		**7,268**	7,334	6,858

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the 6 months ended 31 July 2009

	6 months ended 31 July 2009 *Unaudited* **£'000**	6 months ended 31 July 2008 *Unaudited* £'000	Year ended 31 January 2009 *Audited* £'000
Foreign exchange differences on translation of overseas subsidiaries	**(330)**	26	583
Actuarial loss on pension schemes	—	—	(938)
Movement in pension schemes' deferred tax provision	—	—	191
Net (expense)/income recognised directly in equity	**(330)**	26	(164)
Net profit for the period	**734**	405	315
Total recognised income and expense	**404**	431	151

CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 31 July 2009

	6 months ended 31 July 2009 *Unaudited* **£'000**	6 months ended 31 July 2008 *Unaudited* £'000	Year ended 31 January 2009 *Audited* £'000
Cash flows from operating activities			
Net profit for the period	**734**	405	315
Adjustments:			
Depreciation of property, plant and equipment	**72**	96	186
Goodwill impairment	**—**	—	425
(Profit)/loss on sale of property, plant and equipment	**—**	(2)	1
Finance costs	**68**	95	173
Finance income	**—**	—	(65)
Tax (income)/expense	**(187)**	46	278
Taxation paid	**(34)**	(14)	(133)
Share based payments	**6**	9	16
Fair value adjustments of forward contracts	**763**	—	(394)
Net cash inflow from operating activities before movements in working capital	**1,422**	635	802
Decrease/(increase) in inventories	**852**	(549)	(2,001)
(Increase)/decrease in trade and other receivables	**(1,198)**	(2,299)	242
(Decrease)/increase in trade and other payables	**(1,430)**	1,744	333
Cash utilised from operations	**(354)**	(469)	(624)
Cash flows from investing activities			
Purchases of property, plant and equipment	**(12)**	(133)	(168)
Sale of property, plant and equipment	**—**	6	8
Net cash used in investing activities	**(12)**	(127)	(160)
Cash flows from financing activities			
Increase in invoice financing	**602**	1,072	289
Interest paid	**(42)**	(76)	(147)
Payment to acquire own shares	**—**	—	(203)
Net cash from/(used in) financing activities	**560**	996	(61)
Net increase/(decrease) in cash and cash equivalents	**194**	400	(845)
Cash and cash equivalents at beginning of period	**2,121**	2,389	2,389
Effect of foreign exchange rate changes	**(326)**	26	577
Cash and cash equivalents at end of period	**1,989**	2,815	2,121

NOTES TO THE HALF YEARLY REPORT

1 GENERAL INFORMATION

Tandem Group plc is a public limited company incorporated and domiciled in the United Kingdom with its shares listed on AIM of the London Stock Exchange.

The principal activity of the Group is the manufacture and distribution of sports and leisure equipment.

The ultimate parent company of the Group is Tandem Group plc whose principal place of business and registered office address is 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.

The interim financial statements for the period ended 31 July 2009 (including the comparatives for the periods ended 31 July 2008 and 31 January 2009) were approved by the board of directors on 21 October 2009. Under the Security Regulations Act of the European Union ("EU"), amendments to the financial statements are not permitted after they have been approved.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 January 2009, prepared under International Financial Reporting Standards ("IFRS"), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 237(2) of the Companies Act 1985.

This interim financial information has been prepared using the accounting policies set out in the Group's 2009 statutory accounts. Copies of the annual statutory accounts and the interim report may be obtained by writing to Tandem Group plc, 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG and can be found on the Company's website at www.tandemgroup.co.uk.

The net retirement benefit obligation recognised at 31 July 2009 is based on the actuarial valuation under IAS19 at 31 January 2009 updated for movements in net defined benefit pension income and contributions paid during the half year period. The deferred tax effect of movements in the net retirement benefit obligation has also been recognised in the half year. A full valuation for IAS19 financial reporting purposes will be carried out for incorporation in the audited financial statements for the year ending 31 January 2010.

2 SEGMENTAL REPORTING

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

	Bicycles and accessories £'000	Sports, leisure and toys £'000	Total £'000
6 months to 31 July 2009			
Revenue	**12,912**	**6,037**	**18,949**
Segment result	**284**	**621**	**905**
Unallocated corporate expenses			**(290)**
Operating profit			**615**
Finance costs			**(68)**
Finance income			**—**
Result for the period before taxation			**547**
Tax income			**187**
Net profit for the period			**734**
6 months to 31 July 2008			
Revenue	10,141	7,879	18,020
Segment result	605	234	839
Unallocated corporate expenses			(293)
Operating profit			546
Finance costs			(95)
Finance income			—
Result for the period before taxation			451
Tax expense			(46)
Net profit for the period			405
Year ended 31 January 2009			
Revenue	19,763	15,398	35,161
Segment result before goodwill impairment	1,148	808	1,956
Goodwill impairment	(425)	—	(425)
	723	808	1,531
Unallocated corporate expenses			(830)
Operating profit			701
Finance costs			(173)
Finance income			65
Result for the period before taxation			593
Tax expense			(278)
Net profit for the year			315

3 EARNINGS PER SHARE

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

	6 months ended 31 July 2009 £'000	6 months ended 31 July 2008 £'000	Year ended 31 January 2009 £'000
Net profit for the period – before goodwill impairment	**734**	405	740
Net profit for the period – after goodwill impairment	**734**	405	315
Weighted average shares in issue used for basic earnings per share	**35,984,412**	37,584,412	36,865,508
Weighted average dilutive shares under option	**—**	685,230	178,394
Average number of shares used for diluted earnings per share	**35,984,412**	38,269,642	37,043,902

	Pence	Pence	Pence
Basic earnings per share – before goodwill impairment	**2.04**	1.08	2.01
Basic earnings per share – after goodwill impairment	**2.04**	1.08	0.85
Diluted earnings per share	**2.04**	1.06	0.85

4 STATEMENT OF MOVEMENTS IN CAPITAL AND RESERVES

	Share capital £'000	**Shares held in treasury £'000**	**Share premium account £'000**	**Other reserves £'000**	**Profit and loss account £'000**	**Total £'000**
At 1 February 2008	1,503	—	5,258	2,426	(2,293)	6,894
Total recognised income and expense	—	—	—	26	405	431
Share based payments	—	—	—	—	9	9
At 31 July 2008	1,503	—	5,258	2,452	(1,879)	7,334
Total recognised income and expense	—	—	—	557	(837)	(280)
Share based payments	—	—	—	—	7	7
Share buyback	—	(64)	—	—	(139)	(203)
Cancellation of share premium account	—	—	(5,258)	—	5,258	—
At 31 January 2009	1,503	(64)	—	3,009	2,410	6,858
Total recognised income and expense	—	—	—	(330)	734	404
Share based payments	—	—	—	—	6	6
At 31 July 2009	**1,503**	**(64)**	—	**2,679**	**3,150**	**7,268**

5 POST BALANCE SHEET EVENTS

The Company obtained shareholder approval for a capital reorganisation at an Extraordinary General Meeting held on 24 September 2009.

Following this approval and in accordance with a consolidated share purchase contract, the Company purchased 6,577 consolidated shares resulting from the aggregation of the fractional entitlements at a price of 2,737.50 pence per share. The consolidated shares were subdivided in accordance with the capital reorganisation and transferred into treasury.

The Company now has 6,013,480 ordinary shares of 25 pence each in issue including 519,080 ordinary shares of 25 pence each held in treasury.

For further information contact:

Tandem Group plc	Nominated Adviser
Mervyn Keene, Finance Director	Astaire Securities plc
Jim Shears, Company Secretary	Luke Cairns / Avi Robinson
Telephone 0121 748 8075	Telephone 020 7448 4400