

# **Tandem Group plc**

(the 'Company')

## **TRADING UPDATE**

Tandem Group plc (AIM: TND), designers, developers and distributors of sports and leisure equipment, is pleased to announce a trading update ahead of its interim results for the 6 month period ended 31 July 2010 which are due to be announced in October 2010.

### **Trading update**

For the 6 month period ended 31 July 2010 turnover was approximately £19 million compared with £18.9 million in the prior period despite turnover from a bicycle promotional contract with a national retailer being £1.4 million lower than in the comparative period.

Revenue from our Dawes cycle business showed exceptional growth, well ahead of market performance.

The sports, leisure and toys business increased turnover by approximately 18% in the period with encouraging results from new product ranges.

In spite of US dollar volatility, increases in freight and raw material prices, shipping line disruptions and Far East labour shortages we expect the profit before tax for the half year to be ahead of last year.

### **Outlook**

Although national retailers continue with a cautious buying strategy, reaction to the launches of their Autumn/Winter catalogues has been very encouraging with increased orders placed within the last fortnight.

Improved Spring/Summer 2011 catalogue listings have been finalised during August and the sales order books in both bicycles & accessories and sports, leisure & toy businesses continue to grow.

Increasing demand for bicycles, particularly the flagship brands of Claud Butler and Dawes, is encouraging.

Despite the fears that Toy Story merchandise would saturate the market for Autumn/Winter 2010 following the movie release, revenue from our licensed properties, including Ben 10 wheeled toys, is likely to exceed our earlier expectation.

Furthermore, following the appointment of the Administrator to Martin Yaffe International Limited the Company announces that it has now reached agreement with the licensor and the Administrator to distribute the Waybuloo wheeled toy license with immediate effect enabling us to support national retailers' current selections.

Consequently, the Board currently expects to achieve a result for the year ended 31 January 2011 well ahead of market expectations.

### **Strategic review**

Following the Board changes reported in June 2010 the executive management team have undertaken a detailed review of the Company's strategy. The purpose of the review was to ensure the Board continues to develop and implement strategies which focus on its principle objective to enhance shareholder value.

An overview of the strategy will be outlined during the presentation to investors to be held, as previously announced, at the offices of Grant Thornton, 30 Finsbury Square, London EC2P 2YU, the Company's auditors at 10.00 am on Tuesday 7 September 2010. The document will also be available on the Company's website shortly before the presentation.

Those wishing to attend the investor presentation should email our Nominated Adviser ([tony.rawlinson@cairnfin.com](mailto:tony.rawlinson@cairnfin.com)) or telephone 020 7148 7901 to confirm attendance.

### **Dividend declaration**

In light of the above and following a review of the dividend strategy, the Company is also expecting to be able to announce that an interim dividend will be paid.

Enquiries:

Tandem Group plc

Steve Grant, Chief Executive

Jim Shears, Group Finance Director and Company Secretary

Telephone 0121 748 8075

Nominated Adviser

Cairn Financial Advisers

Tony Rawlinson

Telephone 020 7148 7901

3 September 2010