

Tandem Group plc (the 'Company')

Posting of Circular and Notice of EGM

The Board announces that it posted a circular (including a notice of an extraordinary general meeting) to shareholders today, a copy of which is available on the Company's website, www.tandemgroup.co.uk.

The text of the Chairman's letter included in the circular is set out below.

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"Dear Shareholder

Proposed Capital Reorganisation

Introduction

The Board has announced a proposal to reorganise the Company's share capital. Owing to the very large number of small shareholders in MV Sports Group plc, which the Company acquired in 2003, the Company has approximately 17,500 Shareholders, many of whom hold fewer than 250 shares. The Board considers that it is in the interests of the Company and its Shareholders to reorganise the Company's share capital in such a way as to provide a cash payment for their entire shareholding to all holders of fewer than 250 Ordinary Shares.

Capital Reorganisation

We are aware that it can be difficult for our Shareholders to sell very small shareholdings and that dealing charges might make selling small shareholdings uneconomic. Maintaining a large register of very small shareholdings is also expensive for the Company and not, we consider, in the best interests of the Company and its Shareholders as a whole.

The Board has, therefore, sought to make arrangements to give the holders of very small shareholdings cash in consideration for their Ordinary Shares without those Shareholders incurring dealing charges. This document provides details of such a proposal.

The Capital Reorganisation is conditional upon the approval of Shareholders in the General Meeting. Part of the purpose of this document is to provide details of the Capital Reorganisation and to seek the approval of Shareholders.

Consolidation

Ordinary resolution number 2 to be proposed at the General Meeting is to consolidate every 250 Ordinary Shares into 1 Consolidated Share.

Fractional entitlements to Consolidated Shares

Following the Consolidation, resulting fractions of the Consolidated Shares will be dealt with in the following way:

a) If a Shareholder holds less than 250 Ordinary Shares at the time the proposed consolidation takes effect, the Shareholder will not receive any Consolidated Shares but will be entitled to a fractional entitlement to a Consolidated Share.

b) If a Shareholder holds more than 250 Ordinary Shares at the time the proposed consolidation takes effect, then unless the shareholding is exactly divisible by 250 the Shareholder will be left with a whole number of Consolidated Shares together with a fractional entitlement to a Consolidated Share.

It is proposed that all fractional entitlements to a Consolidated Share will be aggregated with other such fractional entitlements and sold on behalf of the Shareholder.

- With a view to ensuring the sale of all such fractional entitlements, the Company itself shall, subject to the passing of the special resolution authorising such purchase at the General Meeting, purchase the Consolidated Shares arising from such fractional entitlements using distributable reserves and will either cancel the Consolidated Shares or hold them in treasury. Fractional entitlements to a Consolidated Share do not carry any voting rights.
- Special resolution number 3 to be proposed at the General Meeting seeks authority to allow the Company to purchase all of the Consolidated Shares arising from the fractional entitlements referred to above. A copy of the draft contract for the purchase of these Consolidated Shares has been prepared and will be available for inspection at the Company's registered office from 26 August 2009. It will also be available for inspection at the General Meeting.
- The price per Consolidated Share payable by the Company in relation to the purchase of the fractional entitlements will be an amount equivalent to 250 times the average closing middle market price on AIM of an Ordinary Share for the five business days immediately prior to the sale and purchase.
- The proceeds from the sale of the fractional entitlements of Consolidated Shares shall be distributed pro rata amongst the relevant Shareholders save that where a Shareholder is entitled to an amount which is less than £5 then the amount will not be distributed to such Shareholder but will be retained by the Company for its benefit.

Before the Record Date you can purchase or sell such number of Ordinary Shares as will result in your holding of Ordinary Shares being exactly divisible by 250. In this event you will not be left with any fractional entitlements.

Subdivision

Following the Consolidation, it is proposed that every Consolidated Share be subdivided into 40 New Ordinary Shares. The objective of the Subdivision is to improve

liquidity and marketability of the Company's shares. Ordinary resolution number 4 to be proposed at the General Meeting deals with this.

Amendments to the Articles of Association

In order to effect the Capital Reorganisation, certain changes will be needed to the Articles. This is provided for in special resolutions numbered 1 and 8 to be proposed at the General Meeting.

The proposed changes are:

- amendments to Article 12 to give the Directors more flexibility to deal with fractional entitlements; and
- amendments to reflect the amended share capital of the Company.

Other Resolutions

Ordinary resolution number 5 to be proposed at the General Meeting gives the Directors the necessary power to allot New Ordinary Shares up to an aggregate nominal amount of £496,114 for a period of 5 years from the date of the passing of the resolution.

Special resolution number 6 to be proposed at the General Meeting gives the Directors the necessary authority to disapply the statutory pre-emption rights, enabling the Company to issue currently unissued shares and to sell treasury shares (for example, on the market at market prices, or otherwise) (i) by way of a rights issue or (ii) otherwise than by a rights issue, up to an aggregate nominal amount of £75,168 (i.e. 300,675 New Ordinary Shares).

Special resolution number 7 to be proposed at the General Meeting gives the Company the authority to make market purchases of New Ordinary Shares representing a maximum of approximately 15 per cent of the Company's issued ordinary share capital.

Consequences for Share Option Scheme Participants

Issued share options will be adjusted to take account of the Capital Reorganisation.

Effect of the Capital Reorganisation

The effect of the Capital Reorganisation is that:

a) Shareholders holding fewer than 250 Ordinary Shares on the Record Date will receive a cash payment equivalent per share to the average closing middle market price on AIM (as derived from the Official List of the UK Listing Authority) on the five business days immediately prior to the sale and purchase, for each of the Ordinary Shares they held (subject to a minimum aggregate payment per Shareholder of £5). As a result they will have received full market value for their shareholding without suffering dealing commissions.

b) Shareholders holding more than 250 Ordinary Shares on the Record Date will receive a cash payment equivalent per share to the average closing middle market price on AIM on the five business days immediately prior to the sale and purchase for each of such number of their Shares as become a fraction of a Consolidated Share when their holding is divided by 250 (subject to a minimum aggregate payment per Shareholder of £5) and will retain the balance of their shareholding. For example, a holder of 400 Ordinary Shares would receive a cash payment in consideration for 150 Ordinary Shares and would, following the Subdivision, retain 40 New Ordinary Shares.

Shareholders holding fewer than 250 Ordinary Shares will, following the completion of the Capital Reorganisation, no longer retain any shares in the Company.

The Directors anticipate that the Capital Reorganisation will reduce the number of Shareholders from the present level of approximately 17,500 to around 5,000 easing the administrative burden on the Company and reducing the associated cost considerably.

Action to be taken

You will find enclosed with this document a form of proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete the form of proxy and return it to the Company's registered office so as to arrive as soon as possible, but in any event so as to be received not later than 11.00 a.m. on 22 September 2009. Completion and return of a form of proxy will not preclude you from attending and voting at the General Meeting in person if you wish.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

Cheques and Share Certificates

If the Capital Reorganisation is approved, cheques in respect of the cash payment due, if any, to the Shareholders and share certificates in respect of their new shareholdings will be sent to relevant Shareholders whose Shares are not held in CREST, as soon as is practicable. CREST accounts will be credited with New Ordinary Shares on or shortly after 25 September 2009.

Recommendation

The Board considers the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and its Shareholders as a whole and accordingly your Directors unanimously recommend that Shareholders vote in your favour of the Resolutions, as they intend to do in respect of their own beneficial holdings which amount to 1,740,270 Ordinary Shares in aggregate, representing 4.8 per cent of the existing issued ordinary share capital of the Company.

Yours faithfully
For Tandem Group plc

Graham Waldron
Chairman"