TANDEM GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Chairman's statement

Introduction
I am pleased to present the results for the year ended 31 December 2014.

The Group recorded growth in both revenue and profitability on an overall and like-for-like basis excluding Pro Rider Limited which was acquired in August 2014. In particular, a strong first half performance provided a solid platform for the remainder of the year.

Results
Revenue for the year ended 31 December 2014 was £31,320,000 compared to £28,347,000 in the year ended 31 December 2013. This was an increase of 10.5%.

Profit before tax and non-underlying items increased by 55.9% from £823,000 for the year ended 31 December 2013 to £1,283,000 for the year ended 31 December 2014.

The Board's view is that the non-underlying items do not represent the trading performance of the Group and accordingly this is reflected in the presentation of the Consolidated income statement. Non-underlying items included exceptional restructuring costs of £73,000 (year ended 31 December 2013 - £142,000), a fair value income adjustment for foreign currency derivative contracts of £657,000 (year ended 31 December 2013 – £516,000 cost) and pension finance costs of £151,000 (year ended 31 December 2013 - £149,000).

Net assets increased by 16.8% from £5,640,000 at 31 December 2013 to £6,586,000 at 31 December 2014. Cash and cash equivalents were £1,805,000 compared to £2,925,000 at 31 December 2013.

Further details of operational activities and a segment review of performance can be found in the Strategic report.

Dividend
In accordance with our progressive dividend payment policy, we are proposing to pay a final dividend of 2.40 pence per share (year ended 31 December 2013 – 2.30 pence per share) which, when combined with the interim dividend of 1.20 pence per share (year ended 31 December 2013 – 1.15 pence per share), gives a total dividend of 3.60 pence for the year (year ended 31 December 2013 – 3.45 pence per share).

Subject to shareholder approval at the Annual General Meeting to be held on 23 June 2015, the final dividend will be paid on or around 30 June 2015 to shareholders on the share register as at 29 May 2015. The ex-dividend date will be 28 May 2015.

Pensions
The Group operates two defined benefit pension schemes with both schemes closed to new members. There are no active members in either scheme. In the year to 31 December 2014 total payments in respect of these schemes were £327,000 (year ended 31 December 2013 - £312,000) comprising deficit contributions of £243,000 (year ended 31 December 2013 - £243,000) and government levies and administration costs of £84,000 (year ended 31 December 2013 - £69,000).

Acquisition
On 1 August 2014 the Group completed the acquisition of Pro Rider Limited for an initial consideration of £2,576,000 with potential additional consideration subject to Pro Rider fulfilling certain profitability criteria.

Based in Northampton, Pro Rider is a leading UK online retailer of mobility scooters, associated mobility products, electric bicycles and electric golf trolleys from its own websites and via third party platforms.

Since acquisition, the business has made a positive contribution to profitability and we continue to invest in product development and working capital to grow the business. The Company has recently moved to larger, modern premises and we are also in the process of implementing new financial and stock control systems to help achieve this objective.

Environmental matters
As reported last year the installation of a solar photovoltaic renewable energy system at our Castle Bromwich site was completed in February 2014. The installation cost £247,000 and has the capacity to generate up to 250 kWp from 999 panels fitted to the roof. The amount of electricity generated so far has exceeded our expectations. Since inception, a total of 247 megawatt hours have been generated representing a carbon offset of approximately 370 metric tonnes and 80 acres of forest.

We continue to explore further opportunities to minimise the environmental impact of our businesses.

Employees
We welcome our employees at Pro Rider to the Group. We have teams of highly dedicated and hardworking employees who are committed to the ongoing success of the Group. The Board thanks them all for their efforts and continuing contribution to the profitability of the businesses.

Strategy
We continue to be clearly focussed on our Group strategic objective to maintain our position as a leading supplier to the UK bicycle and the outdoor and wheeled toy markets. The addition of an online mobility and leisure business provides the opportunity to expand both our product ranges and distribution channels.

Outlook
We remain cautiously optimistic in our bicycles and mobility businesses.

Once again we have put together strong ranges for 2015 in both Claud Butler and Dawes flagship brands and our Pro Rider electric bicycles continue to sell well. Bicycle sales to the independent bike dealers have started slowly due to a cautious approach to stock holdings at the beginning of the year. Notwithstanding this, our corporate bicycles business continues to make progress and we expect further growth in this area in 2015.

We are encouraged by the potential of the Pro Rider business and we expect to make progress in developing and expanding the product range in the forthcoming year.

In our sports, leisure and toys businesses we have secured a number of new licences for 2015 and beyond including Disney Princess, Cars, Avengers, Star Wars, The Clangers, Teletubbies, Thunderbirds and World of Warriors which have the potential to deliver strong revenues.

We have also introduced a number of new products to our own brands Hedstrom, Pot Black and Ben Sayers portfolios including a range of mini snooker and pool tables and a new electric golf trolley. We are also actively promoting our own brands with a sponsorship campaign for Stunted and Kickmaster currently being aired on terrestrial television.

The positive reaction from the Toy Fair exhibition in January 2015 gives us confidence going into the second half of the year and the build up to Christmas.

Group revenue for the 14 week period to 12 April 2015 was approximately 6% ahead of the corresponding period last year.

As we have previously reported the strength of the US dollar will have a detrimental impact on margin so we continue to carefully monitor and manage this where possible.

M P J Keene
Chairman

14 April 2015

For further information contact:

Tandem Group plc
Steve Grant, Chief Executive
Jim Shears, Group Finance Director and Company Secretary
Telephone 0121 748 8075

Nominated Adviser
Cairn Financial Advisers LLP
Tony Rawlinson
Telephone 020 7148 7901

Strategic report

Operating and Financial Review

Revenue and operating profit
Group revenue for the year ended 31 December 2014 increased by 10.5% from £28,347,000 in the prior year to £31,320,000. The acquisition of Pro Rider Limited, a leading online retailer of mobility and leisure products, which was completed on 1 August 2014, contributed £1,400,000 of revenue.

The gross profit margin was 30.5% compared to 29.2% in the prior year as a result of the mix of sales, enhanced by Pro Rider.

Although there was an increase in operating expenses from £7,314,000 for the year ended 31 December 2013 to £8,107,000 for the year ended 31 December 2014, costs continued to be carefully monitored and controlled.

Operating profit before exceptional costs for the year ended 31 December 2014 was £1,458,000 which compared to £972,000 in the prior year.

Non-underlying items
Non-underlying items are material items which have arisen from unusual non-recurring or non-trading events. For the year ended 31 December 2014 non-underlying items comprised exceptional costs of Group restructuring, the finance cost related to the Group's pension schemes calculated in accordance with IAS19 and the impact of the fair value adjustment in respect of derivative foreign exchange contracts under IAS39.

Exceptional costs of £73,000 (year ended 31 December 2013 - £142,000) were incurred in respect of restructuring at the Claud Butler business in Scunthorpe.

Finance costs
Total net finance income for the year ended 31 December 2014 was £331,000 compared to total finance costs of £814,000 for the year ended 31 December 2013.

This comprised interest payable on bank loans, overdrafts, hire purchase and invoice finance facilities which increased from £149,000 last year to £175,000. Pension finance costs provided in accordance with IAS19 were £151,000 (year ended 31 December 2013 - £149,000). The fair value adjustment in respect of derivative foreign exchange contracts under IAS39 was a credit of £657,000 compared to a charge of £516,000 in the prior year. Both pension finance costs and derivative fair value adjustments are included as non-underlying items.

Taxation
The tax expense for the year was £90,000 which comprised of £80,000 in respect of current tax, the majority borne from the overseas Hong Kong operation (year ended 31 December 2013 – £11,000 credit), and £10,000 being the recognition of trading losses, movements in the pension schemes' liabilities and deferred tax in relation to fair value movements on derivatives (year ended 31 December 2013 - £327,000 credit).

Net profit
Net profit for the year ended 31 December 2014 after non-underlying items, finance income and taxation was £1,626,000 (year ended 31 December 2013 - £354,000).

Capital expenditure
In February 2014 the Group completed the purchase of a solar PV system at its Castle Bromwich site for consideration of £247,000. The consideration was satisfied by means of a new nine year finance lease.

Cash flows, working capital and net debt
Net cash inflow from operating activities for the year ended 31 December 2014 was £1,594,000 compared to £954,000 in the prior year.

Total cash generated from operations was £1,445,000 compared to £1,629,000 last year.

Net cash outflows from investing activities were £2,516,000 in the year ended 31 December 2014 due to the acquisition of Pro Rider. This compared to £2,892,000 in the previous year.

Net cash outflows from financing activities were £96,000 in the year ended 31 December 2014 compared to a cash inflow from financing activities of £2,960,000 in the previous year.

Net debt at 31 December 2014 comprising cash and cash equivalents, invoice financing liabilities and borrowings was £4,564,000 compared to £3,116,000 at 31 December 2013 which reflected the acquisition of Pro Rider in August 2014.

Dividends
Total dividends paid and proposed increased from 3.45 pence per share for the year ended 31 December 2013 to 3.60 pence per share for the year ended 31 December 2014, an increase of 4.3%. The dividend cover ratio was 9.7 (year ended 31 December 2013 – 2.2). It continues to be the Group's policy to progressively increase the dividend payment to shareholders where trading performance permits.

Earnings per share
Basic earnings per share was 34.82 pence per share for the year ended 31 December 2014 compared to 7.63 pence per share in the year ended 31 December 2013. Diluted earnings per share increased from 7.54 pence per share in the year ended 31 December 2013 to 34.09 pence per share in the year ended 31 December 2014.

Acquisition
On 1 August 2014 the Group completed the acquisition of Pro Rider Limited. Pro Rider is a leading UK online retailer of mobility scooters, associated mobility products, electric bicycles and electric golf trolleys.

The initial consideration for the acquisition was £2,576,000 in cash with potential additional consideration, subject to Pro Rider fulfilling certain profitability criteria.

We are implementing our strategy to develop the Pro Rider business, extending both mobility and leisure product ranges and developing additional new products. In March 2015 we signed a lease on new premises in Northampton and are in the process of relocating the business to facilitate this growth.

The anticipated synergies between the two businesses that were previously identified have started to benefit the Group and we remain confident that Pro Rider will be earnings enhancing as we approach our first full year of ownership. The acquisition has already broadened the Group's distribution channels and its customer base by utilising the existing Pro Rider online trading platform and through continued development and growth of the business.

For the period from 1 August 2014 to 31 December 2014 Pro Rider delivered £1,400,000 of revenue and an operating profit of £136,000.

Bicycles, bicycle accessories and mobility
Revenue in our bicycles, bicycle accessories and mobility businesses was £16,074,000 for the year ended 31 December 2014 compared to £15,149,000 in the prior year.

Operating profit for the year before the allocation of corporate charges and exceptional costs was £874,000 compared to £476,000 for the year ended 31 December 2013.

Increased revenues were achieved in both the Dawes and corporate bicycles businesses although Claud Butler was behind the previous year. Operating profit increased in all of the bicycles businesses and was ahead of the prior year by 83.6% including the contribution from the acquisition of Pro Rider.

Although growth was achieved during the year, the independent bicycle market remained tough and challenging. Despite the challenges, we continue to provide quality products supported by dedicated aftersales care to our customers. Progress was made in establishing our brands Falcon, Elswick, Townsend, British Eagle, Boss and Zombie with our national retailer customers.

Sports, leisure and toys
Revenue in our sports, leisure and toys business for the year ended 31 December 2014 was £15,246,000 compared to £13,198,000 in the prior year.

Operating profit before the allocation of corporate charges was £1,452,000 for the year ended 31 December 2014 compared to £1,038,000 in the year ended 31 December 2013.

It was a further year of growth in our MV Sports business with operating profit 39.9% ahead of the prior year. Increased sales were achieved in licensed properties, One Direction and Peppa Pig, and our own brands Hedstrom, Stunted and Kickmaster.

As previously announced we have signed a number of promising new licences for 2015 and beyond including Disney Princess, Cars, Avengers, Star Wars, The Clangers, Teletubbies, Thunderbirds and World of Warriors. We believe that there is strong potential within this portfolio to grow turnover and profitability further.

S J Grant	**J C Shears**
Chief Executive Officer	**Group Finance Director**

14 April 2015

Consolidated income statement

	Note	Year ended 31 December 2014 Before non-underlying items	 Non-underlying items	 After non-underlying items	Year ended 31 December 2013 Before non-underlying items	 Non-underlying items	 After non-underlying items
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue		31,320	—	31,320	28,347	—	28,347
Cost of sales		(21,755)		(21,755)	(20,061)	—	(20,061)
Gross profit		9,565	—	9,565	8,286	—	8,286
Operating expenses		(8,107)	—	(8,107)	(7,314)	—	(7,314)
Operating profit before exceptional costs		1,458	—	1,458	972	—	972
Exceptional costs		—	(73)	(73)	—	(142)	(142)
Operating profit after exceptional costs		1,458	(73)	1,385	972	(142)	830
Finance (costs)/income		(175)	506	331	(149)	(665)	(814)
Profit before taxation		1,283	433	1,716	823	(807)	16
Tax credit/(expense)		34	(124)	(90)	230	108	338
Net profit for the year		1,317	309	1,626	1,053	(699)	354
Earnings per share	4			Pence			Pence
Basic				34.82			7.63
Diluted				34.09			7.54

Consolidated statement of comprehensive income

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Net profit for the year	1,626	354
Other comprehensive income:		
Items that will be reclassified subsequently to profit and loss: Foreign exchange differences on translation of foreign operations	163	(53)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on pension schemes	(778)	(16)
Movement in pension schemes' deferred tax provision	89	(128)
Other comprehensive income for the year	(526)	(197)
Total comprehensive income for the year attributable to equity shareholders	1,100	157

All figures relate to continuing operations.

Consolidated balance sheet

	At 31 December 2014 £'000	At 31 December 2013 £'000
Non current assets		
Intangible fixed assets	**4,112**	2,236
Property, plant and equipment	**3,330**	3,128
Deferred taxation	**1,990**	1,947
	9,432	7,311
Current assets		
Inventories	**5,072**	3,827
Trade and other receivables	**6,501**	5,374
Derivative financial asset held at fair value	**142**	—
Cash and cash equivalents	**1,805**	2,925
	13,520	12,126
Total assets	**22,952**	19,437
Current liabilities		
Trade and other payables	**(5,457)**	(3,557)
Other liabilities	**(4,869)**	(4,636)
Derivative financial liability held at fair value	**—**	(516)
Current tax liabilities	**(232)**	(222)
	(10,558)	(8,931)
Non current liabilities		
Other payables	**(161)**	—
Other liabilities	**(1,500)**	(1,405)
Pension schemes' deficits	**(4,147)**	(3,461)
	(5,808)	(4,866)
Total liabilities	**(16,366)**	(13,797)
Net assets	**6,586**	5,640
Equity		
Share capital	**1,503**	1,503
Shares held in treasury	**(336)**	(336)
Share premium	**84**	84
Other reserves	**2,893**	2,730
Profit and loss account	**2,442**	1,659
Total equity	**6,586**	5,640

Consolidated statement of changes in equity

	Share capital £'000	Shares held in treasury £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2013	1,503	(361)	13	1,036	1,427	320	1,624	5,562
Net profit for the year	—	—	—	—	—	—	354	354
Re-translation of overseas subsidiaries	—	—	—	—	—	(53)	—	(53)
Net actuarial loss on pension schemes (restated)	—	—	—	—	—	—	(144)	(144)
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	(53)	210	157
Share based payments	—	—	—	—	—	—	8	8
Exercise of share options	—	25	71	—	—	—	(26)	70
Dividends paid	—	—	—	—	—	—	(157)	(157)
Total transactions with owners	—	25	71	—	—	—	35	78
Balance at 1 January 2014	1,503	(336)	84	1,036	1,427	267	1,659	5,640
Net profit for the year	—	—	—	—	—	—	1,626	1,626
Re-translation of overseas subsidiaries	—	—	—	—	—	163	—	163
Net actuarial loss on pension schemes	—	—	—	—	—	—	(689)	(689)
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	163	937	1,100
Share based payments	—	—	—	—	—	—	9	9
Dividends paid	—	—	—	—	—	—	(163)	(163)
Total transactions with owners	—	—	—	—	—	163	783	946
Balance at 31 December 2014	**1,503**	**(336)**	**84**	**1,036**	**1,427**	**430**	**2,442**	**6,586**

Consolidated cash flow statement

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Cash flows from operating activities		
Profit before taxation for the year	**1,716**	16
Adjustments:		
Depreciation of property, plant and equipment	**196**	116
Amortisation of intangible fixed assets	**4**	—
Finance costs	**(331)**	814
Share based payments	**9**	8
Net cash flow from operating activities before movements in working capital	**1,594**	954
Change in inventories	**(803)**	956
Change in trade and other receivables	**(489)**	(870)
Change in trade and other payables	**1,143**	589
Cash generated from operations	**1,445**	1,629
Interest paid	**(98)**	(151)
Tax paid	**(14)**	(62)
Net cash flows from operating activities	**1,333**	1,416
Cash flows from investing activities		
Acquisition of subsidiary net of cash acquired	**(2,147)**	—
Purchases of property, plant and equipment	**(369)**	(2,896)
Sale of property, plant and equipment	**—**	4
Net cash flows from investing activities	**(2,516)**	(2,892)
Cash flows from financing activities		
New loans	**—**	1,610
Loan repayments	**(107)**	(98)
Finance lease repayments	**(36)**	—
Movement in invoice financing	**210**	1,535
Exercise of share options	—	70
Dividends paid	**(163)**	(157)
Net cash flows from financing activities	**(96)**	2,960
Net change in cash and cash equivalents	**(1,279)**	1,484
Cash and cash equivalents at beginning of year	**2,925**	1,498
Effect of foreign exchange rate changes	**159**	(57)
Cash and cash equivalents at end of year	**1,805**	2,925

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 434 of the Companies Act 2006. The Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet at 31 December 2014, the Consolidated statement of changes in equity, the Consolidated cash flow statement and the associated notes for the period 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 498 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014 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. The principal accounting policies adopted by the Group, which remain unchanged, are set out in the statutory financial statements for the year ended 31 December 2014.

Non-underlying items
Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed in aggregate on the Consolidated income statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. Non-underlying items comprise exceptional costs of Group restructuring, the finance cost related to the Group's pension schemes calculated in accordance with IAS19 and the impact of the movement in respect of derivative foreign exchange contracts held at fair value through the profit and loss in accordance with IAS39.

Key areas of estimation uncertainty
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.

Financial instruments valuation
Forward contracts and options are used to minimise the impact of foreign exchange fluctuations on the group. An asset or liability is recognised representing the fair value of the instruments in place at the year end. The fair value is calculated using certain estimates and valuation models by reference to significant inputs including; implied volatilities in foreign currency and historical movements in foreign currency exchange rates. Changes in the fair value of the instruments are recognised in profit or loss in the income statement.

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 discount rate, 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.

Inventory provisioning
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.

Bad debt provision
At each reporting period, the Directors review outstanding debts and determine appropriate provision levels. The recovery of certain debts is dependent on the individual circumstances of customers. At the year end there are a number of debts which remain outstanding past their due date, which the Directors believe to be recoverable.

Intangible asset valuation
In attributing value to intangible assets arising on acquisition, management has made certain assumptions in terms of cash flows attributable to intellectual property and customer relationships. The key assumptions relate to the trading performance of the acquired business, royalty rates applied in the royalty relief calculation and discount rates applied to calculate the present value of future cash flows. The Directors consider the resulting valuation to be a reasonable approximation as to the value of the intangibles acquired.

Key judgements
Deferred tax assets
In determining the deferred tax asset to be recognised the Directors carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information. Estimates and judgements used in the financial statements are based on historical experience and other assumptions that the Directors and management consider reasonable and are consistent with the Group's latest budgeted forecasts where applicable. Judgements are based on the information available at each balance sheet date. Although these estimates are based on the best information available to the Directors, actual results may ultimately differ from those estimates.

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:

	Bicycles, bicycle accessories and mobility £'000	Sports, leisure and toys £'000	Total £'000
Year ended 31 December 2014			
Revenue	*16,074*	*15,246*	*31,320*
Segment result before corporate charges	874	1,452	2,326
Allocation of corporate charges	(331)	(507)	(838)
Segment result after corporate charges	543	945	1,488
Unallocated corporate charges			(30)
Operating profit			1,458
Exceptional costs			(73)
Finance costs			331
Profit before taxation			1,716
Tax expense			(90)
Net profit for the year			1,626
Segment assets	9,961	7,931	17,892
Unallocated assets			5,060
Total assets			22,952
Segment liabilities	(4,921)	(4,698)	(9,619)
Unallocated liabilities			(6,747)
Total liabilities			(16,366)
Consolidated net assets			6,586
Capital additions			
Group			248
Segments	52	78	130
			378
Depreciation			
Group			61
Segments	68	67	135
			196

Year ended 31 December 2013

Revenue	15,149	13,198	28,347
Segment result before corporate charges	476	1,038	1,514
Allocation of corporate charges	(188)	(346)	(534)
Segment result after corporate charges	288	692	980
Unallocated corporate charges			(8)
Operating profit			972
Exceptional costs			(142)
Finance costs			814
Profit before taxation			16
Tax income			338
Net profit for the year			354
Segment assets	8,064	5,843	13,907
Unallocated assets			5,530
Total assets			19,437
Segment liabilities	(3,443)	(5,117)	(8,560)
Unallocated liabilities			(5,237)
Total liabilities			(13,797)
Consolidated net assets			5,640
Capital additions			
Group			2,745
Segments	14	137	151
			2,896
Depreciation	46	70	116

The Group's revenues and non current assets are divided into the following geographical areas:

Year ended 31 December 2014	**United Kingdom £'000**	**Europe £'000**	**Rest of the World £'000**	**Total £'000**
Revenue	**28,948**	**1,470**	**902**	**31,320**
Non current assets	**7,436**	**—**	**6**	**7,442**

Year ended 31 December 2013	United Kingdom £'000	Europe £'000	Rest of the World £'000	Total £'000
Revenue	25,941	1,440	966	28,347
Non current assets	5,361	—	3	5,364

There was one customer (year ended 31 December 2013 – one) whose revenue from transactions amounted to 10% or more of the Group's revenue.

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 December 2014 £'000	Year ended 31 December 2013 £'000
Net profit for the year	**1,626**	354
Weighted average shares in issue (excluding shares held in treasury) used for basic earnings per share	**4,669,754**	4,637,337
Weighted average dilutive shares under option	**100,453**	60,245
Average number of shares used for diluted earnings per share	**4,770,207**	4,697,582
	Pence	Pence
Basic earnings per share	**34.82**	7.63
Diluted earnings per share	**34.09**	7.54

5. Dividend

The Directors are proposing a final dividend of 2.40 pence per ordinary share (year ended 31 December 2013 – 2.30 pence) payable to shareholders on the register on 29 May 2015 and will be paid on or around 30 June 2015.

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 23 June 2015 at 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.