

# TANDEM GROUP PLC

## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

### Chairman's statement

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#### Introduction

I am pleased to present the results for the year ended 31 December 2015.

#### Results

Revenue for the year ended 31 December 2015 was £34,385,000 compared to £31,320,000 in the year ended 31 December 2014. This was an increase of 9.8%. Excluding the ESC acquisition referred to below, Group revenue increased by 4.7%.

Profit before tax and non-underlying items was £1,214,000 for the year ended 31 December 2015. This compared to £1,283,000 for the year ended 31 December 2014, a decrease of 5.4%.

Non-underlying items, which do not represent the trading performance of the Group, were a charge of £85,000 (year ended 31 December 2014 - £309,000 credit).

Following the acquisition, cash and cash equivalents reduced from £1,805,000 to £878,000 at 31 December 2015.

There was an increase of £1,233,000 in net assets from £6,586,000 at 31 December 2014 to £7,819,000 at 31 December 2015.

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

#### Dividend

We are proposing to pay a final dividend of 2.50 pence per share (year ended 31 December 2014 – 2.40 pence per share) which, when combined with the interim dividend of 1.25 pence per share (year ended 31 December 2014 – 1.20 pence per share), gives a total dividend of 3.75 pence for the year (year ended 31 December 2014 – 3.60 pence per share).

Subject to shareholder approval at the Annual General Meeting to be held on 28 June 2016, the final dividend will be paid on or around 4 July 2016 to shareholders on the share register as at 27 May 2016. The ex-dividend date will be 26 May 2016.

#### Pensions

The Group operates two defined benefit pension schemes with both schemes closed to new members. There are no active members in either scheme. Although gilt yields continued to be low, a change in assumptions, particularly the discount rate, enabled a reduction in the deficit in both schemes to £3,608,000 compared to £4,147,000 at the prior year end.

During the year to 31 December 2015 total payments in respect of these schemes were £403,000 (year ended 31 December 2014 - £327,000) comprising deficit contributions of £256,000 (year ended 31 December 2014 - £243,000) and government levies and administration costs of £147,000 (year ended 31 December 2014 - £84,000).

#### Acquisition

On 1 September 2015 the Group acquired a leading online retailer of gazebos, party tents, fishing products, household and kitchen appliances, E.S.C. (Europe) Limited ("ESC"), for initial consideration of £2,386,000 in cash. Additional consideration will be paid, subject to ESC fulfilling certain profitability criteria.

The acquisition provides critical mass for our direct to consumer business which we intend to develop further in 2016 and beyond with a more automated order picking system and despatching process.

In addition to this we are in the process of redeveloping all websites including the introduction of a new headline website under the 'Expressco' brand. We believe this investment will provide us with a springboard for future profitable growth.

#### Employees

We are fortunate to employ a number of skilled and dedicated employees. The Board thanks them all for their effort, hard work and focus during the year and contribution to the profitability of the Group.

## **Strategy**

Our strategic objectives continue to broaden and whilst we seek to maintain our position as a leading supplier to the UK bicycle and wheeled toy markets, we are also developing our direct to consumer product range across a number of indoor and outdoor leisure and mobility categories.

## **Import duty**

As we recently reported, the Company is investigating several import duty classification codes used for certain Pro Rider and ESC products and discussing them with HMRC. There have been no material developments since our announcement on 9 March 2016. The Company continues to receive specialist advice. Until there is clarification on the applicability of certain codes, it is not currently possible to accurately quantify the extent of any underpaid duty, if any. However where duty is underpaid, the Company will make an appropriate provision and seek recovery of any underpayments and other losses from the sellers of Pro Rider and ESC in accordance with the agreements entered into at the time of purchase.

## **Outlook**

In our bicycles businesses we have produced a strong range of cycles for the 2016 year, particularly the new range of hybrid and junior models. The mid-tier independent cycle market continues to be challenging. However, over recent weeks our order books have improved which is encouraging. We continue to work exceptionally hard to maintain our position in a competitive market.

In our MV Sports business, feedback to our 2016 toy range at the recently held Toy Fair in London was very positive. New licences for 2016, including Finding Dory, Paw Patrol, Teletubbies and Shopkins, are showing good potential. When combined with our evergreen licences including Disney Princess, Peppa Pig and Thomas & Friends and our own brands including Stunted, Hedstrom, Kickmaster and Ben Sayers, we have a strong platform for growth in 2016.

Following the relocation to substantially larger premises in Northampton and the integration of ESC into this operation, we expect 2016 to be a further year of investment in our direct to consumer Expressco business. We believe that the improvements that we are making to our order processing and fulfilment systems and the redevelopment of all websites coupled with the investment in additional customer services, product development, marketing, design and warehousing personnel will help to facilitate growth in our direct to consumer operation.

**M P J Keene**  
**Chairman**

**19 April 2016**

# Strategic report

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## Operating and Financial Review

### Revenue and operating profit

Group revenue for the year ended 31 December 2015 was £34,385,000 compared to £31,320,000 in the prior year. The completion on 1 September 2015 of the acquisition of ESC, a leading online retailer of outdoor leisure products, contributed £1,587,000 of revenue.

Operating expenses increased from £8,107,000 for the year ended 31 December 2014 to £8,840,000 for the year ended 31 December 2015 due to costs incurred in respect of the ESC acquisition and overheads subsequently incurred.

Operating profit before non-underlying items for the year ended 31 December 2015 was £1,420,000 which compared to £1,458,000 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 2015 non-underlying items comprised:

- acquisition and moving expenses of £140,000 (year ended 31 December 2014 – £nil);
- exceptional restructuring costs of £47,000 (year ended 31 December 2014 - £73,000);
- the release of deferred consideration £54,000 in respect of the Pro Rider acquisition (year ended 31 December 2014 – £nil);
- a fair value income adjustment for foreign currency derivative contracts under IAS39 of £104,000 (year ended 31 December 2014 – £657,000);
- pension finance costs under IAS19 of £140,000 (year ended 31 December 2014 - £151,000), and
- deferred tax income of £84,000 (year ended 31 December 2014 - £124,000 charge) in respect of IAS39, IAS19 and share options.

### Finance costs

For the year ended 31 December 2015, total net finance costs were £242,000 compared to total net finance income of £331,000 for the year ended 31 December 2014.

Interest payable on bank loans, overdrafts, hire purchase and invoice finance facilities increased from £175,000 last year to £206,000. Finance costs in respect of the pension schemes provided in accordance with IAS19 were £140,000 compared to £151,000 for year ended 31 December 2014. The fair value adjustment in respect of derivative foreign exchange contracts was a credit of £104,000 compared to £657,000 in the prior year. This was calculated in accordance with IAS39. The net cost of pension schemes' finance costs and derivatives of £36,000 is included in non-underlying items.

### Taxation

The tax expense for the year ended 31 December 2015 was £44,000 compared to £90,000 last year.

Current tax was £73,000 which compared to £81,000 in the prior year and comprised corporation tax from the overseas Hong Kong operation partly offset by a prior year UK adjustment.

Deferred tax income of £29,000 comprised tax in respect of movements in trading losses, pension schemes' liabilities, derivatives and share options.

### Net profit

Net profit for the year ended 31 December 2015 after non-underlying items, finance costs and taxation was £1,001,000 compared to £1,626,000 for the year ended 31 December 2014.

### Capital expenditure

Capital expenditure for the year was £132,000 which included racking of the Northampton warehouse and other leasehold improvements (year ended 31 December 2014 - £369,000).

### Cash flows, working capital and net debt

Net cash inflow from operating activities before movements in working capital for the year ended 31 December 2015 was £1,510,000 compared to £1,594,000 in the prior year.

Total cash generated from operations was £1,711,000 compared to £1,445,000 last year.

Following the acquisition of ESC, net cash outflows from investing activities were £2,512,000 in the year ended 31 December 2015 compared to £2,516,000 in the previous year.

Net cash inflows from financing activities were £51,000 in the year ended 31 December 2015 (year ended 31 December 2014 £96,000 outflow).

At 31 December 2015 net debt comprising cash and cash equivalents, invoice financing liabilities and borrowings was £5,650,000 compared to £4,564,000 at 31 December 2014.

### **Dividends**

Total dividends paid and proposed for the year ended 31 December 2015 were 3.75 pence per share compared to 3.60 pence per share for the year ended 31 December 2014, an increase of 4.2%. The dividend cover ratio was 5.7 (year ended 31 December 2014 – 9.7). 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 21.31 pence per share for the year ended 31 December 2015 compared to 34.82 pence per share in the year ended 31 December 2014. Diluted earnings per share was 20.27 pence per share compared to 34.09 pence per share in the prior year.

### **Acquisition**

On 1 September 2015 the Group completed the acquisition of ESC. The initial consideration for the acquisition was £2,386,000 in cash with potential additional consideration of £601,000, subject to ESC fulfilling certain profitability criteria.

ESC is a leading online retailer of gazebos, party tents, household, kitchen and fishing products under the Airwave, Windbar, Jack Stonehouse and Carpzone brands.

We continue to implement our online strategy to become a leading internet retailer of outdoor and indoor leisure, household and mobility products.

The acquisition of ESC has further broadened the Group's distribution channels and its customer base by introducing a further online trading platform. During 2016, it is our intention to invest further to modify and improve our IT systems which will ultimately enable a more automated order picking and despatching process. Further, we plan to redevelop all websites to facilitate our plans. We believe this investment will provide us with a springboard for future profitable growth.

For the period from 1 September 2015 to 31 December 2015 ESC delivered £1,587,000 of revenue and an operating profit of £38,000.

### **Bicycles, bicycle accessories and mobility**

Revenue in our bicycles, bicycle accessories and mobility businesses was £15,478,000 for the year ended 31 December 2015 compared to £16,074,000 in the prior year.

Operating profit for the year before the allocation of corporate charges and exceptional income was £895,000 compared to £874,000 for the year ended 31 December 2014.

The corporate bicycles business performed ahead of the prior year although the Claud Butler and Dawes businesses were behind. Strong cost control and margin management enabled an increase in operating profit.

The mid-tier independent bicycle market continued to be highly competitive. Notwithstanding these challenges, the range of new bicycles for 2016 has been well received in the market. We are also pleased with the progress that continues to be made with our national retailer customers.

### **Sports, leisure and toys**

Revenue in our sports, leisure and toys business for the year ended 31 December 2015 was £18,907,000 compared to £15,246,000 in the prior year.

Operating profit before the allocation of corporate charges was £1,300,000 for the year ended 31 December 2015 compared to £1,452,000 in the year ended 31 December 2014.

It was a further year of turnover growth in our MV Sports business. In licensed properties, Disney Princess, Star Wars and Batman performed strongly. In own brands, Kickmaster, Bored and Pot Black showed growth over the prior year. Despite turnover growth, operating profits reduced with pressure on national retailer margins and royalty rates.

For 2016 we have a number of new licenses including Finding Dory, Paw Patrol and Shopkins which we believe have the potential to make a strong contribution to the year.

**S J Grant**  
Chief Executive Officer

**J C Shears**  
Group Finance Director

19 April 2016

# Consolidated income statement

Note	Year ended 31 December 2015			Year ended 31 December 2014		
	Before non-underlying items	Non-underlying items	After non-underlying items	Before non-underlying items	Non-underlying items	After non-underlying items
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>	<b>34,385</b>	—	<b>34,385</b>	31,320	—	31,320
Cost of sales	<u>(24,265)</u>	—	<u>(24,265)</u>	<u>(21,755)</u>	—	<u>(21,755)</u>
<b>Gross profit</b>	<b>10,120</b>	—	<b>10,120</b>	9,565	—	9,565
Operating expenses	<u>(8,700)</u>	<u>(140)</u>	<u>(8,840)</u>	<u>(8,107)</u>	—	<u>(8,107)</u>
<b>Operating profit before exceptional costs</b>	<b>1,420</b>	<b>(140)</b>	<b>1,280</b>	1,458	—	1,458
Exceptional income/(costs)	—	7	7	—	(73)	(73)
<b>Operating profit after exceptional costs</b>	<b>1,420</b>	<b>(133)</b>	<b>1,287</b>	1,458	(73)	1,385
Finance (costs)/income	<u>(206)</u>	<u>(36)</u>	<u>(242)</u>	<u>(175)</u>	506	331
<b>Profit before taxation</b>	<b>1,214</b>	<b>(169)</b>	<b>1,045</b>	1,283	433	1,716
Tax (expense)/credit	<u>(128)</u>	<u>84</u>	<u>(44)</u>	34	<u>(124)</u>	<u>(90)</u>
<b>Net profit for the year</b>	<b><u>1,086</u></b>	<b><u>(85)</u></b>	<b><u>1,001</u></b>	<u>1,317</u>	<u>309</u>	<u>1,626</u>
<b>Earnings per share</b>	4		<b>Pence</b>			<b>Pence</b>
Basic			<u>21.31</u>			<u>34.82</u>
Diluted			<u>20.27</u>			<u>34.09</u>

# Consolidated statement of comprehensive income

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000	£'000
Net profit for the year	1,001	1,626
<b>Other comprehensive income:</b>		
<i>Items that will be reclassified subsequently to profit and loss:</i>		
Foreign exchange differences on translation of foreign operations	51	163
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Deferred tax credit on share based payments	75	—
Actuarial gain/(loss) on pension schemes	423	(778)
Movement in pension schemes' deferred tax provision	<u>(223)</u>	<u>89</u>
<b>Other comprehensive income for the year</b>	<b>326</b>	<b>(526)</b>
<b>Total comprehensive income for the year attributable to equity shareholders</b>	<b><u>1,327</u></b>	<b><u>1,100</u></b>

All figures relate to continuing operations.

# Consolidated balance sheet

	At 31 December 2015 £'000	At 31 December 2014 £'000
<b>Non current assets</b>		
Intangible fixed assets	5,612	4,112
Property, plant and equipment	3,267	3,330
Deferred taxation	1,825	1,990
	<u>10,704</u>	<u>9,432</u>
<b>Current assets</b>		
Inventories	6,227	5,072
Trade and other receivables	5,468	6,501
Derivative financial asset held at fair value	246	142
Cash and cash equivalents	878	1,805
	<u>12,819</u>	<u>13,520</u>
<b>Total assets</b>	<u>23,523</u>	<u>22,952</u>
<b>Current liabilities</b>		
Trade and other payables	(5,001)	(5,457)
Other liabilities	(4,034)	(4,869)
Current tax liabilities	(559)	(232)
	<u>(9,594)</u>	<u>(10,558)</u>
<b>Non current liabilities</b>		
Other payables	(8)	(161)
Other liabilities	(2,494)	(1,500)
Pension schemes' deficits	(3,608)	(4,147)
	<u>(6,110)</u>	<u>(5,808)</u>
<b>Total liabilities</b>	<u>(15,704)</u>	<u>(16,366)</u>
<b>Net assets</b>	<u>7,819</u>	<u>6,586</u>
<b>Equity</b>		
Share capital	1,503	1,503
Shares held in treasury	(316)	(336)
Share premium	127	84
Other reserves	2,944	2,893
Profit and loss account	3,561	2,442
<b>Total equity</b>	<u>7,819</u>	<u>6,586</u>

# 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 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
Exercise of share options	—	—	—	—	—	—	—	—
Dividends paid	—	—	—	—	—	—	(163)	(163)
Total transactions with owners	—	—	—	—	—	163	783	946
Balance at 1 January 2015	1,503	(336)	84	1,036	1,427	430	2,442	6,586
Net profit for the year	—	—	—	—	—	—	1,001	1,001
Re-translation of overseas subsidiaries	—	—	—	—	—	51	—	51
Net actuarial gain on pension schemes	—	—	—	—	—	—	200	200
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	51	1,201	1,252
Share based payments	—	—	—	—	—	—	14	14
Deferred tax on share options	—	—	—	—	—	—	75	75
Exercise of share options	—	20	43	—	—	—	—	63
Dividends paid	—	—	—	—	—	—	(171)	(171)
Total transactions with owners	—	20	43	—	—	51	1,119	1,233
<b>Balance at 31 December 2015</b>	<b>1,503</b>	<b>(316)</b>	<b>127</b>	<b>1,036</b>	<b>1,427</b>	<b>481</b>	<b>3,561</b>	<b>7,819</b>

# Consolidated cash flow statement

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Cash flows from operating activities</b>		
Profit before taxation for the year	1,045	1,716
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	193	196
Amortisation of intangible fixed assets	16	4
Finance costs	242	(331)
Share based payments	14	9
<b>Net cash flow from operating activities before movements in working capital</b>	<b>1,510</b>	<b>1,594</b>
Change in inventories	(137)	(803)
Change in trade and other receivables	1,814	(489)
Change in trade and other payables	(1,476)	1,143
<b>Cash generated from operations</b>	<b>1,711</b>	<b>1,445</b>
Interest paid	(108)	(98)
Tax paid	(120)	(14)
<b>Net cash flows from operating activities</b>	<b>1,483</b>	<b>1,333</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary net of cash acquired	(2,057)	(2,147)
Acquisition of subsidiaries deferred consideration paid	(290)	—
Purchases of intangible fixed assets	(39)	—
Purchases of property, plant and equipment	(132)	(369)
Sale of property, plant and equipment	6	—
<b>Net cash flows from investing activities</b>	<b>(2,512)</b>	<b>(2,516)</b>
<b>Cash flows from financing activities</b>		
New loans	1,500	—
Loan repayments	(182)	(107)
Finance lease repayments	(23)	(36)
Movement in invoice financing	(1,136)	210
Exercise of share options	63	—
Dividends paid	(171)	(163)
<b>Net cash flows from financing activities</b>	<b>51</b>	<b>(96)</b>
<b>Net change in cash and cash equivalents</b>	<b>(978)</b>	<b>(1,279)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,805</b>	<b>2,925</b>
Effect of foreign exchange rate changes	51	159
<b>Cash and cash equivalents at end of year</b>	<b>878</b>	<b>1,805</b>



# Notes to the preliminary results

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## 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 2015, 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 2015 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 2015.

### **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 one off acquisition costs, non-recurring relocation costs, exceptional costs of Group restructuring, the finance cost related to the Group's pension schemes calculated in accordance with IAS19, 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 and the release of the over provision in respect of contingent consideration.

### **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:

	<b>Bicycles, bicycle accessories and mobility £'000</b>	<b>Sports, leisure and toys £'000</b>	<b>Total £'000</b>
<b>Year ended 31 December 2015</b>			
<b>Revenue</b>	<b>15,478</b>	<b>18,907</b>	<b>34,385</b>
<b>Segment result before corporate charges</b>	<b>895</b>	<b>1,300</b>	<b>2,195</b>
<b>Allocation of corporate charges</b>	<b>(331)</b>	<b>(512)</b>	<b>(843)</b>
<b>Segment result after corporate charges</b>	<b>564</b>	<b>788</b>	<b>1,352</b>
<b>Unallocated corporate charges</b>			<b>(72)</b>
<b>Operating profit</b>			<b>1,280</b>
<b>Exceptional costs</b>			<b>7</b>
<b>Finance costs</b>			<b>(242)</b>
<b>Profit before taxation</b>			<b>1,045</b>
<b>Tax expense</b>			<b>(44)</b>
<b>Net profit for the year</b>			<b>1,001</b>
<b>Segment assets</b>	<b>9,057</b>	<b>9,834</b>	<b>18,891</b>
<b>Unallocated assets</b>			<b>4,632</b>
<b>Total assets</b>			<b>23,523</b>
<b>Segment liabilities</b>	<b>(3,679)</b>	<b>(4,554)</b>	<b>(8,233)</b>
<b>Unallocated liabilities</b>			<b>(7,471)</b>
<b>Total liabilities</b>			<b>(15,704)</b>
<b>Consolidated net assets</b>			<b>7,819</b>
<b>Capital additions</b>			
<b>Group</b>			<b>1</b>
<b>Segments</b>	<b>80</b>	<b>90</b>	<b>170</b>
			<b>171</b>
<b>Depreciation</b>			
<b>Group</b>			<b>38</b>
<b>Segments</b>	<b>75</b>	<b>80</b>	<b>155</b>
			<b>193</b>

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	<u>(331)</u>	<u>(507)</u>	<u>(838)</u>
Segment result after corporate charges	543	945	1,488
Unallocated corporate charges			<u>(30)</u>
Operating profit			1,458
Exceptional costs			(73)
Finance costs			331
Profit before taxation			<u>1,716</u>
Tax income			<u>(90)</u>
Net profit for the year			<u>1,626</u>
Segment assets	9,961	7,931	17,892
Unallocated assets			<u>5,060</u>
Total assets			22,952
Segment liabilities	(4,921)	(4,698)	(9,619)
Unallocated liabilities			<u>(6,747)</u>
Total liabilities			(16,366)
Consolidated net assets			<u>6,586</u>
Capital additions			
Group			248
Segments	52	78	<u>130</u>
			<u>378</u>
Depreciation			
Group			61
Segments	68	67	<u>135</u>
			<u>196</u>

Depreciation is included within operating expenses in the consolidated income statement.

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

<b>Year ended 31 December 2015</b>	<b>United Kingdom</b>	<b>Europe</b>	<b>Rest of the World</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	<u>32,247</u>	<u>1,064</u>	<u>1,074</u>	<u>34,385</u>
<b>Non current assets</b>	<u>8,873</u>	<u>—</u>	<u>6</u>	<u>8,879</u>
Year ended 31 December 2014	United Kingdom	Europe	Rest of the World	Total
	£'000	£'000	£'000	£'000
Revenue	<u>28,948</u>	<u>1,470</u>	<u>902</u>	<u>31,320</u>
Non current assets	<u>7,436</u>	<u>—</u>	<u>6</u>	<u>7,442</u>

There was one customer (year ended 31 December 2014 – 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:

	<b>Year ended 31 December 2015 £'000</b>	Year ended 31 December 2014 £'000
Net profit for the year	<u>1,001</u>	<u>1,626</u>
Weighted average shares in issue (excluding shares held in treasury) used for basic earnings per share	<b>4,696,752</b>	4,669,754
Weighted average dilutive shares under option	<b>241,974</b>	100,453
Average number of shares used for diluted earnings per share	<u><b>4,938,726</b></u>	<u>4,770,207</u>
	<b>Pence</b>	Pence
Basic earnings per share	<u><b>21.31</b></u>	<u>34.82</u>
Diluted earnings per share	<u><b>20.27</b></u>	<u>34.09</u>

#### 5. Dividend

The Directors are proposing a final dividend of 2.50 pence per ordinary share (year ended 31 December 2014 – 2.40 pence) payable to shareholders on the register on 27 May 2016 and will be paid on or around 4 July 2016.

#### 6. Acquisition

On 1 September 2015, the Group acquired 100% of the issued share capital and voting rights of E.S.C (Europe) Limited for an initial consideration of £2,386,000 and contingent consideration of £601,000. The business is engaged in the supply of mobility and leisure products. The acquisition has been accounted for using acquisition accounting principles. The contingent consideration will be paid, subject to ESC fulfilling certain profitability criteria.

#### 7. 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](http://www.tandemgroup.co.uk).

#### 8. Annual General Meeting

The Annual General Meeting will be held at 11:00 a.m. on 28 June 2016 at 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.

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  
James Caithie  
Telephone 020 7148 7901