

# TANDEM GROUP PLC

## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

### Chairman's statement

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#### Introduction

I am pleased to present the results for the year ended 31 December 2012.

As we reported in our February 2013 trading update to shareholders revenue was similar to the prior period with an increase in gross profit and profit before taxation ahead of the prior period. This was a positive result in a challenging economic climate.

#### Results

Revenue for the year to 31 December 2012 was £28,952,000 (11 month period ended 31 December 2011 - £29,042,000).

Profit before taxation for the year was £830,000 compared to £820,000 for the 11 month period to 31 December 2011.

Basic earnings per share for the year was 14.57p per share compared with 13.37p per share for the 11 month period ended 31 December 2011.

Net assets reduced by £586,000 from £6,148,000 at 31 December 2011 to £5,562,000 at 31 December 2012. This position was once again significantly impacted by a further increase of £840,000 in the pensions schemes' deficits which increased to £3,539,000 following the year end valuation that we are required to undertake to comply with International Accounting Standard 19.

Further details of operational activities and a detailed segment review of performance can be found in the Business Review below.

#### Dividend

In accordance with our progressive dividend payment policy, we are proposing to pay a final dividend of 2.20 pence per share (11 month period ended 31 December 2011 – 2.10 pence per share) which, when combined with the interim dividend of 1.10 pence per share (11 month period ended 31 December 2011 – 1.05 pence per share), gives a total dividend of 3.30 pence for the year (11 month period ended 31 December 2011 – 3.15 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on 4 June 2013, the final dividend will be paid on or around 14 June 2013 to shareholders on the share register as at 17 May 2013. The ex-dividend date will be 15 May 2013.

#### Pensions

The Group operates two defined benefit pension schemes. Both schemes are closed to new members and there are no active members in either scheme. In the year to 31 December 2012 £239,000 (11 month period ended 31 December 2011 - £180,000) was paid into the schemes to reduce the actuarially calculated funding deficits and £75,000 (11 month period ended 31 December 2011 - £76,000) was paid out in government levies and administration costs.

Notwithstanding the deficit funding contributions made by the Group and the fact that the schemes are closed, following the actuarial valuation carried out at the end of the year, the net deficit in the schemes increased from £2,699,000 at 31 December 2011 to £3,539,000 at 31 December 2012. The significant factor in this movement was the change in the discount rate which reduced from 5.3% to 4.4%.

#### Employees

We have teams of highly dedicated and hard working 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 during the year.

## **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 licensed wheeled toy markets.

We have invested in the appropriate infrastructure, logistics and back office systems to facilitate this strategy. During the year two Group companies implemented a new financial software system and additional warehouse racking and a mezzanine extension were constructed at our Castle Bromwich site.

As previously reported, whilst we are focussed on our organic growth strategy, we remain of the belief that any significant growth can only be achieved by means of acquisition. During the year we have undertaken preliminary discussions with a number of potential targets but have currently been unable to conclude a deal which would be on beneficial terms to the Group and our shareholders.

## **Acquisition of freehold property**

In February 2013 we completed the acquisition of the freehold on our property in Castle Bromwich, Birmingham for cash consideration (before expenses) of £2,600,000.

The Consideration was satisfied by means of a new 5 year term loan of £1,610,000 provided by the Company's bankers and the balance from existing cash resources. Following the acquisition, we expect to save approximately £300,000 per annum net of interest payments.

## **Outlook**

The bicycle and sports, leisure and toy sectors in which we operate continue to be exceptionally challenging. Against a difficult economic backdrop, the retail environment remains difficult and input factors including Far East labour and exchange rates will place further pressure on margins.

After our successful roadshows, we believe our 2013 Claud Butler and Dawes bicycle and accessories ranges are well placed to take advantage of better weather and any market upturn.

The new portfolio of character licenses will enhance our sports, leisure and toy offering in the forthcoming year. We have also increased the range of our own brand of extreme scooters under the 'Stunted' brand and developed a comprehensive range of skateboards under the 'Bored' brand.

Group performance in the 12 weeks to 22 March 2013 was behind the previous year in both our bicycles and accessories and our sports, leisure and toys businesses after a cautious start to the year by both retailers and consumers.

Whilst we have hedged a significant proportion of our US dollar requirement for 2013, we remain mindful of the impact that a strong dollar can have on the business.

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

**28 March 2013**

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# Business review

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## **Operating and Financial Review**

### **Revenue and profit**

Revenue for the year ended 31 December 2012 was £28,952,000 (11 month period ended 31 December 2011 £29,042,000).

The gross margin percentage increased to 29.7% from 28.4% in the prior period. This was achieved by a greater focus on higher margin products, particularly in our cycling ranges, combined with a reduction in bicycle promotional contract business.

Operating expenses were £7,617,000 for the year ended 31 December 2012 compared to £7,391,000 in the 11 month period to 31 December 2011. This represented 26.3% of revenue against 25.4% in the prior period. Although this was an increase over the prior period, costs remain tightly controlled.

The operating profit margin increased to 3.4% from 3.0% in the previous period reflecting the improvement in gross margin partly offset by the increase in operating expenses.

Group profit before taxation in the year was £830,000 compared to £820,000 in the 11 month period ended 31 December 2011. This was an encouraging result in a very challenging market.

### **Finance costs**

Finance costs were £141,000 (11 month period ended 31 December 2011 - £47,000). This cost was split between bank overdraft and invoice finance interest £66,000 (11 month period ended 31 December 2011 - £96,000) and a pension interest cost of £75,000 (11 month period ended 31 December 2011 – credit £49,000).

The pension cost is calculated using the notional expected return on pension scheme assets less interest on scheme liabilities and has been significantly exacerbated by falling asset return assumptions.

### **Taxation**

The tax expense for the year was £157,000 (11 month period ended 31 December 2011 - £179,000) which was attributable to overseas taxation charges and deferred tax in respect of future profits partly offset by the net pension schemes' deferred tax credit.

There was a net reduction in the deferred taxation asset from £1,792,000 at 31 December 2011 to £1,749,000 at 31 December 2012 as a result of the deferred tax recognised on future trading profits partly offset by deferred tax movements in the pension schemes' liabilities.

### **Capital expenditure and working capital**

During the year capital expenditure projects commenced in respect of a replacement IT system in the bicycle businesses and warehouse racking and mezzanine construction at the Castle Bromwich site. Both projects were completed in early 2013.

Inventory levels reduced by 7.8% to £4,783,000 at 31 December 2012 compared to £5,190,000 at 31 December 2011.

Trade and other payables were £3,188,000 at the year end compared to £4,271,000 at 31 December 2011 partly due to the timing of stock purchases.

### **Net debt and cash flows**

Net debt increased by £430,000 from £1,066,000 at 31 December 2011 to £1,496,000 at 31 December 2012. The net cash inflow from operating activities including movements in working capital was £43,000 (11 month period ended 31 December 2011 - £183,000). Net capital expenditure costs were £154,000 compared to £22,000 in the prior period. Dividends and payments made to acquire own shares were £148,000 (11 month period ended 31 December 2011 - £142,000) and £82,000 (11 month period ended 31 December 2011 - £1,240,000) respectively.

### **Dividends**

Total dividends paid and proposed increased from 3.15 pence per share for the 11 month period ended 31 December 2011 to 3.30 pence per share for the year ended 31 December 2012, an increase of 4.8%. Dividend cover was 4.4 (11 month period ended 31 December 2011 – 4.2). It continues to be the Group's policy to progressively increase the dividend payment to shareholders.

### **Earnings per share**

Basic earnings per share increased to 14.57 pence per share for the year ended 31 December 2012 compared to 13.37 pence per share in the 11 month period ended 31 December 2011, a 9.0% increase. Diluted earnings per share increased from 13.04 pence per share in the 11 month period ended 31 December 2011 to 14.38 pence per share in the year ended 31 December 2012.

### **Post balance sheet events**

As highlighted in the Chairman's Statement the freehold purchase of the Birmingham warehouse and office premises was completed in February 2013. The warehouse has been reconfigured and extended to provide further efficient storage capacity.

### **Bicycles and accessories**

Revenue in our bicycles and accessories businesses for the year ended 31 December 2012 of £16,979,000 compared to £18,235,000 in the 11 month period ended 31 December 2011. There was a further reduction during the year in revenue from national retailer promotional and FOB business. Despite the fall in revenue, the change in sales mix improved margin by 2 per cent.

The operating profit before management charges was £797,000 compared to £946,000 in the 11 month period to 31 December 2011.

Although there was a strong 'feelgood' factor following the British success at the London 2012 Olympic and Paralympic Games and in the Tour de France, anecdotal evidence suggests that the leisure cycling market actually contracted in 2012.

The year was the wettest year on record for England and the second wettest on record for the United Kingdom overall. Following a promising March, the months of April, June and July experienced significantly more rainfall than the monthly average which adversely impacted on bicycle sales in our market.

Notwithstanding these issues, revenue from our flagship brands of Claud Butler and Dawes increased. We have continued to provide a quality range of cycle products, offering great value to our customers supported by excellent customer service.

We have also taken the step to restructure the bicycle division by separating the independent dealer business from the national retailer business. From 1 January 2013 all national account bicycle business was transferred to our sports, leisure and toys division in Birmingham. It is envisaged that this change will enable a greater focus on independent customers in the bicycle businesses.

Bicycles revenue for the 12 weeks to 22 March 2013 was behind the same period last year. Although we reported successful January cycle shows and a significant increase in the order book, once again the poor weather has had a negative impact on consumer footfall.

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

Revenue from our sports, leisure and toys business for the year ended 31 December 2012 was £11,973,000 (11 month period ended 31 December 2011 - £10,807,000). Operating profit before management charges increased to £892,000 compared to £491,000 in the 11 month period ended 31 December 2011.

Against the backdrop of a recessionary economic environment, a reported 6% decrease in the UK outdoor toy market and the emergence of 'grey market' imports from Europe which have driven some prices down, this was a particularly strong performance.

The evergreen licenses of Ben 10, Fireman Sam, Peppa Pig and Thomas continued to perform positively during the year. This was augmented by positive contributions from own branded ranges including Ben Sayers, Hedstrom, Kickmaster, Pot Black and Stunted.

Initial reactions to new licenses One Direction and Batman have been positive with the new Batmobile battery operated car making front page news at the Olympia Toy Fair. In addition, Skylanders and Tree Fu Tom are showing good potential for the forthcoming year and the Stunted branded extreme scooter range, supported by extensive television advertising, has also been extended for 2013.

The transfer of our national retailer bicycle brands, including Falcon, Townsend, Boss, Elswick and Zombie to our sports, leisure and toys division in Birmingham was completed in January 2013. This segment of the Group is already well versed in dealing with national accounts and further recruitment has been undertaken to grow the business. We are currently implementing a strategy to supply a comprehensive range of UK stocked bicycles to national retailers and, in particular, their growing internet demand.

Sports, leisure and toys revenue for the 12 weeks to 22 March 2013 was behind the same period last year after a cautious start to the year by national retailers.

**S J Grant**  
Chief Executive Officer

**J C Shears**  
Group Finance Director

**28 March 2013**

# Consolidated income statement

	Note	Year ended 31 December 2012 £'000	11 month period ended 31 December 2011 £'000
<b>Revenue</b>	3	<b>28,952</b>	29,042
Cost of sales		<u>(20,364)</u>	<u>(20,784)</u>
<b>Gross profit</b>		<b>8,588</b>	8,258
Operating expenses		<u>(7,617)</u>	<u>(7,391)</u>
<b>Operating profit</b>		<b>971</b>	867
Finance costs		<u>(141)</u>	<u>(47)</u>
<b>Profit before taxation</b>		<b>830</b>	820
Tax expense		<u>(157)</u>	<u>(179)</u>
<b>Net profit for the year</b>		<u><b>673</b></u>	<u>641</u>
<b>Earnings per share</b>	4	<b>Pence</b>	Pence
Basic		<u><b>14.57</b></u>	<u>13.37</u>
Diluted		<u><b>14.38</b></u>	<u>13.04</u>

# Consolidated statement of comprehensive income

	Year ended 31 December 2012 £'000	11 month period ended 31 December 2011 £'000
Net profit for the year/period	<b>673</b>	641
<b>Other comprehensive income:</b>		
Foreign exchange differences on translation of foreign operations	<b>(93)</b>	91
Actuarial loss on pension schemes	<b>(1,004)</b>	(2,449)
Movement in pension schemes' deferred tax provision	<b>63</b>	568
<b>Other comprehensive income for the year/period</b>	<u><b>(1,034)</b></u>	<u>(1,790)</u>
<b>Total comprehensive income for the year attributable to equity shareholders</b>	<u><b>(361)</b></u>	<u>(1,149)</u>

All figures relate to continuing operations.

# Consolidated balance sheet

	At 31 December 2012 £'000	At 31 December 2011 £'000
<b>Non current assets</b>		
Intangible fixed assets	2,236	2,236
Property, plant and equipment	348	284
Deferred taxation	1,749	1,792
	<u>4,333</u>	<u>4,312</u>
<b>Current assets</b>		
Inventories	4,783	5,190
Trade and other receivables	4,829	4,991
Cash and cash equivalents	1,498	2,446
	<u>11,110</u>	<u>12,627</u>
<b>Total assets</b>	<u>15,443</u>	<u>16,939</u>
<b>Current liabilities</b>		
Trade and other payables	(3,188)	(4,271)
Financial liabilities	(2,994)	(3,512)
Current tax liabilities	(160)	(309)
	<u>(6,342)</u>	<u>(8,092)</u>
<b>Non current liabilities</b>		
Pension schemes' deficits	(3,539)	(2,699)
<b>Total liabilities</b>	<u>(9,881)</u>	<u>(10,791)</u>
<b>Net assets</b>	<u>5,562</u>	<u>6,148</u>
<b>Equity</b>		
Share capital	1,503	1,503
Shares held in treasury	(361)	(337)
Share premium	13	13
Other reserves	2,783	2,876
Profit and loss account	1,624	2,093
<b>Total equity</b>	<u>5,562</u>	<u>6,148</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 February 2011	1,503	(115)	—	1,036	1,427	322	4,492	8,665
Net profit for the year	—	—	—	—	—	—	641	641
Re-translation of overseas subsidiaries	—	—	—	—	—	91	—	91
Net actuarial loss on pension schemes	—	—	—	—	—	—	(1,881)	(1,881)
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	91	(1,240)	(1,149)
Share based payments	—	—	—	—	—	—	5	5
Exercise of share options	—	4	13	—	—	—	(8)	9
Share buyback	—	(226)	—	—	—	—	(1,014)	(1,240)
Dividends paid	—	—	—	—	—	—	(142)	(142)
Total transactions with owners	—	(222)	13	—	—	91	(2,399)	(2,517)
Balance at 1 January 2012	1,503	(337)	13	1,036	1,427	413	2,093	6,148
Net profit for the year	—	—	—	—	—	—	673	673
Re-translation of overseas subsidiaries	—	—	—	—	—	(93)	—	(93)
Net actuarial loss on pension schemes	—	—	—	—	—	—	(941)	(941)
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	(93)	(268)	(361)
Share based payments	—	—	—	—	—	—	5	5
Exercise of share options	—	—	—	—	—	—	—	—
Share buyback	—	(24)	—	—	—	—	(58)	(82)
Dividends paid	—	—	—	—	—	—	(148)	(148)
Total transactions with owners	—	(24)	—	—	—	(93)	(469)	(586)
<b>Balance at 31 December 2012</b>	<b>1,503</b>	<b>(361)</b>	<b>13</b>	<b>1,036</b>	<b>1,427</b>	<b>320</b>	<b>1,624</b>	<b>5,562</b>

# Consolidated cash flow statement

	Year ended 31 December 2012 £'000	11 month period ended 31 December 2011 £'000
<b>Cash flows from operating activities</b>		
Profit before tax for the year/period	830	820
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	85	74
Finance costs	141	47
Share based payments	5	5
<b>Net cash flow from operating activities before movements in working capital</b>	<u>1,061</u>	<u>946</u>
Change in inventories	407	2,446
Change in trade and other receivables	275	(354)
Change in trade and other payables	(1,331)	(2,701)
<b>Cash generated from operations</b>	<u>412</u>	<u>337</u>
Interest paid	(79)	(95)
Tax paid	(290)	(59)
<b>Net cash flow from operating activities</b>	<u><u>43</u></u>	<u><u>183</u></u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(154)	(22)
Sale of property, plant and equipment	4	—
<b>Net cash utilised in investing activities</b>	<u><u>(150)</u></u>	<u><u>(22)</u></u>
<b>Cash flows from financing activities</b>		
Change in invoice financing	(518)	846
Exercise of share options	—	9
Dividends paid	(148)	(142)
Payment to acquire own shares	(82)	(1,240)
<b>Net cash utilised in financing activities</b>	<u><u>(748)</u></u>	<u><u>(527)</u></u>
<b>Net change in cash and cash equivalents</b>	<u><u>(855)</u></u>	<u><u>(366)</u></u>
<b>Cash and cash equivalents at beginning of year/period</b>	<u>2,446</u>	<u>2,721</u>
Effect of foreign exchange rate changes	(93)	91
<b>Cash and cash equivalents at end of year/period</b>	<u><u>1,498</u></u>	<u><u>2,446</u></u>



# 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 2012, 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 2012 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 have been applied consistently, are set out in the statutory financial statements for the year ended 31 December 2012.

The key areas of estimation uncertainty and key judgements in the financial statements are as detailed below:

### **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.

#### ***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 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. There are a number of debts which remain outstanding past their due date, which the Directors believe to be recoverable.

#### ***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.

#### **Key judgements**

The Directors, do not consider they have had to make any critical judgements in applying the accounting policies.

### 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 and accessories £'000	Sports, leisure and toys £'000	Total £'000
<b>Year ended 31 December 2012</b>			
<b>Revenue</b>	<b>16,979</b>	<b>11,973</b>	<b>28,952</b>
<b>Segment result before management charges</b>	<b>797</b>	<b>892</b>	<b>1,689</b>
<b>Management charges</b>	<b>(409)</b>	<b>(307)</b>	<b>(716)</b>
<b>Segment result after goodwill impairment and management charges</b>	<b>388</b>	<b>585</b>	<b>973</b>
<b>Unallocated corporate expenses</b>			<b>(2)</b>
<b>Operating profit</b>			<b>971</b>
<b>Finance costs</b>			<b>(141)</b>
<b>Profit before taxation</b>			<b>830</b>
<b>Tax expense</b>			<b>(157)</b>
<b>Net profit for the year</b>			<b>673</b>
<b>Segment assets</b>	<b>7,797</b>	<b>3,116</b>	<b>10,913</b>
<b>Unallocated assets</b>			<b>4,530</b>
			<b>15,443</b>
<b>Segment liabilities</b>	<b>(3,289)</b>	<b>(2,796)</b>	<b>(6,085)</b>
<b>Unallocated liabilities</b>			<b>(3,796)</b>
			<b>(9,881)</b>
<b>Consolidated net assets</b>			<b>5,562</b>
<b>Capital additions</b>	<b>94</b>	<b>60</b>	<b>154</b>
<b>Depreciation and goodwill impairment</b>	<b>39</b>	<b>46</b>	<b>85</b>
<b>Period ended 31 December 2011</b>			
<b>Revenue</b>	<b>18,235</b>	<b>10,807</b>	<b>29,042</b>
<b>Segment result before management charges</b>	<b>946</b>	<b>491</b>	<b>1,437</b>
<b>Management charges</b>	<b>(389)</b>	<b>(170)</b>	<b>(559)</b>
<b>Segment result after goodwill impairment and management charges</b>	<b>557</b>	<b>321</b>	<b>878</b>
<b>Unallocated corporate expenses</b>			<b>(11)</b>
<b>Operating profit</b>			<b>867</b>
<b>Finance costs</b>			<b>(47)</b>
<b>Profit before taxation</b>			<b>820</b>
<b>Tax expense</b>			<b>(179)</b>
<b>Net profit for the period</b>			<b>641</b>
<b>Segment assets</b>	<b>9,331</b>	<b>3,481</b>	<b>12,812</b>
<b>Unallocated assets</b>			<b>4,127</b>
			<b>16,939</b>
<b>Segment liabilities</b>	<b>(5,517)</b>	<b>(3,454)</b>	<b>(8,971)</b>
<b>Unallocated liabilities</b>			<b>(1,820)</b>
			<b>(10,791)</b>
<b>Consolidated net assets</b>			<b>6,148</b>
<b>Capital additions</b>	<b>10</b>	<b>12</b>	<b>22</b>
<b>Depreciation and goodwill impairment</b>	<b>40</b>	<b>34</b>	<b>74</b>

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

<b>Year ended 31 December 2012</b>	<b>United Kingdom £'000</b>	<b>Europe £'000</b>	<b>Rest of the World £'000</b>	<b>Total £'000</b>
<b>Revenue</b>	<b>26,588</b>	<b>1,521</b>	<b>843</b>	<b>28,952</b>
<b>Non current assets</b>	<b>4,327</b>	<b>—</b>	<b>6</b>	<b>4,333</b>
<b>Period ended 31 December 2011</b>	<b>United Kingdom £'000</b>	<b>Europe £'000</b>	<b>Rest of the World £'000</b>	<b>Total £'000</b>
<b>Revenue</b>	<b>27,526</b>	<b>964</b>	<b>552</b>	<b>29,042</b>
<b>Non current assets</b>	<b>4,303</b>	<b>—</b>	<b>9</b>	<b>4,312</b>

There was one customer (11 month period ended 31 December 2011 – nil) 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/period as follows:

	<b>Year ended 31 December 2012 £'000</b>	<b>11 month period ended 31 December 2011 £'000</b>
Net profit for the year/period	<b>673</b>	<b>641</b>
Weighted average shares in issue (excluding shares held in Treasury) used for basic earnings per share	<b>4,620,109</b>	4,793,162
Weighted average dilutive shares under option	<b>60,312</b>	124,192
Average number of shares used for diluted earnings per share	<b>4,680,421</b>	4,917,354
	<b>Pence</b>	Pence
Basic earnings per share	<b>14.57</b>	13.37
Diluted earnings per share	<b>14.38</b>	13.04

#### 5. Dividend

The Directors are proposing a final dividend of 2.20 pence per ordinary share (11 month period ended 31 December 2011 – 2.10 pence) payable to shareholders on the register on 17 May 2013 and will be paid on or around 14 June 2013.

#### 6. Post balance sheet events

In February 2013 the Group completed the acquisition of the freehold on its property in Castle Bromwich, Birmingham for cash consideration (before expenses) of £2,600,000.

The Consideration was satisfied by means of a new 5 year term loan of £1,610,000 provided by the Group's bankers and the balance from existing cash resources. Interest on the term loan will be charged at a rate of 2.5 per cent above base rate.

**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 4 June 2013 at 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.