ROSS GROUP PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2001

Company No. 131902

ROSS GROUP PLC

DIRECTORS

A C C Ma (chairman and managing director)
Adrian Chi Chiu Ma was appointed to the board on 8 February 2000 and is 57 years old. He is a commerce graduate from Birmingham University, England and a member of the Institute of Chartered Accountants in England and Wales. Mr Ma has more than 20 years experience in the finance and operations of the computer peripheral and electronics industry. He is also an executive director of The Grande Group.

A Eman (deputy managing director)
Alain Eman was appointed to the board on 7 December 2001 and was subsequently promoted to the role of Deputy Managing Director. Mr Eman is 58 years old and is a former executive director of The Grande Group. A graduate from the Political Sciences School in Paris he has more than 30 years experience in banking and international corporate finance activities.

M A B Binney (executive director)
Michael Andrew Barclay Binney, aged 42, was appointed to the board on 17 February 2000. He studied at Coventry University, England and is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Society of Accountants. Mr Binney has extensive experience in manufacturing and operations of the consumer and computer electronics industry. He is also an executive director of The Grande Group.

R Lee (executive director)
Ruby Lee, aged 40, was appointed to the board on 10 September 2001. She is a law graduate from the University of Singapore, and is called to the Singapore Bar. She also holds a masters in law from the London School of Economics, University of London. Prior to joining The Grande Group, Ms Lee was in legal practice and she now leads the legal and company secretarial team of The Grande Group.

M J Simon (non executive director)
Michael Jonathan Simon, aged 43, was appointed to the board on 28 March 2000. He is an economics graduate from the University of Cambridge and a fellow of the Institute of Chartered Accountants in England and Wales and also of the Association of Chartered Certified Accountants. Mr Simon is a sole practitioner in public practice.

P F G Binney (non-executive director)
Paul Francis Gregory Binney, aged 42, was originally appointed to the board on 7 January 2000 and became a non-executive director in December 2001. He is a commerce graduate from Birmingham University, England and a member of the Institute of Chartered Accountants in England and Wales. Mr Binney is currently working in a consulting role to several major UK companies.

ROSS GROUP PLC

COMPANY INFORMATION

FOR THE PERIOD ENDED 31 DECEMBER 2001

Directors	A C C Ma A Eman (appointed 7.12.2001) R Lee M A B Binney M J Simon P F G Binney D Hon (resigned 7.12.2001) I Watts (resigned 7.12.2001)
Secretary	R Lee
Company number	131902
Registered office	Unit 5 Wallbrook Business Centre Green Lane, Hounslow Middlesex TW4 6NW
Auditors	Everett & Son 35 Paul Street London EC2A 4UQ
Bankers	HSBC Bank PLC Corporate and Institutional Banking Asia and Pacific Corporate 27-32 Poultry London EC2P 2BX

ROSS GROUP PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2001

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RESULTS

The result of the group before tax for the six months ended 31 December 2001 was a loss of £372,000 (twelve months ended 30th June 2001: loss £1,095,000). The loss for this period was largely incurred as a result of the head office overhead and interest charges not covered by the trading divisions' profitability.

The group's total turnover for the period was £1,936,000, which shows a decline when compared to prorated turnover for the previous six month period. This further decline was as a result of the completion of planned changes in the group activities, which were commenced in the previous periods, full details of which are detailed elsewhere in the financial statements.

Because of the Balance Sheet position, the board is unable to recommend the payment of a dividend. The board will continue to endeavour to return the company to a dividend paying position as soon as is practicable.

DIVISIONS OF THE GROUP

Power, Technical Services And Automotive Electronics

A detailed Report is included in the Operating and Financial Review section of these Financial Statements.

STRATEGY

The board has approved an annual business plan to build and strengthen the Power business concentrating on increasing sales to targeted major customers, particularly in continental Europe, through the competitive sourcing of third party and compatible products. The Technical Services Division continues to maximise high margin business contracts while rebuilding turnover to more satisfactory and profitable levels. A new managing director has joined the division and resources are being targeted at new business.

Although the restructuring of the business has been nearly completed the board continues to reserve its decision to consider any suitable change in direction. The board will continue to support and build on the group's core business and has negotiated adequate working capital finance to do so. At the same time the directors remain open minded about new business ventures and directions which may present themselves and which may provide suitable synergy with future plans.

CURRENT TRADING AND PROSPECTS

The directors believe that the trading of the two main operating businesses will continue to improve through the implementation of the approved business plans. Management attention has been re-focussed on longer term objectives to ensure the future expansion of the group.

The group has reduced and eliminated all unnecessary head office overheads. Its prospects are dependent on the future decisions as to its direction but the directors are optimistic about the future potential of the group.

STAFF

I would like to take this opportunity to thank our Employees, Shareholders, Bankers, Advisers, Suppliers and Customers for their continuing support.

A C C Ma
Chairman
19 April 2002

TECHNICAL SERVICES

A new managing director has been appointed to implement the board approved business plan and to build on the blue chip customer base in order to obtain high value return on long term contracts with particular emphasis on margin and cash flow. Resources will be strengthened and matched to individual contracts in order to achieve these objectives.

The board obviously remains open to a possible disposal of GEL Engineering Limited but only if a suitable purchaser and offer were to be found.

POWER

The board approved business plan is being implemented and monitored to achieve the objectives of a larger customer base throughout Europe and maximise the potential of its brands, whilst utilising third party supply from China.

AUTOMOTIVE ELECTRONICS

Action is continuing on the recovery of old outstanding debts. Where necessary legal action is being pursued where the net amount recoverable covers these costs.

ROSS GROUP PLC

REPORT OF THE DIRECTORS

The directors present their report together with audited financial statements for the six months to 31 December 2001.

Principal activities and business review

The principal activities of the group are primarily the importation, distribution and sale of transformers and electrical adaptors, and the design and manufacture of engineering projects.

Significant changes in the activities of the company and group during the period are detailed in the Operating and Financial Review.

The company has changed its accounting reference date to 31st December and accordingly has shortened its present accounting period to 31st December 2001.

Results and dividends

The result for the period is set out in the profit and loss account on page 15.

There was a loss for the period after taxation amounting to £372,000 (2001: loss for the year £1,095,000). The directors do not recommend payment of a dividend and the loss has therefore been deducted from reserves.

Payment policy and practice

It is the policy of the company that it and each of its subsidiaries should agree appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them. At the period end the average number of days purchases in trade creditors was 45 days (30th June 2001: 42 days).

Post balance sheet events

There have been no post balance sheet events other than those which have been reflected in the financial statements.

Employee involvement

The directors recognise the importance of good communications and relations with employees and the company regularly consults and informs them regarding matters affecting them. It is the policy of the group to consider applications for employment from disabled persons and to provide training, career progression and promotion as and when warranted.

Directors

The directors had no interests in contracts of significance with the company.

The present membership of the board is as set out below. All directors were appointed on the dates indicated.

In accordance with the Articles of Association members will be asked to confirm the appointment of all of the directors.

The interests of the directors in the ordinary share capital as at 1 July 2001 (or the date of their appointment to the Board if later) and 31 December 2001, were as follows:

Present members of the Board	**Ordinary shares** **31 December 2001**	*1 July 2001*
A C C Ma	-	-
A Eman (appointed 7.12.2001)	-	-
R Lee	-	-
M A B Binney	-	-
M J Simon	**101,820**	*101,820*
P F G Binney	-	-

Substantial shareholdings

As at 31st December 2001 the following were registered as being materially interested in 3% or more of the company's issued share capital:	**Number of ordinary shares**	**% of issued share capital**
The Grande Holdings Limited	3,636,359	5
The Grande Holdings Limited also had the following interests through its nominees:		
The Alpha Capital Limited	21,098,279	32
Escalating Investments Limited	7,400,240	11
The only other significant shareholder was :		
P Lawrence	2,090,000	3

Charitable and political contributions

During the period the group made no donations to charitable or political organisations.

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and comply with the Companies Act 1985. They are also responsible for the system of internal controls, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Everett & Son offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

For and on behalf of
R Lee
Secretary
19 April 2002

CORPORATE GOVERNANCE STATEMENT

The Group is committed to high standards of corporate governance and has complied throughout the period under review with the applicable provisions set out in Section 1 of the Combined Code as incorporated in the UK Listing Rules of the Financial Services Authority except that the group at present has only two non-executive directors and therefore does not comply with the recommendation that the Audit Committee should have at least three non-executive directors.

The Group is seeking to appoint additional non-executive directors but feels it is imperative that the benefits of so doing are correctly balanced. Furthermore whilst the future strategy of the Group continues to develop the board feels that it is essential that any additional non-executive director is brought on board with the correct skill-sets to enhance the overall abilities of the board. The current non-executive directors, who are both Chartered Accountants, have volunteered to oversee the Group board, with one being a small shareholder and the other being the ex chairman and managing director of the Group and whilst it is recognised that a broad balance of experience and expertise is available from them the Group will continue to seek to appoint non-executive directors to augment these skill-sets. It is expected that the Group will succeed in strengthening the board during 2002.

This section of the report explains how the principles of the Code have been applied within the company throughout the period under review.

DIRECTORS

There is an effective and appropriately constituted board which receives such information as is required to properly fulfil its duties. The board comprises the chairman and managing director (A C C Ma), the deputy managing director (A Eman) two Non-Executive Directors (M J Simon and P F G Binney) and two further executive directors (M A B Binney and R Lee). Prior to the commencement of the reorganisation process the board had a division of responsibility between the chairman's role and the executive responsibility. However, with regard to the current board there is at the present time no such division. This is as a result of the need to run a cost efficient board during the period of reorganisation and the situation will be looked at again on the completion of this during 2002. As with the previous board, the current board is of the opinion that taking into account the number of members on the board a Nomination Committee is currently not required. With the exception of the non-executive directors who are on one-year appointments at fixed fees, all of the other directors are subject to periodic re-election and the full board considers all appointments.

As mentioned above the board has two non-executive directors who are the members of the Audit Committee. P F G Binney is currently considered to be the senior non-executive director in view of his intimate and in depth knowledge of the Group's affairs and his former experience in working within the Grande Group. As an ongoing part of the reorganisation process the Group is committed to re-examine the constitution of the board and to recruit non-executive directors as necessary during 2002. The Group's definition of a non-executive director is one who considers the interest of all the shareholders and this is demonstrated during the board meetings.

Biographies of the board are included in the Financial Statements. These indicate a wealth of experience, which is essential in effectively managing the activities of the Group. In addition to this the board members, where appropriate, attend seminars and courses of their respective professional organisations.

The board meets every two to three months and there is a full board meeting twice a year. With the exception of A C C Ma, R Lee and M A B Binney, who attend only the full board meetings (this is as a result of the directors being based overseas) all of the other directors attend each of these meetings. An agenda is prepared prior to each meeting and this would normally cover areas of the Group's finance, operations and personnel matters. All current operating, financial and strategic information is submitted to the Board together with representations from the divisional managers. The chairman ensures that all members of the board are properly briefed on issues arising at the meetings through the prepared agendas, post meeting circulars and opportunities for questions during the meetings. Additional information can be obtained at any time from the other executive directors. Significant issues addressed in the last six months related to reductions in head office overheads as detailed in other sections of the Financial Statements.

Professional training is available to both the executive and non-executive directors as and when required. In the six months under review, the directors undertook the appropriate professional training as required by the Institutes governing their profession.

Independent professional advice is usually sought on contentious and disclosure issues, this being as a result of discussions during the Board Meetings. During the year the Chairman had sought independent professional advice in relation to matters affecting the Group.

The new Board has not established formal written procedures in respect of access to the Company Secretary. The Board ought to address all relevant Company secretarial matters and consult the Company Secretary when required. However, no major Company secretarial matters arose in the year.

All Shareholders have the opportunity to put forward questions to the whole Board during the Company's Annual General Meeting and the Board communicates with the Shareholders via the notices and other papers relating to the Annual General Meeting.

DIRECTORS REMUNERATION

Prior to the commencement of the reorganisation process the board had in place a Remuneration Committee to determine the remuneration of the Board.

With the exception of the deputy managing director and the non-executive directors, the other members of the current board do not receive remuneration at the present time. On the completion of the reorganisation process referred to earlier the board will then set up a Remuneration Committee to establish any remuneration packages.

INTERNAL FINANCIAL CONTROLS

The respective responsibilities of the directors and the auditors in connection with the Financial Statements are set out on page 10 to the Financial Statements.

The directors have overall responsibility for the effectiveness of the Group's whole system of internal control, including financial and other controls, which is designed to provide reasonable but not absolute assurance against material misstatement or loss. The key procedures that the directors have established to provide effective internal financial control are as follows:

Financial Reporting
There is a comprehensive system for reporting performance. During the course of the year, a one year rolling budget is prepared for each company within the Group and a consolidated budget is prepared for the whole Group. The board then formally approves the budgets. The monthly results are then reported to the board for their consideration and forecasts are revised accordingly.

Quality And Integrity Of Personnel
The integrity of the Group is maintained through the appointment of experienced and professional staff and the application of appropriate policies and procedures.

Capital Investment
The Group has set procedures for capital expenditure. These include annual budgets, appraisals and review of the required expenditure, approvals at the right levels of authority and the commissioning of independent professional advice where appropriate.

CONTINUED CORPORATE GOVERNANCE STATEMENT

The Group has an ongoing system for identifying, evaluating and managing the significant risks faced by the Group. The directors have reviewed the effectiveness of the system of internal financial control during the year from information provided by the management and the Group's external auditors. It must be recognised that such a system can only provide reasonable, and not absolute, assurance and, in that context, the review revealed nothing which, in the opinion of the directors, indicates that the system was inappropriate or unsatisfactory.

The Group has no internal audit function and the board has determined that there is no need for one.

GOING CONCERN

The directors confirm that after making the appropriate enquiries, they are of the opinion that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future and therefore have prepared the Financial Statements on a going concern basis.

AUDIT COMMITTEE AND AUDITORS

As mentioned earlier the Audit Committee comprises the two non-executive directors. Although this does not meet the provision of code 3.1, the spirit of the provision is in force and as stated above the board is seeking to recruit additional non-executive directors during 2002 as needed.

The Audit Committee meets periodically to review the adequacy of the Group's internal control systems, accounting policies and compliance with applicable accounting standards and to consider the appointment of the external auditors and to review their fees. Everett & Son is invited to attend these meetings. The Audit Committee is authorised by the board to investigate any activity within its terms of reference and obtain external professional advice as is necessary.

OTHER INFORMATION

The Board has adopted the London Stock Exchange Model Code on dealings in the company securities by the Directors and relevant employees.

By order of the Board

A C C Ma
Chairman
19 April 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ROSS GROUP PLC

We have audited the financial statements on pages 12 to 33 which have been prepared under the accounting policies set out on pages 12 to 14.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 6, the financial statements. Our responsibilities, as independent auditors, is to audit the financial statements in accordance with applicable United Kingdom law and regulatory requirements, auditing standards and the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly drawn up in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the statement on pages 7 to 9 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing rules, and we report if it does not. We are not required to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications on our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ROSS GROUP PLC

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 2001 and the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Everett & Son

EVERETT & SON
Chartered Accountants and Registered Auditors
35 Paul Street
London
EC2A 4UQ
19 April 2002

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified for the revaluation of certain assets.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2001. The results of subsidiary undertakings acquired during the period have been included from the date of acquisition and those disposed of during the period have been included up to the effective date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired. Goodwill arising subsequent to the adoption of Financial Reporting Standard No 10 is capitalised and is amortised on a straight line basis over its estimated useful life up to a maximum of 20 years. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates. Goodwill previously charged to the special reserve has now been charged to the profit and loss account in relation to subsidiaries disposed of.

Following Court approval for the capital reorganisation given in February 1992, the goodwill element of the cost of the company's investments in its subsidiaries was eliminated against the special reserve. This has now been written back into the company's profit and loss account in accordance with FRS 10 as per note 14. Any provision for permanent diminution in value is made through the profit and loss account.

TURNOVER

Turnover is the total amount receivable by the group for goods supplied and services provided to third parties, excluding VAT.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than investment properties by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	over the term of the lease
Plant, equipment and vehicles	10% to 33%

INVESTMENTS

Investments are included at cost less amounts written off.

ACCOUNTING POLICIES

STOCKS AND LONG-TERM CONTRACTS

Stocks other than long-term contracts are stated at the lower of cost and net realisable value.

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover. Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

DEFERRED TAXATION

Deferred tax is provided for if material, using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. These transaction differences are dealt with in the profit and loss account. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined benefit scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the average remaining service lives of current employees in the scheme.

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

CLOSURE, DISPOSAL, AND REORGANISATION COSTS

The cost of closure, disposal and related major reorganisation programmes arising through the discontinuance of a significant part of a Group business activity are charged as exceptional items. Other reorganisation costs, in continuing or discontinued business activities, are charged against profit and loss before taxation and separately disclosed if material. Amounts charged include provision for foreseeable future costs.

ROSS GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2001

	Note	6 months 2001 £000	6 months 2001 £000	*12 months 2001 £000*	*12 months 2001 £000*
Turnover	1				
Continuing operations		1,936		*4,827*	
Discontinued operations		-		*704*	
			1,936		*5,531*
Cost of sales	2		(1,467)		*(4,214)*
Gross profit			469		*1,317*
Other operating income and charges	2		(656)		*(1,629)*
Operating loss					
Continuing operations		(187)		*(87)*	
Discontinued operations		-		*(225)*	
			(187)		*(312)*
Exceptional items					
Loss on sale/termination of discontinued operations	4	(40)		*(465)*	
			(40)		*(465)*
Interest receivable and similar income	5		5		*1*
Interest payable and similar charges	5		(150)		*(319)*
Loss on ordinary activities before taxation	1		(372)		*(1,095)*
Tax on loss on ordinary activities	6		-		-
Loss for the financial period transferred from reserves	14		(372)		*(1,095)*
Earnings per ordinary share - basic and diluted	7		(0.55)		*(1.63)*
Adjusted earnings per ordinary share - basic and diluted	7		(0.50)		*(0.94)*

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	6 mths 2001 £000	*12 mths 2001 £000*
Loss for the financial period	**(372)**	*(1,095)*
Unrealised surplus on revaluations of other fixed assets	**28**	*-*
Total recognised losses for the period	**(344)**	*(1,095)*

The accompanying accounting policies and notes form an integral part of these financial statements.

ROSS GROUP PLC

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2001

	Note	31st December 2001 £000	31st December 2001 £000	*30th June 2001 £000*	*30th June 2001 £000*
Fixed assets					
Tangible assets	8		80		*46*
Current assets					
Stock	10	630		*385*	
Debtors	11	1,069		*1,575*	
Cash at bank and in hand		1,717		*1,094*	
		3,416		*3,054*	
Creditors: amounts falling due within one year	12	(6,434)		*(5,694)*	
Net current liabilities			(3,018)		*(2,640)*
Total assets less current liabilities			(2,938)		*(2,594)*
Capital and reserves					
Called up share capital	13		10,444		*10,444*
Share premium account	14		1,647		*1,647*
Other reserves	14		15,412		*15,384*
Profit and loss account	14		(30,441)		*(30,069)*
Shareholders' funds	16		(2,938)		*(2,594)*
Equity shareholders' funds			(2,938)		*(2,594)*
Non-equity shareholders' funds			-		-
			(2,938)		*(2,594)*

The financial statements were approved by the Board of Directors on 19 April 2002.

A C C Ma
Director

M A B Binney
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ROSS GROUP PLC

BALANCE SHEET

AS AT 31 DECEMBER 2001

	Note	2001 £000	2001 £000	*2001* *£000*	*2001* *£000*
Fixed assets					
Investments	9		-		*76*
			-		*76*
Current assets					
Debtors	11	14		*57*	
Cash at bank and in hand		1		*1*	
		15		*58*	
Creditors: amounts falling due within one year	12	(3,523)		*(3,252)*	
Net current liabilities			(3,508)		*(3,194)*
Total assets less current liabilities			(3,508)		*(3,118)*
Capital and reserves					
Called up share capital	13		10,444		*10,444*
Share premium account	14		1,647		*1,647*
Other reserves	14		30,938		*30,938*
Profit and loss account	14		(46,537)		*(46,147)*
Shareholders' funds (attibutable to equity shareholders)			(3,508)		*(3,118)*

The financial statements were approved by the Board of Directors on 19 April 2002.

A C C Ma
Director

M A B Binney
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ROSS GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2001

	Note	6 mths 2001 £000	12 mths 2001 £000
Net cash inflow (outflow) from operating activities	17	**264**	(2,324)
Returns on investments and servicing of finance			
Interest received		**5**	1
Interest paid		**(150)**	(319)
Net cash outflow from returns on investments and servicing of finance		**(145)**	(318)
Taxation		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(21)**	(16)
Sale of tangible fixed assets		**5**	1,143
Net cash outflow (inflow) from capital expenditure and financial investment		**(16)**	1,127
Financing			
Cash inflow from financing in the year			2,460
Capital element of finance lease rentals		-	(4)
Net cash inflow from financing		-	2,456
Increase in cash in the period	18	103	941

The accompanying accounting policies and notes form an integral part of these financial statements.

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and loss on ordinary activities before tax are attributable to the following classes of business:

	Turnover	
	2001	*2001*
	6 mths	*12 mths*
	£000	*£000*
Power	**1,054**	*2,626*
Technical services	**882**	*2,905*
	1,936	*5,531*
United Kingdom	**1,224**	*3,466*
Rest of Europe	**710**	*1,127*
Rest of the World	**2**	*938*
	1,936	*5,531*

Class of business segments:	**Intersegment turnover**		**External turnover**	
Turnover	**2001**	*2001*	**2001**	*2001*
	6 mths	*12 mths*	**6 mths**	*12 mths*
	£000	*£000*	**£000**	*£000*
Power	**-**	*495*	**1,054**	*2,626*
Technical services	**-**	*-*	**882**	*2,905*
	-	*495*	**1,936**	*5,531*

(Loss)/profit before tax and net assets/(liabilities):	**(Loss)/profit before tax**		**Net assets/(liabilities)**	
	2001	*2001*	**31st**	*30th*
	6 mths	*12 mths*	**December**	*June*
			2001	*2001*
	£000	*£000*	**£000**	*£000*
Automotive electronics	**-**	*-*	**(547)**	*(539)*
Power	**107**	*(179)*	**106**	*151*
Technical services	**(294)**	*(133)*	**(939)**	*(828)*
Central (liabilities)	**-**	*-*	**(1,558)**	*(1,378)*
Exceptional items	**(40)**	*(465)*	**-**	*-*
Net interest payable	**(145)**	*(318)*	**-**	*-*
Group (loss) before tax and net (liabilities)	**(372)**	*(1,095)*	**(2,938)**	*(2,594)*

Geographical segments:

Turnover	Turnover by origin				Turnover by destination	
	Inter-segment		External			
	2001 6 mths £000	*2001 12 mths £000*	2001 6 mths £000	*2001 12 mths £000*	2001 6 mths £000	*2001 12 mths £000*
United Kingdom	-	*-*	1,936	*4,827*	1,224	*3,466*
Rest of Europe	-	*-*	-	*-*	710	*1,004*
Rest of World	-	*-*	-	*-*	2	*1,061*
China	-	*495*	-	*704*	-	*-*
	-	*495*	1,936	*5,531*	1,936	*5,531*

(Loss) before tax and net assets/(liabilities):	(Loss) before tax		Net assets/(liabilities)	
	2001 6 mths £000	*2001 12 mths £000*	31st December 2001 £000	*30th June 2001 £000*
United Kingdom	(343)	*(978)*	(2,954)	*(2,769)*
China	(29)	*(117)*	16	*175*
Group (Loss) before tax and Net (liabilities)	(372)	*(1,095)*	(2,938)	*(2,594)*

The loss on ordinary activities is stated after:	2001 6 mths £000	*2001 12 mths £000*
Auditors' remuneration	40	*40*
Depreciation and amortisation:		
Tangible fixed assets, owned	10	*49*
Hire of plant and machinery	6	*5*
Other operating lease rentals	16	*28*

2 OTHER OPERATING INCOME AND CHARGES

	Continuing £000	Discontinued £000	2001 6 mths Total £000	*Continuing £000*	*Discontinued £000*	*2001 12 mths Total £000*
Cost of sales	**1,467**	-	**1,467**	*3,490*	*724*	*4,214*
Other operating income and charges:						
Distribution costs	-	-	-	*4*	*68*	*72*
Administrative expenses	**660**	-	**660**	*1,420*	*137*	*1,557*
Other operating income	**(4)**	-	**(4)**	-	-	-
	656	-	**656**	*1,424*	*205*	*1,629*

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	2001 6 mths £000	*2001 12 mths £000*
Wages and salaries	**339**	*1,093*
Social security costs	**27**	*79*
Other staff costs	**13**	*15*
	379	*1,187*

The average monthly number of employees of the group during the period were as follows:

	2001 6 mths Number	*2001 12 mths Number*
Warehousing and manufacturing	**21**	*25*
Administration, selling, distribution and management	**8**	*13*
	29	*38*

Remuneration in respect of directors was as follows:	**2001 6 mths £000**	*2001 12 mths £000*
Emoluments	**33**	*6*

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2001 6 mths £000	*2001 12 mths £000*
Salary and other emoluments	**25**	*6*

4 **EXCEPTIONAL ITEMS**

The group experienced the following exceptional items which are separately disclosed on the face of the profit and loss account:

	6 mths 2001 £000	12 mths 2001 £000
Reorganisation, restructuring costs of operations:		
Losses on reorganisation of Tadmod Limited	-	(167)
Total	-	(167)
(Loss)/profit on sale/termination of discontinued operations:		
(Loss) on disposal of various investments by Ross Group Plc	-	(305)
(Loss) on termination of GEL (Rhayader) Limited	(3)	(263)
(Loss)/profit on termination of Ross Autotronics Limited	(8)	156
Profit on termination of San Gain Industrial Company Limited	-	114
Total	(11)	(298)
Exchange loss on San Gain Industrial Limited	(29)	-
Net Exceptional Items	(40)	(465)

5 NET INTEREST

	2001 6 mths £000	*2001 12 mths £000*
On bank loans and overdrafts	132	*287*
Other interest payable and similar charges	18	*32*
	150	*319*
Other interest receivable and similar income	(5)	*(1)*
	145	*318*

6 TAX ON LOSS ON ORDINARY ACTIVITIES

No provision in respect of corporation tax has been made because the company incurred taxable losses in the period.

Subject to the agreement with the Inland Revenue, the company has taxable trading losses at 31st December 2001 for set-off against future trading profits of £2,751,151 (30th June 2001: £2,458,945) and capital losses for set-off against future capital gains of £9,026,555 (30th June 2001: £9,026,555).

7 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The figure for diluted earnings per share is no different than the figure for basic earnings per share.

Reconciliations of the earnings and weighted average number of shares (in thousands) used in the calculation are set out below.

	Earnings £000	2001 Weighted average number of shares	Per share amount pence	*Earnings £000*	*2001 Weighted average number of shares*	*Per share amount pence*
Basic earnings per share						
Earnings attributable to ordinary shareholders	(372)	67,052	(0.55)	*(1,095)*	*67,052*	*(1.63)*

An adjusted earnings per share has also been presented after excluding exceptional items as detailed in note 4.

The effect of the adjustment required is as follows:

	Earnings	**2001 Weighted average number of shares**	**Per share amount**	*Earnings*	*2001 Weighted average number of shares*	*Per share amount*
	£000		**pence**	*£000*		*pence*
Basic earnings per share	**(372)**	**67,052**	**(0.55)**	*(1,095)*	*67,052*	*(1.63)*
Exceptional items per note 4	**40**			*465*		
Adjusted earnings per share	**(332)**	**67,052**	**(0.50)**	*(630)*	*67,052*	*(0.94)*

8 **TANGIBLE FIXED ASSETS**

Group	**Leasehold land and buildings £000**	**Plant and machinery £000**	**Total £000**
Cost or valuation			
At 1 July 2001	47	751	798
Additions	21	-	21
Revaluations	-	30	30
	68	781	849
Disposals	(28)	(158)	(186)
At 31 December 2001	40	623	663
Depreciation			
At 1 July 2001	46	706	752
Charged for the period	1	9	10
Depreciation on revalued assets	-	2	2
	47	717	764
Eliminated on disposals	(28)	(153)	(181)
At 31 December 2001	19	564	583
Net book amount at 31 December 2001	**21**	**59**	**80**
Net book amount at 30 June 2001	*1*	*45*	46

The group has no investment properties included in freehold and long leasehold land and buildings.

9 FIXED ASSETS INVESTMENTS

Total fixed asset investments comprise:

	Group 31st December 2001 £000	Group *30th June 2001 £000*	Company 31st December 2001 £000	Company *30th June 2001 £000*
Other fixed asset investments (see below)	-	-	-	*76*

Company	**Shares in group under-takings £000**
Cost	
At 1 July 2001	226
At 31 December 2001	226
Amounts written off	
At 1 July 2001	150
Provided during the period	76
At 31 December 2001	226
Net book amount at 31 December 2001	-
Net book amount at 30 June 2001	*76*

At 31 December 2001 the company held 100% of the allotted equity share capital of the following:

Name of undertaking	Country of registration and incorporation	Class of share capital held	Nature of business
Subsidiary undertakings:			
Ross Autotronics Limited (Discontinued)	England and Wales	Ordinary	Importation and distribution of vehicle security systems
Tadmod Limited	England and Wales	Ordinary	Distribution of transformers, electrical adaptors, plastic mouldings and automotive products
GEL (Rhayader) Limited (Discontinued)	England and Wales	Ordinary	Design and manufacture of gearboxes and associated equipment
GEL Engineering Limited	England and Wales	Ordinary	Engineering design, project management and modular construction
San Gain Industrial Company Limited (Discontinued)	Hong Kong	Ordinary	Manufacture of transformers and electrical adaptors

The company also held 100% of the allotted equity share capital in the following dormant companies: Compact Orbital Gears (1989) Limited, RG2000A Limited, RG2000B Limited, RG2000C Limited, RG2000D Limited, RG2000E Limited and RG2000F Limited.

All subsidiaries operate in the United Kingdom except for San Gain Industrial Company Limited which had a manufacturing facility in the People's Republic of China.

10 STOCKS

	Group	
	31st December 2001 £000	*30th June 2001 £000*
Raw materials and consumable stores	**2**	*2*
Work in progress on long term contracts	**302**	*229*
Finished goods	**326**	*154*
	630	*385*

11 DEBTORS

	Group 31st December 2001 £000	30th June 2001 £000	Company 31st December 2001 £000	30th June 2001 £000
Trade debtors	**969**	*1,368*	**5**	-
Other debtors	**65**	*141*	**-**	*43*
Prepayments and accrued income	**35**	*66*	**9**	*14*
	1,069	*1,575*	**14**	*57*

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31st December 2001 £000	30th June 2001 £000	Company 31st December 2001 £000	30th June 2001 £000
Bank loans and overdrafts	**4,322**	*3,802*	**2,792**	*2,355*
Trade creditors	**443**	*751*	**68**	*110*
Amounts owed to associates	**1,311**	-	**-**	-
Amounts owed to group undertakings	**-**	-	**553**	*507*
Social security and other taxes	**101**	*200*	**33**	*29*
Other creditors	**51**	*605*	**11**	*139*
Accruals	**206**	*336*	**66**	*112*
	6,434	*5,694*	**3,523**	*3,252*

Bank loans and overdrafts amounting to £4,322,000 (30th June 2001: £3,802,000) are secured by a fixed and floating charge over the assets of the group. The Grande Holdings Limited has guaranteed loans of £1,300,000 and $2,000,000. The Grande Holdings Limited is the major shareholder and ultimate controlling party of the company.

13 SHARE CAPITAL

	31st December 2001 £	*30th June 2001 £*
Authorised		
90,000,000 ordinary shares of 5p each	**4,500,000**	*4,500,000*
195,000,000 deferred shares of 4.8p each	**9,360,000**	*9,360,000*
	13,860,000	*13,860,000*
Allotted, called up and fully paid		
67,052,306 ordinary shares of 5p each	**3,352,000**	*3,352,000*
147,745,278 deferred shares of 4.8p each	**7,092,000**	*7,092,000*
	10,444,000	*10,444,000*

The ordinary shares have both voting rights and the right to dividends, whilst the deferred shares have no voting rights nor the right to dividends.

14 SHARE PREMIUM ACCOUNT AND RESERVES

Group	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 July 2001	1,647	15,384	(30,069)
Retained loss for the period	-	-	(372)
Transfers to Revaluation Reserve	-	28	-
At 31 December 2001	**1,647**	**15,412**	**(30,441)**

Other reserves of the group consist of a Capital Redemption Reserve of £1,920,000 (30th June 2001: £1,920,000), a Non-distributable Capital Reserve of £3,333,000 (30th June 2001: £3,333,000), a Revaluation Reserve of £28,000 (30th June 2001: £nil) and a Special Reserve of £10,131,000 (30th June 2001: £10,131,000).

Company	Share premium account	Other reserves	Profit and loss account
	£000	£000	£000
At 1 July 2001	1,647	30,938	(46,147)
Retained loss for the period	-	-	(390)
At 31 December 2001	**1,647**	**30,938**	**(46,537)**

Other reserves of the company consist of a Capital Redemption Reserve of £1,920,000 (30th June 2001: £1,920,000) and a Special Reserve of £29,018,000 (30th June 2001: £29,018,000)

15 LOSS FOR THE FINANCIAL PERIOD

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the period includes a loss of £390,000 (year to 30th June 2001: loss of £2,167,000) which is dealt with in the financial statements of the company.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31st December 2001 £000	*30th June 2001 £000*
Loss for the financial period	**(372)**	*(1,095)*
Other recognised gains	**28**	-
Net decrease in shareholders' funds	**(344)**	*(1,095)*
Shareholders' funds at 1 July 2001	**(2,594)**	*(1,499)*
Shareholders' funds at 31 December 2001	**(2,938)**	*(2,594)*

17 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31st December 2001 £000	30th June 2001 £000
Operating loss on continuing activities	**(187)**	(87)
Depreciation	**10**	49
(Increase)/decrease in stocks	**(245)**	408
Increase in debtors	**506**	576
Increase/(decrease) in creditors	**220**	(2,580)
Net cash inflow/(outflow) from continuing operating activities	**304**	(1,634)
Net cash (outflow) in respect of discontinued activities and reorganisation costs	**(40)**	(690)
Net cash inflow/(outflow) from operating activities	**264**	(2,324)

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31st December 2001 £000	30th June 2001 £000
Increase in cash in the period	**103**	941
Cash (outflow) from financing in the period	**-**	(2,460)
Cash inflow from finance leases in the period	**-**	4
Movement in net debt in the period	**103**	(1,515)
Net debt at 1 July 2001/1 July 2000	**(2,708)**	(1,193)
Net debt at 31 December 2001	**(2,605)**	(2,708)

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2001 £000	Cashflow £000	At 31 December 2001 £000
Cash in hand and at bank	1,094	623	1,717
Overdrafts	(1,342)	(520)	(4,322)
Debt	(2,460)	-	-
Finance leases	-	-	-
	(2,708)	**103**	**(2,605)**

20 CONTINGENT LIABILITIES

The company has a contingent liability to its bankers in respect of composite guarantees given on behalf of its subsidiary undertakings. The amount outstanding at 31 December 2001 was £2,607,465 (30 June 2001 £2,713,907).

GEL (Rhayader) Limited has a contingent liability for certain contributions in respect of a defined benefit pension scheme. It is now a dormant subsidiary and there is no specific guarantee by the Group to that company. In common with many such schemes of this kind, there is a contingent liability to a possible underfunding shortfall should such a situation arise at some time in the future. It is not possible to quantify this contingency but the directors believe that there will be no material effect on the group's financial position.

21 LEASING COMMITMENTS

The group had annual commitments under non-cancellable operating leases as set out below:

	31st December 2001 Land and buildings £000	*30th June 2001 Land and buildings £000*
Between one and five years	**95,000**	-

22 CAPITAL COMMITMENTS

Neither the group nor the company had any capital commitments at 31 December 2001 or 30 June 2001.

23 PENSIONS

Defined Contribution Scheme

The group operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the group. None of the current Ross Group PLC Board directors is a member of this scheme.

Defined Benefit Scheme

The group operated a defined benefit pension scheme for the benefit of directors and employees. The assets of the scheme are administered by trustees in a fund independent from those of the group. None of the current Ross Group PLC Board directors was a member of this scheme.

24 POST BALANCE SHEET EVENTS

There have been no post balance sheet events other than those which have been reflected in the financial statements.

25 ULTIMATE CONTROLLING PARTY

The directors consider that the ultimate controlling party of this company for this period and the comparative year is The Grande Holdings Limited, a company which is incorporated in Bermuda. The Grande Holdings Limited holds, directly and indirectly, 48% of the issued share capital of the company. Copies of the group accounts for The Grande Holdings Limited can be obtained from its registered office at Bank of Bermuda Building, 6 Front Street, Hamilton HM11, Bermuda.

26 RELATED PARTY DISCLOSURE

The group was charged management fees of £nil (30th June 2001: £30,000) for the period by its ultimate controlling party, The Grande Holdings Limited. The amount owed to The Grande Holdings Limited at the period end was £nil (30th June 2001: £120,000).

The group was charged management fees of £52,619 (30th June 2001: £nil) by Naks (Europe) Limited, a company owned by The Grande Holdings Limited. At the period end the amount owed to Naks (Europe) Limited was £239,591 (30th June 2001: £nil).

During the period sales of £58,437 (30th June 2001: £49,288) were made to San Gain Industrial Co Limited, BVI, a company owned by The Grande Holdings Limited. Purchases of £892,959 (30th June 2001: £755,435) were also made from San Gain Industrial Co Limited, BVI during the period. The net amount owed to San Gain Industrial Co Limited, BVI at the period end was £418,923 (30th June 2001: £277,697).

The above transactions were at normal commercial terms.