

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
ROSS GROUP PLC & SUBSIDIARIES

ROSS GROUP PLC & SUBSIDIARIES

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FOR THE YEAR ENDED 31 DECEMBER 2015

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ROSS GROUP PLC & SUBSIDIARIES
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS:

B Pettitt
M Simon
W Hopkins
S Mehta

SECRETARY:

M Simon

REGISTERED OFFICE:

71-75 Shelton Street
London
WC2H 9JQ

REGISTERED NUMBER:

00131902 (England and Wales)

AUDITORS:

Carter Backer Winter LLP
Chartered Accountants
& Statutory Auditors
66 Prescott Street
London
E1 8NN

ROSS GROUP PLC & SUBSIDIARIES
SUMMARY AND HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Revenues for 2015 were very similar to the prior year, arising from the same activities. The real difference between last year and this is in our costs; in 2014 a large sum was provided against a creditor claim, which ended up being settled in our favour. This allowed us to release the provision and post a much-reduced expenses figure this year.

This continues our recent trend of improving corporate performance. The Board takes satisfaction in its rigorous control of overheads and preservation of the Group's Main Board Premium Listed status,

| | 2015 £ 000's | 2014 £ 000's | 2013 £ 000's |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Revenues | 157 | 154 | 100 |
| Total Costs | 46 | 152 | 250 |
| (Loss)/Profit for the Year | 111 | 2 | (50) |

The Chairman and the Board continue to research opportunities that they believe will lead towards an acquisition, merger, or strategic alliance which would leverage the Group's strengths, as a premium listed company on the London Stock Exchange and thereby create a stable and prosperous business for its shareholders.

Ross Group Plc & Subsidiaries

Chairman's Statement For the year ended 31 December 2015

It is my pleasure to report to you on both the business activities and financial results of the Ross Group for the financial year ended 31 December 2015.

We continue to diligently research and explore strategic opportunities for the Group, primarily involving potential mergers, acquisitions and business alliances.

Whilst this has been ongoing for the last several years, during which we have considered many proposals within various industries; from consumer electronics, mining, mineral resources, green energy, internet service providers to specialist supply chain management services, both myself and the Board believe that we are beginning to narrow in on something specific that can perhaps provide significant value to our Shareholders.

As I have said in previous years, we have to bear in mind that while we are busy with such exploratory and research work, the operating business should always be able to focus on generating sufficient cash and/or profit from its traditional activities - primarily specialist supply chain management services - in order to make a meaningful contribution towards the running costs of the business.

Our sales performance in 2015 was comparable to the previous year - £157k vs £154k - However, the costs and overheads in our accounts this year were substantially less than 2014 - £ 46k vs £ 152k - leading to a pleasing profit figure of £111k.

The reduced costs in 2015 arose mainly because we were able to reverse a large provision we had made in the 2014 accounts against a potential creditor claim. As things turned out, the claim was settled at minimal cost to the Ross group, and the reversal of the provision acted as a sizeable, but one-off, negative cost in the year.

This aside, our usual operating costs - the expenses associated with researching and creating global business opportunities, with all the associated business travel and professional fees - were largely in line with our previous run-rates. We continue to be prudent and focused in our cost management, and we are therefore very satisfied with the trading performance this year.

Your Board remains confident that it is progressively focusing in on identifying and being able to put forward what it is hoped will be considered the most appropriate best deal for the Ross Group, with a view to trying to achieve a eminently successful and prosperous future for our long-standing Shareholders

Once again, I would very much like to personally thank our Board of Directors, specialist contractors and consultants for all their excellent support, commitment and hard work in helping the Group towards achieving its aims. I would also like to personally thank our extraordinary loyal shareholders for their continued patience and understanding.



Barry Richard Pettitt
Chairman and Chief Executive
28 April 2016

ROSS GROUP PLC & SUBSIDIARIES
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report of the company and the group for the year ended 31 December 2015.

Background and History

The current management team took control of the Ross Group six years ago. Since then the objectives we have pursued have been consistent:

- to clean up all the Group's inherited, unresolved issues and historical potential liabilities;
- to make the Group as deal-ready as possible; and
- to research suitable business opportunities in order to find a candidate business that would value the Group's premium listed status and would enter into a merger/acquisition/alliance that would create stable and prosperous business.

Business Strategy: Model and Principal Activity

The Group funds its business research activities by means of commissions and fees earned on reverse supply-chain logistics consulting and advice. Typically, over the last five years, this source of funds has not always been sufficient to cover the costs of (1) the fee-generating activity itself and (2) the mandatory listed-company compliance costs. As a result the working capital of the Group has, from time to time, been topped up by occasional placing of shares with investors.

Business Review 2015

The Group at 31 December 2015 consisted of Ross Group plc, and two wholly owned subsidiaries; Ross Diversified Trading Limited and San Gain Industrial Company Limited, a corporation registered in Hong Kong.

The main focus of the Board during 2015 continued to be the safe custodianship of the Group whilst continuing to explore various promising business opportunities around the world. As in previous years, we delivered a number of electronics supply-chain consultancy assignments in the Far East.

As for our trading performance in 2015, our revenues once again were more than sufficient to cover our costs, which, this year were considerably lower - see Chairman's comments. This continues our recent trend of improving trading performance. The Directors are confident that the underlying value of the Group remains strong and that the Group will be successful in securing the strategic deal it seeks.

Given the level of activity within the Group, the Board does not feel that it is appropriate to use key performance indicators to analyse their success.

Business Outlook

The Board remains confident that the outlook for the Group will be enhanced by opportunities that are currently being developed and negotiated, which we believe will result in significant improvements to the overall structure and operation of the business.

Principal Risks and Uncertainties

The main risk to the operations of the company is that the working capital runs out and there is insufficient funding to keep the company operating and compliant with listing regulations.

The Board is fully aware of this risk and manages its cash closely. In order that all the funds available to the company are used exclusively for essential expenses, i.e. mandatory compliance costs, professional fees etc., the Directors work for a notional £1 p.a. salary. The company has no other paid employees.

It is also the case that the Chairman has, as occasion has required, supported the operations of the business with personal funds.

Breakdown by Sex of Directors

All four directors of the Group are men. There are no other employees.

Ross Group Plc & Subsidiaries

**Strategic Report
for the Year Ended 31 December 2015**

Environmental matters

The Group's activities currently involve no manufacturing, mining or materials processing. There are only four directors, who mostly work from home and occasionally meet at hired premises. The Board considers that in such circumstances, the carbon emissions arising from its activities are minimal.

However, the Chairman does travel extensively around the world. The total number of business miles he travelled in 2015 is calculated at 74,000, which, using the conversion factor taken from the CarbonFund.org, website amounts to 18,796kg CO₂

ON BEHALF OF THE BOARD:

A handwritten signature in blue ink, appearing to read 'B R Pettitt', with a long horizontal flourish extending to the right.

B R Pettitt - Chairman

28 April 2016

ROSS GROUP PLC & SUBSIDIARIES
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2015.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

DIRECTORS

B R Pettitt (Chief Executive Officer)

Barry Richard Pettitt, aged 58, was appointed to the board on 22 December 2008 as the CEO of the Group and elected as its Chairman and CEO on 28 April 2009. He has more than 30 years' experience within the consumer electronics industry, during which time he successfully started a specialist supply chain management services company, ISO International (Holdings) Ltd., which was subsequently purchased by a Hong Kong Public Company for HK\$ 155,000,000 in 2003. In addition, he has managed a number of Public Company divisions (in the capacities of President and Managing Director) and recently successfully relisted a Hong Kong Public Company, Vision Tech Ltd., as its CEO in 2007. Through Premier Consultants Ltd., a specialist consulting company, of which he was a founding member and has specialised primarily in working with major consumer electronics and electrical Public Companies, usually all being based in Hong Kong; where he has resided since 1990. Prior to that, he was the joint Managing Director of Ross Consumer International Ltd. and a main board director of the Ross Group (formerly Ross Consumer Electronic plc) in 1988/89 after which he has continued to be a shareholder in Ross Group for the last 20 years.

M J Simon (Non-Executive Director)

Michael Jonathan Simon, aged 57, was reappointed to the board on 29 April 2009. 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 in a partnership in public practice and a non-executive director of several other companies.

W L Hopkins (Executive Director)

Wade Lionel Hopkins, aged 67, was appointed to the board 22 December 2009. He has over 35 years of experience in both Consumer Electronics and the Electronic Components Industry. He has previously worked for the Ross Group as Managing Director of a subsidiary, Britimpex, in 1988/90.

S C Mehta (Executive Director)

Shashi Mehta, aged 59, was appointed to the Board 22 December 2009. He holds a BSc (Hons) in Manufacturing and has had a distinguished career in a variety of industrial and manufacturing trouble-shooting roles. He brings a wealth of experience and expertise to the Group. He spent many years working for the Ford Motor Company, and was Operations Manager in Ross Consumer Electronics during the 1980's.

FINANCIAL INSTRUMENTS

Details of the financial instruments used by the Group can be found in note 16 of the accounts.

EMPLOYEE INVOLVEMENT

Currently the directors are the only employees.

ROSS GROUP PLC & SUBSIDIARIES
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS INTERESTS

Directors

Mr Barry Pettitt entered into a contract with Ross Group concerning the provision of professional services to a third party. Apart from this, no director had any interests in contracts of significance with the company.

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

The total number of shares controlled by Barry Pettitt, directly and indirectly through Prime Growth Enterprises Limited and Pershing Nominees, at the date of this report was 34,431,154 (19.18%).

The following directors also owned shares in Ross Group plc at the date of this report:

| | No. of Ordinary Shares | % of Issued Share Capital |
|---------------|-------------------------------|----------------------------------|
| Michael Simon | 1,258,320 | 0.70% |
| Wade Hopkins | 92,962 | 0.06% |

Substantial shareholdings

As at 31 December 2015 the following were registered as being materially interested in 4% or more of the company's issued share capital, or being a related shareholder:

| | No. of Ordinary Shares | % of Issued Share Capital |
|---|-------------------------------|----------------------------------|
| Keniworth Capital Limited | 40,000,000 | 22.29% |
| Prime Growth Enterprises Limited | 30,567,555 | 17.03% |
| Escalating Investments Limited | 22,200,720 | 12.37% |
| Euroclear Nominees Limited | 14,000,000 | 7.80% |
| Mr Nitin Mehta | 7,340,156 | 4.09% |
| Morgan Stanley Client Securities Nominees Limited | 7,340,156 | 4.09% |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ROSS GROUP PLC & SUBSIDIARIES
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Directors' Report together with the information provided in the Chairman's Statement, the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face.

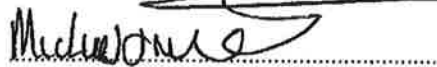
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Carter Backer Winter LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



M Simon - Secretary

28 April 2016

ROSS GROUP PLC & SUBSIDIARIES
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

The company is pleased to present its report on Corporate Governance and the UK Corporate Governance Code. The Board strives to comply with the high standards set by the UK Corporate Governance Code as incorporated in the UK Listing Rules of the Financial Conduct Authority. The Code requires the company to make a two part disclosure statement, firstly on how the principles of the code are applied and secondly confirmation of compliance or explanation of any reason for deviation from the Code. Throughout the year the Company has complied with the main principles of the Code.

Application Of The Principles Of The UK Corporate Governance Code

The Board

There is an effective and appropriately constituted board which in the year under review consisted of four directors. The Chief Executive, Mr Pettitt who is normally based overseas, also serves as Chairman. The Board is fully aware that is contrary to Code provision A.2.1, which states that the roles of chairman and chief executive should not be exercised by one individual. The Board is of the opinion that, given the current size of the business, and also Mr Pettitt's undoubted and considerable knowledge, experience and contacts in the Group's field of operations that the shareholders' interests are best served by this arrangement. The Board is active in its management of the Company and meets and confers regularly on business matters arising. These frequent and robust discussions serve to ensure that no one individual has unfettered powers of decision.

During 2015 Mr Pettitt was supported by three other directors: W L Wade and M J Simon, both appointed in April 2009, and S C Mehta appointed in December 2009. Mr Simon has acted as Company Secretary since April 2009.

The non-executive director Mr Simon is considered to be independent as there are no circumstances or relationships as described by Code provision B.1.1 which apply to his appointment. 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. As part of his role, the non-executive director constructively challenges decisions and helps develop strategies and plans for the benefit of the Board.

At the time of writing, the Board is actively engaged in a process of selecting an individual with the appropriate experience and skill to serve as a second non-executive director on the Board.

Board Procedure

The Board is responsible for decisions concerning strategic and financial planning and matters involving the overall direction of the company. Management will seek Board approval of the annual budget and rolling business plan. Reforecasts are presented as updates to the budget throughout the year to account for variances and provide forward vision. The operational business decisions are taken by local management with reference to the Board where necessary.

The Board has established separate committees for: Appointments (Chaired by Mr Pettitt); Audit (Chaired by Mr Simon) and Remuneration (Chaired by Mr Simon).

All of the directors are subject to periodic re-election and the full board considers all appointments. A director will require re-election within a maximum period of three years.

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.

Attendance

Board meetings are held regularly throughout the year. Due to the location of the directors, the meetings are often held electronically. The Board is supplied with all the information relevant to the meeting in a timely manner and in a form and quantity appropriate to enable it to discharge its duties during the meetings.

The Board has now established procedures in respect of access to the Company Secretary and the Directors have access to consult the Company Secretary when required.

ROSS GROUP PLC & SUBSIDIARIES
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

All Shareholders have the opportunity to put forward questions to the 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. The Company also welcomes and responds to written communication from its shareholders. The Company website allows shareholders to contact the directors by email.

The Board has carried out a formal and rigorous annual evaluation of its performance and of its committees and individual directors. This evaluation covers contribution, commitment and the manner in which board related duties have been completed. The chairman has discussed the review with individual directors where necessary to ensure the Board operates as an effective unit. The performance review was conducted using recognised evaluation processes. The independent non-executive director has conducted a performance review on the chairman which included the consideration of the views expressed by the executive directors.

Internal audit and control

The respective responsibilities of the directors and the auditors in connection with the Financial Statements are set out in the audit report. The directors have overall responsibility of the effectiveness of the Group's whole system of internal control, including financial and other controls, which are 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 results are then reported regularly 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.

Professional Advice

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 can seek independent professional advice in relation to matters affecting the Group.

The Group has an ongoing system for identifying, evaluating and managing the significant risks faced by the Group which has been in place for the whole of the year under review up to the date of approval of the annual report and accounts and which is regularly reviewed by the Board to ensure it continues to accord with the UK Corporate Governance Code. 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 formal internal audit function and the Board has determined that there is no need for one. The Board considers that internal audit is dealt with in other ways and the situation is regularly reviewed.

Going Concern

The directors confirm that after making the appropriate enquires, 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.

ROSS GROUP PLC & SUBSIDIARIES
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

External Audit and Audit Committee

The Audit Committee during 2015 comprised of the non-executive director, Mr Simon, as well as Executive Directors Mr Mehta and Mr Hopkins. It met periodically to review the adequacy of the Group's internal control systems, accounting policies, corporate governance policies and compliance with applicable accounting standards and to consider the appointment of the external auditors and to review their fees. Carter Backer Winter LLP 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.

By order of the Board



Barry Richard Pettitt
Chairman & Chief Executive Officer
28 April 2016

ROSS GROUP PLC & SUBSIDIARIES
DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The Board is pleased to present its Remuneration Report in accordance with section 12.43A(c) of The Listing Rules.

The Board has in place a Remuneration Committee, comprising Mr Michael Simon, non-executive director, and Mr B Pettitt, Chief Executive and Mr W L Hopkins, to determine the remuneration of the Board.

The Company policy during the restructuring period throughout 2015 was to pay directors only a nominal £1 salary. This policy will be reconsidered as occasion arises and as the new business opportunities open to the Group are realised. The directors feel it would be inappropriate to take any reward until then.

| Name | Position | Gross Salary | Benefits | Notice Pay | Total Remuneration 2015 | Total Remuneration 2014 |
|--------------|------------------------------|---------------------|-----------------|-------------------|--------------------------------|--------------------------------|
| B R Pettitt | Chairman/ Chief Executive | £1 | Nil | Nil | £1 | £1 |
| M J Simon | Non-executive director | £1 | Nil | Nil | £1 | £1 |
| W L Hopkins | Executive Director | £1 | Nil | Nil | £1 | £1 |
| S C Mehta | Executive Director | £1 | Nil | Nil | £1 | £1 |
| Total | | £4 | Nil | Nil | £4 | £4 |

No director currently has a service contract with a notice period in excess of 12 months. All executive directors have contracts that require a notice period of one month. The contracts of the non-executive directors would normally be renewed for a period of one year. All directors are presented for re-election by the members at the Annual General Meeting on a maximum cycle of three years.

The Group does not currently operate a director's share option scheme or a long-term incentive scheme. The Group also does not currently have an employees' share scheme or other long-term incentive.

ROSS GROUP PLC & SUBSIDIARIES
CORPORATE SOCIAL RESPONSIBILITY (CSR)
FOR THE YEAR ENDED 31 DECEMBER 2015

The Board is fully aware of its responsibilities and fully supports the drive for ongoing improvement in this area. The impact the group's activities on the environment are regularly assessed to enable action to be directed at areas where any harmful impact could be reduced.

The Board has instructed local management to ensure the companies address those corporate social responsibilities which are recognised as being of prime importance. The responsibility for CSR rests with the Chief Executive Officer, Barry Pettitt, who will bring to the Board's attention any major issues which require their approval and regularly updates the Board on CSR matters. The views of shareholders and interested external parties are considered when developing the ongoing policy to CSR.

Figures are available for the board to review to enable them to assess the trend towards improvement in CSR matters and to direct the policy towards those areas that require further attention.

Employees

During 2015 the only employees of the company were its directors. However, as the new business opportunities planned in 2015 begin to be realised in 2016 and beyond, we are confident that this will not remain the case.

As a statement of principle, then, the company considers that employees constitute a company's most valuable asset and therefore it is committed to ensuring they will be rewarded with the best environment in which to perform their duties. This environment will be one of equal opportunity and free from discrimination and harassment. The company is keen to develop a culture which suits the recruitment and retention of the highest calibre of staff and to ensure that all staff will be trained to the appropriate standard required to fully meet their job specifications.

The health and safety of the employees is paramount to the company. Staff will be issued with data sheets on the handling of any substances which might be toxic and will be trained in the correct procedures to follow. Any potential issues can be raised with Barry Pettitt.

Environment

The Company has worked with its suppliers during the year to ensure the products used in manufacturing and any waste arising from the use of those products has a minimal impact on the environment. The use of energy is closely monitored and the available controls are used to good effect to reduce consumption where possible.

Customers

Customer satisfaction is one of the main targets for the company and this is aided by a rigorous quality policy. The Quality procedures adopted by the company require the recording of customer feedback and measures our performance against customer expectation. The company strives to meet the demands of its customers, but also ensures that solutions to their requirements are designed with efficiency.

Local Community

The company seeks to inter act with the local community and develop close relationships within its area of operation. It has established links with the local schools and colleges.

Commitment

The Group will continue to enhance its approach to CSR to ensure that it supports the principles as it expands its range of activities and welcomes any suggestions on how it can improve in this area.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROSS GROUP PLC & SUBSIDIARIES

We have audited the financial statements of Ross Group Plc & Subsidiaries for the year ended 31 December 2015 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards the group financial statements, Article 4 of the IAS Regulation.

Our assessment of risk of material misstatement

The most significant risk we identified for the Group was that of going concern. This had an effect on the overall audit strategy; the allocation of audit resource; and in directing the efforts of the audit engagement team.

Our application of materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £3,000, which represents approximately 2% of turnover for the year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £150 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROSS GROUP PLC & SUBSIDIARIES

An overview of the scope of our audit

We adopted a risk-based approach in determining our audit strategy. This approach focuses audit effort towards higher risk areas, such as management judgements, particularly with regards to going concern. The work of the audit engagement team was tailored to fit the size, complexity and risk of the Group.

In preparing the financial statements, the directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved them making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We also obtained audit evidence through substantive procedures.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group's total liabilities exceeded its total assets by £6.26 million. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. However, the Chairman has pledged his personal support to cover the overheads of the Group up to 15 October 2017. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

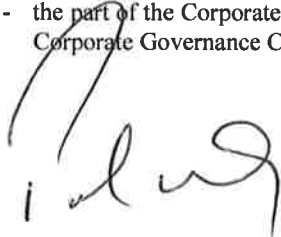
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ROSS GROUP PLC & SUBSIDIARIES**

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.



Paul Woosey ACA, FCCA (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP
Chartered Accountants
& Statutory Auditors
66 Prescott Street
London
E1 8NN

Date: 28th April 2016

ROSS GROUP PLC & SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31/12/15 £'000 | 31/12/14 £'000 |
|---|-------|--------------------|-------------------|
| CONTINUING OPERATIONS | | | |
| Revenue | 2 | 157 | 154 |
| Administrative expenses | | <u>(46)</u> | <u>(152)</u> |
| OPERATING PROFIT | | <u>111</u> | <u>2</u> |
| PROFIT BEFORE INCOME TAX | 4 | 111 | 2 |
| Income tax | 5 | <u>-</u> | <u>-</u> |
| PROFIT FOR THE YEAR | | <u><u>111</u></u> | <u><u>2</u></u> |
| Profit attributable to: Owners of the parent | | <u><u>111</u></u> | <u><u>2</u></u> |
| Earnings per share expressed in pence per share: | 7 | | |
| Basic | | <u>0.06</u> | 0.00 |
| Diluted | | <u><u>0.06</u></u> | <u>0.00</u> |

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

| | 31/12/15 £'000 | 31/12/14 £'000 |
|---|-------------------|-------------------|
| PROFIT FOR THE YEAR | 111 | 2 |
| OTHER COMPREHENSIVE INCOME | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>111</u> | <u>2</u> |
| Total comprehensive income attributable to: Owners of the parent | <u>111</u> | <u>2</u> |


The notes form part of these financial statements


ROSS GROUP PLC & SUBSIDIARIES (REGISTERED NUMBER: 00131902)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015**

| | Notes | 31/12/15 £'000 | 31/12/14 £'000 |
|---------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Trade and other receivables | 10 | 21 | 2 |
| Cash and cash equivalents | 11 | <u>4</u> | <u>15</u> |
| | | <u>25</u> | <u>17</u> |
| TOTAL ASSETS | | <u>25</u> | <u>17</u> |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 12 | 11,179 | 11,179 |
| Share premium | 13 | 2,803 | 2,803 |
| Other reserves | 13 | 15,384 | 15,384 |
| Retained earnings | 13 | <u>(35,629)</u> | <u>(35,740)</u> |
| TOTAL EQUITY | | <u>(6,263)</u> | <u>(6,374)</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Financial liabilities - borrowings | | | |
| Interest bearing loans and borrowings | 15 | <u>6,072</u> | <u>6,139</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 206 | 242 |
| Financial liabilities - borrowings | | | |
| Interest bearing loans and borrowings | 15 | <u>10</u> | <u>10</u> |
| | | <u>216</u> | <u>252</u> |
| TOTAL LIABILITIES | | <u>6,288</u> | <u>6,391</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>25</u> | <u>17</u> |

The financial statements were approved by the Board of Directors on 28 April 2016, and were signed on its behalf by:


B Pettitt - Director


M Simon - Director

ROSS GROUP PLC & SUBSIDIARIES (REGISTERED NUMBER: 00131902)

**COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015**

| | Notes | 31/12/15 £'000 | 31/12/14 £'000 |
|---------------------------------------|-------|-----------------------|-----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Trade and other receivables | 10 | 25 | 6 |
| Cash and cash equivalents | 11 | <u>4</u> | <u>15</u> |
| | | <u>29</u> | <u>21</u> |
| TOTAL ASSETS | | <u>29</u> | <u>21</u> |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 12 | 11,179 | 11,179 |
| Share premium | 13 | 2,803 | 2,803 |
| Other reserves | 13 | 30,938 | 30,938 |
| Retained earnings | 13 | <u>(50,675)</u> | <u>(50,789)</u> |
| TOTAL EQUITY | | <u>(5,755)</u> | <u>(5,869)</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Financial liabilities - borrowings | | | |
| Interest bearing loans and borrowings | 15 | <u>2,062</u> | <u>2,129</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | <u>3,722</u> | <u>3,761</u> |
| TOTAL LIABILITIES | | <u>5,784</u> | <u>5,890</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>29</u> | <u>21</u> |

The financial statements were approved by the Board of Directors on 28 April 2016. and were signed on its behalf by:


.....
B Pettitt - Director

ROSS GROUP PLC & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Called up share capital £'000 | Retained earnings £'000 | Share premium £'000 | Other reserves £'000 | Total equity £'000 |
|------------------------------------|--|-------------------------------|---------------------------|----------------------------|--------------------------|
| Balance at 1 January 2014 | 11,164 | (35,742) | 2,686 | 15,384 | (6,508) |
| Changes in equity | | | | | |
| Issue of share capital | 15 | - | 117 | - | 132 |
| Total comprehensive income | - | 2 | - | - | 2 |
| Balance at 31 December 2014 | <u>11,179</u> | <u>(35,740)</u> | <u>2,803</u> | <u>15,384</u> | <u>(6,374)</u> |
| Changes in equity | | | | | |
| Total comprehensive income | - | 111 | - | - | 111 |
| Balance at 31 December 2015 | <u>11,179</u> | <u>(35,629)</u> | <u>2,803</u> | <u>15,384</u> | <u>(6,263)</u> |

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Called up share capital £'000 | Retained earnings £'000 | Share premium £'000 | Other reserves £'000 | Total equity £'000 |
|------------------------------------|--|-------------------------------|---------------------------|----------------------------|--------------------------|
| Balance at 1 January 2014 | 11,164 | (50,794) | 2,686 | 30,938 | (6,006) |
| Changes in equity | | | | | |
| Issue of share capital | 15 | - | 117 | - | 132 |
| Total comprehensive income | - | 5 | - | - | 5 |
| Balance at 31 December 2014 | <u>11,179</u> | <u>(50,789)</u> | <u>2,803</u> | <u>30,938</u> | <u>(5,869)</u> |
| Changes in equity | | | | | |
| Total comprehensive income | - | 114 | - | - | 114 |
| Balance at 31 December 2015 | <u>11,179</u> | <u>(50,675)</u> | <u>2,803</u> | <u>30,938</u> | <u>(5,755)</u> |

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31/12/15 £'000 | 31/12/14 £'000 |
|---|-------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | <u>64</u> | <u>31</u> |
| Net cash from operating activities | | <u>64</u> | <u>31</u> |
| Cash flows from financing activities | | | |
| Loan repayment | | (67) | (119) |
| Amount withdrawn by directors | | (8) | (30) |
| Share issue | | <u>-</u> | <u>132</u> |
| Net cash from financing activities | | <u>(75)</u> | <u>(17)</u> |
| | | <u>-</u> | <u>-</u> |
| (Decrease)/increase in cash and cash equivalents | | (11) | 14 |
| Cash and cash equivalents at beginning of year | 2 | 15 | 1 |
| | | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at end of year | 2 | <u>4</u> | <u>15</u> |

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31/12/15 £'000 | 31/12/14 £'000 |
|---|-------|---------------------|----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | <u>67</u> | <u>31</u> |
| Net cash from operating activities | | <u>67</u> | <u>31</u> |
| Cash flows from financing activities | | | |
| Loan repayment | | (70) | (119) |
| Amount withdrawn by directors | | (8) | (30) |
| Share issue | | <u>-</u> | <u>132</u> |
| Net cash from financing activities | | <u>(78)</u> | <u>(17)</u> |
| (Decrease)/increase in cash and cash equivalents | | (11) | 14 |
| Cash and cash equivalents at beginning of year | 2 | <u>15</u> | <u>1</u> |
| Cash and cash equivalents at end of year | 2 | <u><u>4</u></u> | <u><u>15</u></u> |

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

| | 31/12/15 | 31/12/14 |
|---|-----------|-----------|
| | £'000 | £'000 |
| Profit before income tax | 111 | 2 |
| Increase in trade and other receivables | (11) | (1) |
| (Decrease)/increase in trade and other payables | (36) | 30 |
| Cash generated from operations | 64 | 31 |

Company

| | 31/12/15 | 31/12/14 |
|---|-----------|-----------|
| | £'000 | £'000 |
| Profit before income tax | 114 | 5 |
| Increase in trade and other receivables | (11) | (2) |
| (Decrease)/increase in trade and other payables | (36) | 28 |
| Cash generated from operations | 67 | 31 |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

| | Group | | Company | |
|-----------------------------|----------|--------|----------|--------|
| Year ended 31 December 2015 | 31/12/15 | 1/1/15 | 31/12/15 | 1/1/15 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 4 | 15 | 4 | 15 |
| Year ended 31 December 2014 | 31/12/14 | 1/1/14 | 31/12/14 | 1/1/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 15 | 1 | 15 | 1 |

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standard on a going concern basis.

The adoption of all relevant new Standards issued by the International Accounting Standards Board in the current period has not led to any changes in the Group's accounting policies or financial statements. The directors have adopted these policies to the extent they feel is appropriate.

At the date of authorisation of these financial statements a number of Standards, amendments and Interpretations, issued by the IASB and not applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU) none of which will have a significant impact on the financial statements.

Going concern

Although the Group has incurred significant losses in the past resulting in negative retained earnings and total liabilities exceed total assets the Directors feel the going concern basis is appropriate. The change in management structure that took place in 2009 year has led to a new strategy being adopted by the Group and will allow them to take advantage of new, profitable business opportunities.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2015. Profits or losses on intra-group transactions and intra-group balances 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.

Revenue recognition

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

Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the instrument.

The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term deposits held with banks, bank overdrafts are recorded under current liabilities on the statement of financial position.

Trade and other receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts and included in current assets or non-current assets as appropriate.

Trade and other payables

Trade and other payables are stated at their nominal value and included in current liabilities or non-current assets as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued**Deferred taxation**

A deferred tax asset 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 an asset will crystallise.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

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 year end date. These transaction differences are dealt with in the income statement. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the year end date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves.

2. SEGMENTAL REPORTING

The entire turnover and profit of the group derive from the provision of professional services relating to consumer electronic specialist supply chain management. As a result the directors believe this is the only segment in which the group operates.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2015 nor for the year ended 31 December 2014.

The average monthly number of employees during the year was as follows:

| | 31/12/15 | 31/12/14 |
|------------|-----------------|----------|
| Management | <u>4</u> | <u>4</u> |

| | 31/12/15 | 31/12/14 |
|-------------------------|-----------------|----------|
| | £ | £ |
| Directors' remuneration | <u>4</u> | <u>4</u> |

4. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

| | 31/12/15 | 31/12/14 |
|-----------------------|-----------------|--------------|
| | £'000 | £'000 |
| Auditors remuneration | <u>42</u> | <u>45</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

5. INCOME TAX

No liability for UK corporation tax arose on ordinary activities for the year ended 31 December 2015 or for the year ended 31 December 2014. The Group's profit for the financial year was offset against the trading losses brought forward.

Subject to the agreement with HM Revenue and Customs, the Group has allowable trading losses at 31 December 2015 for set-off against future trading profits of £11.85m (2014: £11.97m).

A deferred tax asset of £2.37m (2014: £2.39m) arises due to the large trading losses described above. As it is not known when the Group will be able to make use of these losses the asset has not been recognised in the financial statements.

6. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £113,699 (2014 - £4,818).

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

| | Earnings £'000 | 31/12/15 Weighted average number of shares | Per-share amount pence |
|--|---------------------------|---|---------------------------------------|
| Basic EPS | | | |
| Earnings attributable to ordinary shareholders | 111 | 179,479,428 | 0.06 |
| Effect of dilutive securities | - | - | - |
| Diluted EPS | | | |
| Adjusted earnings | <u>111</u> | <u>179,479,428</u> | <u>0.06</u> |

ROSS GROUP PLC & SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. EARNINGS PER SHARE - continued

| | Earnings £'000 | 31/12/14 Weighted average number of shares | Per-share amount pence |
|--|-------------------|---|------------------------------|
| Basic EPS | | | |
| Earnings attributable to ordinary shareholders | 2 | 179,479,428 | 0.00 |
| Effect of dilutive securities | <u>-</u> | <u>-</u> | <u>-</u> |
| Diluted EPS | | | |
| Adjusted earnings | <u><u>2</u></u> | <u><u>179,479,428</u></u> | <u><u>0.00</u></u> |

8. SUBSIDIARIES

At 31 December 2015 the company held 100% of the allotted equity share capital of the following:-

| Name of subsidiary undertaking | Country of registration and incorporation | Class of share capital held | Nature of business |
|---|---|--------------------------------|---|
| Ross Diversified Trading Limited (formerly Sansui Electronics (UK) Limited) | England and Wales | Ordinary | Distribution of consumer electronic branded products. It is currently dormant. |
| San Gain Industrial Company Limited | Hong Kong | Ordinary | Distribution of consumer electronic branded products and complementary supply chain management services. It is currently not trading. |

The costs of these fixed asset investments have been written off over the previous periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

9. INVESTMENTS**Group**

**Unlisted
investments
£'000**

COST

At 1 January 2015
and 31 December 2015

344

PROVISIONS

At 1 January 2015
and 31 December 2015

344

NET BOOK VALUE

At 31 December 2015

-

At 31 December 2014

-

Company

**Unlisted
investments
£'000**

COST

At 1 January 2015
and 31 December 2015

344

PROVISIONS

At 1 January 2015
and 31 December 2015

344

NET BOOK VALUE

At 31 December 2015

-

At 31 December 2014

-

10. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Current: | | | | |
| Amounts owed by group undertakings | - | - | 4 | 4 |
| Directors' current accounts | 8 | - | 8 | - |
| VAT | 10 | - | 10 | - |
| Prepayments and accrued income | <u>3</u> | <u>2</u> | <u>3</u> | <u>2</u> |
| | <u>21</u> | <u>2</u> | <u>25</u> | <u>6</u> |

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

11. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|----------------------|----------|-----------|----------|-----------|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank current account | <u>4</u> | <u>15</u> | <u>4</u> | <u>15</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. CALLED UP SHARE CAPITAL**Group and Company**

| | 31.12.15 | 31.12.14 |
|--|----------------------|---------------|
| | £000 | £000 |
| Authorised share capital: | | |
| 195,000,000 Deferred shares of 4.8p each | 9,360 | 9,360 |
| 67,052,306 Deferred shares of 4p each | 2,682 | 2,682 |
| 300,000,000 Ordinary shares of 0.1p each | 300 | 300 |
| 2,700,000,000 Deferred shares of 0.1p each | 2,700 | 2,700 |
| | <u>15,042</u> | <u>15,042</u> |
| Allotted, called up and fully paid: | | |
| 147,745,300 Deferred shares of 4.8p each | 7,092 | 7,092 |
| 67,052,306 Deferred shares of 4p each | 2,682 | 2,682 |
| 179,479,428 Ordinary shares of 0.1p each | 179 | 179 |
| 1,225,628,316 Deferred shares of 0.1p each | 1,226 | 1,226 |
| | <u>11,179</u> | <u>11,179</u> |

The ordinary shares have both voting rights and the right to dividends. The deferred shares have no rights to dividends and no voting rights.

On a winding up the holders of the deferred shares of 4.8p each shall be entitled to receive 1p per share after the repayment of all amounts payable to the holders of any other class of share and the payment of £5,000 on each ordinary share for the time being in issue. On a winding up the holders of deferred shares of 0.1p each shall be entitled to receive 0.1p per share after the payment of £5,000 on each ordinary share for the time being in issue but shall not confer the right to participate in any surplus.

The deferred shares of 4.8p each are redeemable at the company's option any time at a price of 1p for each of the deferred shares held by any member. The deferred shares of 0.1p each are transferable at the company's option at any time to any person at a total price of 1p for all of the shares held by a shareholder. The deferred shares of 0.1p each are redeemable or cancellable at the company's option at any time at a total price of 1p for all of the shares held by a shareholder.

As the deferred shares rank behind the ordinary shares, they are recognised as equity.

Managing Capital

The Group considers only the allotted share capital set out above to be the capital of the group. There are no financial liabilities considered to be part of the capital, and no components of equity excluded from it.

The Group's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

ROSS GROUP PLC & SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

- To provide an adequate return to shareholders by pricing products and services at an appropriate level taking into account the level of risk.

The Group sets an amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the underlying assets.

The entity is not subject to any externally imposed capital requirements.

13. RESERVES

Group

| | Retained earnings £'000 | Share premium £'000 | Other reserves £'000 | Totals £'000 |
|---------------------|--|------------------------------------|-------------------------------------|-------------------------|
| At 1 January 2015 | (35,740) | 2,803 | 15,384 | (17,553) |
| Profit for the year | 111 | | | 111 |
| At 31 December 2015 | <u>(35,629)</u> | <u>2,803</u> | <u>15,384</u> | <u>(17,442)</u> |

Company

| | Retained earnings £'000 | Share premium £'000 | Other reserves £'000 | Totals £'000 |
|---------------------|--|------------------------------------|-------------------------------------|-------------------------|
| At 1 January 2015 | (50,789) | 2,803 | 30,938 | (17,048) |
| Profit for the year | 114 | | | 114 |
| At 31 December 2015 | <u>(50,675)</u> | <u>2,803</u> | <u>30,938</u> | <u>(16,934)</u> |

Other reserves of the Group consist of a capital redemption reserve of £1.92m (2014: £1.92m), a non-distributable capital reserve of £3.33m (2014: £3.33m), and a special reserve of £10.13m (2014: £10.13m).

Other reserves of the company consist of a capital redemption reserve of £1.92m (2014: £1.92m) and a special reserve of £29.02m (2014: £29.02m).

14. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31/12/15 £'000 | 31/12/14 £'000 | 31/12/15 £'000 | 31/12/14 £'000 |
| Current: | | | | |
| Trade creditors | 132 | 127 | 132 | 127 |
| Amounts owed to group undertakings | - | - | 3,519 | 3,522 |
| Other creditors | 23 | 23 | 23 | 23 |
| Accruals and deferred income | 51 | 92 | 48 | 89 |
| | <u>206</u> | <u>242</u> | <u>3,722</u> | <u>3,761</u> |

ROSS GROUP PLC & SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. FINANCIAL LIABILITIES - BORROWINGS

| | Group | | Company | |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Current: | | | | |
| Other loans - less than 1 yr | <u>10</u> | <u>10</u> | <u>-</u> | <u>-</u> |
| Non-current: | | | | |
| Other loans - 1-2 years | <u>6,072</u> | <u>6,139</u> | <u>2,062</u> | <u>2,129</u> |

Terms and debt repayment schedule

Group

| | 1 year or less £'000 | 1-2 years £'000 | Totals £'000 |
|-------------|-------------------------------------|----------------------------|-------------------------|
| Other loans | <u>10</u> | <u>6,072</u> | <u>6,082</u> |

The Current Financial Liabilities - Borrowings figure is due to Mr F Ruttonshaw, who is not a related party. The loan agreement says this is due for repayment in less than 12 months.

The Non-Current Financial Liabilities - Borrowings figure comprises the following loans:

£4,010,000 due to One World Limited, which is not a related party. The loan agreement for this states that the lender will not seek repayment of this loan other than by means of conversion to equity and it is not anticipated that such a conversion will be in the next 12 months.

£2,062,172 due to Excite Enterprises Limited, which is not a related party. The loan agreement for this states that the lender must give at least 12 months' notice if they want repayment of all or part of the balance.

In the previous year it also included £66,520 due to Prime Growth Limited, a company controlled by Barry Pettitt. This balance has now been amalgamated with the other balances due to and from Barry Pettitt.

In the past these balances have been accounted for as Trade and Other Payables, however the directors now feel that it is more appropriate to account for them as Financial Liabilities - Borrowings. The 2014 comparative figures have been restated as a result of this decision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL INSTRUMENTS

The Group uses financial instruments, comprising borrowings, cash, liquid resources and various items, such as trade debtors, trade creditors etc., that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The Group did not enter into derivatives transactions such as interest rate swaps, forward rate agreements and forward foreign currency contracts.

The Board of the Group considers that the interest rate risk, liquidity risk and foreign currency risks arising from the Group financial instruments are low. However it reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

It is and has been throughout the year under review, the group policy that no trading in financial instruments shall be undertaken.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

Interest rate risk

The Group finances its operations through a mixture of borrowings. It relies on loans from its shareholders to ensure sufficient liquidity is available to meet foreseeable needs.

Prime Growth Enterprises Limited has waived its right to the 6% interest it initially stated was payable on the loan of £186,000. The directors of Prime Growth Enterprises Limited have back-dated this decision to the inception of the loan. This means the Group's exposure to interest rate fluctuations has been limited by the fact that none of the loans incur interest.

Maturity of financial liabilities

For the Group financial liabilities analysis at 31 December 2015 see note 15.

Currency risk

The Group does not have foreign investments held in foreign currencies.

The Group's exposure to translation and transaction foreign exchange risk is considered to be low by the board.

100% of the Group's worldwide income in the year was invoiced in Sterling. As a result the board does not consider there is a need for Group policy to manage the currency risk as it considers the risk to be low.

Fair values

The Board considers that the fair values of the Group's borrowings are equal to their book values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

17. RELATED PARTY DISCLOSURES**Group**

The Group had the following balances with related parties at the year end:

| | 31.12.15 | 31.12.14 |
|----------------------------------|-----------------|-----------------|
| | £000 | £000 |
| Receivables | | |
| Barry Pettitt | <u>8</u> | <u>-</u> |
| | <u>8</u> | <u>-</u> |
| Payables | | |
| Prime Growth Enterprises Limited | <u>-</u> | <u>67</u> |
| | <u>-</u> | <u>67</u> |

Barry Pettitt, the Chairman and Chief Executive Officer of Ross Group Plc, owns Prime Growth Enterprises Limited. Prime Growth Enterprises Limited owns 17% of the ordinary share capital in Ross Group Plc.

The amount owed by Barry Pettitt was repaid by 18 February 2016.

Barry Pettitt has pledged to cover the overheads of the Group until 31 December 2017.

Company

At the year end Ross Group plc had the following outstanding balances with its related parties:

| | 31.12.15 | 31.12.14 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Receivables | | |
| Barry Pettitt | <u>8</u> | <u>-</u> |
| Ross Diversified Trading Limited | <u>4</u> | <u>4</u> |
| (formerly Sansui Electronics (UK) Limited) | | |
| | <u>12</u> | <u>4</u> |
| Payables | | |
| San Gain Industrial Company Limited | <u>3,519</u> | <u>3,522</u> |
| Prime Growth Enterprises Limited | <u>-</u> | <u>67</u> |
| | <u>3,519</u> | <u>3,589</u> |

18. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party of Ross Group Plc and subsidiaries for 2015; however Barry Pettitt, by virtue of his position as CEO within the Group and his 19% shareholding, exerts a significant influence.

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

19. RECONCILIATION OF MOVEMENTS IN RESERVES

Group

| | 31/12/15 | 31/12/14 |
|---------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Profit for the financial year | 111 | 2 |
| Shares issued in the year | - | 132 |
| Net addition to reserves | 111 | 134 |
| Opening reserves | (6,374) | (6,508) |
| Closing reserves | (6,263) | (6,374) |

Company

| | 31/12/15 | 31/12/14 |
|---------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Profit for the financial year | 114 | 5 |
| Shares issued during the year | - | 132 |
| Net addition to reserves | 114 | 137 |
| Opening reserves | (5,869) | (6,006) |
| Closing reserves | (5,755) | (5,869) |

ROSS GROUP PLC & SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT SUMMARIES
FOR THE YEAR ENDED 31 DECEMBER 2015

| | 31/12/15 £'000 | 31/12/14 £'000 |
|--------------------------------|-------------------|-------------------|
| REVENUE | | |
| Sales | <u>157</u> | <u>154</u> |
| | <u>157</u> | <u>154</u> |
| ADMINISTRATIVE EXPENSES | | |
| Administrative expenses | | |
| Storage | 9 | - |
| Insurance | 3 | 5 |
| Legal claims | 3 | 3 |
| Irrecoverable VAT | (58) | 50 |
| Legal and professional fees | 37 | 40 |
| Accountancy | 9 | 8 |
| Auditors remuneration | 42 | 45 |
| Finance costs | | |
| Bank charges | <u>1</u> | <u>1</u> |
| | <u>46</u> | <u>152</u> |

This page does not form part of the statutory financial statements