

# **OSI Group Holdings Limited**

## **Report and Accounts**

**For the year ended 30 April 2006**



**Registered Office:  
420 Thames Valley Park Drive  
Thames Valley Park  
Reading  
RG6 1PU  
Registered in England no. 3083661**

# OSI Group Holdings Limited

## Report of the Directors

The Directors are pleased to present their report together with the accounts for the year ended 30 April 2006.

### Activities and Review of the Business

The Company did not trade during the year, although it continued to act as a holding company.

### Results and Dividends

The loss after taxation for the period was £94,034 (2005: £12,945,152). The Directors do not recommend payment of a dividend.

### Directors

The names of the current Directors of the Company are as follows:

Mr P R Gill - resigned 31 May 2005  
Mr M D Peters  
Mr G M Stuart - appointed 10 July 2006  
Mr M S Thurston - resigned 7 July 2006  
Mr S R Weston - appointed 6 June 2005

None of the Directors had an interest in the shares of the Company.

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware. The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Mr S R Weston Mr G M Stuart are Directors of the parent company Xansa plc and Mr P R Gill was a Director of the parent company Xansa plc until 31 May 2005. Their interests in the shares of Xansa plc and details of their interests under the Xansa plc Share Schemes are disclosed in that Company's accounts.

The number of shares in the ultimate parent undertaking in which the other Directors at the year end, had an interest, as defined by the Companies Act 1985, were as follows:

Ordinary shares of 5p each				30 April 2006	30 April 2005
M D Peters				30,182	26,519
M S Thurston				12,134	12,134

Share option schemes								
	Option price (pence)	Date from when exercisable	Expiry Date	As at 1 May 2005	Granted during the year	Lapsed during the year	Exercised during the year	As at 30 April 2006
M D Peters	291.80 *	09 Nov 2004	08 Nov 2011	3,000	-	-	-	3,000
	239.00 **	01 Feb 2005	31 Jul 2005	1,987	-	1,987	-	-
	102.60 **	01 Feb 2007	31 Jul 2007	3,596	-	-	-	3,596
	67.65 *	2 Aug 2007	1 Aug 2014	20,000	-	-	-	20,000
	92.00 *	20 Jul 2008	19 Jul 2015	-	8,386	-	-	8,386
	92.00 *	20 Jul 2008	19 Jul 2012	-	11,614	-	-	11,614
M S Thurston	75.38 **	1 Feb 2009	31 Jul 2009	-	4,961	-	-	4,961
	291.80 *	9 Nov 2004	8 Nov 2008	5,000	-	-	-	5,000
	103.60 *	4 July 2005	3 July 2009	10,000	-	-	-	10,000
	96.30 *	23 Jul 2006	22 Jul 2010	10,000	-	-	-	10,000
	120.00 *	05 Dec 2006	05 Dec 2013	5,396	-	-	-	5,396
	67.65 *	02 Aug 2007	01 Aug 2014	20,000	-	-	-	20,000
	92.00 *	20 Jul 2008	19 Jul 2015	-	10,863	-	-	10,863
	92.00 *	20 Jul 2008	19 Jul 2012	-	9,137	-	-	9,137

\* Granted under the Xansa 1996 Share Option Scheme

\*\* Granted under the Xansa ShareSave Scheme

### Auditors

Ernst & Young LLP will be reappointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By Order of the Board,

M D PETERS

Company Secretary.

# OSI Group Holdings Limited

## Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the Directors are required to:

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

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



M D PETERS  
Company Secretary

## **INDEPENDENT AUDITORS' REPORT**

### **to the members of OSI Group Holdings Limited**

We have audited the company's financial statements for the year ended 30 April 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditors' report 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**

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 regarding directors' remuneration and other transactions is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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.

#### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its loss for the year then ended; the financial statements have been properly prepared in accordance with the Companies Act 1985; and the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP

Registered Auditor

London

Date:

27/9/06

# OSI Group Holdings Limited

## Profit and Loss Account for the year ended 30 April 2006

		12 months ended 30 April 2006 £	12 months ended 30 April 2005 £
	Note		
Administrative expenses		(3,000)	(3,000)
Exceptional provision for impairment	6	-	(12,849,039)
<b>Operating loss</b>	2	<b>(3,000)</b>	<b>(12,852,039)</b>
Interest payable	3	(131,335)	(134,305)
<b>Loss on ordinary activities before taxation</b>		<b>(134,335)</b>	<b>(12,986,344)</b>
Tax on loss on ordinary activities	5	40,301	41,192
<b>Loss attributable to shareholders</b>	10	<b>(94,034)</b>	<b>(12,945,152)</b>

There are no recognised gains or losses other than the loss attributable for the year.

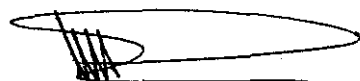
# OSI Group Holdings Limited

## Balance Sheet as at 30 April 2006

		30 April 2006	30 April 2005
	Note	£	£
<b>Fixed assets</b>			
Investments	6	2,057,317	2,057,317
<b>Current assets</b>			
Debtors	7	13,590,362	23,567,041
Cash at bank and in hand		101,341	87,361
		<u>13,691,703</u>	<u>23,654,402</u>
<b>Creditors due within one year</b>	8	<u>16,993,341</u>	<u>26,862,006</u>
<b>Net current (liabilities)</b>		<u>(3,301,638)</u>	<u>(3,207,604)</u>
<b>Net assets</b>		<u>(1,244,321)</u>	<u>(1,150,287)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,112,747	1,112,747
Share premium account	10	13,907,579	13,907,579
Capital redemption reserve	10	7,551,843	7,551,843
Interest in own shares	10	(249,704)	(249,704)
Profit and loss account	10	<u>(23,566,786)</u>	<u>(23,472,752)</u>
<b>Shareholders' Funds, including non-equity interests of £12,125,205 (2005: £12,125,205)</b>	10	<u>(1,244,321)</u>	<u>(1,150,287)</u>

Approved by the Board on

27th September 2006



Director

# OSI Group Holdings Limited

## Notes to the accounts for the year ended 30 April 2006

### 1 ACCOUNTING POLICIES

#### Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the applicable accounting standards. The Directors consider it is appropriate to prepare the financial statements on a going concern basis because the Company's ultimate parent undertaking has undertaken to provide the Company with continuing financial support for a period of not less than 12 months from the date of these financial statements to the extent that the Company is unable to meet its obligations itself. OSI Group Holdings Limited is a wholly owned subsidiary of Xansa plc, and hence under the provisions of Section 228 of the Companies Act, 1985, it is not required to prepare consolidated accounts.

#### Changes in accounting policy

FRS 21 'Events After the Balance Sheet Date' has been adopted in preparing these financial statements. FRS 21 states that proposed dividends do not represent a liability at the balance sheet date. The effect of adopting FRS 21 had no impact on current or prior year profits or previously reported net assets at 30 April 2005.

The following standards have been issued by the Accounting Standards Board: FRS 20 'Share-based Payments', FRS 23 'The Effects of Changes in Foreign Exchange Rates', FRS 24 'Financial Reporting in Hyperinflationary Economies', FRS 25 'Financial Instruments: Disclosure and Presentation', FRS 26 'Financial Instruments: Presentation' and FRS 28 'Corresponding Amounts'. The Directors of the Company have not yet completed their assessment of the impact of adopting FRS 20, as the standard does not apply to unlisted entities with accounting periods commencing before 1st January 2006. The Directors of the Company consider there is not a material impact to the financial statements, current year or the prior year, from adopting the standards.

#### Investments

Investments are recorded at cost less any amount required to record an impairment in value.

#### Xansa Employee Benefit Trust No.3

The financial statements recognise the results, assets and liabilities of the Trust. There were 348,948 Xansa plc shares held by the Trust at 30 April 2006 (2005: 348,948) and dividends of £nil (2005: £nil) on these shares arose during the year.

#### Cash Flow Statement.

Under the provisions of FRS1, the Company is not required to include a cash flow statement in these accounts. A Consolidated cash flow statement is prepared by Xansa plc, and includes the results of this Company.

### 2 OPERATING LOSS

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
This is stated after charging (crediting):		
Auditors' remuneration	3,000	3,000

### 3 INTEREST PAYABLE

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
Interest payable to ultimate parent undertaking	131,335	134,305

### 4 DIRECTORS AND OTHER EMPLOYEES

None of the directors received any emoluments during the year or the prior year. There were no employees during the year or prior year.

## 5 TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
The credit (charge) comprises:		
UK Corporation tax - current year	40,301	41,192
Adjustments in respect of prior years	-	-
Total current tax	40,301	41,192
The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
Loss on ordinary activities before tax	134,335	12,986,344
Tax credit on loss at standard UK corporation tax rate of 30% (2005: 30%)	40,301	3,895,903
Effects of:		
Provision against investments non deductible for tax purposes	-	(3,854,711)
Total current tax credit (charge) for the period	40,301	41,192

## 6 INVESTMENTS

	Shares in subsidiaries £
Cost	
At 1 May 2005 and at 30 April 2006	25,826,278
Provision	
At 1 May 2005 and 30 April 2006	23,768,961
Net book value	
At 30 April 2005 and 30 April 2006	2,057,317

The principal trading subsidiary undertakings are as follows:

	Country of incorporation	Nature of business	Percentage of ordinary shares held
<b>Direct subsidiary undertakings</b>			
OSI Group Limited	England	Holding company	100%
<b>Indirect subsidiary undertakings</b>			
Xansa US Inc.	USA	Information technology services	100%
Xansa Inc.	Canada	Information technology services	100%
Xansa SAS	France	Information technology services	100%

In accordance with FRS 11, Impairment of fixed assets and goodwill, the carrying value of the investments in shares in subsidiaries was written down to their recoverable amounts, to reflect their value in use in 2005. There was an exceptional charge in the prior year for provision for impairment of £12,849,039.

## 7 DEBTORS

	2006 £	2005 £
Amounts due from ultimate parent undertaking	-	10,000,000
Amounts due from fellow subsidiary undertakings	13,550,061	13,525,849
Corporation tax recoverable	40,301	41,192
	13,590,362	23,567,041



8 CREDITORS: amounts falling due within one year

	2006 £	2005 £
Amounts owed to ultimate parent undertaking	3,462,133	13,325,298
Amounts owed to subsidiary undertakings	13,524,343	13,529,843
Other creditors	6,865	6,865
	<b>16,993,341</b>	<b>26,862,006</b>

9 SHARE CAPITAL

	2006 £	2005 £
<b>Authorised:</b>		
15,296,497 A Ordinary shares of 10p each	1,529,650	1,529,650
2,600,001 B Ordinary shares of 10p each	260,000	260,000
1,077 B Deferred shares of 10p each	108	108
3,033,333 C Ordinary shares of 10p each	303,333	303,333
8,551,735 8% Cumulative Preference shares of 1p each	85,517	85,517
1,972,540 Convertible shares of 10p each	197,254	197,254
41,711 X Ordinary shares of 10p each	4,171	4,171
10,000,000 5% non-cumulative redeemable preference shares of 100p each	10,000,000	10,000,000
	<b>12,380,033</b>	<b>12,380,033</b>

	2006 £	2005 £
<b>Allotted and fully paid</b>		
5,781,832 A Ordinary shares of 10p each	578,183	578,183
2,250,001 B Ordinary shares of 10p each	225,000	225,000
2,954,337 C Ordinary shares of 10p each	295,433	295,433
41,311 X ordinary shares of 10p each	4,131	4,131
10,000 5% non-cumulative redeemable Preference shares of 100p each	10,000	10,000
	<b>1,112,747</b>	<b>1,112,747</b>

Full details of the rights attaching to the individual classes of shares are set out in the Company's Articles of Association. A summary of the rights is set out below:

The 8% Cumulative Redeemable Preference shares are entitled to a dividend of 8% net per annum of the issue price. They are not entitled to vote. In any year the preference shares to be redeemed have the right to be redeemed prior to the payment of a dividend to any other class of shares.

Dividends may be declared on the A, C and X Ordinary shares and Convertible Shares after provision in respect of the Preference shares; any such dividend on Convertible shares will reduce the 4% net per annum dividend on redemption. The B Ordinary shares are entitled to a dividend prior only to a sale or quotation, equal to a maximum of 10% of the profit before tax in respect of each financial year commencing on 1st July 2001.

10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium £	Capital redemption reserve £	Interest in own shares £	Profit and loss account £	Total £
At 1 May 2004	1,112,747	13,907,579	7,551,843	(263,207)	(10,527,600)	11,781,362
Receipts from sale of own shares	-	-	-	13,503	-	13,503
Loss attributable to shareholders	-	-	-	-	(12,945,152)	(12,945,152)
At 30 April 2005	<b>1,112,747</b>	<b>13,907,579</b>	<b>7,551,843</b>	<b>(249,704)</b>	<b>(23,472,752)</b>	<b>(1,150,287)</b>
At 1 May 2005	1,112,747	13,907,579	7,551,843	(249,704)	(23,472,752)	(1,150,287)
Loss attributable to shareholders	-	-	-	-	(94,034)	(94,034)
At 30 April 2006	<b>1,112,747</b>	<b>13,907,579</b>	<b>7,551,843</b>	<b>(249,704)</b>	<b>(23,566,786)</b>	<b>(1,244,321)</b>

Interest in own shares represent 348,948 (2005: 348,948) shares held by the Xansa Employee Benefit Trust No.3 in Xansa plc. The market value of these shares at 30 April 2006 was £324,522 (2005: £312,309).

#### **11 PARENT UNDERTAKING**

The Company's immediate and ultimate parent undertaking is Xansa plc, a company registered in England.

The smallest and largest group in which the results of the Company are consolidated is Xansa Plc, a company incorporated in England. Copies of the Xansa plc financial statements are available to the public and can be obtained from 420 Thames Valley Park Drive, Thames Valley Park, Reading, Berkshire RG6 1PU.

#### **12 RELATED PARTY TRANSACTIONS**

The Company has used the exemption under FRS 8 not to disclose related party transactions with other group companies, as group accounts are prepared.

#### **13 CONTINGENT LIABILITIES**

The Company has entered into guarantees and cross guarantee arrangements with Xansa plc and some of its subsidiary companies, in favour of a bank, in respect of the financial obligations arising from the provision of banking facilities in the UK.