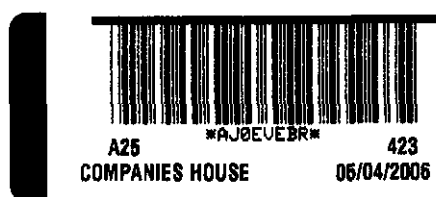


Option Systems Limited

Director's report and financial
statements

Registered number 2446995

31 December 2005



Contents

Director's report	1
Statement of director's responsibilities in respect of the director's report and the financial statements	2
Independent auditors' report to the members of Option Systems Limited	3
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes	8

Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continues to be the supply and installation of software and hardware and related consulting services specific to the clothing, footwear and home textile industries.

Business review

Turnover for the year was £2,081,228. (2004: £1,934,374). The company continued to trade successfully.

Proposed dividend and transfer from reserves

The director recommended the payment of a dividend for the year of £80,000 (2004: nil).

The profit for the year after taxation and dividend is £267,005 and has been added to reserves.

Research and development

The company continued to develop its products to keep pace with market changes.

Director and director's interests

Mr A G Parkinson is the sole director of the company.

The director had no interest in the shares of the company.

The interests of Mr A G Parkinson in the shares of OSL Holdings Limited are shown in the directors' report of OSL Holdings Limited.

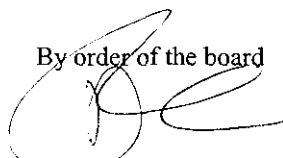
Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £53.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AG Parkinson
Director

Standards House
Meridian East
Meridian Business Park
Leicester
LE19 1WZ

Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that its financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of Option Systems Limited

We have audited the financial statements of OSL Holdings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 auditor's 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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 and are properly prepared 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 regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Independent auditors' report to the members of Option Systems Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP.

*Chartered Accountants
Registered Auditor*

30 March 2006

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £	2004 £
Turnover	<i>1</i>	2,081,228	1,934,374
Cost of sales		(363,214)	(305,854)
Gross profit		1,718,014	1,628,520
Administrative expenses – ongoing		(1,386,760)	(1,416,682)
– exceptional	<i>3</i>	-	(200,658)
Operating profit		331,254	11,180
Other interest receivable and similar income	<i>6</i>	3,332	1,267
Interest payable and similar charges	<i>7</i>	(2,980)	(3,789)
Profit on ordinary activities before taxation	<i>2</i>	331,606	8,658
Tax credit on profit on ordinary activities	<i>8</i>	15,399	3,705
Dividend payable		347,005 (80,000)	12,363 -
Profit for the financial year		267,005	12,363

The notes on pages 7 to 15 form part of these accounts.

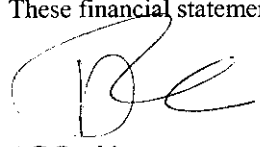
There were no recognised gains and losses other than the profit for the year.

The company has made no material acquisitions and no operations have been discontinued during the current or preceding accounting periods.

Balance sheet
at 31 December 2005

	Note	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	9		41,444		37,556
Current assets					
Stocks	11	-		5,422	
Debtors	12	778,723		848,616	
Cash at bank and in hand		393,769		15,445	
			<u>1,172,492</u>		<u>869,483</u>
Creditors: amounts falling due within one year	13	(1,093,393)		(1,009,266)	
			<u>79,099</u>		<u>(139,783)</u>
Net current assets/(liabilities)			79,099		(139,783)
Total assets less current liabilities			120,543		(102,227)
Creditors: amounts falling due after more than one year	14		-		(28,333)
Provisions for liabilities and charges	16		15,902		-
Net liabilities			136,445		(130,560)
Capital and reserves					
Called up share capital	17		17,000		17,000
Share premium account	18		12,314		12,314
Profit and loss account	18		107,131		(159,874)
			<u>136,445</u>		<u>(130,560)</u>

These financial statements were approved and signed by the director on 24/03/06



AG Parkinson
 Director

Cash flow statement
for the year ended 31 December 2005

	<i>Note</i>	2005 £	2004 £
Cash inflow/(outflow) from operating activities	22	422,898	(164,445)
Returns on investments and servicing of finance	23	352	(2,522)
Taxation refunded		3,813	37,893
Capital expenditure	23	(28,739)	(19,525)
		<hr/>	<hr/>
Cash outflow before financing		398,324	(148,599)
Financing	23	(20,000)	48,333
		<hr/>	<hr/>
Increase/(decrease) in cash in the year	24	378,324	(100,266)
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year	24	378,324	(100,266)
Cash used to repay debt		20,000	11,667
New loan		-	(60,000)
		<hr/>	<hr/>
Change in net funds resulting from cash flows		398,324	(148,599)
		<hr/>	<hr/>
Movement in net funds in the year		398,324	(148,599)
Net (debt)/funds at the start of the year	24	(32,888)	115,711
		<hr/>	<hr/>
Net funds/(debt) at the end of the year	24	365,436	(32,888)
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis having regard to the current trading position of the company and the borrowing facilities available to the company over the next twelve months.

Joint ventures and associated undertakings

Where the company has invested in an undertaking in which the company has a long term interest and over which it exercises joint control, the company records dividends received from the undertaking. The balance sheet reflects the cost of the company's investment in the undertaking less any amounts written off.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computers	-	25% on cost
Office fixtures, fittings and equipment	-	25% on cost
Motor vehicles	-	25% on cost
Software	-	25% on cost

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress this includes an appropriate proportion of attributable overheads.

Notes *(continued)*

1 Accounting policies (continued)

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those costs transferred to the profit and loss account when agreed stages are completed, after deducting foreseeable losses and payments on account.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

The credit for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of computer software and related services to customers, during the year, from continuing activities.

Research and development costs

Research and development costs incurred within the year are written off to the profit and loss account unless they are directly attributable to specific orders, in which case they are included in work in progress.

2 Profit on ordinary activities before taxation

	2005	2004
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	8,980	8,585
Other services	6,015	5,970
Depreciation of tangible fixed assets	23,783	24,658
Research and development expenditure:		
Incurred during the year	361,185	288,043
Hire of other assets - operating leases	13,538	1,753
(Profit)/loss on foreign exchange	(6,858)	9,192
Loss on disposal of fixed assets	1,068	1,597
	23,783	24,658

Notes *(continued)*

3 Exceptional administrative expenses

	2005 £	2004 £
Termination settlements	-	200,658
	-	200,658

The company made a number of employees redundant in 2004, and incurred significant costs to terminate their contracts of employment.

4 Remuneration of director

	2005 £	2004 £
Director's emoluments	119,406	103,642
	119,406	103,642

5 Staff numbers and costs

The average number of persons employed by the company (including director) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Management	4	4
Development and support	14	14
Other	3	3
	21	21

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	852,680	875,103
Social security costs	91,079	100,975
Other pension costs	5,517	6,375
	949,276	982,453

6 Other interest receivable and similar income

	2005 £	2004 £
Bank interest receivable	3,332	1,267
	3,332	1,267

Notes (continued)

7 Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	2,980	3,789
	<u> </u>	<u> </u>

8 Taxation

	2005 £	2004 £
UK corporation tax charge/(credit) on the profit for the year on ordinary activities	611	(3,705)
Adjustment relating to an earlier year	(108)	-
	<u> </u>	<u> </u>
Current tax charge/(credit)	503	(3,705)
Deferred taxation credit	(15,902)	-
	<u> </u>	<u> </u>
Taxation credit	(15,399)	(3,705)
	<u> </u>	<u> </u>

	2005 £	2004 £
Profit on ordinary activities before tax	331,606	8,658
	<u> </u>	<u> </u>
Tax on profit on ordinary activities at standard rate of tax 19% (2004: 19%)	63,005	1,645
<i>Effect of</i>		
Expenses not deductible for tax purposes	1,266	852
Depreciation on ineligible	35	47
Capital allowances in excess of depreciation	507	886
Current period losses utilised	(53,926)	-
Tax rate lower than 30% on (tax profit)/tax losses	(828)	695
Additional research and development relief	(9,448)	(7,830)
Adjustment to tax charge/(credit) in respect of prior years	(108)	-
	<u> </u>	<u> </u>
Current tax charge/(credit) for the period	503	(3,705)
	<u> </u>	<u> </u>

Notes (continued)

9 Tangible fixed assets

	Computer equipment and software	Office fixtures, fittings and equipment	Total
	£	£	£
<i>Cost</i>			
At beginning of year	127,001	41,693	168,694
Additions	16,591	12,148	28,739
Disposals	(34,410)	(1,727)	(36,137)
	<hr/>	<hr/>	<hr/>
At end of year	109,182	52,114	161,296
	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>			
At beginning of year	107,765	23,373	131,138
Charge for year	17,251	6,532	23,783
Eliminated on disposals	(34,410)	(659)	(35,069)
	<hr/>	<hr/>	<hr/>
At end of year	90,606	29,246	119,852
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2005	18,576	22,868	41,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2004	19,236	18,320	37,556
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10 Participating interests

The company has acquired a 50% equity shareholding in an investment in New Horizons Systems Inc, a company incorporated in the USA. The investment comprises of 20 US \$ capital stock.

The company has acquired a 33% equity shareholding in Option Systems Pty Limited, a company incorporated in Australia. The company owns 100 ordinary Australian \$ shares in the company.

Each of the above participating interests supplies and distributes computer software and related services as its principal activity.

The accounting reference period is the year to 31 December for each company.

Sales by Option Systems Limited to New Horizons Inc and Option Systems Pty Limited for the year to 31 December 2005 were £nil and £2,450 respectively.

Development fees paid by Option Systems Limited to Option Systems Pty Limited for the year to 31 December 2005 were £14,000.

At that date New Horizons Inc and Option Systems Pty Limited owed Option Systems Limited £nil in respect of these sales and Option Systems Limited owed Option Systems Pty Limited £nil in respect of development fees.

11 Stocks

	2005	2004
	£	£
Finished goods and goods for resale	-	1,172
Work in progress	-	4,250
	<hr/>	<hr/>
	-	5,422
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Debtors

	2005	2004
	£	£
Trade debtors	489,066	645,790
Prepayments and accrued income	36,797	25,672
Amounts owed by ultimate parent company	252,860	173,449
Corporation tax recoverable	-	3,705
	778,723	848,616
	778,723	848,616

13 Creditors: amounts falling due within one year

	2005		2004	
	£	£	£	£
Bank loan		28,333		20,000
Payments received on account		32,700		78,460
Trade creditors		151,466		167,286
Amounts owed to group company		90,000		90,000
Other creditors including taxation and social security				
Other taxes and social security	107,764		121,519	
		107,764		121,519
Corporation tax payable		611		-
Accruals and deferred income		602,519		532,001
Dividend payable		80,000		-
		1,093,393		1,009,266
		1,093,393		1,009,266

14 Creditors: amounts falling due after more than one year

	2005	2004
	£	£
Bank loan	-	28,333
	-	28,333

15 Analysis of debt

The bank loan is repayable as follows:

	2005	2004
	£	£
Within one year	28,333	20,000
In the second to fifth years	-	28,333
	28,333	48,333
	28,333	48,333

Notes (continued)

16 Provisions for liabilities and charges

The movement in the provision for deferred taxation is as follows:

	2005 £	2004 £
Balance brought forward	-	-
Credit to the profit and loss account	15,902	-
	<u>15,902</u>	<u>-</u>
Balance carried forward	<u>15,902</u>	<u>-</u>

The deferred tax asset at the year end is analysed as follows:

	2005 Provided £	2005 Unprovided £	2004 Provided £	2004 Unprovided £
Accelerated capital allowances	442	-	-	61
Short term timing differences	-	-	-	-
Losses	15,460	-	-	69,386
	<u>15,902</u>	<u>-</u>	<u>-</u>	<u>69,447</u>

The deferred tax was calculated at the rate of 19% (2004:19%). In 2004 the deferred tax asset was not recognised at that time given the lack of profitability in the company.

17 Called up share capital

	2005 £	2004 £
<i>Authorised</i> 100,000,000 ordinary shares of 1p each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i> 1,700,000 ordinary shares of 1p each	<u>17,000</u>	<u>17,000</u>

18 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	12,314	(159,874)
Profit for the year	-	267,005
	<u>12,314</u>	<u>107,131</u>
At end of year	<u>12,314</u>	<u>107,131</u>

Notes (continued)

19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	1,314	-
In the second to fifth years inclusive	36,531	36,531	19,729	1,753
After five years	97,615	97,615	-	-
	<u>134,146</u>	<u>134,146</u>	<u>21,043</u>	<u>1,753</u>

20 Parent undertaking's company

The company is a subsidiary undertaking of OSL International Limited registered in England and Wales. The ultimate parent company is OSL Holdings Limited, a company also registered in England and Wales. The registered office of both companies is : Standards House, Meridian East, Meridian Business Park, Leicester, LE19 1WZ.

21 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit for the financial year	267,005	12,363
Opening shareholders' funds	(130,560)	(142,923)
	<u>136,445</u>	<u>(130,560)</u>

22 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2005	2004
	£	£
Operating profit	331,254	11,180
Depreciation charge	23,783	24,658
Loss on sale of tangible fixed assets	1,068	1,597
Decrease in stocks	5,422	2,593
Decrease/(increase) in debtors	66,188	(135,650)
Decrease in creditors	(4,817)	(68,823)
	<u>422,898</u>	<u>(164,445)</u>

Notes *(continued)*

23 Analysis of cash flows shown net in cash flow statement

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	3,332	1,267
Interest paid	(2,980)	(3,789)
	<hr/>	<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance	352	(2,522)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
Purchase of tangible fixed assets	(28,739)	(21,588)
Sale of tangible fixed assets	-	2,063
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(28,739)	(19,525)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
New loan	-	60,000
Repayment of new loan	(20,000)	(11,667)
	<hr/>	<hr/>
Net cash (outflow)/inflow from financing	(20,000)	48,333
	<hr/> <hr/>	<hr/> <hr/>

24 Analysis of net debt

	At 31 December 2004 £	Cash flow £	At 31 December 2005 £
Cash in hand and at bank	15,445	378,324	393,769
Debt due within one year	(20,000)	(8,333)	(28,333)
Debt due after more than one year	(28,333)	28,333	-
	<hr/>	<hr/>	<hr/>
	(32,888)	398,324	365,436
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>