

Registered no: 3720091

XCHANGING GLOBAL INSURANCE SYSTEMS LIMITED

Annual report

for the year ended 31 December 2006



**Annual report
for the year ended 31 December 2006**

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Directors and advisors

Directors

D Andrews
H Morris
M Hobbs
R Houghton
M Sutton
R Clark
D Bauernfeind

Secretary

Hexagon Registrars Limited

Registered office

34 Leadenhall Street
London
EC3A 1AX

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London
E14 5JJ

Bankers

Lloyds TSB Bank plc
PO Box 72
Bailey Drive
Gillingham
Kent
ME8 0LS

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006.

Principal activity

The company acts as a holding company for certain other group undertakings.

Review of business and future developments

Both the level of business and the year end financial position of the company were in line with expectations.

Financial risk management

The company has limited exposure to financial risk as all material financial instruments are with companies within the group headed by Xchanging B.V., Xchanging Global Insurance Systems Limited's ultimate parent undertaking. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report, which does not form part of this report.

Results and dividends

The company did not trade during the current or preceding accounting period. No dividends were paid or proposed (2005: nil)

Directors and their interests

The directors who held office during the year and up to the date of signing the financial statements were:

Name

D W Andrews
D Bauernfeind
R Clark
M O Hobbs
R Houghton
M J Sutton

None of the directors had any interest in the shares of the company during the year or as at 31 December 2006.

During the year, Mr Houghton was also a director of Xchanging BV, the ultimate parent company, and his interests in the shares and share options for Xchanging BV are shown in the financial statements of that company.

Directors' report for the year ended 31 December 2006 (continued)

The interests in the shares and share options in the ultimate parent company held by the other directors of Xchanging Global Insurance Systems Limited are shown below.

Share options under an approved scheme over common shares of Euro 0.01 each:

Director	Number of options at 1 January 2006	During the year		At 31 December 2006	Exercise price	Date from which exercisable	Expiry date
		Granted	Exercised				
M Hobbs	16,304	-	-	16,304	383.0p	28/04/07	28/04/14
M Sutton	16,304	-	-	16,304	383.0p	28/04/07	28/04/14

Share options under an unapproved scheme over common shares of Euro 0.01 each:

Director	Number of options at 1 January 2006	During the year		At 31 December 2006	Exercise price	Date from which exercisable	Expiry date
		Granted	Exercised				
M Hobbs	8,696	-	-	8,696	383.0p	28/04/07	28/04/14
M Sutton	8,696	-	-	8,696	383.0p	28/04/07	28/04/14

**Directors' report
for the year ended 31 December 2006 (continued)**

Directors' responsibilities statement

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

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

Statement of disclosure of information to auditors

Each director of the Company, in office at the time of approval of this report, acknowledges that:

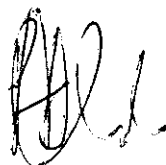
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution proposing their re-appointment will be put to the next annual general meeting.

By order of the board

**R Clark
Director
30 March 2007**



Independent auditors' report to the members of XCHANGING GLOBAL INSURANCE SYSTEMS LIMITED

We have audited the financial statements of Xchanging Global Insurance Systems Limited for the year ended 31 December 2006 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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

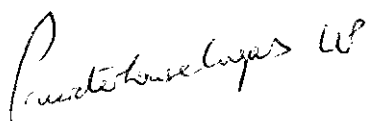
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 31 December 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30 March 2007

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Profit and loss account for the year ended 31 December 2006

	Notes	31 December 2006 £'000	31 December 2005 £'000
Profit on ordinary activities before taxation		-	-
Tax charge	4	(191)	-
Loss for the financial year		(191)	-

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The loss for the year relates to continuing activities.

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

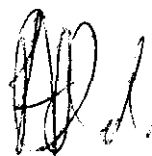
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Balance sheet as at 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	5	<u>14,977</u>	<u>14,977</u>
Current assets			
Debtors: amounts falling due within one year	6	12,775	12,775
Creditors: amounts falling due within one year	7	<u>(191)</u>	<u>-</u>
Net current assets		<u>12,584</u>	<u>12,775</u>
Total assets less current liabilities		<u>27,561</u>	<u>27,752</u>
Net assets		<u>27,561</u>	<u>27,752</u>
Capital and reserves			
Called up share capital	8	70,515	70,515
Profit and loss reserve	9	<u>(42,954)</u>	<u>(42,763)</u>
Equity shareholder's funds	10	<u>27,561</u>	<u>27,752</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 30 March 2007 and were signed on its behalf by:

R Clark
Director



**Notes to the financial statements
for the year ended 31 December 2006****1 Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which, unless otherwise stated, have been applied consistently with the prior year, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate based on the financial position at the year end, budgets and cash flow projections for the twelve months following the date of approval of these accounts.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. Impairment reviews are conducted at the end of the first full year following acquisition and thereafter where indicators of impairment are present.

Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 8 not to disclose transactions with related parties that are more than 90% owned by the group.

Cash flow statement and non-consolidation of subsidiary undertakings

The Company is a wholly owned subsidiary of Xchanging B.V. and is included in the consolidated financial statements of Xchanging B.V., which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) and has also taken advantage of the exemption from preparing consolidated financial statements under the terms of s230 of the Companies Act 1985.

2 Directors' emoluments

The directors do not receive any emoluments specifically in respect of their role as directors of the company.

3 Employees

The average number of persons (including executive directors) employed by the company during the year was:

	2006	2005
	Number	Number
By activity		
Management and administration	<u>Nil</u>	<u>Nil</u>

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Notes to the financial statements for the year ended 31 December 2006 (continued)

4 Tax

	2006 £'000	2005 £'000
Current tax:		
UK corporation tax at 30%	17	-
Adjustments in respect of prior years	174	-
Current tax charge for the year	191	-
Total tax charge for the current year	191	-

The tax charge relates to an imputed interest income for UK corporation tax purposes in respect of the intercompany loans. The current tax assessed for the period is higher (2005: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

Profit/(loss) on ordinary activities before tax	-	-
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	-	-
Transfer pricing adjustments	17	-
Adjustments in respect of prior years	174	-
Current tax charge for year	191	-

5 Investments

Company	£'000
Cost (at 31 December 2006 and 31 December 2005)	57,740
Provisions for impairment	(42,763)
At 31 December 2006 and 31 December 2005	14,977

The following are the principal wholly owned subsidiaries of Xchanging Global Insurance Systems Limited:

Name	Principal activity	Country of incorporation
Datasure Holdings Limited *	Holding company	England and Wales
Xchanging International Limited	Holding company	England and Wales
Xchanging Global Insurance Solutions Limited	Computer Services	England and Wales
Xchanging Insurance Professional Services Limited	Business Services	England and Wales
Xchanging Systems and Services Inc	Computer Services	USA
Xchanging Global Insurance Solutions Limited Bermuda Limited	Computer Services	Bermuda
Xchanging Asia Pacific Sdn Bhd	Computer Services	Malaysia
Xchanging International (Thailand) Limited	Computer Services	Thailand

* Held directly by Xchanging Global Insurance Systems Limited

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6 Debtors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed by group undertakings	<u>12,</u>	<u>12</u>

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

7 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Corporation tax	<u>191</u>	<u>-</u>
	<u>191</u>	<u>-</u>

8 Called up share capital

Group and company	2006 £'000	2005 £'000
Authorised		
72,740,000 Ordinary shares of £1 each	<u>72,740</u>	<u>72,740</u>
Allotted, called up and fully paid		
70,515,000 Ordinary shares of £1 each	<u>70,515</u>	<u>70,515</u>

9 Reserves

	Profit and loss reserve £'000
At 1 January 2006	(42,763)
Loss for the financial year	(191)
At 31 December 2006	<u>(42,954)</u>

Notes to the financial statements for the year ended 31 December 2006 (continued)

10 Reconciliation of movements in equity shareholder's funds

	2006	2005
	£'000	£'000
Opening equity shareholder's funds	27,752	27,752
Loss for the financial year	(191)	-
Closing equity shareholder's funds	<u>27,561</u>	<u>27,752</u>

11 Parent undertaking and ultimate controlling party

The company's immediate parent undertaking is Xpanse Limited.

The ultimate parent undertaking is Xchanging B.V., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Xchanging B.V. consolidated financial statements can be obtained from Xchanging B.V., 34 Leadenhall Street, London, EC3A 1AX.

Xchanging BV is controlled jointly by General Atlantic Partners LLP and the Chief Executive Office, David Andrews, the founding partners. General Atlantic Partners LLP is the majority shareholder through a number of its group companies' shareholdings in Xchanging BV, which act in concert within the context of a group. David Andrews is able to appoint the majority of the Board of Xchanging BV.