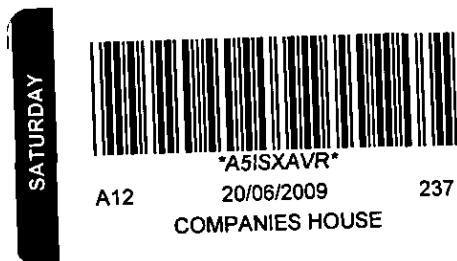


PEARL MEZZANINE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008**

Company Number 6099477



PEARL MEZZANINE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008

DIRECTORS

M C Ewart Smith
J M Whiteway

SECRETARY

P Maynard

REGISTERED OFFICE

Unit 4
500 Purley Way
Croydon
CR0 4NZ

INDEPENDENT AUDITORS

Deloitte LLP
Crawley

BANKERS

Royal Bank of Scotland
Reading

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the period ended 31 December 2008.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year. Under the law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). The financial statements are required by law to give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

PRINCIPAL ACTIVITY

The principal activity of the company is that of an intermediate parent company of a group that is a national distributor of stationery and office supplies.

REVIEW OF THE BUSINESS

The results of the company are set out within the profit and loss account on page 5.

FINANCIAL RISK MANAGEMENT

The Directors wish to report on various additional matters in relation to the management of financial risks to which the business is exposed. The company does not use financial derivatives to mitigate these risks.

Liquidity risk

Cash generation by the OSG Holdings group remains strong and the directors do not anticipate that this will change. The group's principal banking facilities, under which it has access to additional borrowings, are with Royal Bank of Scotland. These are committed, subject to the company meeting certain financial covenants, with repayments terms over the life of the facility to 2015. Based on projections of future performance for the business, in the directors opinion it is reasonable to conclude that these covenants will be met for the foreseeable future.

The company is an intermediate parent company within the OSG Holdings Limited group, further disclosure of risk is included within the directors' report of that company.

DIVIDEND

The directors do not recommend the payment of a dividend (2007 : £nil).

DIRECTORS

The current directors of the company are set out in the front of this annual report. The following changes have take place since the year end:

M C Ewart Smith	appointed 23 February 2009
P A Lawson	resigned 23 February 2009

AUDITORS

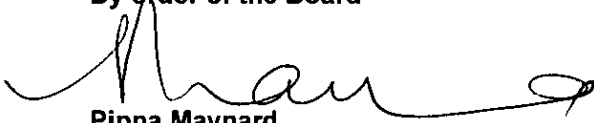
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte& Touche LLP changed their name to Deloitte LLP. A resolution to re-appoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Pippa Maynard
Secretary

16 June 2009

REGISTERED OFFICE:

Unit 4
500 Purley Way
Croydon
CR0 4NZ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEARL MEZZANINE LIMITED

We have audited the financial statements of Pearl Mezzanine Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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' 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). 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 2008 and of its loss for the year ended 31 December 2008;
- 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.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors
Crawley, United Kingdom

17 June 2009

PEARL MEZZANINE LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended to 31 December 2008

	Notes	2008 £000	13 February 2007 to 31 December 2007 £000
Administrative expenses		(42)	-
Operating profit		(42)	-
Other interest receivable and similar income	2	4,458	2,249
Interest payable and similar charges	3	(10,693)	(5,657)
Loss on ordinary activities before taxation	4	(6,277)	(3,408)
Tax on loss on ordinary activities	6	1,744	966
Loss for the financial year / period	13	(4,533)	(2,442)

The results were derived from continuing operations.

There were no recognised gains or losses other than the loss for the year and the prior period.

PEARL MEZZANINE LIMITED
BALANCE SHEET
as at 31 December 2008

	Notes	2008 £000	2007 £000
FIXED ASSETS			
Investments	7	121,406	121,406
CURRENT ASSETS			
Debtors	8	52,411	56,396
Cash at bank and in hand - restricted	9	416	2,504
CREDITORS: amounts falling due within one year			
	10	(62,062)	(62,836)
Net current liabilities		(9,235)	(3,936)
Total assets less current liabilities		112,171	117,470
CREDITORS: amounts falling due after more than one year			
	11	(87,321)	(88,087)
Net assets		24,850	29,383
CAPITAL AND RESERVES			
Called up share capital	12	7,956	7,956
Share premium	13	23,869	23,869
Profit and loss account	13	(6,975)	(2,442)
Shareholders' funds		24,850	29,383

The financial statements were approved by the Board of Directors on 10 June 2009 and signed on its behalf by:



M C Ewart Smith
Director

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of OSG Holdings Limited which prepares consolidated accounts which are publicly available.

The accounts are prepared on a going concern basis. The directors have considered the future prospects of the business, the availability of finance and the requirement of the business to comply with certain financial covenants and conclude that the going concern basis is appropriate for the preparation of the annual report and accounts.

In reaching this conclusion the directors have considered current and forecast trading, profitability and cashflows of the company and have assessed similar information, provided to the directors, relating to the group. They have also considered the sensitivities of these projections, to changes to the business and the wider economy, and mitigating actions that would be taken in such eventualities and the likelihood of certain guarantees (Note 15) being called upon.

The group's existing banking facilities are committed until 2015, subject to it complying with certain covenants, and will provide it with adequate financial resources to continue trading for the foreseeable future. In assessing the future prospects of the business the directors have considered their impact on the group's financial covenants. The directors have concluded that that it is reasonable, based on the information currently available, to conclude that covenants will be met for the foreseeable future.

Investments

Fixed asset investments are shown at cost less provision for any impairment.

Taxation

Current tax comprises UK corporation tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £000	2007 £000
Loan note interest	4,411	2,209
Bank interest	47	40
	4,458	2,249

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £000	2007 £000
Bank interest	9,486	4,764
Loan note interest	1,207	893
	10,693	5,657

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration of £1,000 (2007 : £1,000) has been borne by a fellow group company.

5. DIRECTORS' REMUNERATION AND STAFF COSTS

The salaries of the directors are paid by another group company. There were no other employees.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £000	2007 £000
Analysis of tax credit on loss on ordinary activities		
Current tax		
United Kingdom corporation tax at 28.5% (2007:30%)	1,729	966
Adjustment in respect of prior years	15	-
	1,744	966

The current tax credit for the year differs to the standard 28.5% (2007:30%) rate of UK corporation tax as explained below:

	2008 %	2007 %
Standard tax rate as a percentage of profits	28.5	30
Adjustment for transfer pricing	(1)	(2)
	27.5	28

7. INVESTMENTS

Shares and loan notes
in subsidiary undertaking
£000

At 31 December 2007 and 31 December 2008	121,406
--	---------

The principal subsidiary undertakings are listed below. All subsidiaries are wholly owned. Only OfficeTeam Group Limited is directly owned by the company.

Company	Principal activity
OyezStraker Group Limited	Parent company
OfficeTeam Group Limited	Parent company
OSGH Limited (formerly OSG Holdings Limited)	Parent company
Waterlow Business Supplies Limited	Personnel forms
OyezStraker Office Supplies Limited	Stationery, furniture and commercial printing
Stat Plus Limited	Stationery, furniture and commercial printing
Whitegrove Group Limited	Stationery, furniture and commercial printing
Lynch McQueen Limited	Stationery, furniture and commercial printing
Office Zone Business Solutions Limited	Stationery, furniture and commercial printing
Oyez Professional Services Limited	Legal forms production, professional services
HIPAG Limited	Provision of home information packs
File and Data Storage Limited	Provision of record storage management
PADS Printing and Commercial Stationery Limited	Stationery, furniture and commercial printing

PEARL MEZZANINE LIMITED
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

8. DEBTORS

	2008 £000	2007 £000
Group relief	2,710	966
Amounts owed by group undertakings	49,701	55,430
	52,411	56,396

9. CASH AT BANK AND IN HAND

Overdraft	(42)	-
Cash balance held under joint control	458	2,504
	416	2,504

The cash balance is held in escrow under joint control of the company and the trustees of the group's defined benefit pension schemes. It has been agreed with the Trustees that they will be used for the purposes of funding the obligations of the pension schemes.

10. CREDITORS: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	58,535	60,576
Accrued interest	277	60
Bank loans	3,250	2,200
	62,062	62,836

11. CREDITORS: amounts falling due after more than one year

Bank loans	80,860	81,200
Loan notes	6,461	6,887
	87,321	88,087

The group facilities are committed for seven years with the Royal Bank of Scotland Plc, totalling £118 million and with Almack SA totalling £10 million for 9 years. The facilities are secured by first legal charges over properties owned by all companies within the group and by debentures over all assets and undertakings, together with a charge over certain key man insurance policies.

11. CREDITORS: amounts falling due after more than one year (CONINUED)

The facilities being utilised as at 31 December 2008 are listed below. Interest rates on the term loans are based on LIBOR plus additional margins as follows.

	2008		2007	
Loan A	£22,200,000	3.00%	£24,400,000	2.25%
Loan B	£25,750,000	3.50%	£25,750,000	2.75%
Loan C	£25,750,000	4.00%	£25,750,000	3.25%
Loan D	£2,000,000	3.75%		
Loan E	£10,939,000	10.25%	£10,302,000	10.25%

As part of its interest rate management strategy the group has entered into an interest rate swap to swap floating rate interest into fixed rate interest. The notional principal amount outstanding at 31 December 2008 was £83,000,000 (2007 : £83,000,000). Under these arrangements the company pays fixed interest on the swapped portion of the term loans at a rate of 6.2% plus a margin. The fair value at 31 December 2008 was a liability of £12,953,000 (2007 : £5,523,000) and the accrued interest at 31 December 2008 was £53,629 (2007 : £6,000). Interest is charged to the profit and loss account as incurred with no fair valuing of the interest rate swaps.

The bank loans above are stated net of unamortised issue costs of £2,529,000 (2007 : £2,803,000).

2008 Maturity profile

	Bank loans £000	Loan notes £000	Total £000
Within one year	3,250	-	3,250
More than one year but not more than two years	4,675	-	4,675
More than two years but not more than five years	15,200	-	15,200
More than five years	63,514	6,461	70,032
	86,639	6,461	93,157

2007 Maturity profile

	Bank loans £000	Loan notes £000	Total £000
Within one year	2,200	-	2,200
More than one year but not more than two years	3,250	-	3,250
More than two years but not more than five years	13,250	-	13,250
More than five years	67,503	6,887	74,390
	86,203	6,887	93,090

PEARL MEZZANINE LIMITED
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

11. CREDITORS: amounts falling due after more than one year (CONTINUED)

Loan A is repayable by half yearly instalments increasing from £1,100,000 in 2008 to £2,375,000 in 2013. Loan B is repayable in two equal instalments in 2014. Loan C is repayable in two equal instalments in 2015. Loan E is repayable in two equal instalments in 2016.

The loan notes attract interest at the rate of 4% per quarter compounded and are repayable at the earlier of 31 December 2017 or sale or listing of the company.

12. CALLED UP SHARE CAPITAL

	2008 £000	2008 Number 000	2007 £000	2007 Number 000
Authorised, allotted and fully paid: Equity shares:				
- ordinary shares of £1 each	7,956	7,956	7,956	7,956
	7,956	7,956	7,956	7,956

13. RESERVES

	Share premium £000	2008 Profit and loss account £000
31 December 2008	23,869	(2,442)
Retained loss for the year	-	(4,533)
31 December 2008	23,869	(6,975)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £000	2007 £000
Shareholders' funds 31 December 2007	29,383	-
Shares issued	-	31,825
Loss for the financial year / period	(4,533)	(2,442)
Net shareholders' funds	24,850	29,383

15. SECURITY AND CONTINGENT LIABILITY

The Group's new Royal Bank of Scotland facilities are secured by ownership of certain trade debts, first legal charges over properties owned by all companies within the Group headed by OSG Holdings Limited and by debentures over all assets and undertakings, together with a charge over certain key man insurance policies. The amount outstanding at 31 December 2008 was £100,306,000 (2007 : £15,152,000).

16. RELATED PARTY TRANSACTIONS

In accordance with exemptions available to wholly owned subsidiaries, the company has taken advantage of paragraph 3 (c) of FRS 8 not to disclose transactions with other group undertakings.

17. PARENT UNDERTAKINGS

Pearl Finance Bond Limited is the immediate parent company.

The ultimate parent undertaking is AAC Capital NEBO Sub LP which is a limited partnership fund registered in England. The majority investor in this fund is AAC Capital NEBO NL Feeder BV, which is ultimately owned by RFS Holdings BV, incorporated in the Netherlands.

AAC Capital NEBO Feeder Limited (the general partner of AAC Capital Sub LP) is regarded as the direct controlling party of the company, and AAC Capital Partners Holding BV (incorporated in the Netherlands) is regarded as the ultimate controlling party of the company.

The parent of the largest group into which the company is consolidated is OSG Holdings Limited. The group accounts of the company are available from the Company Secretary, Unit 4, 500 Purley Way, Croydon, CR0 4NZ.
