

OSI SYSTEMS INC  
Form 8-K  
October 25, 2005  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

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PART 1 -- INFORMATION ON THE GROUP

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The newly introduced Ultraview SL(TM) series of monitors launched in the fiscal year ended 30 June 2005 have gross margins of approximately 5 percentage points higher than the products they have replaced. These new products have gained market acceptance in the US and represented over 90 per cent. of the Group's US patient monitoring sales in the month of June 2005. The Board believes that the Group's gross margins will benefit as these products gain international market acceptance. The Board is confident that the Admission will allow the Group to position itself in the UK in a market that will allow it to increase awareness of the Group and its activities in the UK and Europe and will facilitate acquisition opportunities. PROPERTIES The Group's manufacturing facilig src="spacer.gif" height="8" width="1">  
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED):  
October 25, 2005

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OSI SYSTEMS, INC.  
(EXACT NAME OF REGISTRANT SPECIFIED IN CHARTER)

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CALIFORNIA  
(STATE OR OTHER  
JURISDICTION  
OF INCORPORATION)

000-23125  
(COMMISSION FILE  
NUMBER)

330238801  
(IRS EMPLOYER  
IDENTIFICATION NO.)

12525 Chadron Avenue, Hawthorne, CA  
(Address of principal executive offices)

90250  
(Zip Code)

Registrant's telephone number, including area code: (310) 978-0516

N/A  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure.

On October 25, 2005, OSI Systems, Inc. (the "Company") announced that it had successfully completed the placing of approximately 20% of the equity in Spacelabs Healthcare, Inc. ("Spacelabs"), a newly formed Delaware corporation composed of the healthcare operations of the Company. The placing raised approximately \$27 million net of expenses. The shares of common stock of Spacelabs will be listed on the AIM of the Lo (d) expenses or liabilities of any type whatsoever which have been paid directly to a Director by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Company; or (e) expenses and the payment of profits arising from the purchase and sale by a Director of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute. APPLICATION OF US AND UK LEGISLATION The Company is incorporated under the laws of the State of Delaware, USA. Accordingly, a significant amount of the legislation in England and Wales regulating the operation of companies does not apply to the

----- 31 PART 2 -- RISK FACTORS  
----- Company. In addition, the laws of the State of Delaware will apply in respect of the Company and these laws may provide for mechanisms and procedures that would not otherwise apply to companies incorporated in England and Wales. REGISTRATION REQUIREMENTS AND TAX RISKS RELATING TO THE ACQUISITION OF COMPANIES FROM OSI AND UDT SENSORS The Company has entered into a stock transfer agreement with OSI and UDT Sensors. Pursuant to this agreement OSI and UDT Sensors agreed to sell to the Company various companies owned at that time by OSI and UDT Sensors (as listed in paragraph 3.3 of Part 7). As this agreement was entered into immediately prior to the date of this document, it has not been possible to complete all of the formalities required to register the transfers of the shares of each relevant company in each jurisdiction prior to publication of this document. Therefore, at the date of this document, the Company is only the beneficial, and not the legal owner, of the shares in each of the following companies in the Group: Blease Medical Holdings Ltd., Spacelabs Healthcare Solutions Pvt Ltd., Spacelabs (Singapore) Pte. Ltd., Spacelabs Medical (Canada), Inc., Spacelabs Medical Finland Oy, Spacelabs Medical Germany GmbH, Spacelabs Medical SAS, Spacelabs Medical UK Ltd. The Company intends to complete such registration formalities as quickly as possible but this process may be delayed due to unforeseen factors. Pending completion of such formalities, OSI or UDT Sensors (as the case may be) will remain registered as the legal owner of the relevant shares. The Company intends to submit applications for exemption from tax in respect of the transfers of shares referred to above in jurisdictions where tax would normally be payable on the transfer of shares. However, there can be no guarantee that such applications will be accepted by the relevant tax authorities. In such event, tax may become payable on the value of the stock allotted to OSI and UDT Sensors as consideration for the transfer to the Company of various companies in the Group. FORWARD LOOKING STATEMENTS ALL STATEMENTS, OTHER THAN STATEMENTS OF

HISTORICAL FACT, CONTAINED IN THIS ADMISSION DOCUMENT CONSTITUTE "FORWARD LOOKING STATEMENTS". IN SOME CASES FORWARD LOOKING STATEMENTS CAN BE IDENTIFIED BY TERMS SUCH AS "MAY", "INTEND", "MIGHT", "WILL", "SHOULD", "COULD", "WOULD", "BELIEVE", "ANTICIPATE", "EXPECT", "ESTIMATE", "PREDICT", "PROJECT", "POTENTIAL", OR THE NEGATIVE OF THESE TERMS, AND SIMILAR EXPRESSIONS. SUCH FORWARD LOOKING STATEMENTS ARE BASED ON ASSUMPTIONS AND ESTIMATES AND INVOLVE RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, FINANCIAL CONDITION, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY, THE GROUP OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN PART 2 "RISK FACTORS". NEW FACTORS MAY EMERGE FROM TIME TO TIME THAT COULD CAUSE THE COMPANY'S BUSINESS NOT TO DEVELOP AS IT EXPECTS, AND IT IS NOT POSSIBLE FOR THE COMPANY TO PREDICT ALL SUCH FACTORS. GIVEN THESE UNCERTAINTIES, PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO PLACE ANY UNDUE RELIANCE ON SUCH FORWARD LOOKING STATEMENTS EXCEPT AS REQUIRED BY LAW. THE COMPANY DISCLAIMS ANY OBLIGATION TO UPDATE ANY SUCH FORWARD LOOKING STATEMENTS IN THIS ADMISSION DOCUMENT TO REFLECT FUTURE EVENTS OR DEVELOPMENTS. ----- 32

----- PART 3 -- ACCOUNTANTS' REPORT ON  
SPACELABS MEDICAL, INC. AND RELATED COMPANIES The Directors Spacelabs Healthcare, Inc. 5150  
220th Avenue SE, Issaquah, Washington 98029 United States of America 24 October 2005 Dear Sirs, SPACELABS  
MEDICAL, INC. (THE "COMPANY") AND RELATED COMPANIES We report on the financial information on  
Spacelabs Medical Inc. and Related Companies set out in Part 3 of the AIM Admission Document dated 24 October  
of the Company (the "Admission Document"). This financial information has been prepared for inclusion in the  
Admission Document on the basis of the accounting policies set out in Note 1 to the Combined Financial Statements  
for Spacelabs Medical, Inc. and Related Companies. This report is required by paragraph (a) of Schedule Two to the  
AIM Rules as if Annex I item 20.1 of the Prospectus Rules applied and is given for the purpose of complying with  
that requirement and for no other purpose. RESPONSIBILITIES The Directors of SHI are responsible for preparing  
the financial information on the basis of preparation set out in note 1 to the financial information and in accordance  
with accounting standards generally accepted in the United States ("US GAAP"). It is our responsibility to form an  
opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission  
Document, and to report our opinion to you. BASIS OF OPINION We conducted our work in accordance with  
Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work  
included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also  
included an assessment of significant estimates and judgments made by those responsible for the preparation of the  
financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently  
applied and adequately disclosed. We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other  
irregularity or error. OPINION In our opinion, the financial information gives, for the purposes of the Admission  
Document, a true and fair view of the state of affairs of the Spacelabs Medical, Inc. and Related Companies as at the  
dates stated and of its income, cash flows and changes in parent's investment for the periods then ended in accordance  
with the basis of preparation set out in note 1 and in accordance with US GAAP as described in note 1.  
DECLARATION For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this  
report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the  
information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no  
omission likely to affect its import. This declaration is included in the AIM admission document in compliance with  
Schedule Two of the AIM Rules. Yours faithfully Deloitte & Touche LLP Chartered Accountants

----- 33 PART 3 -- FINANCIAL INFORMATION ON  
SPACELABS MEDICAL, INC. AND RELATED COMPANIES  
----- SPACELABS MEDICAL, INC. AND RELATED

COMPANIES COMBINED BALANCE SHEET AS AT JUNE 30, 2005 ASSETS Current Assets: US\$'000 Cash and cash equivalents 7,875 Marketable securities, available for sale 816 Accounts receivable, net of allowance for doubtful accounts of \$1,168 44,110 Other receivables 947 Inventory 38,205 Prepaid expenses 1,743 Deferred income taxes 4,586 ----- Total current assets 98,282 Property and equipment, net 7,068 Goodwill 5,853 Intangible assets, net 19,052 Other assets 1,006 ----- Total assets 131,261 ===== LIABILITIES AND PARENT'S INVESTMENT Current Liabilities: US\$'000 Accounts payable 18,710 Payables to related parties, net 9,147 Accrued payroll and related expenses 7,249 Deferred revenue 3,936 Accrued warranties 3,706 Income taxes payable 4,051 Other accrued expenses and current liabilities 12,421 ----- Total current liabilities 59,220 Loan from Parent 57,310 Accrued pension 604 Deferred income taxes 2,057 ----- Total liabilities 119,191 Commitments and contingencies (Notes 3 and 6) Parent's investment: Combined parent's investment 13,544 Accumulated deficit (768) Accumulated other comprehensive loss (706) Total Parent's investment 12,070 ----- Total liabilities and Parent's investment 131,261 =====

----- 34 PART 3 -- FINANCIAL INFORMATION ON SPACELABS MEDICAL, INC. AND RELATED COMPANIES

----- SPACELABS MEDICAL, INC. AND RELATED COMPANIES COMBINED INCOME STATEMENT YEAR ENDED JUNE 30, 2005 US\$'000 Revenues 195,731 Cost of goods sold 106,078 ----- Gross profit 89,653 Operating expenses: Selling, general and administrative 64,528 Research and development 15,892 Management retention bonus 1,824 Write off of in-process research and development 300 ----- Total operating expenses 82,544 ----- Income from operations 7,109 Interest and other expense 84 ----- Income before provision for income taxes and minority interest 7,025 Provision for income taxes 2,430 ----- Income before minority interest 4,595 Minority interest 6 ----- Net income 4,601 =====

----- 35 PART 3 -- FINANCIAL INFORMATION ON SPACELABS MEDICAL, INC. AND RELATED COMPANIES

----- SPACELABS MEDICAL, INC. AND RELATED COMPANIES COMBINED STATEMENT OF CHANGES IN PARENT'S INVESTMENT YEAR ENDED JUNE 30, 2005 ACCUMULATED OTHER TOTAL PARENT'S COMPREHENSIVE ACCUMULATED PARENT'S INVESTMENT LOSS DEFICIT INVESTMENT US\$'000 US\$'000 US\$'000 US\$'000 Balance, July 1, 2004 13,299 (43) (5,318) 7,938 Comprehensive income: Net income -- -- 4,601 4,601 Foreign currency translation -- (817) -- (817) Unrealized gain on available-for-sale securities -- 154 -- 154 ----- Total comprehensive income 13,299 (663) 4,601 3,938 Acquisition of Blease Medical Holdings 200 -- -- 200 Issuance of stock options to OSI employees 51 -- (51) -- Exercise of Dolphin Medical stock Options 106 -- -- 106 Repurchase of Dolphin Medical shares (112) -- -- (112) ----- Balance at June 30, 2005 13,544 (706) (768) 12,070 =====

===== 36 PART 3 -- FINANCIAL INFORMATION ON SPACELABS MEDICAL, INC. AND RELATED COMPANIES

----- SPACELABS MEDICAL, INC. AND RELATED COMPANIES COMBINED STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2005 CASH FLOWS FROM OPERATING ACTIVITIES: US\$'000 Net income 4,601 Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortisation 3,304 Write off of in-process research and development 300 Deferred income taxes (2,199) Write down of marketable securities available for sale 182 Gain on sale of assets (32) Other 21 Changes in operating assets and liabilities, net of business acquisitions: Accounts receivable (1,345) Other receivables 1,749 Inventory 1,493 Prepaid expenses (53) Accounts payable 3,962 Payables from related parties, net (1,149) Accrued payroll and related expenses (44) Deferred Revenue (4,016) Accrued warranties (3,792) Income taxes payable 3,948 Other accrued expenses and current liabilities (1,388) ----- Net cash provided by operating activities 5,542 ----- CASH FLOWS FROM INVESTING ACTIVITIES: Additions to property and equipment (3,900) Cash paid for Blease acquisition, net of cash acquired (9,121) Acquisition of Dolphin minority interest (488) Proceeds from sale of assets 40 Other (3ndon Stock Exchange, beginning October 31, 2005 under the ticker symbol "SLAB." A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein in its entirety.

In connection with the public offering, Spacelabs is distributing copies of a final admission document (the "Admission Document") to investors. A copy of the Admission Document is attached hereto as Exhibit 99.2 and incorporated by reference herein in its entirety.

Neither the press release nor the Admission Document constitutes an offer to sell or the solicitation of an offer to buy shares of common stock of Spacelabs in any jurisdiction in which such offer or solicitation is unlawful. The shares of common stock of Spacelabs have not been and will not be registered under the Securities Act of 1933, as amended (the "Act"), or under any applicable state securities laws of the United States. Accordingly, the shares of common stock may not be offered or sold or subscribed, directly or indirectly, within the United States or to any U.S. Person (as such term is defined in Regulation S promulgated under the Act).

The press release and the Admission Document contain "forward looking statements" within the meaning of Section 27A of the Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact included in the press release and the Admission Document are forward looking statements and, although the Company and Spacelabs believe that the expectations reflected in such forward looking statements are reasonable, neither the Company nor Spacelabs can give assurance that such expectations will prove to have been correct. Spacelabs' business and financial results are subject to various risks and uncertainties that may cause 0) ----- Net cash used in investing activities (13,499) ----- CASH FLOWS FROM FINANCING ACTIVITIES: Borrowings from Parent 9,858 Proceeds from exercise of Dolphin stock options 106 Repurchase of Dolphin Medical Shares (112) Net cash provided by financing activities 9,852 ----- EFFECT OF EXCHANGE RATE CHANGES ON CASH (241) ----- NET INCREASE IN CASH AND CASH EQUIVALENTS 1,654 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 6,221 ----- CASH AND CASH EQUIVALENTS, END OF YEAR 7,875 =====

----- 37 PART 3 -- FINANCIAL INFORMATION ON SPACELABS MEDICAL, INC. AND RELATED COMPANIES

----- SPACELABS MEDICAL, INC. AND RELATED COMPANIES NOTES TO COMBINED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005 1. BASIS OF COMBINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES GENERAL --

On August 2, 2005, OSI Systems, Inc. ("OSI") formed Spacelabs Healthcare, Inc. ("Spacelabs Healthcare"), which is intended to be the holding company of the following OSI healthcare division subsidiaries: (a) Spacelabs Medical, Inc. (U.S.A.) and its affiliates in Austria, Canada, China, Finland, France, Germany, Italy, Singapore and the U.K (collectively, "Spacelabs Medical"); (b) Blease Medical Holdings Ltd. (U.K.) and its wholly-owned subsidiaries Blease Medical Equipment Limited and Blease Medical Service Limited (collectively, "Blease"); (c) Dolphin Medical, Inc. (U.S.A.) and its subsidiary, Dolphin Medical Products Limited (Singapore), (collectively, "Dolphin Medical"); and (d) Osteometer MediTech, Inc. ("Osteometer"). The companies listed above are currently 100% directly or indirectly owned by OSI except for Dolphin Medical, Inc. (U.S.A), which is 89% owned by OSI and 11% owned by third parties. OSI anticipates completing an initial public offering of Spacelabs Healthcare prior to December 31, 2005. Spacelabs Medical is a global manufacturer and distributor of patient monitoring and clinical information systems for use primarily in hospitals. It designs, manufactures and markets patient monitoring solutions for critical care, emergency and perioperative areas of the hospital, wired and wireless networks and connectivity solutions, ambulatory blood pressure monitors and medical data services, all aimed at providing caregivers with instant patient information. Spacelabs Medical was acquired by OSI in March 2004. Blease is a global manufacturer and distributor of anesthesia delivery systems, ventilators and vaporisers. Blease sells its products primarily to hospitals for use in operating rooms and anesthesia induction areas as well as in magnetic resonance imaging facilities. In addition, as pharmaceutical companies develop new anesthesia agents for the worldwide market, or as generic alternatives to patented anesthesia formulas become available, Blease works closely with them to support their new product introductions. As a result, Blease also sells its actual results to differ materially from its expectations. Neither the Company nor Spacelabs intends to provide updated information other than as otherwise required by applicable law. All subsequent written and oral forward looking statements attributable to the Company and Spacelabs, or persons acting on their behalf, are expressly qualified in their entirety by the cautionary statements contained in this paragraph and elsewhere in this report.

The information in this report (including Exhibits 99.1 and 99.2) is being furnished pursuant to Item 7.01 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by

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reference in any filing under the Act or the Exchange Act. Additionally, the submission of the report on Form 8-K is not an admission of the materiality of any information in this report that is required to be disclosed solely by Regulation FD.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 99.1: Press Release, dated October 25, 2005.

Exhibit 99.2: Admission Document, dated October 25, 2005.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 25, 2005

**OSI SYSTEMS, INC.**  
By: /s/ Victor Sze  
Victor Sze  
General Counsel

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EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated October 25, 2005.
99.2	Admission Document, dated October 25, 2005.

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