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8 May 2009

**RECOMMENDED CASH OFFER FOR BUSINESS SYSTEMS GROUP HOLDINGS  
PLC BY ADVANCED COMPUTER SOFTWARE PLC**

**Summary**

- The ACS Directors and the Independent BSG Director announce that they have reached agreement on the terms of a recommended cash offer to be made by ACS for the entire issued and to be issued share capital of BSG (other than certain BSG Shares which have been conditionally acquired by ACS outside the Offer).
- Under the terms of the Offer, BSG Shareholders will receive 19.11 pence in cash for each BSG Share. The Offer values the fully diluted share capital of BSG at approximately £15.5 million (net of the cash received on exercise of options).
- The price to be paid under the Offer represents a premium of approximately:
  - 27 per cent. to the closing price of BSG Shares of 15 pence per BSG Share on 7 May 2009, being the last business day prior to this announcement;
  - 57 per cent. to 12.17 pence, being the average closing price per BSG Share over the three months prior to 7 May 2009; and
  - 44 per cent. to 13.29 pence, being the average closing price per BSG Share over the twelve months prior to 7 May 2009.
- ACS (AIM:ASW) is a leading provider of software and IT services to the primary care sector. ACS services approximately 95% of Out-of-Hours operational hubs and approximately 50% of NHS walk-in clinics in England. ACS occupies a strategically important niche in the IT framework of the NHS, from which it intends to expand.
- The acquisition of BSG will enable ACS to provide immediately effective hosting, managed services and outsourcing capabilities to its customers across the NHS Primary Care sector. The acquisition will allow for expansion and faster roll out of ACS's core growth products for Out-of-Hours Care, Walk-in Centres, Polyclinics, Urgent Care centres and for the rapid rollout of iNurse and End of Life applications. The acquisition will support the recurring hosted (SaaS) model of these applications across the NHS, Charities, and Communities.
- BSG (AIM:BSG) provides outsourced managed services, designing, deploying and operating all or part of its clients' technical infrastructure and system operations. The business's services range from the delivery of complex infrastructure design and operation, to the development of business applications and their hosting and support.
- Vin Murria, CEO of ACS, said:

*“With its hosting, disaster recovery and outsourcing capabilities, the acquisition of BSG will enable ACS to speed up the rollout of our core growth SaaS products, in particular iNurse (a mobile device for community nurses), Summary Care Record (a single view of the patient record) and End of Life (applications for managing palliative care). ACS*

*has progressively moved to providing hosting services to its Out of Hours customers, and the acquisition of BSG will provide greater bandwidth to drive this process more effectively. The Board of ACS is looking forward to working with the BSG team to deliver the cross selling opportunities and synergies that have already been identified.”*

- Nick Gerard, Group Chief Executive of BSG, said:

*“The benefit to BSG in being part of the ACS group is substantial. Our strategy is to grow our contracted revenues and the opportunity to do this within ACS around strategic product rollouts is supportive of the company’s overall direction. We look forward to leveraging the synergies and cross-selling opportunities of the two organisations to support and deliver the operational back-office efficiencies required by all businesses in the public and private sector.”*

- Irrevocable undertakings to accept the Offer and vote in favour of the resolution at the General Meeting have been received from the Independent Director and certain shareholders of BSG. Nick Gerard has also irrevocably undertaken to accept the Offer in respect of all of the BSG Shares in which he is interested save for those subject to the Acquisition Agreement. These undertakings are in aggregate in respect of 44,137,586 BSG Shares (representing, as at the date of this announcement, approximately 74 per cent. of the existing issued share capital of BSG to which the Offer relates). In addition ACS has received a letter of intent in respect of a further 2,100,000 BSG Shares (representing as at the date of this announcement, approximately 3.5 per cent. of the existing issued share capital of BSG to which the Offer relates) which together with the Irrevocable Undertakings represents, as at the date of this announcement, 77.5 per cent. of the BSG Shares to which the Offer relates.
- The Independent BSG Director, who has been so advised by Singer Capital Markets, considers the terms of the Offer to be fair and reasonable and in the best interests of BSG Shareholders as a whole. In providing its advice to the Independent BSG Director, Singer Capital Markets has taken into account the commercial assessments of the Independent BSG Director.
- Accordingly, the Independent BSG Director intends to recommend that BSG Shareholders accept the Offer and vote in favour of the resolution to be proposed at the General Meeting as the Independent BSG Director has irrevocably undertaken to do in respect of his own beneficial holding of 423,781 BSG Shares, representing as at the date of this announcement approximately 0.71 per cent. of the existing issued share capital of BSG, to which the Offer relates on the terms of the Independent BSG Directors Irrevocable Undertaking.
- ACS has conditionally agreed, under the terms of the Acquisition Agreement, to acquire 18,315,018 BSG Shares from the trustees of the Nick Gerard Life Interest Trust, representing, as at the date of this announcement 23.5 per cent. of the issued share capital of BSG in exchange for the issue and allotment of 14,000,000 ACS shares to the trustees of Nick Gerard’s Life Interest Trust. This arrangement has been agreed for Nick Gerard as an employee who will continue to manage the BSG business within the ACS group after the Offer has completed. The Acquisition Agreement is conditional, *inter alia*, upon the Offer becoming or being declared unconditional in all respects. This condition may be waived by ACS if, in order to declare the Offer unconditional as to acceptances, the purchase of the BSG Shares pursuant to the Acquisition Agreement is required to be counted towards the fulfillment of any condition of the Offer. The Acquisition Agreement is also conditional upon ACS shareholders passing a resolution at a general meeting to enable ACS to allot ACS shares to the trustees of Nick Gerard’s Life Interest Trust in satisfaction of its obligations.

- The Offer will, when formally made, be conditional upon the receipt of acceptances in respect of BSG Shares, which together with BSG Shares acquired under the Acquisition Agreement or acquired or agreed to be acquired before or during the Offer will result in ACS holding BSG Shares carrying more than 75 per cent. of the voting rights then normally exercisable at a general meeting of BSG.
- The Offer Document containing further details of the Offer and the Form of Acceptance will be posted as soon as reasonably practicable. The Offer will be subject, *inter alia*, to the satisfaction or waiver of the conditions set out in Appendix I to this announcement and in the Offer Document.

Seymour Pierce is acting as sole financial adviser and corporate broker to ACS. Singer Capital Markets is acting as financial adviser and corporate broker to BSG.

*This summary should be read in conjunction with, and is subject to, the full text of the following announcement and the Appendices. The Offer will be subject to the conditions set out in Appendix I to this announcement. Appendix II to this announcement contains the bases and sources of certain information contained in this announcement. Appendix III to this announcement contains details of the irrevocable undertakings. Appendix IV to this announcement contains the definitions of certain terms used in this summary.*

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**CONFERENCE CALL FOR ANALYSTS**

A conference call for analysts will be held this morning, Friday 8 May at 08:00 UK time.

To register your participation, please contact:

[carl.franklin@collegehill.com](mailto:carl.franklin@collegehill.com)

To participate dial:

**UK Freephone:** 0800 694 0257

**Conference ID:** 99209485

*Seymour Pierce, which is authorised and regulated by the Financial Services Authority, is acting exclusively for ACS and no one else in connection with the Offer and this announcement and will not be responsible to anyone other than ACS for providing the protections afforded to clients of Seymour Pierce or for providing advice in connection with the Offer or any matter referred to herein.*

*Singer Capital Markets, which is authorised and regulated by the Financial Services Authority, is acting exclusively for BSG and no one else in connection with the Offer and will not be responsible to anyone other than BSG for providing the protections afforded to clients of Singer Capital Markets or for providing advice in connection with the Offer or any matter referred to herein.*

*This announcement is for information purposes only and does not constitute an offer to sell or invitation to purchase or subscribe for any securities or the solicitation of an offer to sell or invitation to purchase or subscribe for any securities or any vote for approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the Form of Acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document or any document by which the Offer is made. This announcement does not constitute a prospectus or prospectus equivalent document.*

*This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to laws of other jurisdictions should inform themselves of, and observe, any applicable requirements.*

*Shareholders in the United States should note that the Offer relates to the shares of a UK company and will be governed by English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Offer. Moreover, the Offer will be subject to the disclosure requirements and practices applicable in the UK, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this announcement and the Offer documentation with respect to BSG has been or will have been prepared in accordance with IFRS and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP.*

*If the Offer is carried out by way of an offer, the Offer will not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer will not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded (including, without limitation, by telex, facsimile transmission, telephone, internet or other*

*forms of electronic communication), distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer. The availability of the Offer to BSG Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

*BSG will prepare the Offer Document to be distributed to BSG Shareholders. BSG and ACS urge BSG Shareholders to read the Offer Document when it becomes available because it will contain important information relating to the Offer.*

*No listing authority or equivalent has reviewed, approved or disapproved of this announcement or any of the proposals described herein.*

*Any document, announcement or information relating to the Offer will be published on both ACS and BSG websites: [www.advcomputersoftware.com](http://www.advcomputersoftware.com) and [www.bsg.co.uk](http://www.bsg.co.uk)*

### **Forward Looking Statements**

*This announcement contains statements about ACS and BSG that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans” “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects”, “should” or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: statements relating to the expected benefits of the acquisition to ACS, background and reasons for the offer, expectations of the impact of the acquisition on revenue and earnings of ACS, information on the prospects of ACS or BSG future capital expenditures, expenses, revenues, earnings, synergies, economic performance, and future prospects.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements, including risks relating to the successful integration of BSG with ACS; higher than anticipated costs relating to the integration of BSG or investment required in BSG to realise expected benefits and facts relating to BSG that may impact the timing or amount of benefit realised from the acquisition that are unknown to ACS. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. ACS and BSG disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law.*

### **Dealing Disclosure Requirements**

*Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of BSG, all “dealings” in any “relevant securities” of BSG (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes wholly unconditional as to acceptances or lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of BSG, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of BSG by ACS or BSG, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the Business Day following the date of the relevant transaction.*

*A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).*

*“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.*

*Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, please contact an independent financial adviser authorised under the Financial Services and Markets Act 2000, consult the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk) or contact the Panel on telephone number +44 (0) 20 7638 0129; fax +44 (0) 20 7236 7013.*

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8 May 2009

**RECOMMENDED CASH OFFER FOR BUSINESS SYSTEMS GROUP HOLDINGS  
PLC BY ADVANCED COMPUTER SOFTWARE PLC**

**1. Introduction**

The ACS Directors and the Independent BSG Director are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by ACS for the entire issued and to be issued share capital of BSG (other than certain BSG Shares which have been conditionally acquired by ACS outside the Offer on the terms referred to below).

**2. The Offer**

The Offer (which will be subject to the conditions and further terms set out below, in Appendix I to this announcement and in the Offer Document and the Form of Acceptance) will be made on the following terms:

**for each BSG Share                      19.11 pence in cash**

The Offer values the fully diluted share capital of BSG at approximately £15.5 million (net of cash received on exercise of options). The consideration each BSG Shareholder will receive pursuant to the Offer will be rounded up to the nearest penny.

The Offer will, when formally made, be conditional upon the receipt of acceptances in respect of BSG Shares, which together with BSG Shares acquired under the Acquisition Agreement or acquired or agreed to be acquired before or during the Offer will result in ACS holding BSG Shares carrying more than 75 per cent. of the voting rights then normally exercisable at a general meeting of BSG.

The price to be paid under the Offer represents a premium of approximately:

- 27 per cent. to the closing price of BSG Shares of 15 pence per BSG Share on 7 May 2009, being the last business day prior to this announcement;
- 57 per cent. to 12.17 pence, being the average closing price per BSG Share over the three months prior to 7 May 2009; and
- 44 per cent. to 13.29 pence, being the average closing price per BSG Share over the twelve months prior to 7 May 2009.

The BSG Shares will be acquired pursuant to the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.

The Offer Document containing further details of the Offer and the Form of Acceptance will be posted as soon as reasonably practicable. The Offer will be subject to the satisfaction or waiver of the conditions set out in Appendix I to this announcement and in the Offer Document.

### **3. Background to and reasons for the Offer**

ACS is driving organic growth by enhancing its product range and developing hosted mobile applications to be sold into the Community, Nursing, and Palliative Care sectors. ACS intends to acquire BSG in order to expand its business into the development of hosted mobile applications and support its customers' additional requirements for managed services, hosting, outsourcing and disaster recovery. The acquisition should allow BSG to benefit from ACS's established capabilities and relationships across the health care sector where ACS's customer base includes approximately 95% of the Primary Care Out-of-Hours market and approximately 50% of the Walk in Centre market.

BSG's hosted facilities, Sharepoint skills and Business Intelligence tools should facilitate ACS's goals of delivering these additional products whilst also providing operating and back office infrastructure services to the NHS as the public sector strives to achieve operational efficiencies and cost savings in a difficult economic climate.

ACS considers BSG's skills and knowledge base to be complementary to ACS's support activities. Importantly, BSG is a Microsoft and Sharepoint accredited partner which should provide ACS with further access to these core skill requirements. BSG hopes to benefit from ACS's proven record in the development of healthcare compliant products and its first class reputation in the healthcare community and this should help accelerate BSG's growth by providing access to a wider customer base.

BSG's hosting and outsourcing business is a preferred supplier to a number of major Not-for-Profit and Corporate organisations and ACS is confident that its ownership of BSG should further strengthen these relationships. BSG's activities in this sector provide an opportunity for ACS to expand into the market for comparison analytical tools including Business Intelligence and Data Warehousing. BSG has established data centres which will allow ACS to deploy its new products rapidly and securely and deliver cost advantages to its proposed customers.

BSG has a sound financial track record with a product portfolio and sales pipeline which should support continued revenue growth.

### **4. Arrangements with Nick Gerard**

The continuing commitment of Nick Gerard, currently Chief Executive of BSG, after completion of the Offer has been key to ACS's decision to proceed with the Offer. Nick Gerard co-founded BSG in 1987, continues to run the business and together with his trust is BSG's largest shareholder, holding 59.9 per cent. of its existing issued share capital. It is intended that Nick Gerard will operate the BSG business within the ACS group after completion of the Offer and in order to guarantee his ongoing commitment, as a condition of the Offer, he has agreed to accept ACS shares in exchange for approximately 40 per cent. of his trust's holding. Terms have therefore been reached for Nick Gerard's trust to sell part of its shareholding in BSG in consideration of the issue of shares in ACS as set out below.

Pursuant to the Acquisition Agreement, ACS has conditionally agreed to acquire at the Offer Price, in aggregate 18,315,018 BSG Shares from Nick Gerard and Malcolm Coleman, as trustees of the Nick Gerard Life Interest Trust, representing 23.5 per cent. of the issued share capital of BSG, as at the date of this announcement, in exchange for the issue of 14,000,000 ACS shares of 10 pence each at an issue price of 25 pence per ACS share. Upon completion of the Acquisition Agreement, Nick Gerard will be interested in approximately 6.8 per cent. of the issued share capital of ACS. The 25 pence exchange ratio was derived from the trading price of ACS shares at the time the in principle agreement was made between the parties, which was prior to the recent sharp price rise following the release of ACS's preliminary results on 27 April 2009.

The Acquisition Agreement is conditional upon, *inter alia*, the Offer becoming or being declared unconditional in all respects. This condition may be waived by ACS if, in order to declare the Offer unconditional as to acceptances, the purchase of the BSG Shares pursuant to the Acquisition Agreement is required to be counted towards fulfilling any condition of the Offer. The Acquisition Agreement is also conditional upon ACS shareholders passing an ordinary resolution at a general meeting to enable ACS to allot the consideration shares to Nick Gerard's Life Interest Trust in satisfaction of its obligations.

On completion of the Acquisition Agreement, Nick Gerard and Malcolm Coleman will enter into undertakings in favour of ACS and Seymour Pierce not to dispose of the shares in ACS allotted to them pursuant to the Acquisition Agreement for a period of 12 months after their admission to AIM (the "Initial Period") save with the prior consent of ACS and Seymour Pierce and in limited circumstances. In addition, for the 12 months following the Initial Period, to help preserve an orderly market in ACS shares they will agree only to dispose of these shares through ACS's broker from time to time and able to procure a buyer within 10 Business Days, on customary terms.

Further details of the Acquisition Agreement will be set out in the Offer Document.

**Singer Capital Markets considers the terms of the arrangements with Nick Gerard described in this paragraph 4 to be fair and reasonable so far as the Independent Shareholders are concerned.**

The Offer is conditional on, *inter alia*, the Independent Shareholders approving this arrangement at a general meeting. Such approval must, as required by Note 4 on Rule 16 of the City Code, be an ordinary resolution passed on a poll at a general meeting (or any adjournment thereof) of BSG. Accordingly, notice of the General Meeting will be set out in the Offer Document.

#### **5. The Independent BSG Director**

Since Vin Murria is both Chairman of BSG and Chief Executive Officer of ACS and Nick Gerard will exchange part of his trust's holding of BSG Shares for shares in ACS and have an ongoing role within the enlarged ACS group following the Unconditional Date, the Board of BSG has constituted an independent committee to consider the Offer. This Independent Committee consists solely of James Wheaton.

#### **6. Recommendation**

**The Independent BSG Director, who has been so advised by Singer Capital Markets, considers the terms of the Offer to be fair and reasonable. In providing its advice to the Independent BSG Director, Singer Capital Markets has taken into account the commercial assessments of the Independent BSG Director. In addition, the Independent BSG Director considers the terms of the Offer to be in the best interests of BSG Shareholders as a whole.**

**Accordingly, the Independent BSG Director intends to recommend that BSG Shareholders accept the Offer and vote in favour of the resolution at the General Meeting as the Independent BSG Director has irrevocably undertaken to do in respect of his own beneficial holdings of 423,781 BSG Shares, representing as at the date of this announcement, approximately 0.71 per cent. of the existing issued share capital of BSG, to which the Offer relates on the terms of the Independent BSG Director's Irrevocable Undertaking.**

#### **7. Background to and reasons for the recommendation**

In considering whether to recommend the terms of the Offer, the Independent Director has taken into account the following factors:

- the stated strategy of the BSG Directors has been to increase shareholder value by growing the services part of the BSG Group, while maintaining the size of the infrastructure and application development divisions, which both operate in fiercely competitive markets. The contractual revenues in the services business have been steadily grown over the last three years as a result of BSG being early into the market of bringing managed services technology to mid-sized businesses. Moreover, the high levels of fixed costs within the business have given rise to operational gearing benefits from the growth. However, despite the growth of recent years, the services business remains sub-scale and organic growth is limited by the pace at which new custom can be implemented, while the competitive position is limited by the generic nature of the technology. Therefore, to accelerate the growth of the services business and to strengthen its competitive position, the business would benefit from the greater scale and access to new markets that the proposed transaction would create;
- given its low market capitalisation and ownership structure, BSG has not attracted a particularly broad institutional shareholder base and its shares are extremely illiquid. As a result, sales of even small numbers of BSG Shares often have a disproportionate effect on the Company's share price. These factors, together with the continued reliance on the low margin infrastructure division, have meant that BSG's market valuation over the past few years has been close to its net cash balances, notwithstanding the overall growth in the services business and the increase in contractual revenues in the BSG Group. The liquidity restraints and low valuation have represented significant barriers to the minority shareholders' ability to realise their investment in the Company; and
- the Offer represents a significant premium to the current share price of BSG and, other than during a brief period in 2005, is at a higher level than the mid-market closing price has been at any time since 2001. The Offer therefore represents an opportunity for BSG Shareholders to receive an immediate cash exit for their shareholding.

## **8. Irrevocable undertakings and Letter of Intent**

Irrevocable undertakings to accept the Offer and vote in favour of the resolution at the General Meeting have been received from the Independent Director and certain shareholders of BSG. Nick Gerard has also irrevocably undertaken to accept the Offer in respect of all of the BSG Shares in which he is interested save for those subject to the Acquisition Agreement. These undertakings are in aggregate in respect of 44,137,586 BSG Shares (representing as at the date of this announcement approximately 74 per cent. of the existing issued share capital of BSG, to which the Offer relates). The irrevocable undertakings provided by the Independent Director, Nick Gerard and Malcolm Coleman as trustees of Nick Gerard Life Interest Trust will continue to be binding in the event of a higher offer being made for the BSG Shares by a competing third party. The irrevocable undertakings in relation to certain of the Independent Shareholders are summarised in Appendix III.

In addition ACS has received a letter of intent in respect of a further 2,100,000 BSG Shares (representing as at the date of this announcement, approximately 3.5 per cent. of the existing issued share capital of BSG to which the Offer relates) which together with the Irrevocable Undertakings represents, as at the date of this announcement, 77.5 per cent of the BSG Shares to which the Offer relates.

The Irrevocable Undertakings in relation to certain of the Independent Shareholders and the

Letter of Intent are summarised in Appendix III.

## **9. Information on ACS**

ACS (AIM:ASW), is a leading provider of software and IT services to the primary care sector. Through its subsidiary Adastra, ACS services approximately 95% of Out-of-Hours operational hubs and approximately 50% of NHS walk-in clinics in England. Adastra's software interoperates with more than 100 other IT systems serving both the primary care and the acute parts of the NHS. A secondary product automates the flow of information between the National Nurse Helpline Services (NHS Direct, NHS24 and NHS Wales) and the operational hubs of the Primary Care Trusts.

ACS occupies a strategically important niche in the IT framework of the NHS, from which it intends to expand through a strategy of product innovation, selective acquisitions and/or technical collaborations, thus consolidating a fragmented market. By broadening its products and services, the ACS group aims to improve the flow of patient information throughout primary care using, where possible, a single view of the patient record. At the same time, the ACS group's strategy is designed to maximise opportunities for cost savings, shared R&D and cross-selling, whilst aligning with recent changes in NHS IT procurement that increase the purchasing power of the primary care segment.

## **10. Information on BSG**

BSG designs, deploys and operates all or part of its clients' business operations. BSG achieves this through specialist sector knowledge, delivering economies and business benefits to its clients and their customers. Since 1987, BSG has developed its capabilities to deliver sophisticated IT solutions both on a project and contracted long term basis. Most recently, BSG has developed shared services designed to deliver "utility" technologies such as email, file and print, application platforms, backup and disaster recovery. The market is increasingly receptive to these types of service as they are highly competitive and consumed against a service level on a scalable pay per use model. Complementing the provision of these "utility" services, BSG provides consulting and development services for those customers who require bespoke line of business applications, often delivering these on a multi-year, contracted basis.

BSG's customers range from large multinational companies, which typically outsource specific islands of technology, to medium sized firms, which often outsource all of their IT functions.

## **11. Current trading and prospects of BSG**

The stated strategy of the BSG Directors over the past few years, has been to grow the services part of the BSG Group, while maintaining the size of the infrastructure and application development divisions. In line with this strategy, contractual revenues within the BSG Group have continued to grow and BSG's trading has proceeded in line with the BSG Directors' expectations. The post-acquisition strategic review of the BSG business will focus on expanding the contractual revenues model.

## **12. Delisting and Compulsory Acquisition**

If ACS receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more by nominal value and voting rights of the BSG Shares to which the Offer relates and assuming all other conditions of the Offer have been satisfied or waived (if they are capable of being waived), ACS intends to exercise its rights pursuant to the provisions of Part 28 of the Companies Act 2006 to acquire compulsorily the remaining BSG Shares to which the Offer relates on the same terms as the Offer.

Upon the Offer becoming or being declared unconditional in all respects and subject to any applicable requirements of the London Stock Exchange, ACS intends to procure that BSG will apply to the London Stock Exchange for the cancellation of Admission to AIM and the cancellation of trading of the BSG Shares. Provided ACS has acquired, by virtue of its shareholdings and acceptances of the Offer, BSG Shares carrying more than 75 per cent. of the voting rights of BSG and provided the Offer has become or has been declared unconditional in all respects, it is anticipated that such cancellation will take effect no earlier than 20 business days after ACS has acquired or agreed to acquire 75 per cent. of the voting rights attaching to the BSG Shares. The cancellation of trading of BSG Shares will significantly reduce the liquidity and marketability of any BSG Shares not assented to the Offer.

It is also intended that, following the Offer becoming unconditional in all respects and after the cancellation of admission of the BSG Shares from AIM, ACS will seek to re-register BSG as a private limited company.

Further details of the Offer will be contained in the Offer Document.

### **13. Management and employees**

ACS attaches great importance to the skills and experience of the existing management and employees of BSG and ACS expects that BSG's employees will play an important role in the enlarged group.

ACS has given the board of BSG assurances that, following completion of the Offer, the existing employment rights, including pension rights, of the management and employees of BSG will be safeguarded. ACS's plans for BSG do not involve any material change in the conditions of employment of BSG's employees although it is intended that ACS will review the strategic options for the current business operations of BSG after the Offer has become or been declared wholly unconditional.

### **14. BSG Share Schemes**

Participants in the BSG Share Schemes will be contacted regarding the effect of the Offer on their rights under those schemes and appropriate proposals will be made to such participants in due course. Further details of these proposals will be set out in separate letters to be sent to participants in the BSG Share Schemes.

### **15. Financing**

The cash consideration payable by ACS under the terms of the Offer will be funded using ACS's existing cash resources.

Seymour Pierce, financial adviser and corporate broker to ACS, is satisfied that sufficient resources are available to satisfy the full cash consideration payable to BSG Shareholders under the terms of the Offer.

### **16. Disclosure of interests in BSG**

As at 7 May 2009, the last practicable date before this announcement, and save for the irrevocable undertakings referred to in paragraph 8 above, neither ACS nor any ACS Directors nor, so far as ACS is aware, any party acting in concert with ACS, has any interest in, or right to subscribe for, any BSG Shares or any BSG Securities, nor does any such person have any short position (whether conditional or absolute and whether in the money or otherwise) including short positions under derivatives or arrangement in relation to BSG Securities. For these purposes, "arrangement" includes any indemnity or option arrangement

or any agreement or understanding, formal or informal, of whatever nature, relating to BSG Securities which may be an inducement to deal or refrain from dealing in such securities. In the interests of secrecy prior to this announcement, ACS has not made any enquiries in this respect of the matters referred to in this paragraph of certain parties who may be deemed by the Panel to be acting in concert with them for the purposes of the Offer. Enquiries of such parties will be made as soon as practicable following the date of this announcement and any material disclosure in respect of such parties will be included in the Offer Document.

## **17. General**

ACS reserves the right, with the consent of the Panel, to elect to implement the Offer by undertaking a scheme of arrangement.

*The Offer will be made on the terms and subject to the conditions and further terms set out herein and in Appendix I to this announcement and to be set out in the Offer Document and the Form of Acceptance. The Offer Document will include full details of the Offer, together with notice of the General Meeting and the expected timetable of the Offer. The Offer Document and the Form of Acceptance will be dispatched to BSG Shareholders in due course. The Offer will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange and the Financial Services Authority.*

*Appendix II to this announcement contains details of the sources of information and bases of calculations set out in this announcement. Appendix III to this announcement contains details of the irrevocable undertakings that have been provided to ACS. Appendix IV to this announcement contains definitions of certain expressions used in this announcement.*

*This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities. This announcement also does not constitute a prospectus or prospectus equivalent document.*

*Seymour Pierce, which is authorised and regulated by the Financial Services Authority, is acting exclusively for ACS and no one else in connection with the Offer and this announcement and will not be responsible to anyone other than ACS for providing the protections afforded to clients of Seymour Pierce or for providing advice in connection with the Offer or any matter referred to herein.*

*Singer Capital Markets, which is authorised and regulated by the Financial Services Authority, is acting exclusively for BSG and no one else in connection with the Offer and will not be responsible to anyone other than BSG for providing the protections afforded to clients of Singer Capital Markets or for providing advice in connection with the Offer or any matter referred to herein.*

*This announcement is for information purposes only and does not constitute an offer to sell or invitation to purchase or subscribe for any securities or the solicitation of an offer to sell or invitation to purchase or subscribe for any securities or any vote for approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the Form of Acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document or any document by which the Offer is made. This announcement does not constitute a prospectus or prospectus equivalent document.*

*This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of*

*jurisdictions outside the United Kingdom. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to laws of other jurisdictions should inform themselves of, and observe, any applicable requirements.*

*Shareholders in the United States should note that the Offer relates to the shares of a UK company and will be governed by English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Offer. Moreover, the Offer will be subject to the disclosure requirements and practices applicable in the UK, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this announcement and the Offer documentation with respect to BSG has been or will have been prepared in accordance with IFRS and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP.*

*If the Offer is carried out by way of an offer, the Offer will not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer will not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded (including, without limitation, by telex, facsimile transmission, telephone, internet or other forms of electronic communication), distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer. The availability of the Offer to BSG Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

*BSG will prepare the Offer Document to be distributed to BSG Shareholders. BSG and ACS urge BSG Shareholders to read the Offer Document when it becomes available because it will contain important information relating to the Offer.*

*No listing authority or equivalent has reviewed, approved or disapproved of this announcement or any of the proposals described herein.*

*Any document, announcement or information relating to the Offer will be published on both ACS and BSG websites: [www.advcomputersoftware.com](http://www.advcomputersoftware.com) and [www.bsg.co.uk](http://www.bsg.co.uk)*

### ***Forward Looking Statements***

*This announcement contains statements about ACS and BSG that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans” “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects”, “should” or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: statements relating to the expected benefits of the acquisition to ACS, background and reasons for the offer, expectations of the impact of the acquisition on revenue and earnings of ACS, information on the prospects of ACS or BSG future capital expenditures, expenses, revenues, earnings, synergies, economic performance, and future prospects.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual*

results to differ materially from those projected or implied in any forward looking statements, including risks relating to the successful integration of BSG with ACS; higher than anticipated costs relating to the integration of BSG or investment required in BSG to realise expected benefits and facts relating to BSG that may impact the timing or amount of benefit realised from the acquisition that are unknown to ACS. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof ACS and BSG disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

### **Dealing Disclosure Requirements**

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of BSG, all “dealings” in any “relevant securities” of BSG (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes wholly unconditional as to acceptances or lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of BSG they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of BSG by ACS or BSG, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the Business Day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, please contact an independent financial adviser authorised under the Financial Services and Markets Act 2000, consult the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk) or contact the Panel on telephone number +44 (0) 20 7638 0129; fax +44 (0) 20 7236 7013.

### **Enquiries:**

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**APPENDIX I**  
**CONDITIONS AND FURTHER TERMS OF THE OFFER**

**Part A: Conditions of the Offer**

The Offer will be conditional upon the Offer becoming unconditional by not later than four months from the date that the Offer Document is posted or such later date (if any) as BSG and ACS may agree and (if required) the Panel may allow.

- 1** The Offer will be conditional upon:
- 1.1** valid acceptances of the Offer being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the first closing date of the Offer (or such later time(s) and/or date(s) as ACS may, subject to the rules of the Code or with the consent of the Panel, decide) in respect of not less than 75 per cent. of such BSG Shares to which the Offer relates and not less than 75 per cent. (or such lower percentage as ACS may decide) of the voting rights carried by the BSG Shares to which the Offer relates, provided that, unless agreed by the Panel, this condition will not be satisfied unless ACS (together with its wholly owned subsidiaries) shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) directly or indirectly BSG Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at general meetings of BSG, including for this purpose (except to the extent otherwise agreed by the Panel) any such voting rights attaching to BSG Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

For the purposes of this condition:

- 1.1.1** BSG Shares which have been unconditionally allotted shall be deemed to carry the voting rights they will carry upon issue;
- 1.1.2** the expression "BSG Shares to which the Offer relates" shall be construed in accordance with Part 28 of the Companies Act 2006; and
- 1.1.3** valid acceptances shall be deemed to have been received in respect of any BSG Shares which ACS shall, pursuant to section 977(1) or sections 979(8) to (10) of the Companies Act 2006 be treated as having acquired or contracted to acquire by virtue of acceptance of the Offer.
- 1.2** The passing at a general meeting of ACS to be convened as soon as reasonably practicable of an ordinary resolution of ACS shareholders as required pursuant to the Acquisition Agreement to authorise the issue and allotment of 14,000,000 ordinary shares in ACS to Nick Gerard and Malcolm Coleman as trustees of the Nick Gerard Life Interest Trust. The full text of the resolution will be set out in a circular of ACS to be sent to ACS shareholders on or about the date of the Offer Document.
- 2** The passing at the General Meeting (or at any adjournment thereof) of an ordinary resolution of Independent Shareholders approving the arrangements between ACS and Nick Gerard's trust for the issue of 14,000,000 ordinary shares in ACS pursuant to the Acquisition Agreement as required by the City Code. The full text of the resolution will be set out in the Offer Document.
- 3** In addition, BSG and ACS have agreed that, subject as stated in Part B below, the Offer will also be conditional upon:

- 3.1** no central bank, government or governmental, quasi-governmental, state or local government, supranational, statutory, environmental, administrative, investigative or regulatory body, agency, court, association, institution or any other person or body in any jurisdiction (a “**Relevant Authority**”) having taken, instituted, implemented or threatened any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed any statute, regulation order, decision, changed a published position or otherwise taken any other step that would or might be reasonably expected to:
- 3.1.1** require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider ACS Group or any member of the Wider BSG Group of all or any portion of their respective businesses, assets or properties or delay any disposal of all or any portion of such businesses, assets or properties or otherwise impose any material limitation or restriction (other than those arising under general law) on the ability of any member of the Wider ACS Group or the Wider BSG Group to conduct their respective businesses (or any part of them) or to own or control any of their respective assets or properties or any part of them which, in any such case, is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;
  - 3.1.2** require any member of either the Wider ACS Group or Wider BSG Group (other than pursuant to the implementation of the Offer) to acquire or make an offer to acquire or repay any shares or other securities in and/or indebtedness of any member of the Wider BSG Group owned by any third party; or
  - 3.1.3** impose any material limitation on, or result in a material delay in, the ability of ACS or the Wider ACS Group directly or indirectly to acquire or to hold or to exercise effectively directly or indirectly all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in BSG or the ability of ACS to hold or exercise effectively any rights of ownership of shares, loans or other securities in, or to exercise management control over any member of the Wider BSG Group which, in any such case, is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;
  - 3.1.4** otherwise adversely affect any or all of the business, assets, liabilities, financial or trading position, profits or prospects of any member of the Wider BSG Group in each case to an extent which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;
  - 3.1.5** result in any member of the Wider BSG Group ceasing to be able to carry on business under any name under which it presently does so to an extent which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;
  - 3.1.6** make the Offer or its implementation or the acquisition of any shares or other securities in, or control of the Wider BSG Group, by any member of the Wider ACS Group, void, unenforceable, illegal and/or prohibited in or under the laws of any jurisdiction or otherwise in a material way restrict, restrain, prohibit, prevent, delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or require amendment of, or otherwise challenge or interfere with, the Offer to an extent which is material in the context of the Offer; or
  - 3.1.7** impose any material limitation on the ability of any member of the Wider ACS Group or the Wider BSG Group to integrate or co-ordinate its business,

or any material part of it, with the business of the Wider ACS Group or the Wider BSG Group,

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceedings, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction having expired, lapsed or been terminated;

**3.2** all necessary filings, applications and/or notifications which are necessary in connection with the Offer having been made and all appropriate waiting or other time periods (including any extensions thereof) in respect of the Offer under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated and all statutory or regulatory obligations in any jurisdiction having been complied with in each case as may be necessary in connection with the Offer or its implementation or the acquisition by any member of the Wider ACS Group of any shares or other securities in, or control of, any member of the Wider BSG Group, in each case to the extent the absence thereof would have a material adverse effect in the context of the Wider BSG Group or the Wider ACS Group in each case taken as a whole and all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals (“authorisations”) necessary in any jurisdiction for or in respect of the Offer and the proposed acquisition of any shares or other securities in, or control or management of, BSG by ACS or any member of the Wider ACS Group being obtained in terms and in a form satisfactory to ACS, acting reasonably, from appropriate Relevant Authorities or from any persons or bodies with whom any member of the Wider ACS Group or the Wider BSG Group has entered into contractual arrangements where the absence of such authorisations would have a material adverse effect on the Wider BSG Group taken as a whole and such authorisations together with all authorisations necessary for any member of the Wider BSG Group to carry on its business remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke, suspend, restrict or amend or not renew the same, and there being no indication that the renewal costs of any such authorisation might be higher than the renewal costs for the current authorisation to an extent material in the context of the Wider BSG Group or the Wider ACS Group in each case taken as a whole and all necessary statutory or regulatory obligations in any jurisdiction having been complied with where the absence of such compliance would have a material adverse effect on the Wider BSG Group taken as a whole;

**3.3** save as fairly disclosed in the Annual Report or as Publicly Announced or fairly disclosed in writing to ACS or its advisers by or on behalf of BSG in the course of the negotiations relating to the Offer, in each case prior to the date of this announcement, there being no provision of any arrangement, agreement, lease, licence, permit or other instrument to which any member of the BSG Group is a party or by or to which any such member or any of its assets is or may be bound or subject which, as a consequence of the Offer or the acquisition by ACS or any member of the Wider ACS Group of any shares or other securities (or the equivalent) in BSG or because of a change in the control or management of any member of the Wider BSG Group or otherwise, would be expected to result in, in any case to an extent which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer in:

**3.3.1** any monies borrowed by, or any other indebtedness or liabilities, actual or contingent, of, or any grant available to, any member of the Wider BSG Group which is not already payable on demand, being or becoming repayable, or being capable of being declared repayable immediately or prior to their or its stated maturity, or the ability of any such member to borrow

monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;

- 3.3.2** the creation or enforcement of any mortgage, charge or other security interest, over the whole or any part of the business, property, interests or assets of any member of the Wider BSG Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforced or enforceable;
- 3.3.3** any arrangement, agreement, lease, licence, permit or other instrument or the rights, liabilities, obligations or interests of any member of the Wider BSG Group under any such arrangement, agreement, lease, licence, permit or instrument (or any arrangement, agreement, lease, licence, permit or instrument relating to any such right, liability, obligation or interest) or the interests or business of any such member in or with any other person, firm, company or body being, or becoming capable of being, terminated or adversely modified or affected or any onerous obligation or liability arising or any material adverse action being taken thereunder;
- 3.3.4** any assets or interests of any member of the Wider BSG Group being or falling to be disposed of or charged (otherwise than in the ordinary course of trading) or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider BSG Group (otherwise than in the ordinary course of trading);
- 3.3.5** any such member of the Wider BSG Group ceasing to be able to carry on business under any name under which it presently does so;
- 3.3.6** the value, financial or trading position, profits or prospects of BSG or any member of the Wider BSG Group being prejudiced or adversely affected;
- 3.3.7** the creation of any material liability (actual or contingent) of any member of the Wider BSG Group to make severance, termination, bonus or other payment to any of its directors or officers; or
- 3.3.8** the creation of any liability (actual or contingent) by any member of the Wider BSG Group other than in the ordinary course of business, and no event having occurred which under any provision of any arrangement, agreement, lease, licence, permit or other instrument to which any member of the Wider BSG Group is a party or by or to which any such member or any of its assets is or may be bound or subject, would or might reasonably be expected to result in any of the events or circumstances which are referred to in conditions 3.3.1. to 3.3.7;

**3.4** save as fairly disclosed in the Annual Report or as Publicly Announced or fairly disclosed in writing to ACS or its advisers by or on behalf of BSG in the course of the negotiations relating to the Offer, in each case prior to the date of this announcement, no member of the Wider BSG Group having since 30 September 2008:

- 3.4.1** issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares or securities of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save as between BSG and wholly-owned subsidiaries of BSG and save for the issue of the BSG Shares pursuant to or in connection with rights granted before the date of this announcement under, or the grant of rights

before such date under, BSG Share Schemes) or redeemed, purchased, repaid or reduced or proposed the redemption, purchase, repayment or reduction of any part of its share capital or any other securities;

- 3.4.2** recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of BSG to BSG or any of its wholly-owned subsidiaries;
- 3.4.3** other than pursuant to the implementation of the Offer (and save for transactions between BSG and its wholly-owned subsidiaries and transactions in the ordinary course of business) implemented, effected, authorised, proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, arrangement, assignment, composition, amalgamation, scheme, commitment or acquisition or disposal or transfer of assets or shares (or the equivalent thereof) or any right, title or interest in any assets or shares or other transaction or arrangement in respect of itself or another member of the Wider BSG Group which in each case would be material in the context of the Wider BSG Group taken as a whole, its share or loan capital or in the context of the Offer;
- 3.4.4** (save for transactions between BSG and its wholly-owned subsidiaries and save for transactions in the ordinary course of business) disposed of, or transferred, mortgaged or charged, or created any other security interest over, any asset or shares or any right, title or interest in any material asset or shares that is material in the context of the Wider BSG Group taken as a whole or authorised, proposed or announced any intention to do so;
- 3.4.5** made, authorised, proposed or announced an intention to propose any change in its loan capital which is material in the context of the Wider BSG Group;
- 3.4.6** (save for transactions between BSG and its wholly-owned subsidiaries) issued, authorised or proposed or announced an intention to authorise or propose, the issue of any debentures or (save for transactions under existing credit arrangements or in the ordinary course of business) incurred any indebtedness or contingent liability which is material in the context of the Wider BSG Group as a whole or in the context of the Offer;
- 3.4.7** entered into, varied or terminated, or authorised, proposed or announced its intention to enter into, vary, terminate or authorise any contract, arrangement, agreement, transaction or commitment (other than in the ordinary course of business and whether in respect of capital expenditure or otherwise) which is of a loss-making, long term, unusual or onerous nature or magnitude or which involves or is reasonably likely to involve an obligation of such a nature or magnitude which is, in each case material in the context of the Wider BSG Group or in the context of the Offer;
- 3.4.8** entered into any contract, arrangement, agreement, transaction or commitment which would be restrictive on the business of any member of the Wider BSG Group, or the Wider ACS Group or which is or could involve obligations which would or might reasonably be expected to be so restrictive which is material in the context of the Wider BSG Group as a whole or in the context of the Offer;
- 3.4.9** entered into or varied to a material extent or authorised, proposed or announced its intention to enter into or vary to a material extent the terms of,

or make any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of, any service agreement with any director or senior executive of any member of the Wider BSG Group;

- 3.4.10** proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider BSG Group save as agreed by ACS in writing;
- 3.4.11** purchased, redeemed or repaid or announced a proposal to purchase, redeem or repay any of its own shares or other securities (or the equivalent) or reduced or made any other change to or proposed the reduction or other change to any part of its share capital, save for any shares the allotment of shares in connection with the BSG Share Schemes pursuant to rights granted before the date of this announcement or as between BSG and wholly-owned subsidiaries of BSG;
- 3.4.12** (other than in respect of claims between BSG and wholly-owned subsidiaries of BSG) waived, compromised or settled or authorised any such waiver or compromise of any claim which is material in the context of the Wider BSG Group taken as a whole;
- 3.4.13** (save as disclosed on publicly available registers prior to the date of the announcement or as envisaged in accordance with the terms of the Offer) made any alteration to its memorandum or articles of association;
- 3.4.14** save to the extent agreed by ACS in writing, made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or any material favourable change to the benefits which accrue, or to the pensions which are payable (including contributions payable to any such schemes), thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation;
- 3.4.15** been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or any part of any business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness which is material in the context of the Wider BSG Group as a whole or in the context of the Offer;
- 3.4.16** (other than in respect of a company which is dormant and was solvent at the relevant time) taken or proposed any corporate action or had any action or proceedings or other steps threatened or instituted against it for its winding-up (voluntary or otherwise), dissolution, striking off or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous proceedings or steps in any jurisdiction for the appointment of any analogous person in any jurisdiction; or

- 3.4.17** entered into any contract, agreement, arrangement or commitment or passed any resolution or made any proposal or announcement with respect to, or to effect, any of the transactions, matters or events referred to in this condition 3.4;
- 3.5** save as fairly disclosed in the Annual Report or as Publicly Announced or fairly disclosed in writing to ACS or its advisers by or on behalf of BSG in the course of negotiations relating to the Offer, in each case prior to the date of this announcement, since 30 September 2008 there having been:
- 3.5.1** no adverse change or deterioration in the business, assets, financial or trading position or profits or prospects of any member of the Wider BSG Group other than as a result of a change in economic conditions affecting similar businesses generally, which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;
  - 3.5.2** no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider BSG Group and which would have a material adverse effect on the Wider BSG Group taken as a whole or in the context of the Offer;
  - 3.5.3** no enquiry or investigation by or complaint or reference to any Relevant Authority or other investigative body, threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of any member of the Wider BSG Group which would have a material adverse effect on the Wider BSG Group taken as a whole in the context of the Offer;
  - 3.5.4** no contingent or other liability having arisen or become apparent to any member of the Wider ACS Group or increased which would or might be reasonably be expected to adversely affect any member of the Wider BSG Group and which in any such case is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer; and
  - 3.5.5** no steps taken and no omissions made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider BSG Group which is necessary for the proper carrying on of its business, which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;
- 3.6** save as fairly disclosed in the Annual Report or as Publicly Announced or fairly disclosed in writing to ACS or its advisers by or on behalf of BSG in the course of negotiations relating to the Offer, in each case prior to the date of this announcement, ACS not having discovered:
- 3.6.1** that the financial, business or other information concerning the Wider BSG Group which is Publicly Announced or disclosed at any time by or on behalf of any member of the Wider BSG Group contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading and which was not subsequently corrected by 7 May 2009 by disclosure either publicly or otherwise to ACS, which is, in any case, material in the context of the Wider BSG Group or in the context of the Offer;
  - 3.6.2** that any member of the Wider BSG Group, partnership, company or other entity in which any member of the Wider BSG Group has a significant economic interest and which is not a subsidiary undertaking of the Wider

BSG Group is, otherwise than in the ordinary course of business, subject to any liability, contingent or otherwise, which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer;

- 3.6.3** any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider BSG Group to an extent which is material in the context of the Wider BSG Group as a whole or in the context of the Offer;
- 3.6.4** that any past or present member of the Wider BSG Group has failed to comply in any material respect with any and/or all applicable legislation or regulations of any jurisdiction or any notice or requirement of any third party with regard to the use, storage, treatment, transport, handling, disposal, discharge, spillage, release, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment or harm human or animal health or otherwise relating to environmental matters or that there has otherwise been any such use storage, treatment, transport, handling, disposal, discharge, spillage, release, leak or emission (whenever the same may have taken place), any of which non-compliance would be likely to give rise to any material liability (whether actual or contingent) or cost on the part of any member of the Wider BSG Group and which is material, in the context of the Wider BSG Group taken as a whole;
- 3.6.5** there is, or is reasonably likely to be, any material obligation or liability (whether actual or contingent) or any member of the Wider BSG Group to make good, alter, repair, reinstate, clean up or otherwise assume responsibility for any property or controlled waters now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider BSG Group under any environmental legislation, regulation, notice, circular, order or other requirement of any Relevant Authority in any jurisdiction, in each case to an extent which is material in the context of the Wider BSG Group taken as a whole; or
- 3.6.6** that any past or present member of the Wider BSG Group, partnership, company or entity in which any member of the Wider BSG Group has an economic interest and which is not a subsidiary undertaking of the Wider BSG Group, has breached any trade marks, service marks, trade names, domain names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, semi-conductor topography rights, database rights and all other similar rights in any part of the world (including, where such rights are obtained or enhanced by registration, any registration of such rights and applications and rights to apply for such registrations) of any third party to an extent which is material in the context of the Wider BSG Group taken as a whole or in the context of the Offer.

**Part B: Waiver of conditions and further terms of the Offer**

Subject to the requirements of the Panel, ACS reserves the right to waive, in whole or in part, all or any of the above conditions 3.1 to 3.6 (inclusive).

If ACS is required by the Panel to make an offer for BSG Shares under the provisions of Rule 9 of the City Code, ACS may make such alteration to any of the above conditions, including Condition 1, as are necessary to comply with the provisions of that Rule.

ACS shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of conditions 3.1 to 3.6 (inclusive) by a date earlier than the latest date for the fulfilment of that condition notwithstanding that the other conditions of

the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

The Offer will lapse and will not proceed unless all the above conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by ACS to be or remain satisfied, by not later than four months from the date the offer is posted or such later date (if any) as BSG and ACS may agree and (if required) the Panel may allow.

**Part C: Certain further terms of the Offer**

ACS reserves the right to elect to implement the Offer by way of a scheme of arrangement under Part 26 of the Companies Act 2006. In such event, the scheme of arrangement will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Offer.

**APPENDIX II**  
**SOURCES OF INFORMATION AND BASES OF CALCULATION**

- (i) The value placed by the Offer on the fully diluted share capital of BSG is based on the total shares in issue and to be issued of 85,503,095 (not including ordinary shares held in treasury) on a fully diluted basis.
- (ii) The closing share price on 7 May 2009 is the mid-market price taken from Bloomberg.
- (iii) The International Securities Identification Number for BSG Shares is GB0008222043.

### APPENDIX III

#### DETAILS OF IRREVOCABLE UNDERTAKINGS AND THE LETTER OF INTENT

The following holders of BSG Shares have given irrevocable undertakings to vote in favour of the Offer:

##### Directors

Name	Number of BSG Shares	% of shares to which the Offer relates	Number of BSG Shares arising on exercise of BSG Share Schemes	% of fully diluted share capital to which the Offer relates
Mr N Gerard	28,355,291	47.53	Nil	42.2
Mr J Wheaton	423,781	0.71	3,200,000	5.39
<b>Total</b>	<b>28,779,072</b>	<b>48.25</b>	<b>3,200,000</b>	<b>47.59</b>

These undertakings cease to be binding if the Offer Document is not posted by 30 June 2009 (or such later date as the Panel may agree) or the Offer lapses or does not complete before the date falling four months after the date that the Offer Document is posted and will remain binding in the event of a higher competing offer being made for BSG, unless the Offer lapses or is withdrawn.

##### Other Shareholders

Name	Number of BSG Shares	% of shares to which the offer relates	Number of BSG Shares arising on exercise of BSG Share Schemes	% of fully diluted share capital to which the offer relates
Mr P Buckingham	8,373,241	14.04	Nil	12.46
Mr and Mrs N Slater	3,250,000	5.45	Nil	4.84
Marlborough Special Situations Fund	2,200,000	3.69	Nil	3.27
Eyretel Unapproved Pension Scheme	1,535,273	2.57	Nil	2.29

<b>Total</b>	<b>15,358,514</b>	<b>25.75</b>	<b>Nil</b>	<b>22.86</b>
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These undertakings cease to be binding if the Offer Document is not posted by 30 June 2009 (or such later date as the Panel may agree) or the Offer lapses or does not complete before the date falling four months after the date that the Offer Document is posted.

The irrevocable provided by Marlborough Special Situations Fund will remain binding in the event of a higher competing offer being made by to BSG, unless the offer lapses or is withdrawn.

The irrevocable undertakings provided by Mr P Buckingham allow the acceptance to be withdrawn in the event of a competing offer at a price of at least 15 % above the value of the Offer.

The irrevocable undertakings provided by Mr and Mrs N Slater and Eyretel Unapproved Pension Scheme allow the acceptance to be withdrawn in the event of a competing offer at a price of at least 10 % above the value of the Offer.

### **Letter of Intent**

<b>Name</b>	<b>Number of BSG Shares</b>	<b>% of shares to which the offer relates</b>	<b>Number of BSG Shares arising on exercise of BSG Share Schemes</b>	<b>% of fully diluted share capital to which the offer relates</b>
Church House Investments Limited	2,100,000	3.52	Nil	3.13

The Letter of Intent from Church House Investments Limited states that it will use best efforts *inter alia*, to execute an irrevocable undertaking which will allow their acceptance to be withdrawn in the event of a competing offer at a price of at least 15 % above the value of the Offer, and to accept the Offer.

This Letter of Intent will cease to be binding if the Offer Document is not posted by 30 June 2009.

## APPENDIX IV

### DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise.

<b>“Acquisition Agreement”</b>	the agreement entered into by ACS to acquire 18,315,018 BSG Shares from Nick Gerard and Malcolm Coleman as trustees of the Nick Gerard Life Interest Trust conditional inter alia upon the Offer becoming unconditional in all respects;
<b>“ACS”</b>	Advanced Computer Software Plc a company incorporated in England and Wales under the Companies Act 1985 with registered number 5965280, having as its registered office 32 Bedford Row, London, WC1R 4HE;
<b>“ACS Directors”</b>	means the directors of ACS as at the date of this announcement;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“Annual Report”</b>	the annual report and accounts of BSG for the year ended 31 March 2008;
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business (other than solely for trading and settlement in Euros) in the City of London;
<b>“BSG” or the “Company”</b>	Business Systems Group Holdings Plc a company incorporated in England and Wales under the Companies Act 1985 with registered number 2923809, having as its registered office 226-236 City Road, London, EC1V 2TT;
<b>“BSG Directors”</b>	means the directors of BSG as at the date of this announcement;
<b>“BSG Group”</b>	BSG, its subsidiaries and subsidiary undertakings;
<b>“BSG Securities”</b>	securities convertible or exchangeable into BSG Shares;
<b>“BSG Shares”</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 5 pence each in the capital of BSG and any further such shares which are unconditionally allotted or issued (including pursuant to the exercise of outstanding options granted under the BSG Share Schemes) at or prior to the time which the Offer closes for acceptances (or, subject to the provisions of the Code, such earlier time and/or date, not being earlier than the date on which the Offer becomes unconditional as to acceptances or, if later, the first closing date of the Offer, as ACS may decide);
<b>“BSG Share Schemes”</b>	the BSG Enterprise Management Incentive <a href="#">Plan</a>

<b>“BSG Shareholders” or “Shareholders”</b>	the holders of BSG Shares;
<b>“City Code” or “Code”</b>	the City Code on Takeovers and Mergers;
<b>“Exchange Act”</b>	the United States Securities Exchange Act of 1934 (as amended) and the rules and regulations promulgated thereunder;
<b>“General Meeting”</b>	the general meeting of BSG Shareholders (and any adjournment thereof) to be convened in connection with the Offer;
<b>“Forms of Acceptance”</b>	the form of acceptance, election and authority for use by BSG Shareholders in connection with the Offer which will accompany the Offer Document when issued;
<b>“Financial Services Authority”</b>	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Independent Director” or the “Independent Committee”</b>	James Wheaton;
<b>“Independent Shareholders”</b>	all BSG Shareholders save for Nick Gerard in his own capacity and Nick Gerard and Malcolm Coleman as trustees of the Nick Gerard Life Interest Trust;
<b>“Irrevocable Undertakings”</b>	the irrevocable undertakings of the Independent Director and Nick Gerard and certain other shareholders to accept the Offer and (save for Nick Gerard and his trust) vote in favour of the resolution at the General Meeting as set out in Appendix III to this announcement;
<b>“Letter of Intent”</b>	a letter of intent from Church House Investments Limited as detailed in Appendix III;
<b>“London Stock Exchange”</b>	the London Stock Exchange plc;
<b>“Offer”</b>	the proposed recommended offer of 19.11 pence in cash per BSG Share to be made by ACS to acquire the entire issued and to be issued ordinary share capital of BSG by means of an offer or, should it so elect, by means of a scheme of arrangement, but excluding those shares acquired by ACS from Nick Gerard and Malcolm Coleman as trustees of Nick Gerard Life Interest Trust pursuant to the Acquisition Agreement;
<b>“Offer Document”</b>	the document to be sent to the BSG Shareholders, containing and setting out the Offer and the notices convening the General Meeting;
<b>“Offer Period”</b>	the offer period (as defined in the Code) relating to BSG, which commenced on 8 May 2009;

“Offer Price”	19.11 pence in cash per BSG Share;
“Panel”	The Panel on Takeovers and Mergers;
“Publicly Announced”	means fairly disclosed in any public announcement by BSG to any Regulatory Information Service;
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange’s website, <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> ;
“Restricted Jurisdiction”	any jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction;
“Seymour Pierce”	Seymour Pierce Limited, of 20 Old Bailey, London EC4M 7EN;
“Singer Capital Markets”	Singer Capital Markets Limited, of One Hanover Street, London W1S 1YZ;
“Unconditional Date”	the date on which the Offer becomes wholly unconditional as to acceptances in all respects pursuant to its terms or, should ACS elect to implement the Offer by way of a scheme of arrangement, the date on which the scheme becomes or is effective;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia;
“Wider ACS Group”	ACS, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which ACS and such undertakings (aggregating their interests) have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or equivalent; and
“Wider BSG Group”	BSG, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which BSG and such undertakings (aggregating their interests) have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or the equivalent.

For the purposes of this announcement, “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the respective meanings given thereto by the Companies Act 1985, but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the Companies Act 1985.

All the times referred to in this announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.

£ and pence (or penny) means pounds and pence sterling, the lawful currency of the United Kingdom.