

Systems Union

10 October 2003

Systems Union Group plc announces plans to acquire MIS AG **Market leading financial and business management software group to expand solution portfolio and create new Business Intelligence Division**

Systems Union Group plc (LSE: SUG), one of the UK's largest software companies with a focus on providing global financial and business management software solutions, today announces that it has reached agreement with MIS AG (quoted on the Frankfurt Stock Exchange on the Prime Standard: MIX) to make an offer for the issued and outstanding share capital for a cash consideration of GBP 23.7 million (EUR 34.1 million) or GBP 6.94 per share (EUR 10.0 per share). This will be financed from Systems Union's internal cash resources and new borrowing facilities of GBP 15 million (EUR 21.6 million). Systems Union has received irrevocable undertakings to accept the offer and a call option in respect of a total of 50.7% of the MIS AG shares.

MIS is a leading provider of business intelligence software solutions with approximately 460 staff and a worldwide presence including seven offices in Germany, seven offices in the rest of Europe and thirteen representative organisations worldwide.

Highlights of the acquisition

The acquisition of MIS offers the opportunity for Systems Union to:

- Create a new Business Intelligence Division
- Complement its Financial and Business Management Division
- Deliver competitive edge via new business intelligence offerings and strong integration into its product portfolio
- Contribute significant incremental revenues by targeting its existing global customer base with new and additional business intelligence solutions
- Provide enhanced penetration of the rapidly growing business intelligence market

The acquisition by Systems Union offers the opportunity for MIS to:

- Continue to deliver high quality business intelligence solutions to its existing customer base from a more powerfully resourced group
- Leverage Systems Union's global infrastructure to strengthen MIS' global operation

- Access 18,000 existing SunSystems customer sites in 194 countries
- Access SunSystems' 200 channel partners in 76 countries
- Expand the financial strength of the combined entity
- Leverage future acquisitions by the enlarged group

The Directors of Systems Union expect the acquisition to enhance adjusted* earnings per share (*before the impact of goodwill amortisation) in the first full financial year following completion.

Paul Coleman, Chief Executive Officer of Systems Union, commented: "I will be delighted to welcome MIS into the group. Peter Raue and his management team have built a very strong contender in the global business intelligence market and its excellent customer base and strong solution portfolio will be a very valuable addition to the group. As well as continuing to operate independently in the business intelligence market as a separate division within the enlarged Systems Union group, the complementary nature of the existing Financial and Business Management Division (comprising SunSystems, Pegasus and REDtechnology) will provide an excellent platform from which to extend MIS' global market coverage."

Peter Raue, Chief Executive Officer of MIS, commented: "We will be very pleased to take the leading role in establishing and managing a new global business intelligence division within the international software group, as it will help us to accelerate our expansion plans. We will be able to leverage off Systems Union's global infrastructure and comprehensive distribution network to further strengthen our market position. The Management Team of MIS is excited by this move and we look forward to joining forces with Systems Union Group in the global marketplace with great confidence".

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An analyst presentation by Systems Union will be held at 10.30 a.m. on 10th October at the offices of WestLB Panmure, Woolgate Exchange, at 25 Basinghall Street, London EC2V 5HA.

Enquiries:

Robert Gibb, Systems Union, Corporate Communications Manager

Tel: 07767 216021/ 01252 556219 or 556000

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Market leading financial and business management software group to expand solution portfolio and create new Business Intelligence Division

Introduction

Systems Union Group plc (LSE: SUG), one of the UK's largest software companies with a focus on providing global financial and business management software, today announces that it has reached agreement with MIS AG (quoted on the Frankfurt Stock Exchange on the Prime Standard: MIX) to make an offer for the issued and outstanding share capital for a cash consideration of GBP 23.7 million (EUR 34.1 million) or GBP 6.94 per share (EUR 10.0 per share). This will be financed from Systems Union's internal cash resources and new borrowing facilities of GBP15 million (EUR 21.6 million). Systems Union has received irrevocable undertakings to accept the offer and a call option in respect of a total of 50.7% of the MIS AG shares.

MIS, headquartered in Darmstadt, Germany, is a leading business intelligence software solutions company with approximately 460 staff and a worldwide presence. In the year ended 31st December 2002 it reported revenues of GBP 33.3 million (EUR 47.9 million), a loss before interest, tax, depreciation and amortisation (LBITDA) of GBP 0.02 million (EUR 0.03 million) and a loss before tax of GBP 3.7 million (EUR 5.3 million). For the half year ended 30 June 2003, the company reported revenues of GBP 17.6 million (EUR 25.4 million), an EBITDA of GBP 1.5 million (EUR 2.2 million) and, at that date, had net assets of GBP 10 million (EUR 14.4 million).

MIS has a highly regarded and experienced management team that will remain with the enlarged group. After the completion of the offer, Peter Raue, Chief Executive Officer of MIS will remain in that position and will also be the Chief Executive Officer of the newly created Business Intelligence Division within the Systems Union group of companies. Paul Coleman, Chief Executive Officer of Systems Union Group, will become Chairman of the Supervisory Board and Tony Sweet, Chief Financial Officer of Systems Union Group, will also join the Supervisory Board of MIS.

Information on MIS

Founded in 1988, MIS develops and distributes business intelligence software solutions for planning, reporting and analysis that enable companies to drive performance in dynamic marketplaces. These solutions can be seamlessly integrated into existing IT implementations, offering complete scalability from department to enterprise levels. MIS' DecisionWare, the company's flexible software tools, and professional consulting services support rapid implementation and productivity. More than 23,000 users in 1,000 companies around the world

use MIS' solutions for business-critical initiatives ranging from real-time sales analysis and consolidation to risk management and long-term planning.

MIS has strategic partnerships and alliances with over forty companies including Microsoft, KPMG, Psipenta and PricewaterhouseCoopers.

MIS shares trade on the Frankfurt Stock Exchange's Prime Standard under the symbol MIX. Headquartered in Darmstadt, the company has seven offices in Germany, seven offices in Europe and thirteen representative organisations worldwide.

Background to, and reasons for, the acquisition

The business intelligence market represents a key growth segment in enterprise applications sector and it is estimated by AMR Research (September 2003) to be worth \$11 billion by 2007 with a CAGR of 7%. IDC (May 2003) sees the financial analytics market growing at 8.8% between 2003-2007.

The continued growth in the business intelligence market is being driven by a number of factors including accelerating financial reporting cycles, the need to give managers timely access to financial information, the need for a comprehensive picture of performance across the business and the ability to pinpoint profitability issues and opportunities and ultimately drive shareholder value.

Senior finance professionals are demanding more from financial management solutions to facilitate proactivity and this has led to increasing demand for tools such as planning, forecasting and budgeting to integrate into core financial solutions. Systems Union identified the need to extend its financial management solutions portfolio as a critical success factor.

MIS was identified by Systems Union as being an attractive addition to the group because it had a powerful business intelligence solution portfolio, impressive brand equity in the business intelligence market, a strong global customer base and complementary market positioning.

Systems Union is seeking to acquire MIS to deliver against its corporate global scale, global reach and global solutions objectives as follows:

Global Scale

- Increase group revenues substantially – this acquisition will bring an additional GBP 35 million (EUR 50.4 million) of revenues into the group
- Provide significant incremental revenue opportunity for MIS solutions – Systems Union will be able to target its existing 18,000 customer sites with a powerful new portfolio of

business intelligence products including budgeting, planning, forecasting and consolidation

- Leverage future acquisitions made by the enlarged group – given Systems Union's stated objective to significantly grow the business via acquisition, any new additions to the group will provide further leverage for sales of MIS products

Global Reach

- Strengthen Systems Union's global presence
- Strengthen the group's position in the very important German market

Global Solutions

- Provide enhanced penetration of the growing business intelligence market
- Deliver an enhanced solution portfolio to market very quickly because of existing integration capabilities

Financial effects of the acquisition

The Directors of Systems Union expect the acquisition to enhance adjusted* earnings per share (*before the impact of goodwill amortisation) in the first full financial year following completion.

Principal terms of the acquisition

Systems Union has announced its decision to make a public tender offer to purchase the total share capital of MIS for a consideration of GBP 23.7 million (EUR 34.1 million), and intends to post the offer document subject to the normal regulatory approval process in early November. In aggregate, Systems Union has received irrevocable undertakings to accept the offer and a call option in respect of approximately 50.7% of MIS' shares.

Financing for the acquisition

The consideration for the transaction will be paid in cash and will be financed from Systems Union's internal cash resources and new borrowing facilities of GBP 15 million (EUR 21.6 million).

Current trading and prospects

Systems Union Group's half year results were announced at the end of August. Since that time the Group has continued to trade in line with market expectations.

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Notes

The announcement contains certain 'forward-looking' statements including statements about the feasibility and benefits of the acquisition of MIS AG by Systems Union Group. These statements are subject to uncertainty and changes in circumstances so that actual results may vary

materially from the expectations contained in this announcement. Many of the risks and uncertainties relate to factors that are beyond Systems Union Group's ability to control or estimate precisely. Readers are cautioned not to place undue reliance on these forward-looking statements to reflect events or circumstances after the date of this announcement. Nothing in this press announcement should be construed or be interpreted to mean that the financial performance of Systems Union for the current or future years will necessarily match or exceed the historical or published earnings of Systems Union. WestLB Panmure Limited (which is authorised and regulated by the Financial Services Authority Limited) is acting as financial adviser to Systems Union in relation to the acquisition of MIS and will not regard any other person as its customer in relation to this transaction.

The financial information related to MIS has been translated at an exchange rate of EUR 1.44 to GBP 1.00.