



29 March 2004

MYOB AND SOLUTION 6 ANNOUNCE AGREEMENT TO MERGE

MYOB Limited and Solution 6 Holdings Limited today announced that they have reached agreement to merge by way of Schemes of Arrangement by Solution 6.

As a result of the proposed merger, Solution 6's Accounting and Compliance business and training operations will be combined with MYOB. The merged group will have leading positions in Australia and New Zealand in the provision of business software solutions to small-medium enterprises (SME) and accounting practices. The combination of operations across Asia Pacific, USA and Europe will create an exciting platform for global revenue growth.

MYOB will offer 0.55 MYOB shares for each Solution 6 share it does not already own after distribution by Solution 6 of up to 20.7 cents per share (\$52.7 million) in surplus cash to its shareholders by way of capital return. The exact quantum of the capital return will be determined following completion of the separate sale of Solution 6's Professional and Enterprise divisions announced today (see Attachment C). MYOB will participate in Solution 6's capital return in its capacity as a current holder of 12.6% of the issued shares in Solution 6. The capital return will be subject to Solution 6 shareholders' approval.

Based on the MYOB 3 month volume weighted average share price as at close of business on Friday, 26 March 2004 of \$1.29, the proposed capital return and merger values Solution 6 at approximately \$233 million or \$0.92 per Solution 6 share. This implies a premium of 37% over Solution 6's 3 month volume weighted average share price as at 26 March 2004 of \$0.67. Based on closing market prices on 26 March 2004 the premium was 21%.

The Directors of both MYOB and Solution 6 have unanimously endorsed the merger proposal.

Scheme documents are expected to be dispatched to Solution 6 shareholders and optionholders in May 2004.

Craig Winkler, MYOB Chief Executive Officer said, "the merger will take our well known and respected brands more strongly into global markets for the benefit of the expanded company's customers, employees and investors."

Guinness Peat Group Plc, the major shareholder in Solution 6, has provided MYOB with a call option with respect to 7.3% of the shares in Solution 6 that it holds and has indicated to Solution 6 that it intends to vote in favour of the Scheme of Arrangement. The call option increases the relevant interest of MYOB in Solution 6 from its current 12.6% direct holding to 19.9% (see Attachment B).

The offers are subject to conditions, including competition regulatory approval in Australia and New Zealand, completion of the sale of Solution 6's Professional and Enterprise divisions and Solution 6's proposed capital return.

It is intended that invitations will be extended to two Solution 6 non-executive directors to join the Board of Directors of MYOB following completion of the merger.

Current MYOB shareholders will own approximately 67% of the merged company.

Merged company highlights

- Strong combined senior management team, to be led by MYOB CEO, Craig Winkler;
- Improved product and services mix with more powerful customer support and product development functions for accounting practices;
- Continued focus on MYOB SME software and services business, which will benefit from enhanced global product development strength;
- Strong platform for international growth (both organic and through acquisition);
- Substantial synergy benefits (estimated annualised savings in the order of \$10-12 million pre tax within three years) and expected MYOB earnings per share accretion pre goodwill and acquired IP amortisation within two years;
- Strong SME revenue growth prospects through expanded accountant-client relationships, the offering of a wider and improved product/services set across the combined customer group and international expansion;
- Strong financial position with no debt and strongly positive operating cash flows;
- Pro-forma combined revenues for the year to 31 December 2004 of approximately \$180 million; and
- Substantial increase in market capitalisation (at an MYOB share price of \$1.16, the market capitalisation of the merged entity would be approximately \$435 million) and enhanced liquidity in the merged entity.

Mr Winkler said, "We will combine the complementary ranges of software products and services for accounting firms currently provided by MYOB and Solution 6. Accounting practices across Australia, New Zealand, Asia and Europe will benefit from an improved product and services mix and more powerful support and product development functions."

Mr Winkler said that the merger will not dilute the focus of MYOB on reducing the administrative burden on small business owners. "Our existing business of providing business management software and services for small-medium enterprises around the world will benefit from the merger through expanded accountant-client relationships and the integration of practice management products and SME software."

Mr Winkler said that the merger provides a strong platform for international growth. "MYOB has strong operations in its SME business in the USA, UK and Asia Pacific region. Solution 6 has particular strengths in the UK and a growing presence in Asia. The combined international reach will provide growth opportunities in both developed and emerging growth markets."

The merger will create both cost synergy and revenue growth opportunities. Annualised cost savings in the order of \$10-12 million pre tax are expected to arise within three years, primarily from rationalisation of Solution 6 head office and global overhead expenses, other office consolidation, and rationalisation of systems and back office functions.

In addition to delivering strategic benefits, the merger is attractive to MYOB shareholders from a financial perspective. Mr Winkler said that the acquisition is expected to be earnings per share positive for MYOB shareholders before goodwill and acquired IP amortisation expense within two years. He added that the merged entity would enjoy a strong financial position with net cash surplus to working capital requirements and no debt from day one. "That financial strength will enable the company to take advantage of international growth opportunities as they arise, with a particular focus on the fragmented Asian market."

Neil Gamble, Chief Executive Officer of Solution 6, will stay with the merged entity for a three month transition period after the finalisation of the Scheme of Arrangement, with particular responsibility for overseeing the transition arrangements associated with the sale of Solution 6's Professional and Enterprise divisions and assisting with the merger integration. Mr Gamble said, "we are proud of the turnaround we have achieved at Solution 6 over the last three years and anticipate substantial value can be created for our shareholders through this merger."

Caliburn Partnership advised Solution 6 on this transaction.

- ENDS -

A copy of a presentation to analysts regarding the merger can be found on the MYOB website at www.myob.com.au/investors/ and on the Solution 6 website at www.solution6.com

For further information please contact:

Barry Brott
General Manager, Corporate Development
MYOB Limited
Tel: +61 3 9222 9875
E-mail: barry_brott@myob.com.au

Steve Alperstein
Group Company Secretary
Solution 6 Holdings Limited
Tel: +61 2 9278 0834
E-mail: steve.alperstein@solution6.com

About the MYOB Group

Founded in 1991, the MYOB Group is a leading provider of business management software and services for small and medium sized enterprises around the world. The MYOB Group has operations in Australia, New Zealand, the US, UK, Malaysia, Singapore and Hong Kong.

The Group develops and publishes award-winning software solutions that have revolutionised the way growing businesses view accounting and business management software. The Group also provides systems and services targeted to the needs of accountants in public practice.

The MYOB Group is owned by MYOB Limited, an Australian public company listed on the Australian Stock Exchange (ASX symbol "MYO").

For more information visit the MYOB web site at www.myob.com.au/investors/

About Solution 6

Solution 6 is the world's leading provider of software for service organisations. The company provides business solutions to the world's largest and most prominent global service providers – including Accenture, American Express, Clifford Chance, Computer Science Corporation, Ernst & Young, HP, KPMG LLP, SAP and Skadden Arps – as well as many thousands of small and medium sized service firms in over 50 countries worldwide. With three major regional centres – Asia Pacific, Europe and North America – and over 1,000 professionals in 9 countries, Solution 6 has the largest global workforce focused on software for the services industry. The company serves over 685,000 users and 8,200 clients worldwide.

For more information visit the Solution 6 web site at www.solution6.com

Attachment A - Key terms of the Merger Implementation Agreement

The agreement, signed by MYOB and Solution 6 on 28 March 2004, imposes obligations on the parties to proceed with the proposed merger. This attachment summarises the key points (which will be set out in full in the scheme booklets).

Implementation of the merger is subject to a number of conditions precedent including:

- approval from regulatory bodies including the Australian Competition and Consumer Commission, New Zealand Commerce Commission, Australian Securities and Investments Commission and Australian Stock Exchange;
- there being no event affecting Solution 6, which causes or is likely to cause a diminution of the net assets of Solution 6 of \$15 million or more or a diminution of the earnings before interest, tax, depreciation and amortisation of Solution 6 by \$1.5 million or more;
- no "prescribed occurrence" in relation to Solution 6 prior to the second court hearing to approve the scheme;
- approval by shareholders of Solution 6's proposed capital return;
- completion of the sale by Solution 6 of its Professional and Enterprise divisions;
- Solution 6 receiving repayment of at least \$8,937,500 from the Alphawest Limited group as debt repayment;
- approval of the Australian Stock Exchange for listing of the MYOB shares to be issued as scheme consideration;
- approval of shareholders of the proposed share scheme of arrangement and approval of optionholders of the proposed option scheme of arrangement; and
- court approval in accordance with section 411(4)(b) of the Corporations Act.

The board of Solution 6 has agreed to recommend the schemes but may change its recommendation:

- if it determines it is required by its fiduciary duties to do so having first obtained the advice of Queens Counsel or Senior Counsel; or
- if an independent expert appointed by Solution 6 opines that the share scheme or option scheme is not in the best interests of shareholders or optionholders (or a class of them), respectively.

Either party may terminate the agreement if the Solution 6 board (having complied with the agreement) withdraws its recommendation of the schemes, the other party is in material breach of the agreement, if the schemes are not approved by shareholders and optionholders, if the merger has been restrained by a court or governmental agency or the conditions precedent are not satisfied or waived.

Solution 6 has agreed not to solicit any competing offer or proposal from any other person to acquire 20% or more of Solution 6's shares or a substantial or material part of its Accountants division, acquire control of Solution 6 or acquire, or merge with, Solution 6 (a "competing transaction").

Solution 6 has agreed to reimburse up to \$2,150,000 costs incurred in connection with the merger proposal by MYOB if any director of Solution 6 withdraws their recommendation of the merger or recommends a competing transaction and shareholders do not approve the proposed capital return, if a material adverse change or "prescribed occurrence" affecting Solution 6 occurs, if Solution 6 is in material breach of the agreement or if a party other than MYOB obtains control of Solution 6 before expiry of the agreement.

MYOB has agreed to reimburse up to \$2,150,000 of Solution 6's costs incurred in connection with the merger if MYOB is in material breach of the agreement, there is an MYOB material adverse change and Solution 6 terminates the agreement or if a "prescribed occurrence" affecting MYOB occurs.

Attachment B – Key terms of the Option Deed between MYOB and GPG

MYOB and Silvara Pty Ltd, a subsidiary of Guinness Peat Group Plc (GPG) have, on 28 March 2004 entered into an option deed pursuant to which GPG has granted MYOB an option to purchase 18,574,632 ordinary shares in Solution 6 (i.e. approximately 7.3%) from GPG.

The exercise price is 0.55 MYOB ordinary shares for each Solution 6 ordinary share acquired by MYOB under this option.

The option period commenced on the date of the option deed and ends on the earlier of:

- 20 business days after the Scheme Meeting;
- if a Scheme Meeting is not convened within 3 months, the date that is 3 months after the date of the deed; or
- 4 months from the date of the deed.

The option may only be exercised by MYOB during the last 10 business days before the option period ends. However, the option will lapse if:

- the scheme is not approved or the court refuses to approve the scheme, and there is no alternative proposal for Solution 6 at the later of those events;
- if, prior to exercise of the option, an alternative proposal has been announced that is at least 5% higher than the consideration being offered under the MYOB scheme, the option will lapse, unless, within 10 business days, MYOB varies the exercise price under the option deed to match the higher alternative proposal and also announces a takeover bid or further scheme for all Solution 6 ordinary shares at that higher value; or
- a dividend, distribution or other entitlement (that has not already been announced) is declared, paid or made by MYOB, or if MYOB alters or announces its intention to alter its share capital in any way, other than an issue of shares pursuant to the Scheme or by the exercise of any options presently on issue.

Any capital return announced by Solution 6 during the option period of up to 20.7 cents per Solution 6 ordinary share will accrue to the benefit of GPG in respect of the Solution 6 shares subject to the option.

Until exercise or the option lapses, GPG agrees not to dispose of any interest in the shares.

GPG remains free to vote the option shares and all other shares it holds in Solution 6 as it thinks fit.

Attachment C – Solution 6 to Sell Professional and Enterprise Businesses to Francisco Partners

SYDNEY, NSW, Australia. – Solution 6 Holdings Limited (ASX:SOH), a leading provider of software solutions to professional services firms globally, said today it has signed a definitive agreement to sell its Professional and Enterprise businesses to Francisco Partners.

The Professional and Enterprise businesses based in Atlanta, GA., is a leading developer of software solutions for the global legal and professional services marketplace. The business will continue to invest in its current product strategy and development roadmap expanding and enhancing its product groups including, CLO, CMS.Net, Keystone, Business Intelligence, CABS and Novient. These products will continue to form the cornerstone of the business, however Francisco Partners has indicated a strong interest in continued investment in, and growth of the businesses.

Under the terms of the agreement, Francisco Partners will acquire the businesses for approximately A\$34 million.

Caliburn Partnership advised Solution 6 on this transaction.

About Solution 6

Solution 6 is the world's leading provider of software for service organisations. The company provides business solutions to the world's largest and most prominent global service providers – including Accenture, American Express, Clifford Chance, Computer Science Corporation, Ernst & Young, HP, KPMG LLP, SAP and Skadden Arps – as well as many thousands of small and medium sized service firms in over 50 countries worldwide. With three major regional centres – Asia Pacific, Europe and North America – and over 1,000 professionals in 9 countries, Solution 6 has the largest global workforce focused on software for the services industry. The company serves over 685,000 users and 8,200 clients worldwide.

For more information visit the Solution 6 web site at www.solution6.com

About Francisco Partners

With US\$2.5 billion of committed capital, Francisco Partners is the world's largest technology-focused private equity fund. The firm was founded to pursue structured investments in technology companies undergoing strategic, technological, and operational inflection points. Francisco Partners targets majority and minority investments in private companies, public companies, and divisions of public companies, with transaction values ranging from US\$30 million to US\$2 billion. The principals of Francisco Partners have a proven track record, having invested in excess of US\$2.0 billion of equity capital in over 25 technology companies during the past decade, including several of the most successful buyouts effected to date. The firm also has an exclusive, long-term relationship with Sequoia Capital, one of Silicon Valley's most prominent and successful venture capital firms. Francisco Partners' recent investments include the purchase of XcelleNet from Sterling Commerce, the purchase of Legerity from Advanced Micro Devices, the purchase of AMI Semiconductor, the purchase of Global eXchange Services from GE and the purchase of Ultra Clean Technology from Mitsubishi. For additional information, visit www.franciscopartners.com

For further information please contact:

Steve Alperstein
Group Company Secretary
Solution 6 Holdings Limited
Tel: +61 2 9278 0834
E-mail: steve.alperstein@solution6.com

Andrew Gray
Francisco Partners
Tel: +1 (650) 233 2900