

PRESS RELEASE
December 15, 2005



TECHNOLOGY SERVICES GROUP MOVES INTO MEMBERSHIP SECTOR

Technology Services Group Ltd (TSG) has gained a firm footing in the Membership software sector with the acquisition of Accounting Answers Ltd, the Southampton and London-based IT reseller and Membership software supplier, on December 1, 2005. The acquisition, using funding from a £25m Lloyds TSB Corporate facility agreed earlier in the year, is the eighteenth for the group since its inception in October 2003, and is a major building block in TSG's establishment of UK-wide IT service and solutions provision for small and medium sized businesses.

Accounting Answers, formed in 1989, specialises in Pegasus and Sage software, serving a diverse customer base throughout the South. The company has considerable expertise in business and financial software, and in particular, their own EnterpriseMRM software which specifically caters for membership, charity and subscription-based organisations. The company's 40 staff will form the core of TSG's new trading region from its headquarters based in Southampton.

Nigel Hudson, business development director for TSG, said: 'This is the key acquisition for TSG's push into the south of England. It strengthens our position as the leading IT service provider to small and medium sized businesses nationwide with the addition of a significant customer base in the area. Apart from Pegasus and Sage product expertise, Accounting Answers has strong hardware and infrastructure support and installation skills, which will allow us to roll-out TSG's System Care support service to London and the South.'

Richard Boler, MD of Accounting Answers, said: 'We have grown to be the south coast's leading supplier of IT business solutions, and we're delighted to form the core of TSG's southern operations. The strong service culture which has been paramount in the development of our business will continue and expand with the adoption of TSG's System Care service.'

He added: 'Over the years we have quietly been building up a solid base of clients using EnterpriseMRM. These customers can now benefit from local support throughout the whole of the UK. The TSG national resources and branding will allow EnterpriseMRM to develop from 'well kept secret' to 'market leader' .

The acquisition process was overseen on behalf of TSG by Newcastle-based legal firm Ward Hadaway through partner Martin Hulls, working with corporate finance organisation UNW and partner Neville Bearpark.

This latest acquisition means that TSG now employs 500 staff across the UK, has an annualised turnover in excess of £44 million and provides IT solutions and services to more than 11,000 small and medium sized businesses nationwide, from Southampton in the south, to Aberdeen in the north.

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NOTES TO EDITOR

About TSG: Technology Services Group

TSG provides IT solutions to the SME market which include:

- building the whole IT infrastructure for a business
- commissioning and installing the leading accounting and business software (Exchequer, Microsoft Navision, Pegasus, Sage)
- installing hardware from laptops to servers, and setting up networks connecting offices, home workers and field staff
- System Care - supporting and maintaining the whole IT structure through on-site visits, telephone help-lines and remote dial-in access. TSG can act as a complete IT outsource solution or as a support for existing IT staff

TSG History

The business was set up by ex-Sage founder, Graham Wylie, in 2003. Head Office is located at new purpose-built offices on Gosforth Business Park, Newcastle upon Tyne, with regional offices in Aberdeen, Glasgow, Edinburgh, Newcastle, Teesside, Preston, Manchester, Warrington, Wigan, Leeds, Barnsley, Broom, Birmingham, Basingstoke, Southampton and London.

About EnterpriseMRM

- A fully integrated membership administration solution specifically designed for Sage
- Additional configurable solutions for charities, golf clubs, schools and colleges
- Clients include Lords Taverners, English Bridge Union, French Chamber of Commerce, Writers Guild, Tall Ships Trust, Institute of Export, Radio Society of GB

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