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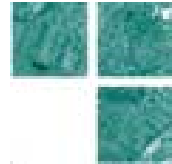


**Financial results of
Synergion Information Systems plc.
for the period
January 1 – March 31, 2002**

Unaudited Consolidated Financial Statements
Prepared in accordance with
International Accounting Standards

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Retaining its profitability, restored at the end of last year, Synergon Information Systems plc. closed the first quarter of 2002 in profit. The continuous improvement of its efficiency indicators enabled the Group to close the period under review with a positive result even at a sales revenue 6 percent lower than that achieved during the first quarter of 2001. During the first three months of this year, the consolidated sales revenue of the Group was HUF 4.6 billion, resulting in a profit after taxation of HUF 24 million, considerably improving as compared to the –HUF 296 million loss made in last year's first quarter. Through the consistent implementation of the strategic objectives, the Company succeeded in turning the uncertainties of the Hungarian and the Czech markets into improving financial indicators.

Demand on the IT market was greatly determined, during the first three months of 2002, by the slowing down of the rate of growth of the telecommunications sector, one of the most important customer segments: a worldwide slackening trend, due to financial difficulties and rationalisation efforts, which affects cost and investment policies. This effect was reinforced by expectations preceding the parliamentary elections in Hungary (and in the Czech Republic), similarly resulting in the deceleration of some projects and investments.

The Synergon Group was not hit unexpectedly by these impacts of the market. The cost and employee rationalisation measures carried out in 2001 as well as the stimulation of the service- and contribution-oriented activities, being in the focus of the strategy, contributed to the achievement of radically improving the Group's profitability, compared to the first quarter of 2001, in the face of market trends, while sales were shrinking.

Efficiency improved in terms of the cost items (direct cost of sales: –10 percent, other operating expenses: –18 percent), and of the profitability ratios (the contribution margin grew from 19 to 22 percent, the net profit ratio grew from –6 percent to +1 percent). These changes were achieved at an average 16-percent decrease of the number of staff at the Group.

Of the cost items, the amortisation (HUF 199 m), one of the most significant cost items, should be noted separately. That item also includes the amortisation of goodwill associated with the acquisitions. On the level of the EBITDA indicator, which ignores the impact of amortisation and reflects operative profitability, the Group closed the quarter under review with a substantial positive result, which shows the positive cash flow-generating capacity of the operation.

Synergon achieved significant growth in the consulting field. New orders and the support activities of former contracts contributed to the growth of the SAP business, whereas the security consulting line of business repeated its three-digit rate of growth, due to high-contribution projects both in Hungary and abroad.

Of the subsidiaries, Span of Croatia continued to grow under advantageous market conditions; the stable financial and technological background provided by the parent company enabled it to get into market-leading positions in critical areas in Croatia. Like Hungary, the market of the Czech Infinity was characterised by uncertainties in anticipation of the June parliamentary elections (sales, Infinity: -27 percent). Through the boosting of service-oriented operations, however, there was a considerable positive change in terms of the profitability of the Company (contribution: +33 percent), as the consequence of the local implementation of the Group's overall strategy.



Analysis of Synergon's financial results in 2002

Comparing the quarter ending March 31, 2002 with the first quarter of 2001

The data contained in this report are based on the unaudited consolidated balance sheet and profit and loss accounts, prepared in accordance with the IAS. For convenience of the readers, forint amounts have been converted into US dollars. The average exchange rate applied for the items of the profit and loss account are HUF 287.49 and HUF 278.44 per US\$ for the first quarters of 2001 and 2002 respectively. The closing exchange rate applied for the balance sheet items are HUF 302.79 and HUF 279.19 per US\$ for March 31, 2001 and March 31, 2002, respectively.

Group results

The heavy seasonality affecting Synergon's operations is an important consideration in terms of the assessment of the results of the Company and of the Group. As a consequence, in 2001 Synergon generated over 35 percent of both its annual sales and contribution during the fourth quarter. Another factor essentially affecting 2001 results apart from the seasonal effect was the expansion of the Group through the consolidation of two new foreign subsidiaries as of February 1, 2001.

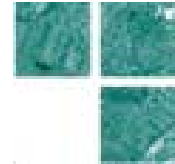
Profit and loss statement	Three-month period ending March 31					
	2002		2001		Change, %	
	000 HUF	000 USD	000 HUF	000 USD	HUF basis	USD basis
Net sales*	4 627 682	16 620	4 949 289	17 216	-6%	-3%
Of which services (%)	30%		29%			
Of which products (%)	70%		71%			
Cost of sales	-3 608 112	-12 958	-3 999 756	-13 913	-10%	-7%
As % of sales	78%		81%			
Contribution	1 019 570	3 662	949 533	3 303	7%	11%
Contribution margin (%)	22%		19%			
Operating expenses	-999 558	-3 590	-1 224 347	-4 259	-18%	-16%
Operating profit	20 012	72	-274 814	-956	-107%	-108%
Operating margin (%)	0%		-6%			
Net financial income	25 769	93	28 630	100	-10%	-7%
Extraordinary items	0	0	-300	-1	-100%	-100%
Profit before tax	45 781	164	-246 484	-857	n/a	n/a
Minority interest	-12 405	-45	-30 519	-106	-59%	-58%
Corporate tax	-9 651	-35	-19 046	-66	-49%	-48%
Net profit	23 726	85	-296 049	-1 030	n/a	n/a
Net margin (%)	1%		-6%			

* Including other revenues

Sales revenue

During the first quarter of 2002, Synergon Information Systems plc., including its consolidated subsidiaries, achieved a sales revenue of HUF 4,628 million, which represents a 6-percent decrease compared to the sales revenue of HUF 4,949 million generated during the base period. The decrease on the Group level was the sum of a sales level similar to that of 2001 at the parent company, the dynamic growth of the Croatian Span, a small reduction at Fibex and a substantial reduction at Infinity. In the Czech Republic and Hungary, the level of the first-quarter sales was typically determined by uncertainty, in terms of the volume of orders, in anticipation of the parliamentary elections. This considerably reduced the number of projects launched, especially in the Czech Republic. In addition, the difficulties and cutbacks experienced worldwide in the telecommunications sector also substantially diminished the sales potential of the divisions and businesses operating in that field.

Breaking down the Group's sales, changes, probably transitional yet considerable, occurred during the first quarter: the Hardware-Software Integration Division achieved the highest sales, the formerly leading Communications Systems Division and the Czech subsidiary Infinity ending up at second place, in a tie with a nearly identical share. With its 10-percent share of the overall sales, the Croatian subsidiary Span topped the league of the smaller units representing a ratio of 4-5 percent (the Services and Consulting Divisions and Fibex Ltd.). In the sector-by-sector breakdown of the sales of the Synergon Group (including, as from 2002, Synergon plc. and each subsidiary), the telecommunications and the financial sectors accounted for 16



percent and 9 percent respectively, whereas industrial companies, the public utilities/transport industries and the public sector represented 17 percent, 13 percent and 9 percent respectively. Other, non-classified sales accounted for 36 percent of the sales total.

During the first quarter of 2002, the service content of sales was 30 percent, as compared to the 29 percent achieved in the same period of 2001. The increase was primarily the result of the increase in the service content at the foreign subsidiaries and in part at Synergon's Communications Systems Division, an achievement reflecting the Group's strategic objectives and having an effect on the profitability of the Group.

Cost of sales

The cost of sales consists primarily of products sold, base materials, payments to contractors and direct labour costs. Dropping by 10 percent, the cost of sales during the first three months of 2002 amounted to HUF 3,608 million, compared to the HUF 4,000 million of the base period. The rate of decrease of the cost of sales was higher than that of sales in the comparison of the first quarters of the two years, which is an obviously positive financial result. That improvement was primarily the result of the higher ratio of services sold and – since the cost of sales includes the cost of the human resource working on the projects – of the increased efficiency of the work organisation and labour management. Both tendencies were also powerfully evidenced at Infinity.

Contribution

During the first three months of 2002, contribution amounted to HUF 1,020 million, representing a 7-percent increase as compared to the HUF 950 million of the same period of 2001, i.e. contribution increased despite the fact that the Group's level of sales were below the level achieved during the same period of last year. The change of the contribution was primarily the result of the changes of the cost of sales as described above. Because of the different rates of the change of the sales revenue and the contribution, the contribution margin increased to 22 percent during the first quarter of 2002 from the 19 percent achieved during the same period of 2001.

Operating expenses

Decreasing by 18 percent, operating expenses amounted to HUF 1,000 million during the first quarter of 2002 as compared to the HUF 1,224 of the same period of 2001. The tendency started last year continued in 2002: the rate of the growth of operating expenses remained below the rate of the decrease of sales, or the operating expenses decreased at a higher rate than the sales revenue. Since such major expenses as out-of-business-unit labour costs (HUF 349 m), amortisation (HUF 199 m) and vehicle expenses (HUF 68 m) are recognised under this line, the fact that the rate of the decrease was higher than that of the sales revenue now clearly attests to the efficacy of the cost rationalisation and efficiency-increasing programs implemented by the Company. Of the operating expenses, only the travel expenses (HUF 21 m) and rentals (HUF 47 m) increased significantly in 2002.

Operating profit

The change of the operating profit reflects the effects of the differences between the changes of the contribution and the operating expenses compared to that of the sales revenue. Contribution grew and operating expenses dropped at such rates that the Group was able to improve the operating loss of –HUF 275 million made during the first quarter of 2001 to a positive operating profit of HUF 20 million in the first quarter of 2002. Whereas, in the first three quarters of 2001, the ratio between operating expenses and sales was 5 percentage points worse (i.e. higher) than the value of the contribution margin, that relation was reversed during the respective period of 2002, the contribution margin exceeding, in that period, the ratio of operating expenses and sales, which resulted in a positive operating result for the period.

Net financial income

Compared to the HUF 29 million of the first quarter of 2001, the net financial income was HUF 26 million during the respective period of 2002. Such net financial income similar to the one achieved during the first three months of last year, was mostly the result of Synergon's income from interest (HUF 40 m), the Group's exchange loss (HUF 13 m) and the subsidiaries' expenses on interest (HUF 1 m).

Profit before tax

Profit before tax amounted to HUF –246 million and HUF +46 million during the first quarter of 2001 and 2002, respectively. The significant improvement was the result of the positive tendency in the operating profit of the Company and the factors described under the respective section.



Net profit

The net profit was reduced by the deduction of the minority interest of HUF 12 million, associated with the new subsidiaries of non-100-percent interest as well as by the tax liability of HUF 10 million emerging at the subsidiaries of Synergon. These factors contributed to the net profit of the Group, HUF 24 million for the first three months of 2002, as compared to the –HUF 296 million of the respective period of 2001.

Divisions and subsidiaries

The table below shows the breakdown of the Group's sales revenue by the divisions of the parent company and the subsidiaries:

Divisions	Three-month period ending March 31							
	2002			2001			Change, %	
	Th HUF	Th USD	%	Th HUF	Th USD	%	HUF	USD
Net sales*	4 627 682	16 620	100%	4 949 289	17 216	100%	-6%	-3%
Communications Systems	761 617	2 735	16%	1 786 456	6 214	36%	-57%	-56%
HW-SW Integration	2 105 333	7 561	45%	1 024 466	3 563	21%	106%	112%
Services	232 898	836	5%	279 801	973	6%	-17%	-14%
Consulting	236 158	848	5%	217 116	755	4%	9%	12%
Fibex Kft.	204 285	734	4%	228 880	796	5%	-11%	-8%
Infinity **	730 185	2 622	16%	1 006 019	3 499	20%	-27%	-25%
Span**	458 735	1 648	10%	338 327	1 177	7%	36%	40%
Consolidation	-101 530	-365	-2%	68 223	237	1%	-249%	-254%

* Including other revenues. ** From February 1, 2001.

Communications Systems Division

The Communication Systems Division, specialising in the design, supply and the installation of the integrated communications infrastructure and the related services, multimedia communication and cable television networks, achieved a revenue of HUF 762 million during the first three months of 2002, compared to the HUF 1,786 million of the respective period of 2001, which represents a 57-percent decline.

Communications Systems	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	762	2 735	1 786	6 214	-57%	-56%
Of which services (%)	30%		17%			
Of which products (%)	70%		83%			
Cost of sales	-600	-2 153	-1 496	-5 202	-60%	-59%
as % of sales	79%		84%			
Contribution	162	582	291	1 012	-44%	-42%
as % of sales	21%		16%			

That significant decline of the Communications Systems Division was essentially the result of two factors: (i) the worldwide market difficulties of the telecom sector and the decline of the investment demand of the Hungarian infrastructure led to major spending cutbacks by customers operating in Hungary; also, (ii) the first quarter of 2001 created an exceedingly high base for the assessment of performance in 2002 (the 2001/2000 growth rate being 95 percent in terms of the respective first quarters!). There were similar tendencies in all three business units (Networking, Intelligent Buildings and Cable TV). The Division intends to make up for the lost revenues of the telecommunications sector through the extension of its portfolio towards large businesses as well as the introduction of new technological solutions. The first quarter of 2002 saw the emergence of projects achieving sales of a significant service content through the servicing, upgrading and updating of previously sold systems. Consequently, the service content of the whole of the Divisions substantially increased, to 30 percent during the first three quarters of 2002 as compared to the ratio of 17 percent during the first quarter of 2001.



Hardware-Software Integration Division

The core operations of the Hardware-Software Integration Division include the areas associated with the basic computer infrastructure, its products and services ranging from desktop computers and peripherals to the servers constituting the basis of corporate systems, as well as the related sales of software, consulting and customisation. In the first quarter of 2002, the Division achieved a sales revenue of HUF 2,105 million, a 106-percent increase compared to the HUF 1,024 million realised during the respective period of 2001.

<i>Hardware-Software</i>	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	2 105	7 561	1 024	3 563	106%	112%
<i>Of which services (%)</i>	21%		35%			
<i>Of which products (%)</i>	79%		65%			
Cost of sales	-1 827	-6 561	-901	-3 133	103%	109%
<i>as % of sales</i>	87%		88%			
Contribution	278	1 000	124	430	125%	132%
<i>as % of sales</i>	13%		12%			

The growth of the Division's sales was primarily the result of a high-volume, low-contribution public procurement PC project, which is reflected correspondingly in the growth of the product ratio sold within the Division. There was a considerable growth of demand for and sales of archiving and document management systems, chiefly from the financial sector. Software sales grew by an app. 25 percent compared to the base period; due to the reorganisation of its operations, however, the software development business unit primarily disposes of projects in the preliminary stage, which also contributed to the decline of the service content of the sales. In total, the service content of the Division's sales decreased to 21 percent during the period under review from the 35 percent of the first three months of 2001. However, the decline of the contribution margin occurring in 2001 stopped by the beginning of 2002, the 12-percent contribution margin of the first three months of 2001 growing to 13 percent in 2002.

Services Division

The scope of activities of the Services Division encompasses the operation, supervision and management of information systems under long-term arrangements with the customers, making use of the Call Centre, the Helpdesk as well as continuous availability. Decreasing by 17 percent from the HUF 280 million achieved in the first quarter of 2001, the sales revenue of the Division amounted to HUF 233 million for the same period of 2002.

<i>Services</i>	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	233	836	280	973	-17%	-14%
<i>Of which services (%)</i>	97%		100%			
<i>Of which products (%)</i>	3%		0%			
Cost of sales	-117	-422	-164	-570	-28%	-26%
<i>as % of sales</i>	50%		59%			
Contribution	115	415	116	403	0%	3%
<i>as % of sales</i>	50%		41%			

There were two major factors behind drop in the Division's sales revenue. The Company's comprehensive efficiency-increasing measures also enabled the Division to improve its efficiency, and therefore it was able to cut back on its costs while providing to its customers the same level of services as before. In consequence, the contribution generated by the Division remained at a level similar to last year's. The other factor behind the decline of the sales consisted in the spending cutbacks, due to the uncertain economic prospects, by the existing customers and the delay in entering into new contracts and in installing the new services on behalf of potential new customers, as they are waiting for the expansion of the global economy and the increase of demand to start. In consequence, the Division's contribution amounted to HUF 115 million during the first three months of 2002 as compared to the HUF 116 million during the first three months of 2001, at nearly the same service content of 97 percent (100 percent in 2001), which represents an improvement of the contribution margin from 41 to 50 percent.



Consulting Division

The Consulting Division, specialising in business solutions and consulting – including ERP systems – achieved a revenue of HUF 236 million during the first three months of 2002, representing a 9-percent growth compared to the HUF 217 million generated during the respective period of 2001.

Consulting Division	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	236	848	217	755	9%	12%
<i>Of which services (%)</i>	78%		100%			
<i>Of which products (%)</i>	22%		0%			
Cost of sales	-109	-390	-191	-664	-43%	-41%
<i>as % of sales</i>	46%		88%			
Contribution	127	458	26	91	388%	404%
<i>as % of sales</i>	54%		12%			

Over 50 percent of the sales of the Division continued to be generated by the projects performed in the field of ERP systems. During the first quarter, a substantial increase was generated at the SAP Business Unit, due to the completion of major previous independent projects and longer-term customer support agreements. This latter activity has considerable high-contribution-content future business potential for the business unit. Following a high previous-year base, the sales revenue of the JD Edwards Business Unit declined substantially for the first quarter of 2002, with new projects only expected to generate increasing sales during later in the year. On the other hand, the sales of the Security Consulting Business Unit grew considerably (at a rate over 200 percent), a trend contributed to new projects abroad and the tendency now felt also in Hungary, attributing increasing importance to the security of information and of uninterrupted operation as well as to the role of information technology and telecommunications.

Although the service content of the sales of the Consulting Division decreased from 100 to 78 percent in the first quarter of 2002, due to the sales of the Peregrine software licences and of the hardware and software items associated with security consulting, the contribution margin increased from the 12 percent of the first quarter of 2001 to 54 percent in 2002 as a result of the reorganisation of the Division last year and the sizing down of the remaining business units to the optimum level.

Fibex Ltd.

Fibex Ltd., specialising in the sales of optical and copper cables, network implementation materials and devices, has been operating as Synergon's 100-percent subsidiary. Compared to the base period, the sales of Fibex decreased by 11 percent in the first quarter of 2002. 24 percent of the sales of the subsidiary were directed to other Synergon divisions, as compared to the 25 percent of 2001. The performance of Fibex Ltd. was greatly affected by the radically shrunk demand of its main market, the telecommunications sector, and the disappearance of the shortage of optical cables, which had substantially contributed to its profitability during the previous periods. As the result of these tendencies, the 11-percent decrease of sales was accompanied by a 27-percent drop in the contribution margin in the comparison of the first quarters of 2001 and 2002; the profit margin on sales also dropped during the period under review, from 14 to 12 percent.

Fibex Ltd.	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales*	204	734	229	796	-11%	-8%
<i>Of which services (%)</i>	0%		0%			
<i>Of which products (%)</i>	100%		100%			
Cost of sales	-180	-648	-196	-683	-8%	-5%
<i>as % of sales</i>	88%		86%			
Contribution	24	86	32	113	-27%	-24%
<i>as % of sales</i>	12%		14%			

* Including other revenues.



Infinity

Infinity a.s. is a Czech subsidiary in the majority ownership (50 percent + 1 share) of Synergon, consolidated as of February 1, 2001. The major part of the sales revenue of Infinity is generated by the sales of Compaq and Microsoft products and the associated services as well as the remote management and support services based on that activity. During the first three months of 2002, the sales revenue of Infinity diminished by 27 percent in comparison with the revenue generated during the first two months consolidated in 2001. This was primarily the result of the fact that the Czech market was dominated by a straddling policy as regards the tying-down and the commencing of projects, probably due to the situation of the global economy and to the uncertainty preceding the elections in the country. Another important reason, the strategy of Infinity, as part of the subsidiary's policy of adaptation to the Synergon Group, had increasingly focused on the increasing of efficiency rather than of the sales revenue, through the sales of high-added-value products and services. As the result of the implementation of that strategy, the diminishing sales did not affect the contribution of the subsidiary: increasing by 33 percent as compared to the HUF 164 million achieved during the first two months of 2001, it generated a contribution of HUF 220 million during the first three months of 2002, which represents an increase of the contribution margin from 16 to 30 percent between the said periods.

Infinity **	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales*	730	2 622	1 006	3 499	-27%	-25%
Of which services (%)	33%		14%			
Of which products (%)	67%		86%			
Cost of sales	-511	-1 834	-842	-2 927	-39%	-37%
as % of sales	70%		84%			
Contribution	220	788	164	572	33%	38%
as % of sales	30%		16%			

(Only 2 months were consolidated in 2001.)

* Including other revenues. ** Including minority interest.

Span

Span d.o.o. is a Croatian subsidiary in the majority ownership (51 percent) of Synergon, consolidated as of February 1, 2001. Apart from certain networking and infrastructure-management projects, the sales revenue of Span is currently primarily generated by the sales of Microsoft products and the associated services and training. Increasing by 36 percent as compared to the sales revenue of HUF 338 million generated in the two months consolidated during the first quarter of 2001, Span achieved a sales revenue of HUF 459 million during the full first quarter of 2002. As the consequence of the high demand for certain services offered by the subsidiary (e.g. training), the company managed to get into a leading position in several fields, which enables it to offer its services at premium prices to its clientele which comprises Croatia's largest companies. Apart from the launching of new products and services, that effect is reflected in the increasing ratio of services sold (q1 2001: 10 percent, q1 2002: 17 percent) and the increase of the contribution in accordance with the Group's strategy: compared to the HUF 51 million generated during the first two months of 2001, the subsidiary's contribution increased at a rate of 64 percent, exceeding that of the sales, in the first quarter of 2002. There was a corresponding growth in terms of the contribution margin, from 15 percent achieved during the previous period to 18 percent in the first three months of 2002.

Span**	Three-month period ending March 31					
	2002		2001		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales*	459	1 648	338	1 177	36%	40%
Of which services (%)	17%		10%			
Of which products (%)	83%		90%			
Cost of sales	-375	-1 347	-287	-1 000	31%	35%
as % of sales	82%		85%			
Contribution	84	300	51	177	64%	69%
as % of sales	18%		15%			

(Only 2 months were consolidated in 2001.)

* Including other revenues. ** Including minority interest.



Analysis of the balance sheet and liquidity position as of March 31, 2002

<i>Balance sheet</i>	31 March, 2002		31 March, 2001		Change, %	
	HUF 000	USD 000	HUF 000	USD 000	HUF	USD
Assets						
Non-current assets	2 934 631	10 511	3 429 370	11 326	-14%	-7%
Fixed assets	2 251 430	8 064	2 491 787	8 229	-10%	-2%
Intangible assets	650 821	2 331	906 996	2 995	-28%	-22%
Investments	32 380	116	30 587	101	6%	15%
Current assets	9 212 154	32 996	8 922 026	29 466	3%	12%
Inventories	1 872 833	6 708	2 297 513	7 588	-18%	-12%
Accounts receivable	4 330 377	15 511	3 730 134	12 319	16%	26%
Cash and equivalents	2 321 657	8 316	1 987 913	6 565	17%	27%
Other current assets	687 287	2 462	906 466	2 994	-24%	-18%
Total assets	12 146 785	43 507	12 351 396	40 792	-2%	7%
Liabilities & shareholders' equity						
Shareholders' equity	7 826 856	28 034	8 312 087	27 452	-6%	2%
Share capital	1 910 926	6 845	1 910 926	6 311	0%	8%
Capital reserves	5 664 062	20 287	5 875 739	19 405	-4%	5%
Profit reserves + Balance sheet profit	251 868	902	525 422	1 735	-52%	-48%
Short-term liabilities	3 851 702	13 796	3 698 347	12 214	4%	13%
Accounts payable	2 514 262	9 006	2 289 058	7 560	10%	19%
Other short-term liabilities	1 337 441	4 790	1 409 289	4 654	-5%	3%
Long-term liabilities	99 525	356	95 289	315	4%	13%
Minority interest	368 701	1 321	245 673	811	50%	63%
Total liabilities & shareholders' equity	12 146 785	43 507	12 351 396	40 792	-2%	7%

The balance sheet total of the Company (HUF 12,147 m) as of March 31, 2002, slightly changed, decreasing by 2 percent on a forint basis, compared to the closing value of the same period of the previous year.

On the assets side of the consolidated Group balance sheet, there was a 14-percent reduction of non-current assets and a 3-percent increase of current assets. The decrease of non-current assets was essentially due to two factors. One of these was the recognition of the depreciation of the goodwill associated with the acquisition of subsidiaries, recorded in the intangible assets (HUF 651 m) line. The other essential item is the 10-percent decrease of tangible assets (HUF 2,251 m). As the result of the infrastructure development of the recent years, there were only minor investments at the parent company in the first quarter of 2002, and the investments of the two new subsidiaries were lower than the amount of the Group-level amortisation recognised for the tangible assets.

Although there was no considerable change in the total value of current assets, there was a positive change in terms of their composition. The 18-percent drop of inventories (HUF 1,873 m) exceeds the direct effects of the lower sales turnover. The action plan drawn up to address the issue of the high-value inventories of Infinity a.s., acquired in the first quarter of last year, had the result of a 70-percent drop in the inventories of the subsidiary. Apart from the actual invoicing cycle, the 16-percent increase in the accounts receivable (HUF 4,330 m) does not reflect any trend; of the entire Group, Span was the only place where an increase of accounts receivable occurred due to cash flow difficulties in Croatia and to invoices granting a long payment term. Of the current assets, the HUF 2,322 million value of cash and equivalents should be noted; this is 17 percent higher than the respective data for last year. Consequently, the liquidity position of Synergion shows a stable, indeed, an improving tendency, despite the acquisitions and the Group's negative operating result for last year.

The 4-percent increase of the closing value (HUF 3,852 m) of short-term liabilities was the result of the 10-percent increase of accounts payable and the 5-percent decrease of other short-term liabilities (HUF 1,337 m). Neither of these changes deviates from regular fluctuations of the business. The growth in accounts payable was essentially due to the recording of purchases related to Synergion's new projects.

The subsidiaries account for HUF 99,5 million of other long-term liabilities in the consolidated balance sheet. Minority interest (HUF 369 m) consists of the minority part of the subsidiaries' undistributed profit, generated since the time of the foreign acquisitions. Its increase is due to the subsidiaries' positive results of the last year. The change of the capital reserves was due to the change of the value of treasury shares and to



exchange difference. The decrease of the profit reserve including period profit is the balance of the loss of 2001 and the profit of the first quarter of 2002.

Liquidity position

The value of the cash and securities held by the Company as of March 31, 2002 was HUF 2,322 million. The overall liquidity position was stable. Cash flow from operations accounted for HUF 25m in the change in cash compared to the beginning of the year. The changes of accounts payable and accounts receivable were nearly equal by the end of the quarter, and the extent of the correction, for cash purposes, of the amortisation covered the financing needs of the inventories, increased by HUF 193m compared to the year end. Net financial result closed with a positive result of HUF 26 m. Expenses on assets were largely due to the infrastructural investments of the new subsidiaries. Cash flow from financing was the result of the change of credits and the elimination of minority interest. Consequently, the value of liquid funds decreased by HUF 43 m compared to December 31, 2001.

Cash-flow	Three-month period ending March 31			
	2002		2001	
	HUF 000	USD 000	HUF 000	USD 000
Adjusted net operational profit	-2 044	-7	-324 768	-1 130
Depreciation and amortisation	198 869	714	186 976	650
Change in payables	-2 075 176	-7 453	894 552	3 112
Change in accruals	-486	-2	-23 636	-82
Change in inventories	-192 757	-692	-511 249	-1 778
Change in receivables, other assets	2 096 054	7 528	227 361	791
Change in provisions	103	0	707	2
Cash flow from operations	24 563	88	449 944	1 565
Net financial result	25 769	93	28 630	100
Net cash from operation	50 332	181	478 574	1 665
Change in assets	-155 175	-557	-517 599	-1 800
Change in investments	11 691	42	-583 265	-2 029
CF from investments and capex	-143 484	-515	-1 100 864	-3 829
Net change in loans	37 705	135	615 258	2 140
Change in share capital	0	0	0	0
Elimination of minority interests	12 411	45	245 673	855
Cash flow from financing	50 115	180	860 931	2 995
Net change in cash	-43 036	-155	238 642	830
Opening cash position	2 364 694	8 493	1 749 272	6 085
Closing cash position	2 321 657	8 338	1 987 913	6 915
Change in cash	-43 037	-155	238 641	830

Number of staff

The table below shows the average numbers of the employees of the Synergon Group. The change between the two periods is mainly due to the staff-reducing effect of the cost- and staff rationalisation programs implemented by Synergon during 2001. This effect now markedly shows at each division as well as the support units. The staff of the Services Division was also reduced by rearrangement into other divisions. Comparing the two periods, there was an expansion at the foreign subsidiaries with a view to maintain their profitability and growth. The closing overall number of staff for the Group was 586 and 505 as of March 31, 2001 and March 31 2002, respectively.

Average number of employees	Jan.-March, 2002	Jan.-March, 2001	Change %
Communications Systems D.	51	57	-11%
Hardware-Software D.	34	43	-21%
Services	27	72	-63%
Consulting	51	70	-28%
Fibex	28	29	-2%
Infinity	162	154	5%
Span	36	26	37%
Strategic Sales & Marketing + Company support units	116	148	-22%
Total	503	598	-16%



Shareholder structure and company events

Taking into account Shareholders' Register of Synergon Information Systems plc. and the mandatory shareholder report, the table below shows the shareholding structure of Synergon Information Systems plc. as of March 31, 2002.

Synergon's ownership structure		
Shareholder's name	March 31, 2002	Dec. 31, 2001
Deutsche Bank (depository)	9,6%	12,3%
Davon Ltd.	8,0%	8,0%
RCX Ltd.	10,2%	10,2%
Curdie Trust Corp.	9,9%	9,9%
Financial investors below 5 percent of shares each	59,5%	56,8%
Treasury shares	2,8%	2,8%
Total	100%	100%

During the period January 1 – March 31, 2002, the Board of Directors of Synergon Information Systems plc. held three meetings. At the meeting held on March 20, the Board approved Synergon's business plan, adopted a decision on the convening of the annual ordinary general assembly of the Company, approved and recommended for approval by the general assembly the Company's Annual Report, the amendments of the Statutes and the appointment of the auditor.

During the period January 1 – March 31, 2002, the Supervisory Board of Synergon Information Systems plc. held two meetings. At the meeting held on March 7, the Supervisory Board approved Synergon's internal audit plan and the Annual Report and the amendments of the Statutes to be submitted to the Company's March 27th general assembly.

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