

F L A S H R E P O R T

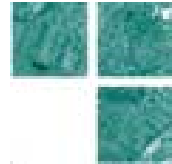


**Financial results of
Synergon Information Systems plc.
for the period
January 1 – December 31, 2001**

Unaudited Consolidated Financial Statements
Prepared in accordance with
International Accounting Standards

www.Synergon.hu

www.synergon.hu
email: investor.relations@synergon.hu



Following five loss-making quarters, Synergon Information Systems plc. achieved a positive result in the final quarter of 2001 in terms of its net profit, thus turning positive the net profit of the second half of 2001, after the previous two loss-making six-month periods. The year 2001 was characterised by two major tendencies for the Group: an ongoing adaptation to a stagnating/shrinking internal IT market on the one hand, and the consistent accomplishment of the strategic directions set on the other hand. As the result of these two processes, the Company's consolidated sales revenue, growing by 49 percent, amounted to HUF 21.5 billion, while there was a 41-percent increase in the contribution and an over HUF 200 million growth in the net profit compared to last year.

The entire year 2001 was characterised by the growth rate of the Hungarian market lagging behind former expectations, which required the implementing of cost-saving and other restrictive measures at Synergon Information Systems plc. As a result, both the increase of the number of staff at Group level (5 percent) and the growth of other operating costs (32 percent) were well below the substantial increase (49%) of the sales revenue.

As the consequence of such restrictive measures and the seasonal effect experienced during the fourth quarter, the Group managed, after over twelve months, to achieve a positive result in terms of the net profit in the last quarter of 2001. Its amount was also considerable, capable of turning positive, following the previous two loss-making six-month periods, the net profit of the second half of 2001.

Of the cost items, amortisation (HUF 781 m), including the goodwill amortisation associated with the acquisitions constituted one of the most substantial elements. In terms of the Ebitda indicator, which ignores the effect of amortisation, and highlights the operative efficiency of a company, the Group closed the year 2001 with a substantially positive result; there was also considerable improvement as compared to 2000.

Of the major strategic directions of Synergon Information Systems plc., regional expansion – partly intended to balance the small size and the weakness of the domestic market – should be highlighted; the first steps in this direction were made during 2001. As a result, 40 percent of the consolidated sales revenue of the Group was generated on the markets of the foreign subsidiaries in 2001. Both foreign subsidiaries (Infinity, Span) achieved a considerable revenue growth in 2001, closing the year with a proportionately increasing and positive net profit.

The ensuring of the continuous revenues generated under long-term contracts has also featured among the Company's prioritised strategic directions. The validity of that is demonstrated by the fact that, of all the Divisions of Synergon, only the Services Division, performing such activities, was able to increase its sales revenue, as compared to 2000, under the tough market situation, at a considerable extent (32 percent), maintaining the remarkably high service content of its sales.



Analysis of Synergon's financial results in 2001

Comparing the year ending December 31, 2001 with the year 2000

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 282.27 and HUF 286.54 per US\$ for 2000 and 2001 respectively. The closing exchange rate applied for the balance sheet items are HUF 284.73 and HUF 279.03 per US\$ for December 31, 2000 and December 31, 2001, respectively.

Group results

The effects of the heavy seasonality the IT industry is generally exposed to continue to show markedly in terms of the 2001 results of the Company and of the Group; such seasonality normally results in outstandingly high levels of sales and contribution in the fourth quarters of business years (which correspond to the calendar years). 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	Twelve-month period ending December 31					
	2001		2000		Change, %	
	000 HUF	000 USD	000 HUF	000 USD	HUF basis	USD basis
Net sales*	21 479 555	74 962	14 410 090	51 051	49%	47%
Of which services (%)	26%		28%			
Of which products (%)	74%		72%			
Cost of sales	-16 798 136	-58 624	-11 094 634	-39 305	51%	49%
As % of sales	78%		77%			
Contribution	4 681 419	16 338	3 315 456	11 746	41%	39%
Contribution margin (%)	22%		23%			
Operating expenses	-4 862 471	-16 970	-3 688 212	-13 066	32%	30%
Operating profit	-181 052	-632	-372 756	-1 321	-51%	-52%
Operating margin (%)	-1%		-3%			
Net financial income	23 652	83	75 545	268	-69%	-69%
Extraordinary items	-1 365	-5	-370 812	-1 314	-100%	-100%
Profit before tax	-158 765	-554	-668 023	-2 367	-76%	-77%
Minority interest	-170 709	-596	0	0	0%	0%
Corporate tax	-169 236	-591	-31 335	-111	440%	432%
Net profit	-498 710	-1 740	-699 358	-2 478	-29%	-30%
Net margin (%)	-2%		-5%			

* Including other revenues

Sales revenue

During 2001, Synergon Information Systems plc., including its consolidated subsidiaries, achieved a sales revenue of HUF 21,480 million, which represents a 49-percent increase compared to the sales revenue of HUF 14,410 million generated during the base period. Considering the seasonality effect, felt similarly on the markets of each company of the Group, the increasing effect of the consolidation commenced in February and the different dynamics of the various markets, the sales of the new subsidiaries came to represent a gradually increasing weight in the consolidated profit and loss account of the Group. Due to feeble market demand, the parent company was only able to increase its sales at a single field, i.e. the market of the Services Division, in contrast with the two foreign subsidiaries, which showed substantial growth on the basis of the results for the whole 12-month period. There was no major change during the fourth quarter in terms of the breakdown of the Group's sales: the Communications Systems Division and the subsidiary Infinity had a decisive weight, whereas the medium-sized Hardware-Software Integration Division is followed by smaller units (of a share of 4-6 percent each), including the Services and the Consulting Divisions, the Fibex Ltd. and the Croatian subsidiary Span. In the sector-by-sector breakdown of the sales of the Synergon Group (including Synergon plc., Infinity and Fibex, whereas Span is featured under the 'other' category), the telecommunications and the financial sectors accounted for 24 percent and 8 percent respectively, whereas industrial companies, the public utilities/transport industries and the public sector represented 20 percent, 7



percent and 11 percent respectively. Other, non-classified sales accounted for 32 percent of the sales total, due primarily to the subsidiary being featured under this category.

During 2001, the service content of sales was 26 percent, as compared to the 28 percent achieved in 2000. The drop between the two periods was primarily the result of the consolidation of the foreign subsidiaries (the service content of Infinity and Span being, respectively, 17 and 14 percent) having commenced during the year.

Cost of sales

The cost of sales consists primarily of products sold, base materials, payments to contractors and direct labour costs. Increasing by 51 percent, the cost of sales during 2001 amounted to HUF 16,798 million, compared to the HUF 11,095 million of the base period. The fact that the rate of the increase of cost of sales slightly exceeded that of sales in the comparison of the two years chiefly shows the effects of the first six months of 2001. The second half-year, particularly the last quarter was dominated by a counteractive positive tendency of the rate of growth of sales exceeding that of the cost of sales. This was achieved in the face of the fact that the general economic environment remained unchanged: the whole period being characterised by an information technology market of low activity and tough price competition and, in addition, the foreign subsidiaries selling at a lower service content and contribution had been consolidated since February 2001, which, in theory, should have weakened the contribution-generating capacity of the Group.

Contribution

Contribution in 2001 amounted to HUF 4,681 million, as compared to the HUF 3,315 million realised during 2000, which represents a 41-percent increase. The smaller rate of increase, compared to that of sales was primarily due to the effect, appearing in the data for the first six months, of the market trends (the out-of-proportion increase of the cost of sales) and the consolidation of the aforementioned subsidiaries (operating at lower contribution levels). Because of the different rates of the change of the sales revenue and the contribution, in 2001, the contribution margin dropped to 22 percent from the 23 percent achieved during 2000; however, considering the final quarters alone, there was an improvement of app. 73 percent in the volume of the contribution.

Operating expenses

Increasing by 32 percent, operating expenses amounted to HUF 4,862 million in 2001. The same tendency, typical of the whole of the year, continued to characterise the fourth quarter, i.e. the growth rate of operating expenses were lower than that of sales. Obviously, this is facilitated during the final period of the year by the seasonal effect showing in the sales levels, which, however, fails to appear at a substantial part of operating expenses. Since such major expenses as labour costs (HUF 1,557 m), amortisation (HUF 781 m), telephone costs (HUF 175 m) and vehicle expenses (HUF 427 m) are recognised under this line, the fact that the rate of increase remained below that of the sales revenue primarily reflects the effects of the cost rationalisation and efficiency-increasing programs introduced by the Company. Of the operating expenses, marketing expenses (+70 percent), training expenses (+101 percent) and rentals (+76 percent) increased significantly in 2001 compared to the previous year.

Operating profit

The level and the volume of the operating profit are determined by the difference between the ratios of operating expenses and contribution compared to the sales revenue. Whereas in 2000, the ratio of the operating expenses compared to sales was over 2 percentage points worse (i.e. higher) than the value of the contribution margin, in 2001, that difference dropped below 1 percentage point. Thus, the tendencies described under the Cost of sales and Operating expenses also had a positive effect on the level of operating profit. Consequently, the Group achieved an operating loss of HUF 181 million in 2001, considerably decreasing (by 51%) its operating loss of HUF 373 million of 2000.

Net financial income

Compared to the HUF 76 million of 2000, the net financial income was HUF 24 million during 2001. Similarly to the previous periods of 2001, that decline was mainly the result of the reduction of the average annual value of the government securities portfolio, due to the payments related to the acquisitions at the beginning of the year. In addition, the loans and the exchange losses of the subsidiaries also contributed a negative



item (of HUF –58 m) to the Group balance.

Profit before tax

Profit before tax amounted to HUF –668 million and HUF –159 million during 2000 and 2001, respectively. The improvement was primarily the result of the positive tendency in the operating profit of the Company and the drastic decline of the extraordinary items in 2001.

Net profit

The deduction of the minority interest of HUF 171 million, associated with the new subsidiaries, as well as the tax liability of HUF 169 million, emerging with the subsidiaries of Synergon, had a significant influence on the profit before tax. These factors contributed to the net profit of the Group, HUF –499 in 2001, following the HUF –699 million of 2000. Remarkably, the net loss of 2001 is considerably lower than the amortisation recognised by the Group, which in turn shows that the Group closed the year with a substantial positive balance in terms of the Ebitda.

Divisions and subsidiaries

As of February 2001, the sales revenue of the subsidiaries was added to the breakdown of the sales of the Company. This automatically brought about the decline of the weight of the various divisions of Synergon in terms of the group-level breakdown.

Divisions	Twelve-month period ending December 31							
	2001			2000			Change, %	
	Th HUF	Th USD	%	Th HUF	Th USD	%	HUF	USD
Net sales*	21 479 555	74 962	100%	14 410 090	51 051	100%	49%	47%
Communications Systems	5 953 244	20 776	28%	6 449 298	22 848	45%	-8%	-9%
HW-SW Integration	3 722 117	12 990	17%	4 753 475	16 840	33%	-22%	-23%
Services	1 378 872	4 812	6%	1 044 968	3 702	7%	32%	30%
Consulting	935 483	3 265	4%	1 177 595	4 172	8%	-21%	-22%
Fibex Kft.	933 753	3 259	4%	1 130 490	4 005	8%	-17%	-19%
Infinity **	7 204 762	25 144	34%	0	0	0%	0%	0%
Span**	1 256 779	4 386	6%	0	0	0%	0%	0%
Consolidation	94 544	330	0%	-145 735	-516	-1%	-165%	-164%

* 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 5,953 million during 2001, compared to the HUF 6,449 million in the previous year, which represents an 8-percent decline.

Communications Systems	Twelve-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	5.953	20.776	6.449	22.848	-8%	-9%
Of which services (%)	17%		18%			
Of which products (%)	83%		82%			
Cost of sales	-4.906	-17.123	-5.266	-18.656	-7%	-8%
as % of sales	82%		82%			
Contribution	1.047	3.654	1.183	4.192	-12%	-13%
as % of sales	18%		18%			

During the last quarter of 2001, the operation of the Communications Systems Division was greatly affected by a strong seasonal impact, resulting in the sales of the Intelligent Buildings and the Cable TV business units being similar to the levels achieved during the previous year; however, the new solutions implemented



failed to balance the increasing margin pressure, which resulted in the contribution levels being considerably lower than during the previous year. Nevertheless, the shrinking of the revenue of the Networking Business Unit, the largest business unit of the Division (and of the Company), over the whole year, was due chiefly to the strong effects, in the summer, of the seasonality factor. Gradually during the year, particularly in the fourth quarter, however, the customer feedback of actively acknowledging the competences and the expertise Synergion had acquired in the field of 'networking' became increasingly typical, which in fact managed to ensure increasing contribution for the business unit, while the sales revenue shrank. For the whole of the Division, the service content of sales was 17 and 18 percent in 2001 and in 2000, respectively, resulting in a contribution of 18 percent in both years.

Hardware-Software Integration Division

The core operations of the Hardware-Software Integration Division consist of 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 2001, the Division achieved a sales revenue of HUF 3,722 million, which is 22 percent lower than the HUF 4,753 million realised during 2000.

<i>Hardware-Software</i>	Twelve-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	3.722	12.990	4.753	16.840	-22%	-23%
<i>Of which services (%)</i>	21%		17%			
<i>Of which products (%)</i>	79%		83%			
Cost of sales	-3.261	-11.379	-3.921	-13.891	-17%	-18%
<i>as % of sales</i>	88%		82%			
Contribution	462	1.611	832	2.949	-45%	-45%
<i>as % of sales</i>	12%		18%			

Like during the previous periods of the year, the decline of the sales of the Division was primarily due to the fallback of the Hardware Business Unit, which corresponded completely with the international trends, as well as exactly reflecting the situation on the Hungarian market, the deferred projects. The Division achieved a marked growth in the areas of both software sales (mainly Microsoft), including the associated services of a high added value (migration, installation, configuration and consulting) and software development. While the service content of the Division grew considerably, to 21 percent during the period in question from the 17 percent achieved in 2000, the contribution ratio of 18 percent achieved during 2000 dropped to 12 percent in 2001, mainly due to increasing market competition and lower sales revenue.

Services Division

The operations of the Services Division encompass 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. Increasing by 32 percent from the HUF 1,045 million achieved in 2000, the sales revenue of the Division amounted to HUF 1,379 million for 2001.

<i>Services</i>	Twelve-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	1 379	4 812	1 045	3 702	32%	30%
<i>Of which services (%)</i>	99%		100%			
<i>Of which products (%)</i>	1%		0%			
Cost of sales	-588	-2 051	-379	-1 341	55%	53%
<i>as % of sales</i>	43%		36%			
Contribution	791	2 761	666	2 361	19%	17%
<i>as % of sales</i>	57%		64%			

Synergion regards the Division and its services among its top-priority strategic objectives. Consequently, the number of remote management and outsourcing agreements continuously increases, which ensures the



steady growth of the Division's sales. During the year, the contribution level of the Division was varying, due mainly to the costs of the ongoing expansion, starting at the various periods, the pre-sales expenses and the potential subcontractor expenses. In 2001, the Training Business Unit, also being part of the Division, was only able to generate the sales revenue similar to that of 2000 at a contribution lower than last year's. In total, the Division's contribution level declined to 57 percent in 2001 from the 64 percent of 2000, at an almost unchanged service content of 100 percent (99 percent in 2001).

Consulting Division

The Consulting Division, specialising in business solutions and consulting – also including ERP systems – realised a revenue of HUF 935 million in 2001, representing a 21-percent decline compared to the HUF 1,178 million generated in 2000.

<i>Consulting Division</i>	Twelve-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales	935	3 265	1 178	4 172	-21%	-22%
<i>Of which services (%)</i>	92%		81%			
<i>Of which products (%)</i>	8%		19%			
Cost of sales	-707	-2 467	-820	-2 906	-14%	-15%
<i>as % of sales</i>	76%		70%			
Contribution	229	798	357	1 266	-36%	-37%
<i>as % of sales</i>	24%		30%			

The overwhelming part of the sales of the Division continued to be generated by the projects performed in the field of ERP systems. By acquiring a major role in the public administration sector and on the market of power stations, the SAP Business Unit managed to increase its sales to nearly 150 percent of the 2000 level. Despite the fact that the JD Edwards Business Unit had obtained strong positions in the construction industry, its sales revenue did not exceed the level of the previous year, and even some of these projects will be completed and invoiced during 2002. The decline of the annual sales revenue of the Division was also affected by some smaller business units operating in 2000, yet discontinued in 2001. It is a positive tendency, however, that there was an almost threefold increase in the revenue generated by security consulting, the business unit thus gradually emerging from the business development phase. During the period under review, the Consulting Division increased the service content of its sales from 81 to 92 percent; the contribution ratio, however, dropped to 24 percent in 2001 from the 30 percent of 2000.

Fibex Ltd.

The Fibex Ltd., specialising in the sales of optical and copper cables, network implementation materials and tools, has been operating as Synergon's 100-percent subsidiary. Compared to the base period, the sales of Fibex decreased by 17 percent in 2001. 19 percent of the sales of the subsidiary were directed to the other divisions of Synergon, as compared to the 18 percent of 2000. The outstanding sales revenue of Fibex Ltd. in 2000 was the result of a shortage of optical cables during that period, which diminished globally, and was mainly over by the third quarter of 2001. Therefore, the sales revenue and the contribution (2000: 16 percent, 2001: 14 percent) for the quarter as well as for the whole year were lower than during the previous year.

<i>Fibex Ltd.</i>	Twelve-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales*	934	3.259	1.130	4.005	-17%	-19%
<i>Of which services (%)</i>	0%		0%			
<i>Of which products (%)</i>	100%		100%			
Cost of sales	-802	-2.800	-949	-3.362	-15%	-17%
<i>as % of sales</i>	86%		84%			
Contribution	131	458	181	643	-28%	-29%
<i>as % of sales</i>	14%		16%			

* 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 post-acquisition period of 2001 (February – December), the Infinity operated at a service content level of 17 percent and a gradually improving contribution ratio of 19 percent. The final quarter of the year was of crucial importance for Infinity, too, the company thus achieving a sales revenue and a profit exceeding the expectations.

Infinity **	Eleven-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales*	7 205	25 144	0	0	0%	0%
<i>Of which services (%)</i>	17%		0%			
<i>Of which products (%)</i>	83%		0%			
Cost of sales	-5 837	-20 370	0	0	0%	0%
<i>as % of sales</i>	81%		0%			
Contribution	1 368	4 774	0	0	0%	0%
<i>as % of sales</i>	19%		0%			

* 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 major part of the sales revenue of Span is generated by the sales of Microsoft products and the associated services and training. During the post-acquisition period of 2001 (February – December), Span operated at a service content level of 14 percent and a contribution ratio of 18 percent. Partly drawing on Synergon's expertise, Span had major project achievements during the year, its results thus exceeding prior plans and expectations; it was, however, affected by the seasonal effect to a lesser degree than Synergon or Infinity.

Span **	Eleven-month period ending December 31					
	2001		2000		Change, %	
	HUF m	USD 000	HUF m	USD 000	HUF	USD
Net sales*	1 257	4 386	0	0	0%	0%
<i>Of which services (%)</i>	14%		0%			
<i>Of which products (%)</i>	86%		0%			
Cost of sales	-1 031	-3 599	0	0	0%	0%
<i>as % of sales</i>	82%		0%			
Contribution	226	787	0	0	0%	0%
<i>as % of sales</i>	18%		0%			

* Including other revenues.

** Including minority interest.



Analysis of the balance sheet and liquidity position as of December 31, 2001

<i>Balance sheet</i>	31 December, 2001		31 December, 2000		Change, %	
	HUF 000	USD 000	HUF 000	USD 000	HUF	USD
Assets						
Non-current assets	3 045 989	10 916	2 398 208	8 423	27%	30%
Fixed assets	2 289 403	8 205	2 163 411	7 598	6%	8%
Intangible assets	711 507	2 550	232 105	815	207%	213%
Investments	45 079	162	2 692	9	1575%	1609%
Current assets	11 041 736	39 572	8 375 861	29 417	32%	35%
Inventories	1 560 130	5 591	1 786 264	6 274	-13%	-11%
Accounts receivable	6 026 537	21 598	3 882 952	13 637	55%	58%
Cash and equivalents	2 357 835	8 450	1 749 272	6 144	35%	38%
Other current assets	1 097 234	3 932	957 373	3 362	15%	17%
Total assets	14 087 724	50 488	10 774 069	37 840	31%	33%
Liabilities & shareholders' equity						
Shareholders' equity	7 796 241	27 941	8 490 951	29 821	-8%	-6%
Share capital	1 910 926	6 848	1 910 926	6 711	0%	2%
Capital reserves	5 651 714	20 255	5 768 965	20 261	-2%	0%
Profit reserves + Balance sheet profit	233 602	837	811 060	2 849	-71%	-71%
Short-term liabilities	5 828 490	20 888	2 283 118	8 019	155%	161%
Accounts payable	3 468 580	12 431	1 522 796	5 348	128%	132%
Other short-term liabilities	2 359 910	8 458	760 322	2 670	210%	217%
Long-term liabilities	126 466	453	0	0	0%	0%
Minority interest	336 527	1 206	0	0	0%	0%
Total liabilities & shareholders' equity	14 087 724	50 488	10 774 069	37 840	31%	33%

The balance sheet total of the Company (HUF 14,088 m) as of December 31, grew by 31 percent, i.e. HUF 3,314 m, compared to the closing value of the same period of the previous year. The significant change in the balance sheet total was due in part to the consolidation of the new subsidiaries and in the other part to the change of the value of liabilities and receivables associated with the growth of sales revenue, substantially exceeding that of the end of the previous year.

On the assets side of the consolidated Group balance sheet, there was a 27-percent growth of non-current assets and a 32-percent increase of current assets. The increase of non-current assets was due to the significant change in intangible assets (HUF 712 m) and in the investments (HUF 45 m). The growth was the result of the recording of the balance sheet items – including goodwill – associated with the acquisition of the subsidiaries. The net value of fixed assets (HUF 2,289 m) slightly increased (HUF 126 m). Ignoring the expansion-related items, there was a 19-percent decrease, the result of the balance of the new purchases and the recorded depreciation.

The growth of the value of current assets clearly shows the effects of the end-of-the-year seasonality. The accounts receivable (HUF 6,027 m) increased by 55 percent as compared to the end of the previous year. Not considering the consolidation effect of the new subsidiaries, the increase only amounts to 1%. Of the current assets, the HUF 2,358 million value of cash and equivalents, 35 percent higher than a year before, should be noted. The value of the short-term government securities portfolio, recorded under this line, is in itself HUF 619 million more than a year before. Consequently, the liquidity position of Synergon has shown a stable, indeed, an improving tendency, despite the acquisitions and the negative operating result of the Group. The 13-percent reduction of inventories is another positive indication; eliminating the effect of the subsidiaries, it is HUF 780 million lower than the corresponding figure at the end of 2000.

The 155-percent increase of the closing value (HUF 5,828 m) of the short-term liabilities was the result of the 210-percent increase of other short-term liabilities (HUF 2,360 m) and the 128-percent growth of accounts payable (HUF 3,469 m). The increase of both items was due to the consolidation of the two subsidiaries as well as to Synergon's purchases associated with its fourth-quarter sales, exceeding those of a year before. In the consolidated balance sheet, the subsidiaries account for the HUF 126 million of other long-term liabilities.



Liquidity position

The value of the cash and securities held by the Company as of December 31, 2001 was HUF 2,358 million. The overall liquidity position during the period under review was balanced. Cash flow from operations amounted to HUF 1,145 million, due in part to the change, favourable in terms of cash, of accounts payable and accounts receivable of December 31, 2001 and of the reduction of inventories as well as to the HUF 258 million positive balance of the operating profit, including depreciation. The value of capital expenditure was HUF 1,546 m, including the acquisition of the subsidiaries. The HUF 728 m change in loans is the sum of the short- and long-term loans recognised in the books of the two new subsidiaries.

The change, during the year, of Synergon's profit reserves, including the IAS accounting of the exchange difference linked to the flow of the Company's treasury shares, accounted for the change in capital line (HUF 79 m). Consequently, the value of liquid funds increased by HUF 609 m compared to December 31, 2000.

Cash-flow	Twelve-month period ending December 31			
	2001		2000	
	HUF 000	USD 000	HUF 000	USD 000
Adjusted net operational profit	-522 362	-1 823	-774 902	-2 745
Depreciation and amortisation	780 860	2 725	596 222	2 112
Change in payables	2 913 726	10 169	-339 984	-1 204
Change in accruals	-23 481	-82	341 970	1 211
Change in inventories	226 134	789	-990 688	-3 510
Change in receivables, other assets	-2 259 966	-7 887	587 000	2 080
Change in provisions	29 638	103	0	0
Cash flow from operations	1 144 550	3 994	-580 382	-2 056
Net financial result	23 652	83	75 545	268
Net cash from operation	1 168 201	4 077	-504 838	-1 788
Change in assets	-689 370	-2 406	-579 871	-2 054
Change in investments	-856 521	-2 989	2 609 979	9 246
CF from investments and capex	-1 545 891	-5 395	2 030 108	7 192
Net change in loans	728 473	2 542	0	0
Change in share capital	-78 748	-275	0	0
Elimination of minority interests	336 527	1 174	0	0
Cash flow from financing	986 253	3 442	0	0
Net change in cash	608 563	2 124	1 525 271	5 404
Opening cash position	1 749 272	6 105	224 000	794
Closing cash position	2 357 835	8 229	1 749 272	6 197
Change in cash	608 563	2 124	1 525 271	5 404

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 reducing effect of the cost- and staff rationalisation programs started at Synergon at the end of 2000 as well as to the positive effect of the integration of the new subsidiaries. This is indicated by the decline of the number of staff at each division of Synergon (except Services) and at the company support units during the period under review. The closing overall number of staff for the Group was 469 and 505 as of December 31, 2000 and December 31 2001, respectively.

Average number of employees	2001	2000	Change, %
Communications Systems D.	52	65	-19%
Hardware-Software D.	41	68	-39%
Services	67	55	21%
Consulting	60	95	-35%
Fibex	31	28	11%
Infinity	139	-	
Span	25	-	
Strategic Sales & Marketing + Company support units	126	208	-39%
Total	542	518	5%



Shareholder structure and company events

According to the amendment of Act CXI of 1996, effective since July 18, 2001, and the earlier notifications – under that regulation – to the Financial Supervisory Authority by the shareholders with an interest in excess of 5 percent, the shareholder structure of Synergon Information Systems plc., as of December 31, 2001, is as follows. No request for registration in the shareholders' ledger has been received by Synergon Information Systems plc. following the above date.

Synergon's ownership structure		
Shareholder's name	Dec 31, 2001	Sept. 30, 2001
Bankers Trust (depository)	12.3%	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	56.8%	56.8%
Treasury shares	2.8%	2.8%
Total	100%	100%

During the period September 30 – December 31, 2001, the Board of Directors of Synergon Information Systems plc. held two meetings, taking operative decisions only.

During the period September 30 – December 31, 2001, the Supervisory Board of Synergon Information Systems plc. held two meetings. At the meeting held on November 14, the Supervisory Board appointed Mr. László Szalma for its president until the date of the ordinary general assembly closing the 2001 calendar year, but April 30, 2002 at the latest.

For further information please contact:

Tamás Garamszegi

T: +36 (1) 399 5500

F: +36 (1) 399 5599

tamas.garamszegi@Synergon.hu

Tamás Kozák

T: +36 (1) 399 5500

F: +36 (1) 399 5599

tamas.kozak@Synergon.hu

Synergon Information Systems plc., 1047, Budapest, Baross u. 91-95

www.synergon.hu