



F L A S H R E P O R T

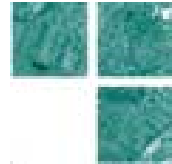


**Financial results of
Synergion Information Systems plc.
for the period
January 1 – March 31, 2003**

Unaudited Consolidated Financial Statements
Prepared in accordance with
International Accounting Standards

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In the spirit of the previously defined strategy, the Synergon Group increased group EBITDA by 21 percent, at a rate exceeding the 7-percent growth of sales, thus closing another quarter with a positive net profit during the first three months of 2003. Each of the profit lines of the consolidated profit and loss account exceeds the rate of the sales revenue increase: the contribution and the operating profit exceed the respective figures for the base period by 18 and 112 percent, while the profit before tax and the net profit exceed by 18 and 55 percent respectively.

The Group achieved the improving profitability indicators in the face of a weak general market environment: a significant part of the projects implemented in Hungary during the first quarter of 2003 concerned primarily the performance and the completion of tasks carried over from previous periods, whereas only a few major projects were launched with the customers during the period in question, which would indicate any clear trend with respect to the dynamics of the market. Consequently, the successful quarter for the Synergon Group was mainly due to previously launched projects and a calculable operation, based on solid foundations.

At the beginning of 2003, there were structural changes within the Synergon Group. Holding-type management was introduced, while the operating companies operating, in legal terms, as the subsidiaries of the Synergon Information Systems plc. were raised to the same organisational level. This change is reflected in the flash report of the Group, which will in the future devote more space to the operation of the subsidiaries instead of the divisions of Synergon plc. In the spirit of the accession to the European Union, the Group's financial statements will be presented in both Hungarian forint and Euro.

Of the group member companies, Infinity achieved an outstandingly good result during the first three months of 2003, increasing both sales and the EBITDA. On the contrary, the performance of Span and Fibex decreased significantly. The Croatian market has been negatively affected by the preparation to this year's Parliamentary elections and the strength of the Croatian kuna against the US dollar. Like Synergon, Fibex had few new, project opportunities in the initial phase on the Hungarian market and, given its type of activities, it does not have carried-forward projects unlike Synergon, which showed an average performance (5-percent increase of sales) during the period.

Each of Synergon and Infinity, representing between them over 90 percent of total group sales, exhibited significant EBITDA-generating capacity during the period under review. The EBITDA growth rate of 60-61percent clearly shows the powerful operation, the financial stability and the efficiency of these companies.



Analysis of Synergon's financial result in 2003

Comparing the three-month period ending March 31, 2003 with the same period of 2002

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 the convenience of readers, forint amounts have been converted into Euro amounts. The average exchange rate applied for the items of the profit and loss account are HUF 244.07 and HUF 243.63 per 1 Euro for the first three months of 2002 and 2003 respectively. The closing exchange rate applied for the balance sheet items are HUF 243.50 and HUF 246.84 per 1 Euro for March 31, 2002 and March 31, 2003, respectively.

Group results

Profit and loss statement	Three-month period ending March 31					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Net sales*	4 973 047	20 412	4 627 684	18 960	7%	8%
Of which services(%)	24%		30%			
Of which products (%)	76%		70%			
Cost of sales	-3 774 801	-15 494	-3 608 111	-14 783	5%	5%
As % of sales	76%		78%			
Contribution	1 198 246	4 918	1 019 573	4 177	18%	18%
Contribution margin (%)	24%		22%			
Operating expenses	-1 155 802	-4 744	-999 558	-4 095	16%	16%
EBITDA	263 990	1 084	218 881	897	21%	21%
EBITDA margin (%)	5%		5%			
Operating profit	42 444	174	20 015	82	112%	112%
Operating margin (%)	1%		0%			
Net financial income	11 606	48	25 769	106	-55%	-55%
Extraordinary items	4	0	0	0	na.	na.
Profit before tax	54 053	222	45 784	188	18%	18%
Corporate tax	-15 050	-62	-9 651	-40	56%	56%
Minority interest	-2 109	-9	-12 405	-51	-83%	-83%
Net profit	36 894	151	23 729	97	55%	56%
Net margin (%)	1%		1%			

* Including other revenues.

Sales revenue

During the first quarter of 2003, Synergon Information Systems plc., including its consolidated subsidiaries achieved a sales revenue of HUF 4,973 million, which represents, on HUF basis, a 7-percent increase compared to the HUF 4,627 million of the base period. Within the Group, Infinity grew at a fast rate, Synergon's sales increased by 5 percent, whereas the revenue of Span of Croatia and Fibex dropped significantly.

In the sector-by-sector breakdown of the sales of the Synergon Group, the telecommunications and the financial sectors accounted for 11 percent and 8 percent respectively, industrial companies and the public utilities/transport industries represented 20 percent between them, whereas the public sector accounted for 40 percent during the period. Other, unclassified sales amounted to 21 percent. Compared to previous years, the share of the public sector grew remarkably, due primarily to a major

project with the MKGI (the Public Purchase and Financial Directorate of the Prime Minister's Office).

During the first three months of 2003, the service content of sales was 24 percent, as compared to the 30 percent achieved during the same period of 2002. The diminution was clearly due to the change in the composition of the sales of Synergon (described in detail under the respective section).

Cost of sales

The cost of sales is built up primarily of products sold, base materials, payments to contractors and direct labour costs. Comparing the first quarters of 2002 and 2003, cost of sales grew by 5 percent (HUF 3,608 m and 3,775 m respectively), i.e. the Group managed to keep this cost type below the growth rate of sales. Compared to the 78-percent ratio during the 2002 period, cost of sales dropped to 76 percent of the sales. This was the result of



high-contribution products, of services and of outstanding expertise.

Contribution

Contribution during the first quarter of 2003 amounted to HUF 1,198 million, as compared to the HUF 1,020 million realised during the same period of 2002, which represents an 18-percent increase. The Group managed to increase contribution at a rate exceeding that of the growth of sales, which was the result of an increasing ratio of services at the subsidiaries and the sale of high-contribution products by Synergon. As the result of continuous efforts to increase the contribution ratio, this indicator was boosted from the 22 percent of the first quarter of 2002 to 24 percent during the first three months of 2003.

Operating expenses

Operating expenses amounted to HUF 1,156 million during the first three months of 2003, a 16-percent increase compared to the HUF 1,000 million achieved during the same period of 2002. The main reason for the growth of operating expenses in excess of the sales revenue was the increasing headcounts on both company (except Fibex) and Group levels. The most significant constituents of operating expenses include non-business line labour costs (HUF 330 m), depreciation (HUF 222 m), and vehicle expenses (HUF 80 m). Of the operating expenses, building maintenance expenses (+40 percent), marketing expenses (+20 percent) and depreciation (+11 percent) grew significantly in 2003 compared to the figures for the first quarter of last year.

Operating profit

The operating profit margin, increasing during the first three months of 2003, was below the contribution margin, which is another indication that,

Number of staff

The table below shows the average number of staff at the Synergon Group. In terms of staff, the biggest changes occurred at Fibex and Span. Due however to the insignificant weight (and the mutually eliminating effect) of the latter two companies,

on the operative level, the Group operated profitably during the period. Compared to the level achieved during the first three months of 2002, the growth rate of operating profit increased substantially (+112 percent), which is the result, however, primarily of the low base: following the HUF 20-million operating profit achieved during the first quarter of 2002, the Group generated an operating profit of HUF 42 million during the same period of 2003.

Net financial income

Net financial income was HUF 12 million during the first three months of 2003, compared to the HUF 26 million achieved in the same period of 2002. That diminution was the result of the financing expenses of major projects.

Profit before tax

While there was a different change in the operating profit and the net financial income, the balance of these two lines is positive, generating, for the first three months of 2003, 18 percent higher profit before tax compared to the first quarter of last year. Thus, the Group achieved a profit before tax of HUF 54 million during the first quarter of 2003, compared to the HUF 46 million of the same period of 2002.

Net profit

Similarly to previous periods, profit before tax was reduced by two items during the period under review (and during the base period). While corporate tax was higher due to Infinity's increased profit, minority interest declined as the result of lower subsidiary profits and of Synergon's increased holding. Due to the above, the net profit of the Group was HUF 37 million during the first quarter of 2003, representing a 55-percent increase compared to the HUF 24-million net profit generated during the first three months of 2002.

group-level growth was determined by the growth of Infinity and Synergon. The closing staff numbers of overall staff for the Group was 551 and 505 as of March 31, 2003 and March 31, 2002, respectively.

Average number of staff	2003 Q1	2002 Q1	Change %
Synergon	313	278	13%
Fibex	15	28	-46%
Infinity	168	162	4%
Span	49	36	37%
Total	545	503	8%



Analysis of Synergon Group Companies

The table below shows the breakdown of the Group's sales by operating company. For Infinity and Span, the figures include minority interest.

Group companies	Three-month period ending March 31, 2003							
	2003			2002			Change %	
	000 HUF	000 EUR	%	000 HUF	000 EUR	%	HUF basis	EUR basis
Net sales*	4 973 047	20 412	100%	4 627 684	18 960	100%	7%	8%
Synergon Rt.	3 662 943	15 035	74%	3 484 072	14 275	75%	5%	5%
Fibex	117 682	483	2%	204 285	837	4%	-42%	-42%
Infinity**	1 093 334	4 488	22%	730 185	2 992	16%	50%	50%
Span**	179 303	736	4%	458 735	1 880	10%	-61%	-61%
Consolidation	-80 215	-329	-2%	-249 594	-1 023	-5%	-68%	-68%

* Including other revenues. ** Including minority interest.

The sales of Synergon plc. accounted for about three quarters of the total sales of the Synergon Group. While due to additional acquisitions and the fact that the growth rate of foreign subsidiaries exceed that of the Group average, the share of Synergon plc. is expected to decrease on the medium term, in the comparison of the first quarters

of 2002 and 2003, any realignment that took place occurred among the subsidiaries with respect to the distribution of their app. 25-percent share of total sales. In the 2003 quarter under review, the fallback of Span and Fibex was made up by the increased sales of Infinity.

Synergon plc.

While the Synergon plc. is a Synergon group company established and operating in Hungary, *in legal terms* it is the parent company of the other operating companies of the Group as the main shareholder. The activities of Synergon plc. and

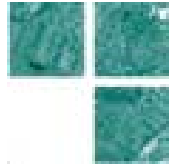
other information relating to the company are described in the company's home pages at www.synergon.hu and www.synergon-international.com.

Synergon plc.	Three-month period ending March 2003					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Net sales*	3 662 943	15 035	3 484 072	14 275	5%	5%
<i>Of which services(%)</i>	20%		31%			
<i>Of which products (%)</i>	80%		69%			
Cost of sales	-2 772 244	-11 379	-2 780 522	-11 392	0%	0%
<i>As % of sales</i>	76%		80%			
Contribution	890 699	3 656	703 551	2 883	27%	27%
<i>Contribution margin (%)</i>	24%		20%			
Operating expenses	-821 019	-3 370	-693 593	-2 842	18%	19%
EBITDA	198 190	813	123 412	506	61%	61%
<i>EBITDA margin (%)</i>	5%		4%			
Operating profit	69 681	286	9 958	41	600%	601%
<i>Operating margin (%)</i>	2%		0%			

* Including other revenues.

During the first quarter of 2003, Synergon plc. increased its sales by 5 percent as compared to the first quarter of 2002. The primary source of the revenue increase was the projects launched at the end of 2002 and completed (as planned or because of a delay) at the beginning of 2003. While few significant new projects were started during the first quarter of 2003, the overwhelming part of the

projects whose launching had been originally envisaged for the first quarter only reached the pre-decision phase by the end of the quarter. Due to the ownership change process at Vivendi, a strategic partner of Synergon, that telecom company also dropped out temporarily from the group of major customers.



Within Synergon's portfolio, network communication continues to play a significant role, successfully offering, apart from the products, a high-level expertise hardly matched in Hungary, for both telecom and enterprise customers. Hardware sales have built up a stable and reliable supplier and customer base, whereas the new team, established at the end of 2002, focusing on software-related operation mainly offers Microsoft-based customised solutions to customers. The level of sales from service support was similar to the previous year, while managing to maintain its high contribution margins. Each of the major areas under consulting (SAP, e-learning, business and security consulting) closed a weak quarter after the first three months of 2003.

As far as the breakdown of sales is concerned, the share of services declined considerably by the first

quarter of 2003 as compared to the same period of 2002. This was chiefly due to customers' requests that, for certain projects, the services provided during the project should be accounted for in the price of the product, thus representing a high product contribution for Synergon. This, while distorting the distribution between services and products, does not prejudice the efficiency of the company. That fact is apparent when contribution is considered, where the reduction of the recorded service ratio, did not cause a similar reduction; instead, there was considerable increase reflecting the real project efficiency. The increase of operating expenses (+18 percent) was kept below the growth rate of the contribution margin (+27 percent), which resulted in the significant growth of both the operating profit and the EBITDA.

Fibex Ltd.

The Fibex Ltd., specialising in the sales of optical and copper cables, network implementation materials and tools, operates as a 100-percent Synergon subsidiary. The activities of Fibex Ltd. and

further information relating to the company are described in the company's home page at www.fibex.hu.

Fibex Ltd.	Three-month period ending March 31, 2003					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Net sales*	117 682	483	204 285	837	-42%	-42%
<i>Of which services (%)</i>	3%		0%			
<i>Of which products</i>	97%		100%			
Cost of sales	-106 406	-437	-180 433	-739	-41%	-41%
<i>as % of sales</i>	90%		88%			
Contribution	11 276	46	23 852	98	-53%	-53%
<i>Contribution margin (%)</i>	10%		12%			
Operating expenses	-19 447	-80	-17 835	-73	9%	9%
EBITDA	-5 310	-22	9 407	39	-156%	-157%
<i>EBITDA margin (%)</i>	-5%		5%			
Operating profit	-8 171	-34	6 017	25	-236%	-236%
<i>Operating margin (%)</i>	-7%		3%			

* Including other revenues.

Similarly to the Synergon plc., the performance of Fibex Ltd. was determined during the first quarter of 2003 by the lack of the launching of large new projects. Even at best, such projects only reached the pre-decision phase during the quarter under review. Unlike Synergon plc., however, the Fibex Ltd. did not have a project portfolio carried over from the previous year, which had the result that the

company's sales level dropped considerably during the first quarter as compared with the same period of the previous year. In general, the slackness of the market resulted in the company losing its profitability. During the period, the company management started substantial lay-offs in order that the level of expenses should match the reduction of sales.



Infinity

Infinity a.s. is the Czech company of the Synergon Group, in the majority ownership (66.67 percent since June 30, 2002) of Synergon. The major part of the sales revenue of Infinity is generated by the sales of HP and Microsoft products and the related services as well as the remote management and support services based on these products. The

activities of Infinity and further information relating to the company are described in the company's home page at www.infinity.cz. During the first quarter of 2003, Infinity established its Slovakian representative office in Bratislava, in order to service its projects in Slovakia.

Infinity**	Three-month period ending March 31, 2003					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Net sales*	1 093 334	4 488	730 185	2 992	50%	50%
<i>Of which services (%)</i>	33%		33%			
<i>Of which products (%)</i>	67%		67%			
Cost of sales	-818 451	-3 359	-510 659	-2 092	60%	61%
<i>as % of sales</i>	75%		70%			
Contribution	274 883	1 128	219 527	899	25%	25%
<i>Contribution margin (%)</i>	25%		30%			
Operating expenses	-224 021	-920	-203 899	-835	10%	10%
EBITDA	89 894	369	56 073	230	60%	61%
<i>EBITDA margin (%)</i>	8%		8%			
Operating profit	50 862	209	15 628	64	225%	226%
<i>Operating margin (%)</i>	5%		2%			

* Including other revenues.

** Including minority interest.

Infinity, taking advantage of the dynamically expanding demand for services on its market, managed to increase, in line with the Group's strategy, the ratio of its service projects and of the services offered to accompany its products, and thus considerably increased its sales (+50 percent) during the first quarter of 2003 as compared to the same period of 2002. While over 40 percent of Infinity's sales were again generated by projects for customers operating in the industrial sector, the strength of the Czech crown (and the weakness of the US\$), along with government- and budget-

related uncertainties, have had a significant impact on demand in all market sectors.

As far as contribution is concerned, the company's increased contribution on services was countered by the narrowing of the profit margin on products, generated by direct supplier sales. While the contribution increased as a result, the rate of the increase was below the rate of the growth of sales (declining contribution margin). The growth rate of operating expenses was successfully kept far below that of sales, with the result that both the operating profit and the EBITDA increased substantially between the periods under review.



Span

Span d.o.o. is the Croatian company of the Synergon Group, in the majority ownership (68.1 percent) of Synergon plc. Apart from various networking and infrastructure-management projects, the major part of the sales revenue of Span is currently generated by the sales of Microsoft

products, Windows-based infrastructure projects, the associated services and training. The activities of Span and further information relating to the company are described in the company's home page at www.span.hr.

Span**	Three-month period ending March 31, 2003					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Net sales*	179 303	736	458 735	1 880	-61%	-61%
<i>Of which services (%)</i>	46%		17%			
<i>Of which products (%)</i>	54%		83%			
Cost of sales	-150 018	-616	-375 068	-1 537	-60%	-60%
<i>as % of sales</i>	84%		82%			
Contribution	29 285	120	83 668	343	-65%	-65%
<i>Contribution margin (%)</i>	16%		18%			
Operating expenses	-59 249	-243	-61 872	-254	-4%	-4%
EBITDA	-18 785	-77	29 989	123	-163%	-163%
<i>EBITDA margin (%)</i>	-10%		7%			
Operating profit	-29 964	-123	21 795	89	-237%	-238%
<i>Operating margin (%)</i>	-17%		5%			

* Including other revenues.

** Including minority interest.

Span was unable to repeat its markedly strong performance during the first quarter of last year, and thus its sales dropped significantly. The main reasons behind that include again the relative strength of the Croatian national currency against the US dollar, the go-slow attitude in preparation for the parliamentary elections and the global effects of the war on Iraq. The unexpected growth of the Croatian GDP was generated by not particularly IT-intensive sectors (the construction industry and the retail sector). The growth rate of the IT-intensive telecommunications and public utilities sectors, i.e. Span's main sales markets, remained below that of the GDP. While sales declined, Span managed to increase the service content of its sales from the 17 percent achieved during the first quarter of last year

to 46 percent in the first three months of 2003. Today, the overwhelming majority of Span's new projects are based on services or support operations. The widely acknowledged expertise and professionalism of the company has enabled Span to sell its portfolio to its major customers at premium prices, while focusing on the sale of services. Whereas the decrease of the cost of sales and thus the contribution approximately equalled the rate of the reduction of sales, there was, obviously, only a slight diminution in operating expenses (the expenses accrued with respect to daily operation and related to the increased headcount). Consequently, the company indicators of both the operating profit and the EBITDA dropped considerably in the comparison of the two periods.



Analysis of the balance sheet and liquidity position as of March 31, 2003

<i>Balance sheet</i>	March 31, 2003		March 31, 2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Assets						
Non-current assets	3 453 205	13 990	2 934 631	12 052	18%	16%
Fixed assets	2 369 508	9 599	2 251 430	9 246	5%	4%
Intangible assets	1 045 739	4 237	650 821	2 673	61%	59%
Investments	37 957	154	32 380	133	17%	16%
Current assets	8 460 963	34 277	9 212 154	37 832	-8%	-9%
Inventories	1 288 028	5 218	1 872 833	7 691	-31%	-32%
Accounts receivable	5 440 536	22 041	4 330 377	17 784	26%	24%
Cash and equivalents	1 269 684	5 144	2 321 657	9 535	-45%	-46%
Other current assets	462 716	1 875	687 287	2 823	-33%	-34%
Total assets	11 914 168	48 267	12 146 785	49 884	-2%	-3%
Liabilities and shareholder's equity						
Shareholders' equity	7 830 345	31 722	7 826 856	32 143	0%	-1%
Share capital	1 910 925	7 742	1 910 926	7 848	0%	-1%
Capital reserves	5 707 783	23 123	5 664 062	23 261	1%	-1%
Profit reserves + Balance sheet profit	211 637	857	251 868	1 034	-16%	-17%
Short-term liabilities	3 839 971	15 557	3 851 702	15 818	0%	-2%
Accounts payable	1 555 674	6 302	2 514 262	10 326	-38%	-39%
Other short-term liabilities	2 284 297	9 254	1 337 441	5 493	71%	68%
Long-term liabilities	83 767	339	99 525	409	-16%	-17%
Minority interest	160 085	649	368 701	1 514	-57%	-57%
Total liabilities and shareholders' equity	11 914 168	48 267	12 146 785	49 884	-2%	-3%

While the company's **balance sheet total** of March 31st 2003 (HUF 11,914m) shows a 2-percent drop on HUF basis, as compared to the closing figure of the same period of the previous year, since the effect of the change of the HUF/EURO exchange rate was insignificant, there was a similar (3-percent) drop if calculated on an EUR basis.

Assets

Of the non current assets recorded in the consolidated Group balance sheet, the net value of **fixed assets** (HUF 2,370m) increased by 5 percent. That growth was the result of the infrastructure and IT investments at Synergon's site and at the foreign subsidiaries. The cost of the internal resources allocated to two software (e-learning and hospital infrastructure applications) was also accrued by Synergon plc. The sale of Fibex Ltd's Vác site had a reducing effect on this line of the balance sheet.

Intangible assets (HUF 1,046m) grew by 61 percent, which was associated with the acquisition of additional interests in the Span and Infinity subsidiaries between the two periods.

The 31-percent reduction of **inventories** (HUF 1,288m) was the result of the substantial diminution of the level of inventories of Synergon, Infinity and Span. At the end of the period, these companies did

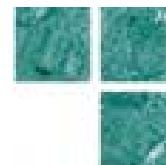
not have considerable carried-forward – stocked but not invoiced – projects.

The 26-percent increase of **accounts receivable** (HUF 5,441m) was mainly due to the change of Synergon's accounts receivable. More specifically, the remittance of a major item, determining the quarter, is envisaged for quarter two.

The amount of **cash and equivalents** was HUF 1,270m at the end of the period, the major part of which (HUF 1,130m) was recorded in the books of the parent company. The reasons for the 45-percent reduction included the acquisitions of additional subsidiary interests and the increase of receivables as of the accounting day.

Liabilities and shareholders' equity

Three significant factors had an effect on the **capital reserves** line under shareholders' equity. First, there was a HUF 79m increase due to the change of the value of treasury shares, constituting part of the shareholders' equity under the IAS. Second, the expiry of the evaluation reserve eliminated by the sale of the Fibex building – the reserve had been previously made for that purpose – resulted in a HUF 15m decrease. In addition, the exchange difference of the balance sheet items recorded in foreign currencies calculated for the year-end



closing day and converted to forint represented a HUF 22m decrease.

Apart from the recognition of the profit generated during 2002 and in the first quarter of 2003, the diminution of value of the **profit reserve + balance sheet profit** line compared to the value of March 31, 2002 was the result of the profit-reserve-reducing effect of the settlement of the loss arisen due to the treasury share transaction, which had a counteractive effect.

The closing value of short-term liabilities (HUF 3,840m) corresponds to the closing value in the same period of last year. More specifically, however, **accounts payable** declined by 38 percent, mainly at

Liquidity position

The value of cash and securities held by the Company as of March 31, 2003 was HUF 1,270 million. The overall liquidity position of the Company during the period under review was balanced.

Operations generated a negative cash flow of HUF 200m, due to the changes of accounts payable, accounts receivable and inventories as described at the balance sheet analysis, negative in terms of cash flow, as well as to the effect of the HUF 247-million positive balance of the taxed operating profit adjusted for depreciation and minority interest.

the parent company. This was due to the fact that the asset purchases of the large project mentioned above were settled prior to the closing of the quarter.

The value of the **other short-term liabilities** line (HUF 2,284m) increased by 71 percent, which was mainly due to the VAT liability arisen in connection with the invoicing of the large project and the accrued expenses related to the invoicing of deliveries during the quarter.

The reduction in **long-term liabilities** (16 percent) was due to the change in subsidiary loans. The reduction of **minority interest** was the result of the increased holding of Synergon.

The **investments** of the Group (HUF 139m) were made up by the sum of the fixed asset purchases by the parent company and the subsidiaries.

The value of the **Cash flow from financing** line (HUF -19m) was determined by the change of Infinity's short-term loans and the recognition of minority interest. As a result, liquid funds declined by HUF 347 m as compared to December 31, 2002.

Cash-flow	Three-month period ending March 31			
	2003		2002	
	000 HUF	000 EUR	000 HUF	000 EUR
Operating profit after taxation	25 288	104	-2 044	-8
Depreciation and amortization	221 542	909	198 869	815
Change in payables	-1 144 696	-4 699	-2 075 176	-8 502
Change in accruals	-747	-3	-486	-2
Change in inventories	-38 955	-160	-192 758	-790
Change in receivables, other assets	737 248	3 026	2 096 054	8 588
Change in provisions	152	1	103	0
Cash flow from operations	-200 167	-822	24 562	101
Net financial result	11 606	48	25 769	106
Net cash from operation	-188 562	-774	50 331	206
Change in assets	-159 123	-653	-155 175	-636
Change in investments	20 393	84	11 691	48
Cash flow from investments	-138 731	-569	-143 484	-588
Net change in loans	-21 607	-89	37 705	154
Elimination of minority interest	2 109	9	12 411	51
Cash flow from financing	-19 498	-80	50 115	205
Net change in Cash	-346 790	-1 423	-43 037	-176
Opening cash position	1 616 473	6 635	2 364 694	9 689
Closing cash position	1 269 684	5 212	2 321 657	9 512
Change in cash	-346 790	-1 423	-43 037	-176



Shareholder structure and company events

Taking into account the shareholders' register of Synergon Information Systems plc. and the shareholders' mandatory reporting obligations, the

following table shows the shareholding structure of Synergon Information Systems plc. as of March 31, 2003.

Synergon's ownership structure		
Shareholder's name	March 31, 2003	Dec. 31, 2002
Deutsche Bank (depository)	9.6%	9.6%
Davon Kft.	7.8%	7.8%
RCX Kft.	10.2%	10.2%
Curdie Trust Corp.	9.9%	9.9%
Financial investors, below 5 percent of shareholding each	59.7%	59.7%
Treasury shares	2.8%	2.8%
Total	100%	100%

During the period January 1 – March 31, 2003, the Board of Directors of Synergon Information Systems plc. held two meetings. At its March 21 meeting, the Board of Directors brought decisions on the convening of Synergon's ordinary annual general assembly and the dematerialization of the securities held by the Company and approved the report of the Board and the annual report of Synergon.

During the period January 1 – March 31, 2003, the Supervisory Board of Synergon Information Systems plc. held two meetings. At its March 24 meeting, the Supervisory Board approved the convening of Synergon's ordinary annual general assembly and the proposals for the assembly.

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