



Synergon Group Consolidated and Synergon
Information Systems Plc.'s stand alone
Presentation of the financial performance
for the year ending by 31st December 2009

Published on: 23th February, 2010.

A Profitable Year Lays the Foundations for 2010

The 2008 2009 *quarterly figures and 2009 are non-audited data*. The parts of this report are based on the consolidated balance sheet and profit and loss statements compiled on the basis of the **IFRS**. On December 31, 2009 the Company Group prepared its reports in **Hungarian forint** (HUF), thus all analyses have been made on a **HUF basis. The accounting policy applied in the reporting period is identical with the latest principles, presented and applied in the audited annual report.** The data presentation structure included in the flash report contains changes compared to former periods, which were developed in an effort to comply with the current IFRS regulation, to ensure transparency. In order to ensure comparison, we provide the base figures of the flash reports in a breakdown corresponding to the structure applied in the actual period.

The presented tables are in Thousand Hungarian Forint.

Synergon Information Plc. Consolidated Financial Summary

| Consolidated financial performances | 2009 * | 2008 | Difference % | 2009 * | 2008 | Difference % |
|---|-------------------|--------------------|--------------|------------------|------------------|--------------|
| | 12 month | 12 month | | Q4* | Q4* | |
| Sales revenues | 17 717 259 | 17 858 912 | (1%) | 5 467 285 | 6 238 882 | (12%) |
| <i>from which services (%)</i> | 61% | 45% | 16% | 62% | 46% | 17% |
| Contribution | 6 217 900 | 5 753 923 | 8% | 1 907 226 | 2 440 980 | (22%) |
| <i>Contribution (%)</i> | 35% | 32% | 3% | 35% | 39% | (4%) |
| EBITDA | 948 363 | 484 552 | 96% | 392 349 | 760 736 | (48%) |
| Operating profit | 522 612 | 65 207 | 701% | 288 053 | 647 858 | (56%) |
| Financial gains and losses | (8 813) | (1 015 600) | 99% | 11 425 | (227 371) | 105% |
| Equity holders of the parents | 256 304 | (1 099 889) | 123% | 207 010 | 305 585 | (32%) |
| Net cash flows from operating activities | 871 799 | 143 064 | 509% | | | |

* non audited

Changes in key indicators:

- We maintained the sales revenue on the 2008 level, while Q4 remained below the preceding level as a result of economic austerity measures and postponed development tenders.
- Our goal of raising the contribution margin was accomplished: we closed the year at a value of 35%, in which the beginning of the year dominated, while the last quarter was weaker than usual.
- The annual value of EBITDA was 948 million HUF with a 5% EBITDA margin, which is a highly significant, 96% improvement on a yearly level.
- Operating costs closed at the same level as in 2008.
- We closed the operating cash-flow closed with highly positive results.

Márk Lazarovits, the CEO of the company announced:

'Although the fourth quarter is traditionally the strongest period on the IT market, the performance of our company fell short of our expectations due to the lingering economic crisis and the approaching parliamentary elections. In spite of this, I consider it an important accomplishment that we still managed to conclude contracts in this period that might lay down the foundations for the business successes of our company in 2010. Just to mention a few of these, there was the tool procurement tender of the National Directorate General for Disaster Management, our Microsoft EA agreement with the Hungarian State Treasury, and the IP network support contract concluded with Invitel Zrt.

Beyond our performance in the fourth quarter, I think our company had a good and successful year in 2009. We accomplished our goal of increasing the contribution margin, maintained the level of our sales revenues and operating costs, and reached major improvement in terms of the annual EBITDA value.

Moreover, we took important steps towards the creation of an efficient organisation that encompasses innovation, business demands and outstanding expertise.

In my opinion, the performance of our company in 2009 and the new professional guidelines designed for 2010 provide a solid basis for the implementation of our business plan.'

A Profitable Year Lays the Foundations for 2010

As a parent company, Synergon Information Plc. has involved the following companies in its consolidated report as of December 31, 2009. **Synergon System Integrator Ltd., Synergon Retail Systems Ltd., Synergon IT Invest Plc., Fibex Ltd., Infinity a.s.**

The involved companies have been consolidated together with their entire balance sheets and profit and loss statements; the company separates the earnings parts on minority holdings from the after-tax profit.

| <i>Income Statement ** Thousand HUF</i> | 2009 * 12 month | 2008 12 month | Difference % | 2009 * Q4* | 2008 Q4* | Difference % |
|---|---------------------|---------------------|-----------------|--------------------|--------------------|-----------------|
| Sales revenues | 17 717 259 | 17 858 912 | (1%) | 5 467 285 | 6 238 882 | (12%) |
| <i>from which services (%)</i> | 61% | 45% | 16% | 62% | 46% | 17% |
| Cost of materials and services | (11 499 359) | (12 104 990) | (5%) | (3 560 059) | (3 797 901) | (6%) |
| <i>in sales (%)</i> | 65% | 68% | (3%) | 65% | 61% | 4% |
| Contribution | 6 217 900 | 5 753 923 | 8% | 1 907 226 | 2 440 980 | (22%) |
| <i>Contribution (%)</i> | 35% | 32% | 3% | 35% | 39% | (4%) |
| Operating cost | (5 695 288) | (5 688 716) | 0% | (1 619 174) | (1 793 122) | (10%) |
| EBITDA | 948 363 | 484 552 | 96% | 392 349 | 760 736 | (48%) |
| <i>EBITDA margin (%)</i> | 5% | 3% | 3% | 7% | 12% | (5%) |
| Operating profit | 522 612 | 65 207 | 701% | 288 053 | 647 858 | (56%) |
| <i>Operating profit margin(%)</i> | 3% | 0% | 3% | 5% | 10% | (5%) |
| Other expenses and other cost, net | (136 066) | (87 029) | (56%) | (85 017) | (86 116) | 1% |
| Financial gains and losses | (8 813) | (1 015 600) | 99% | 11 425 | (227 371) | 105% |
| Profit before tax | 377 732 | (1 037 422) | 136% | 214 460 | 334 371 | (36%) |
| Income tax (without deferred tax) *** | (120 021) | (62 011) | 94% | (6 806) | (28 742) | (76%) |
| Profit after tax | 257 711 | (1 099 434) | 123% | 207 654 | 305 629 | (32%) |
| Minority Interest | 1 407 | 456 | 209% | 644 | 43 | 1 385% |
| Equity holders of the parents | 256 304 | (1 099 889) | 123% | 207 010 | 305 585 | (32%) |
| <i>net income margin (%)</i> | 1% | (6%) | 8% | 4% | 5% | (1%) |

* non audited **consolidated

*** calculation of deferred tax is not finished by the day of disclosing the flash report

Synergon Group reached a sales revenue of 17,717 million HUF in 2009, similarly to the performance in 2008. The sales revenue in Q4 was 5,467 million HUF, falling short of the level in 2008 due to the changing economic and political environment.

The sales revenues of Synergon Group according to consolidated sectors were the following:

- the telecommunications and media sector with 21%,
- the banking and financial sector with 14%,
- the industrial and service sector with 16%,
- the health care sector, the state administration and state agencies sector were represented with 38% over the period. Other sales not assigned to sector constituted 11%.

The **net total contribution margin** calculated from the sales revenues and the direct costs of the Group **grew by 8%** to reach 6,218 million HUF **in 2009**. Year 2009 closed with a higher total contribution margin and a higher contribution margin ratio. The **contribution margin ratio of 35% exceeds the corresponding level of 2008**.

The fair value of the operating assets in Q4 was 10% below the basis of 2008, while on the annual level it remained unchanged, 5.7 million HUF.

The **annual EBITDA growth** of the Group resulted from the growth of the total contribution margin, which increased the profit by 464 million HUF with level operation costs. The annual consolidated EBITDA margin of the Group was 5%, with the Q4 result being 7%.

Other results give account of the lost return from the development-investment activity of the Hungarian companies of the Group calculated in effect of the economic and environmental influences.

In 2009, the profit before taxes was 378 million HUF, in which the result of Hungarian companies amounted to 271 million HUF, while the contribution of the subsidiary company Infinity a.s amounted to 107 million HUF.

Earnings of Hungarian Companies

This includes Synergon Information Plc. and its subsidiaries presented in a consolidated manner, Synergon Rendszerintegrátor Kft., Synergon Retail Systems Kft. Synergon IT Invest Zrt., and Fibex Kft.

Synergon Information Plc. is the Hungarian company of Synergon Group, legally it functions as the main shareholder of the rest of the member companies in the group. **Synergon System Integrator Ltd.** (formerly called SAO-Synergon Kft) is a company dealing with the operation and management of systems. **Synergon Retail Systems Ltd.** sells core activity systems to retail service providers. **Fibex Kft.** is a subsidiary of Synergon has minimized its operating activities; it has sold the total stock value and builds down its staff. **Synergon IT Invest Zrt.** the subsidiary of Synergon Information Plc. created by demerger has been operating since April 30, 2009. Synergon IT Invest Zrt. as of November 30, 2009 it will be merged into Synergon System Integrator Ltd. , and the company court registered this fact on October 6, 2009.

| <i>Synergon together with Hungarian subsidiaries** Thousand HUF</i> | 2009 * 12 month | 2008 12 month | Difference % | 2009 * Q4* | 2008 Q4* | Difference % |
|---|---------------------|---------------------|-----------------|--------------------|--------------------|-----------------|
| Sales revenues | 15 486 070 | 14 985 994 | 3% | 4 827 405 | 5 380 763 | (10%) |
| <i>from which services (%)</i> | 62% | 43% | 19% | 64% | 45% | 19% |
| Cost of materials and services | (10 407 345) | (10 491 475) | (1%) | (3 215 269) | (3 334 491) | (4%) |
| <i>in sales (%)</i> | 67% | 70% | (3%) | 67% | 62% | 5% |
| Contribution | 5 078 725 | 4 494 520 | 13% | 1 612 136 | 2 046 273 | (21%) |
| <i>Contribution (%)</i> | 33% | 30% | 3% | 33% | 38% | (5%) |
| Operating cost | (4 669 431) | (4 536 385) | 3% | (1 385 453) | (1 472 855) | (6%) |
| EBITDA | 780 642 | 323 025 | 142% | 318 804 | 671 882 | (53%) |
| <i>EBITDA margin (%)</i> | 5% | 2% | 3% | 7% | 12% | (6%) |
| Operating profit | 409 295 | (41 866) | - | 226 683 | 573 418 | (60%) |
| <i>Operating profit margin(%)</i> | 3% | (0%) | 3% | 5% | 11% | (6%) |
| Other expenses and other cost, net | (138 915) | (45 198) | (207%) | (86 272) | (43 469) | (98%) |
| Financial gains and losses | 259 | (1 010 377) | 100% | 21 074 | (229 680) | 109% |
| Profit before tax | 270 639 | (1 097 440) | 125% | 161 485 | 300 269 | (46%) |
| Income tax (without deferred tax) *** | (112 733) | (31 910) | 253% | 483 | 896 | (46%) |
| Profit after tax | 157 907 | (1 129 350) | 114% | 161 968 | 301 165 | (46%) |

* non audited, eliminated intercompany transactions of Synergon Information Plc., Synergon System Ingetrator Plc., Synergon Retail Systems Plc., Fibex Kft., Synergon IT Invest Zrt.

*** calculation of deferred tax is not finished by the day of disclosing the flash report

The sales revenue of the companies in Hungary was 15,486 million HUF in 2009, which exceeded the result of the corresponding period of the preceding year by 3%. We laid the foundation of growth in the first tertile of the year, while the income from the outsourcing service provided to BKV was also determining.

During the preceding year, major projects were implemented at Földgáz Szállító Zrt., Magyar Közút Zrt., the National Communications Authority, CIB, and Démász Zrt. and these determined the year-end sales revenue, while projects of substantially smaller value were left for the end of this year, thus the sales revenue in Q4 2009 dropped by 10%, which had an apparent effect on the contribution margin as well, producing a 21% drop.

In 2009, the **net total contribution margin** was 5,079 million HUF, which is 13% higher than that of the corresponding period of the preceding year. The annual average **contribution margin ratio** was 33%, which implies a 3% change in the positive direction. The change in the contribution margin ratio was influenced by the change in the constitution of sales.

The operating earnings **without amortization** (EBITDA) were 781 million HUF in 2009, which is 5% in proportion to sales revenue, which had been 2% in 2008. The 7% performance in Q4 was as outstanding as it had been in the same period of 2008. Q4 was characterised by the above-average implementation of public administration projects. In 2009, we delivered projects of higher value to the Ministry of Defence, MVM Zrt. and the Hungarian Development Bank, which resulted in the outstanding seasonal performance of the quarter.

In 2009, **the operating income** was 409 million HUF, 56% of which was realised by the Hungarian companies in the last quarter. Quarterly results were characterised by positive and growing values throughout the entire year.

In the balance of other results, the accounted loss arising from the evaluation of the future sales opportunities of an improved and activated software, which had been purchased in 2009, caused a negative result in excess of the preceding year. The sales and installation of the development is expected to yield return at a slower pace and a lower value than planned, due to the unfavourable changes in the economic environment.

In the **financial earnings**, the consolidated profit realised through the treasury share futures of Synergion Informatika Nyrt. was 122 million HUF in 2009. 44 million HUF were generated from interest incomes, which was decreased by the foreign currency forward results and the interests paid after financial lease contracts with the total amount of 166 million HUF.

The **income before tax** was 270 million HUF, which will be decreased by 113 million HUF of income tax according to calculated tax liabilities and the differed tax asset calculations will probably generate further tax liabilities.

Earnings of the subsidiary in the Czech Republic (Infinity a.s.)

In the year of the crisis, the operating income of 100 million HUF was accompanied by a favourable contribution margin ratio and a dropping sales revenue.

Infinity a.s. is a member of the Synergon Group in the Czech Republic, a member company with Synergon as its majority owner. The first acquisition step in 2001 was followed by more steps until 2007, these were minor steps intended to increase influence. After the capital increase implemented in September 2007, Synergon Information Plc. controls this subsidiary to a degree of 99%.

| <i>Infinity Income Statement**</i> | 2009 * | 2008 | Difference % | 2009 * | 2008 | Difference % |
|---------------------------------------|--------------------|--------------------|--------------|------------------|------------------|---------------|
| <i>Thousand HUF</i> | 12 month | 12 month | 12 month | Q4* | Q4* | Q4* |
| Sales revenues | 2 231 189 | 2 885 349 | (23%) | 639 880 | 859 005 | (26%) |
| <i>from which services (%)</i> | 61% | 55% | 6% | 54% | 51% | 2% |
| Cost of materials and services | (1 092 015) | (1 613 761) | (32%) | (344 790) | (463 411) | (26%) |
| <i>in sales (%)</i> | 49% | 56% | (7%) | 54% | 54% | (0%) |
| Contribution | 1 139 174 | 1 271 588 | (10%) | 295 090 | 395 594 | (25%) |
| <i>Contribution (%)</i> | 51% | 44% | 7% | 46% | 46% | 0% |
| Operating cost | (1 025 857) | (1 161 901) | (12%) | (233 721) | (322 406) | (28%) |
| EBITDA | 167 721 | 164 142 | 2% | 73 545 | 87 602 | (16%) |
| <i>EBITDA margin (%)</i> | 8% | 6% | 2% | 11% | 10% | 1% |
| Operating profit | 113 317 | 109 687 | 3% | 61 369 | 73 188 | (16%) |
| <i>Operating profit margin(%)</i> | 5% | 4% | 1% | 10% | 9% | 1% |
| Other expenses and other cost, net | 2 848 | (41 831) | 107% | 1 256 | (42 647) | 103% |
| Financial gains and losses | (9 072) | (5 456) | (66%) | (9 651) | 2 076 | (565%) |
| Profit before tax | 107 093 | 62 400 | 72% | 52 974 | 32 616 | 62% |
| Income tax | (7 289) | (30 101) | - | (7 289) | (29 638) | |
| Profit after tax | 99 804 | 32 298 | 209% | 45 685 | 2 978 | 1 434% |

* non audited, **with minority interest

The **sales revenue** of Infinity a.s. amounted to 2.2 billion HUF in 2009. The obtained sales revenue remained below the levels of 2008, both on the annual and the quarterly levels. The reason for the drop of revenues is complex. It is mostly due to the unfavourable change of the economic environment, as a consequence of which companies postponed major investments. With the existing clients, market competition generates a further drop of sales revenues, under the influence of which profits and thus sales revenues also decrease, while the acquisition of new clients also results in a minor, average drop of the contribution margin.

Furthermore, the Company paid special attention to maintaining the project return standards. In the frame of this, the goal was to avoid contracts that lack size-efficiency or that were uncongenial to the portfolio in their constitution.

In case the current market and economic environment subsists permanently, the maintenance of sales revenue levels will continue to be a huge challenge in the future as well. Following the parliamentary election in spring, change might arrive with the new government, of which market participants expect IT development investments.

The net total contribution margin showed significant downturn in the second half of the year. The reasons of the downturn correspond with those described for the sales revenues. The contribution margin ratio bears witness of good performance in Q4 with a result of 46%, which corresponds with the level of the preceding year; the year on the whole closed with 7% growth, on a ratio of 51%.

Infinity a.s was capable of maintaining its performance from the preceding year among the current market condition, with strict cost control being the key factor. Just like during the earlier part of the year, the company reacted to the changes of the contribution margin with cost reduction. This was made possible by the system of planning and the floating part of the cost structure. In Q4, we introduced another sliding wage component into the benefits and remuneration system, which provides a scope of movement for the company to follow-up market changes promptly.

In 2009, the operating earnings closed on 113 million HUF, slightly exceeding the level of 2008 despite the weaker Q4 results. The **after tax profit of the Company was 100 million HUF**, to which the Q4 performance contributed 46 million HUF.

Changes in the Consolidated Balance Sheet

The consolidated balance sheet total of the Group was 10,114 m HUF on December 31, 2009, which means a decrease of 4% compared to December 31, 2008.

| Balance Sheet** | December 31st 2009* | December 31st, 2008 | Difference % |
|--|---------------------|---------------------|--------------|
| | Thousand HUF | Thousand HUF | % |
| ASSETS | | | |
| Non- current assets | | | |
| Property, plant equipment and other | 1 850 614 | 1 599 805 | 16% |
| Goodwill | 186 396 | 162 267 | 15% |
| Investments | 2 697 | 2 697 | 0% |
| Deferred tax asset | 9 356 | 2 564 | 265% |
| Receivables from leasing | 198 319 | - | n/a |
| Loans given | - | 19 018 | n/a |
| Total non- current assets | 2 247 382 | 1 786 351 | 26% |
| Current assets | | | |
| Inventory | 592 406 | 735 118 | (19%) |
| Trade accounts receivable, net | 6 288 076 | 6 719 014 | (6%) |
| Other current assets | 585 696 | 585 044 | 0% |
| Cash and cash equivalents | 400 513 | 687 454 | (42%) |
| Total current assets | 7 866 691 | 8 726 630 | (10%) |
| TOTAL ASSETS | 10 114 073 | 10 512 981 | (4%) |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Issued capital | 1 860 947 | 1 910 926 | (3%) |
| Treasury shares | (1 195 841) | (1 057 784) | 13% |
| Share premium | 3 087 127 | 5 770 884 | (47%) |
| Capital reserve | 27 980 | 27 980 | 0% |
| Retained losses | 1 275 383 | (1 597 441) | (180%) |
| Cumulative translation adjustments | 159 503 | 121 337 | 31% |
| Equity attributable to equity holders of the parent | 5 215 099 | 5 175 902 | 1% |
| Minority interest in consolidated subsidiaries | 42 724 | 41 316 | 3% |
| Total equity | 5 257 823 | 5 217 218 | 1% |
| Long-term liabilities | | | |
| | 314 676 | 211 371 | 49% |
| Current liabilities | | | |
| Trade accounts payable | 3 186 949 | 3 502 455 | (9%) |
| Other payables and accruals | 1 256 836 | 1 448 621 | (13%) |
| Provisions for liabilities and charges | 97 789 | 133 316 | (27%) |
| Total current liabilities | 4 541 574 | 5 084 392 | (11%) |
| TOTAL LIABILITIES AND EQUITY | 10 114 073 | 10 512 981 | (4%) |

*non audited **consolidated

- The increase of property, plants and equipment and other intangible assets reflects the impact of assets purchased for the projects, which are directly necessary for the provision of the contractual services, have been approved by the customer as per the contract and are provided for a consideration.
- In the increase of goodwill value we see an item deriving from the changes of the FX rates of Czech koruna and forint as an increase of assets, recognized in capital. Considering the values of the Infinity a.s. investment and the original currency of the goodwill, based on the performance for the year 2009, they are recognized at unchanged value in the consolidated company.
- The change of the deferred tax balance sheet item was recognized in Infinity, this value changes from time to time, depending on the earnings of the Company. Calculation of Hungarian Deferred tax has not been finished by the release of the report.
- The claims on leasing are mainly the assets delivered in 2009 under the contract with BKV, Infinity has some non material items under finance lease since 2008. The assets under leasing are HP desktop and server computers.
- The portfolio of stocks has decreased and changed similar to the changes in combination of services and goods sold.
- The moderated decrease by 6% of the receivables is caused by the longer pay terms, which are collected in due date.
- The balance of other current assets is determined by the accrued and deferred items, whose change caused higher values compared to earlier periods.
- The changes in monetary assets and capital are reflected in the separately presented cash flow and capital movement table.
- Long term liabilities reflect liabilities falling due beyond one year, through leasing deals on IT tools and vehicles. The IT assets are assets purchased for customers.
- The Company reduced the portfolio of trade creditors as of the end of 2008 according to the turnover of the quarter, the portfolio decreased.
- The provisions formed in 2008 have been utilized, no provision had to be formed in the period concerned for additional expected events.

Consolidated Cash-Flow Statement

As of December 31, 2009, the cash and cash equivalents portfolio of the Company totalled 4001 mHUF, while in the initial period; on December 31, 2008 they totalled 687 mHUF. In the reporting period the change was 287 mHUF, a decrease in cash and cash equivalents.

| <i>Cash Flow**</i> | December 31st 2009* | December 31st 2008 |
|---|---------------------|--------------------|
| | Thousand HUF | Thousand HUF |
| Cash Flow relating to operating activities: | | |
| Net income before taxation | 377 732 | (1 037 422) |
| Non-cash: | | |
| Depreciation and amortization | 425 751 | 419 345 |
| Proceeds from disposal of fixed assets | 12 011 | (164) |
| Provisions changes | (41 247) | 35 567 |
| Changes in write - off assets | 277 380 | 178 734 |
| Treasury shares forward contact (gains) losses | (122 100) | 922 625 |
| Share based payment expenses | 103 932 | 165 742 |
| Financial (gains) expenses, net | <u>(36 044)</u> | <u>(122 490)</u> |
| | 997 415 | 561 936 |
| Changes in working capital: | | |
| Changes of accounts receivable and other current assets | 416 936 | (732 494) |
| Changes of inventory | 60 419 | (358 233) |
| Changes of Payables and accruals | (528 379) | 706 509 |
| Taxes (paid) received | <u>(74 592)</u> | <u>(34 654)</u> |
| | (125 616) | (418 873) |
| Net cash flows from operating activities | 871 799 | 143 064 |
| Cash flow relating to investing activities | | |
| Purchase of fixed assets | (745 018) | (283 346) |
| Proceeds on disposal of fixed assets | 39 620 | 35 012 |
| Forward contact deposit | - | 351 802 |
| Treasury shares forward contact gains (losses) | 122 100 | (922 625) |
| Proceeds from sale of short term investments | 1 | 273 739 |
| Proceeds on loans and borrowings | - | 4 692 |
| Proceeds from leasing receivables | (179 302) | - |
| Acquisition or disposal of subsidiary, net of cash | - | - |
| Interest received | 39 004 | 106 766 |
| Net cash flow used in investing activities | (723 595) | (433 960) |
| Cash flow relating to financing | | |
| Equity paid to shareholders | (94 551) | - |
| Disposal of treasury shares | 61 676 | - |
| Purchase of treasury shares | (326 330) | (350 463) |
| Payment for financial leases | (72 979) | - |
| Interest paid | (2 960) | (2 841) |
| Net cash flow used in financing activities | (435 144) | (353 304) |
| Increase in cash and cash equivalents | (286 941) | (644 200) |
| Cash and cash equivalents at the: | | |
| Beginning of the year | 687 454 | 1 331 654 |
| End of the period | 400 513 | 687 454 |

* non audited

** consolidated



- The net cash flow deriving from operations was 872 mHUF. The profitability of business operations is reflected by the fact that a profit of 997 mHUF was collected in that period from the primary activity which has overstepped the previous year by 435 mHUF. The cash outflows generated by the working capital was 126 m HUF.
- The negative values of investment and financing cash flows generated a cash outflow of 724 mHUF in total. As a result of asset purchasing and sale decisions, cash and cash equivalents decreased by 705 mHUF. The positive profit impact of futures transactions made compensation of 122 mHUF, leasing and interest has generated 140 mHUF cash outflow.
- The treasury share transactions, i.e. sales and purchases, decreased the financing cash flow by a total amount of 265 mHUF. By its general meeting resolution passed on January 30, 2009, Synergon Informatika Nyrt. approved of the capital reduction, which was registered by the Company Court as of April 30, 2009, related to this transaction, the capital was issued to those shareholders who requested it, in the amount of 76 mHUF.

Changes in the shareholder's equity of Synergon Group

We present the changes in shareholder's equity between the initial and closing cut-off dates of the base period and the reporting period, as presented on December 31, 2009, according to change type.

| Consolidated statement of changes in Equity (Thousand HUF) | Attributable to equity holders of the parent | | | | | | Total | Minority Interest | Total equity |
|--|--|------------------|------------------|-----------------|-------------------|-----------------------------------|------------------|-------------------|------------------|
| | Share Capital | Treasury Shares | Share Premium | Capital Reserve | Retained Earnings | Cumulative Translation Adjustment | | | |
| Balance at January 1st 2009 (IFRS) | 1 910 926 | (1 057 784) | 5 770 884 | 27 980 | (1 597 441) | 121 337 | 5 175 902 | 41 316 | 5 217 218 |
| Reclassification of opening balances | | (23 700) | 23 700 | | | | - | | - |
| Reclassification by the demerger transaction | | | (2 545 161) | | 2 545 161 | | - | | - |
| Restated opening 1st January 2009 | 1 910 926 | (1 081 484) | 3 249 423 | 27 980 | 947 720 | 121 337 | 5 175 902 | 41 316 | 5 217 218 |
| Transactions with the equity owners: | | | | | | | | | |
| Decrease of equity by the reason of foundation subsidiary | (10 000) | 84 575 | (32 473) | | (42 102) | | - | | - |
| Decrease of equity by the reason of asset refund to shareholders | (39 979) | | (129 824) | | 75 252 | | (94 551) | | (94 551) |
| Sale of treasury shares | | 127 398 | | | (65 722) | | 61 676 | | 61 676 |
| Purchase of treasury shares | | (326 330) | | | | | (326 330) | | (326 330) |
| Total shareholder's transactions | (49 979) | (114 357) | (162 297) | - | (32 572) | - | (359 205) | - | (359 205) |
| Transactions from the operations: | | | | | | | | | |
| Net income | | | | | 256 304 | | 256 304 | 1 407 | 257 711 |
| Share based payment (IFRS 2) in Income statement | | | | | 103 931 | | 103 932 | | 103 932 |
| Currency translation adjustment | | | | | | 38 166 | 38 166 | | 38 166 |
| Total comprehensive income for the period | - | - | - | - | 360 236 | 38 166 | 398 402 | 1 407 | 399 810 |
| Balance at December, 31th 2009 (IFRS) | 1 860 947 | (1 195 841) | 3 087 127 | 27 980 | 1 275 383 | 159 503 | 5 215 099 | 42 723 | 5 257 823 |

The presented changes of 2009 in the capital structure of the company were implemented according to general shareholder's meeting resolutions of April 30, 2009 and July 24, 2009, and the Company Court registered these changes.

Shareholders Equity value representing voting rights at December 31th, 2009.

| Equity representing voting rights | HUF | ps. |
|-----------------------------------|---------------|-------------|
| Issued capital | 1 860 946 600 | 9 304 733 |
| Treasury shares | (222 722 000) | (1 113 610) |
| Shares with voting rights | 1 638 224 600 | 8 191 123 |

| Consolidated statement of changes in Equity (Thousand HUF) | Attributable to equity holders of the parent | | | | | | Total | Minority Interest | Total equity |
|--|--|------------------|---------------|-----------------|-------------------|-----------------------------------|------------------|-------------------|------------------|
| | Share Capital | Treasury Shares | Share Premium | Capital Reserve | Retained Earnings | Cumulative Translation Adjustment | | | |
| Balance at January 1st 2008 (IFRS) | 1 910 926 | (707 321) | 5 770 884 | 27 980 | (663 294) | 96 537 | 6 435 712 | 40 860 | 6 476 572 |
| Transactions with the equity owners: | | | | | | | | | |
| Purchase of treasury shares | | (350 463) | | | | | (350 463) | | (350 463) |
| Transactions with the equity owners: | | (350 463) | | | | | (350 463) | | (350 463) |
| Transactions from the operations: | | | | | | | | | |
| Net income | | | | | (1 099 889) | | (1 099 889) | 456 | (1 099 434) |
| Currency translation adjustment | | | | | | 24 800 | 24 800 | | 24 800 |
| Share based payment (IFRS 2) | | | | | 75 030 | | 75 030 | | 75 030 |
| Share based payment (IFRS 2) | | | | | 90 712 | | 90 712 | | 90 712 |
| Total comprehensive income for the | - | - | - | - | (934 147) | 24 800 | (909 347) | 456 | (908 892) |
| Balance at September, 31st 2008 (IFRS) | 1 910 926 | (1 057 784) | 5 770 884 | 27 980 | (1 597 441) | 121 337 | 5 175 902 | 41 316 | 5 217 217 |

Synergon Information Systems Plc. (mother company) stand alone financial statements for the period of 1st January to 31st December 2009 prepared according to the Hungarian accounting principles

The interim report has not been audited by independent auditor, the accounting principles were the same for all reported periods, data published in thousand Huf.

| Synergon Information Systems Plc. Financial report according to the hungarian accounting standards | 31st December , 2009 | 31st December, 2008 |
|--|----------------------|---------------------|
| 1st part | | |
| Fixed assets (02.+10.+18.row) | 2 669 473 | 2 788 145 |
| I. INTANGIBLE ASSETS | 114 337 | 265 753 |
| Capitalised value of foundation and restructuring costs | 0 | 0 |
| Capitalised value of research and development costs | 0 | 0 |
| Concessions and similar rights and assets | 41 375 | 104 767 |
| Intellectual property | 72 962 | 160 986 |
| Goodwill | 0 | 0 |
| Advance payments on intangible assets | 0 | 0 |
| Revaluation of intangible assets | 0 | 0 |
| II. TANGIBLE ASSETS | 693 498 | 1 024 243 |
| Land and buildings and related concessions and similar rights | 524 557 | 548 163 |
| Technical equipment, machinery and vehicles | 0 | 1 487 |
| Other equipment, fittings and vehicles | 168 138 | 474 376 |
| Breeding stock | 0 | 0 |
| Capital expenditure, renovations | 803 | 217 |
| Advance payments on Capital expenditure | 0 | 0 |
| Revaluation of tangible assets | 0 | 0 |
| III. FINANCIAL INVESTMENTS (19.-25. rows) | 1 861 637 | 1 498 149 |
| Long term investments in related companies | 1 858 943 | 1 495 455 |
| Long term loans given to related companies | 0 | 0 |
| Other long term investments | 2 694 | 2 694 |
| Long term loans given to other investees | 0 | 0 |
| Other long term loans given | 0 | 0 |
| Securities representing long term loans | 0 | 0 |
| Revaluation of financial investments | 0 | 0 |

2nd part

| | 4 524 573 | 7 259 113 |
|--|------------------|-------------------|
| B. Current assets (27.+34.+40.+45.row) | | |
| I. INVENTORIES | 221 149 | 588 538 |
| Raw materials and consumables | 0 | 35 910 |
| Work in progress and semi-finished products | (0) | 13 425 |
| Animals | 0 | 0 |
| Finished goods | 0 | 0 |
| Goods | 221 149 | 539 203 |
| Advance payments on inventories | 0 | 0 |
| II. RECEIVABLES (35.-39. rows) | 3 458 160 | 6 010 109 |
| Trade accounts receivable | 1 843 199 | 5 852 496 |
| Receivables from related companies | 1 475 119 | 38 274 |
| Receivables from other investees | 0 | 0 |
| Bills of exchange receivable | 0 | 0 |
| Other receivables | 139 842 | 119 339 |
| III. MARKETABLE SECURITIES (41.-44. rows) | 825 133 | 371 298 |
| Investments in related companies | 0 | 0 |
| Other investments | 0 | 0 |
| Own shares, own quotas | 825 133 | 371 298 |
| Securities representing loans held for sale | 0 | 0 |
| IV. LIQUID ASSETS (46.-47. rows) | 20 130 | 289 168 |
| Cash in hand, cheques | 3 036 | 2 971 |
| Bank deposits | 17 094 | 286 197 |
| C. Prepaid expenses and accrued income (49+50+51.rows) | 396 013 | 499 699 |
| Accrued income | 149 547 | 82 731 |
| Prepaid expenses | 246 467 | 416 968 |
| Deferred expenses | 0 | 0 |
| TOTAL ASSETS (01.+19.+40. rows) | 7 433 606 | 10 546 957 |

3rd part

| | | |
|---|------------------|------------------|
| D. SHAREHOLDERS' EQUITY (54+56+57+58+59+61+61.ro | 5 847 917 | 5 590 996 |
| I. ISSUED CAPITAL | 1 860 947 | 1 910 926 |
| Treasury shares | 0 | 0 |
| II. ISSUED BUT NOT PAID CAPITAL (-) | 0 | 0 |
| III. CAPITAL RESERVES | 3 497 832 | 6 205 289 |
| IV. RETAINED EARNINGS FROM PREVIOUS YEARS | (711 937) | (1 136 080) |
| V. NON-DISTRIBUTABLE RESERVES | 825 133 | 371 297 |
| VI. REVALUATION RESERVE | 0 | 0 |
| VII. PROFIT PER BALANCE SHEET | 375 943 | (1 760 436) |
| E. Provisions (62+63+64 rows) | 76 969 | 81 364 |
| 1. Provisions for expected liabilities | 76 969 | 81 364 |
| 2. Provisions for future expenses | 0 | 0 |
| 3. Other provision | 0 | 0 |
| F. Liabilities (53.+60.row) | 1 384 007 | 4 312 621 |
| I. SUBORDINATED LIABILITIES | 0 | 0 |
| 1. Subordinated liabilities to related companies | 0 | 0 |
| 2. Subordinated liabilities to other investees | 0 | 0 |
| 3. Subordinated liabilities to other enterprises | 0 | 0 |
| I. LONG TERM LIABILITIES | 72 118 | 164 113 |
| Long term credits | 0 | 0 |
| Convertible bonds | 0 | 0 |
| Debts on the issue of bonds | 0 | 0 |
| Investment and development loans | 0 | 0 |
| Other long term loans | 0 | 0 |
| Long term liabilities to related companies | 0 | 0 |
| Long term liabilities to other investees | 0 | 0 |
| Other long term liabilities | 0 | 164 113 |

4th part

| | | |
|---|------------------|-------------------|
| III. Short term liabilities | 1 311 889 | 4 148 508 |
| Short term credits | 0 | 0 |
| from which convertible bounds | 0 | 0 |
| Short term loans | 0 | 0 |
| Advance payments received from customers | 0 | 0 |
| Trade accounts payable | 394 768 | 3 129 942 |
| Bills of exchange payable | 0 | 0 |
| Short term liabilities to related companies | 752 613 | 454 906 |
| Short term liabilities to other investees | 0 | 0 |
| Other short term liabilities | 164 508 | 563 660 |
| G. Accrued expenses and deferred income | 281 166 | 561 976 |
| 1. Deferred revenues | 260 254 | 524 261 |
| 2. Accrued expenses and expenditure | 20 912 | 32 098 |
| 3. Deferred income | 0 | 5 617 |
| TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY | 7 590 059 | 10 546 957 |

5th Part

| | | |
|---|------------------|-------------------|
| Net domestic sales revenues | 8 249 146 | 13 563 034 |
| Net export sales revenues | 18 698 | 330 837 |
| Net sales revenues | 8 267 844 | 13 893 871 |
| Change in self-manufactured inventories | (13 425) | 5 378 |
| Capitalised value of self-manufactured assets | 992 | 37 211 |
| Capitalised value of self-manufactured assets (03. +-04.) | (12 433) | 42 589 |
| Other revenues | 1 209 690 | 242 653 |
| of which: reversal of impairment loss provision | 0 | 3 703 |
| Cost of raw materials | 82 972 | 138 545 |
| Value of services used | 3 974 370 | 4 106 762 |
| Value of other services | 58 306 | 54 637 |
| Cost of goods sold | 2 826 475 | 7 169 185 |
| Value of recharged services | 403 735 | 55 506 |
| Material type expenditure (05.+06.+07.+08+9.) | 7 345 858 | 11 524 635 |
| Wages | 533 582 | 1 204 042 |
| Other payments to personnel | 104 584 | 233 228 |
| Personnel related contributions | 190 083 | 442 792 |
| Payments to personnel | 828 248 | 1 880 062 |
| Depreciation charge | 259 573 | 337 370 |
| Other expenditure | 1 203 397 | 426 040 |
| -from which depretiation | 11 711 | 216 516 |
| Operating result | (171 975) | 11 006 |
| (I.+II.+III.-IV.-V.-VI.-VII.) | | |

**Synergon Information Systems Plc. Financial report
according to the hungarian accounting standards**
31st December , 2009 31st December, 2008
6ht part

| | | |
|--|----------------|--------------------|
| Dividend received | 0 | 0 |
| of which: received from related companies | 0 | 0 |
| Gain on sale of investment | 0 | 0 |
| of which: received from related companies | 0 | 0 |
| Interest received and gain on financial investments | 0 | 0 |
| of which: received from related companies | 0 | 0 |
| Other interest received | 42 924 | 51 355 |
| of which: received from related companies | 0 | 0 |
| Other revenues from financial transactions | 342 470 | 168 407 |
| Revenues from financial transactions (12.+13.+14.) | 385 393 | 219 762 |
| Loss on financial investments | 0 | 0 |
| of which: given to related companies | 0 | 0 |
| Interest paid | 12 748 | 11 862 |
| of which: given to related companies | 0 | 0 |
| Impairment loss of financial investment, securities and bank deposit | (179 609) | 734 688 |
| Other expenditures of financial transactions | 298 320 | 1 227 188 |
| Financial expenses (18.+19.+20+21.) | 131 458 | 1 973 738 |
| FINANCIAL PROFIT (IX.-X.) | 253 935 | (1 753 976) |
| PROFIT ON ORDINARY BUSINESS (+-A.+-B) | 81 960 | (1 742 970) |
| Extraordinary revenues | 364 165 | 0 |
| Extraordinary expenditures | 53 782 | 17 466 |
| Profit on extraordinary events | 310 383 | (17 466) |
| Net profit before taxation (+-C. +-D) | 392 343 | (1 760 436) |
| Tax | 16 400 | 0 |
| AFTER TAX PROFIT (+-E.-XIII) | 375 943 | (1 760 436) |
| Dividends paid out of retained earnings | 0 | 0 |
| Dividends paid (approved) out of current year profits | 0 | 0 |
| NET PROFIT PER BALANCE SHEET (+-F.+18.-19) | 375 943 | (1 760 436) |



Business analysis of the consolidated companies highlighting the exterminating business effects and risks

Health care, governmental and state administration sector

In the last quarter, we completed three projects by signing agreements (IT security, mainframe computers, and Oracle database management licences), and this ensures the future acquisition of new business opportunities in these fields.

In Q4 2009, the National Directorate General for Disaster Management (OKF) ordered the delivery of 104-million-HUF worth of SUN tools with the help of the EU subsidy obtained through the EKOP 1A1 tender. Furthermore, in the frame of the project, we delivered Microsoft licenses in the worth of 55 million HUF.

We consider it a significant achievement that the Hungarian State Treasury (MÁK) concluded the Microsoft EA frame agreement for the next 3 years with Synergon; the net price of the first year was 124 million HUF.

In the National Employment and Social Affairs Office, we had only been present with system products, however in Q4 we gained admission to the development E-learning project, which will be of outstanding value as reference for Synergon.

Following a long preparatory process, the presales activity for the single point of contact customs clearance project was realised in the last quarter; in result of which the software development, licenses and hardware were ordered in approximately 50 million HUF of worth.

In the open public procurement processes Sopron- and Győr - Kisalföld Volán, the Contracting Authority declared the primary contractor Synergon Rendszerintegrátor Kft winner. The losing company initiated a review procedure at the Public Procurement Arbitration Board (KDB) and based on the decision of the latter the Contracting Authority must announce a new procurement procedure in Q1 2010.

At the end of 2009, BKV (Budapest Transport Co.) conducted an open public procurement procedure in the frame of the Traffic Control and Passenger Information (FUTÁR) project. Out of the six applicants, Synergon gave one of the best technical-commercial offers; however BKV declared the tender unsuccessful because of the lack of the necessary resources. The project will be re-announced in the first half of 2010; the available resource is 5 billion HUF, plus 1 billion HUF per year for operation costs.

The public administration sector closed 2009 at severe disadvantage compared to plans; however, the reason for this did not lie in the number of lost tenders but the fact that several large projects were postponed or declared unsuccessful, and thus the competent Contracting Authorities did not conclude agreements.

In 2010, the “investment stop” related to the elections poses significant risk for the public administration sector. As a balance, we aim at winning the highest possible number of outstanding, EU-financed projects postponed to 2010, like the MÁK-TÉBA, the BKV-FUTÁR, and the Archives.

Financial institutions, telecommunications and media sector

The sector closed a successful quarter, our achievements on the whole lived up to expectations partly owing to the fact that Q4 is by character the liveliest period in the information technology market, although the cutback on expenses on account of the global economic crisis narrowed our business opportunities down significantly.

In Q4 2009, the most significant revenues arose from the investment commissions related to the IP network of Invitel Zrt., and the expansion of the network is expected to yield further profit in 2010 as well. This expectation is supported by the fact that Invitel prolonged the IP network support agreement with Synergon for another 2 years.

At Vodafone Zrt., we continue to perform the delivery of equipment related to the support for the IP network—realised through high-level assistance—and to the expansion and development of the network, as well as implementation tasks. In Q4, Synergon fulfilled several commissions of such nature. Furthermore, our network documentation solution was extended and we were awarded with a commission based on VMware solutions.

The integrated, advanced network management support commission at the T-Group progressed according to plans in the last quarter as well. Furthermore, we continue to supply cable TV providers with products related to the construction of optical networks.

In December 2008, Synergon and the National Communications Authority (NHH) concluded an agreement for the development of the SAP-based Business and Financial Information System of NHH in the frame of a public procurement procedure. We successfully executed the commission according to schedule, which is reflected in the revenues of Q4 as well.

In the field of business solutions, the delivery of the development project at Raiffeisen Bank is progressing according to plans as well. The SAP system upgrade at the Hungarian Development Bank is progressing smoothly; beside this project, we executed several minor commissions throughout the last quarter.

In Q4, we closed a few minor projects arising primarily from the sales of network security investments and other Cisco-based technologies, including the related follow-up procedures. Apart from these, Synergon worked continuously on the preparation of several projects that will yield results in 2010.

On the whole, it can be stated that the sector performed well throughout the year, although it were rather the projects of telecommunication and media companies to

have exerted a more positive influence over our results. The network investment project related to the construction of the seat of the Hungarian Television was of outstanding importance, because it greatly affected the annual result of the sector by yielding substantial one-off income. Due to the lingering economic crisis and the coming election, no deal of similar magnitude is expected of 2010, although Synergion continues to search for sales opportunities. The positive results of the sector in 2009 were again determined by the investment and system support projects that require "traditionally" strong network expertise and background, and the same is expected of the next year.

Irrespective of this, income perspectives for 2010 do not appear to be positive at the moment, primarily because of the global recession and the "investment stop" related to the elections.

Industry and service providers sector

In Q4 2009, we accomplished the delivery of the trading platform to Égáz/Dégáz Zrt. and provided additional Tandberg equipment for their video conferencing system. At the same time, we won the information technology tender for the creation of Tigáz Zrt. mobile offices and have begun the execution of the task and the expansion of their Wifi network.

Synergion obtained the structured cabling framework agreement of the ELMŰ-ÉMÁSZ Group for 3 years, and began the support of their SDH system, which had been delivered in 2008; for this activity we concluded a 3-year contract with the power supply company. Moreover, we successfully carried out the EMC Document System upgrade project at the MVM Group.

At EDF DÉMÁSZ Zrt., we reached the final stage of network reconstruction works, in the frame of which the company placed an order for the networking equipment for the subsisting sites and the centre in Szeged. The equipment will be installed in Q1 2010. In December, after the order had been placed, we began the engineering of the network security project, which is planned to be implemented in H1 2010.

In Q4, we reached major success at Fővárosi Vízművek (Budapest Waterworks Co.) and Főtáv (Budapest District Heating Works Co. Ltd.) as well. At Fővárosi Vízművek, we rolled out a so-called MSCC project at the end of the year, which is expected to be followed-up in 2010 as well. We successfully brought forward the signing of the Microsoft EA licence agreement with Főtáv from 2010 to 2009.

Among our fourth quarter accomplishments, it is important to mention that the second milestone of the emergency alert system was delivered to the Headquarters of the Fire Department of Budapest.

In 2009, we began the engineering and implementation phases of the network reconstruction at EGIS Nyrt. In Q4, we were commissioned to draw up network plans

for six buildings, which would be implemented in 2010. The consultations for the core upgrade, the disaster recovery, and the entire network security project started in the same period.

The last quarter of 2009 brought considerable commissions from our commercial partners as well. Auchan Magyarország concluded another exclusive, 3-year contract with Synergion, regarding the Ecod/Edi project. We also participated in the opening of the new stores of Jeans Club (e.g.: Aréna Plaza, Allee) and prolonged our TANNET support agreement with Slovnaft.

In the comprehensive evaluation of 2009, it is important to underline that due to regrouping our set of costumers some of the budgetary authorities were transferred to the industry sector, as a result of which we attempted to accomplish our projects in a wider circle of customers than before. The impetus of the sector lasted until the end of H1, and there was a continuous slow down afterwards due to the economic crisis. Personal changes, and the postponement and cancellation of planned projects caused major difficulties in the execution of our plans.

The influence of the economic crisis was perhaps least perceptible in the case of gas and power supply companies. During the year, we introduced high added-value services and applications that yield effective financial savings to our customers at two determining gas supply companies (Égáz/Dégáz, Tigáz).

Despite the fact that the economic austerity measures affected the manufacturing industry the most, we managed to conclude several small and mid-size deals in this sector as well. In the field of retail—in spite of the characteristics of the given market segment—the sale of our own software and solutions yielded the highest profit besides long-term EDI services.

Our mid- and long-term contracts concluded during 2008 and 2009 serve as a stable basis for the beginning of year 2010 in the industry sector. Moreover, we expect a growth of the income in the service and retail markets. At the same time, we predict that manufacturing companies will stagnate and investments related to the car industry will be pushed into the background.

We have high expectations for the delivery of a trading platform—awaiting completion in 2010—to one of the leading Hungarian gas supply companies and for deliveries of video conferencing equipment of great value.

On next year's retail trade market, we see further sales opportunities—some of which are already in the stage of advanced negotiations—in relation to the development of our retail trade and petrol station networking solutions.

The significance of the role of the energy sector next year will increase and we prepare to execute successful projects in the field of traffic information technology as well.

In case of some of the projects at budgetary authorities the parliamentary election is expected to cause a slow down, however we are preparing to tackle this.

On the whole, judging by our customer basis in 2009 we expect a two-digit growth in the industry sector in 2010.

Synergon System Integrator Ltd.

Since 2010 February, business activity has been transferred to the supervision of the company, which allows for the further improvement of the efficiency of the activity.

Q4 of 2009 brought several new large projects for the company. We performed significant upgrades to the data transmission service infrastructure of Invitel Zrt. and we participated in the Datacenter re-localization project between Szeged and Budapest. At Magyar Telekom Group, we have begun the replacement of the system that performs the service management of special clients with an IBM Tivoli-based solution that had been developed by one of our competitors. The project will be finished in 2010.

At Magyar Telekom Group, we finished the IP Address Management project, which had begun in Q3 2009. We also finished the network construction and reconstruction works on several buildings of the Tigáz Zrt. site in Hajdúszoboszló, which we had begun in 2008. During the completion of the task, we replaced the old Cat-5 network with a Cat-6 network, transformed and re-arranged the existing cable distribution rooms, and established new optical links between the individual buildings. In the frame of another project at the same company, we began to connect the newly constructed mobile offices to the network and finished setting up the WiFi networks in the offices of Hajdúszoboszló and Budapest. At the Hungarian Development Bank, we implemented and installed the user identity management system (IDM), which enables both centralized supervision and self-served applications. At Vodafone Zrt., we expanded the row of services of the SRI-supported Cisco PGW software that performs service provider IP branch exchange functions.

As a matter of course, beside the larger projects, we continuously worked on upgrading and expanding our competences: we acquired the Cisco Data Centre Storage Networking specialisation and the Check Point Certified Collaborative Support Provider (CCSP) qualification.

Year 2009 was characterised by the negative market environment, however the influence of the economic crisis had already been perceptible at the end of the preceding year. Thus, the company had performed a program for rationalisation and improving effectiveness in the last quarter of 2008, the positive results of which already showed in 2009.

Throughout 2009, our customers postponed several large projects or announced them with reduced content. These steps influenced the annual revenues negatively.

On the whole, it can be stated that the company had prepared for the challenges of 2009 in due time, and reacted swiftly and adapted satisfyingly. Based on the comparison of industrial branches, we can state that the result of the company was in harmony with expectations.

We have mixed expectations for 2010. The spring elections will have substantial influence on the Hungarian IT market, thus only moderate investments are expected to take place in the public sector in the first and second tertiles of the year. According to our expectations,

however, the organisations formed following the elections will formulate their strategies as swiftly as possible and begin implementation in the third tertile—thus we predict recovery for this period. Our plans and predictions of course are affected by the lingering influence of the global economic crisis on developing regions, which would only ease up in Hungary by the middle (or rather the end) of 2010 the soonest according to the univocal opinion of several analysts. These predictions will by all means influence the information technology investments of the private sector, thus organisations will be characterised by waiting in the first half of the year. As a consequence, our company is more likely to attain such investment opportunities in the second half of the year.

In 2010, we will continue our ongoing program for rationalisation and improving effectiveness, in the frame of which we are going to re-arrange interior resources, harmonise our structure with market opportunities and lay special emphasis on the expansion of our portfolio. To sum up the above: we look forward to 2010 with careful optimism.

Retail and special systems (Synergon Retail Systems Kft.)

Synergon Retail Systems Kft. closed Q4 2009 as planned. In Q4, the company continued to perform non-stop, 24-hour repair service and system support activity for Agip Magyarország Kft., MÁV Zrt., LukOil Magyarország Kft., and Auchan Magyarország Kft. around the entire country.

Synergon Retail Systems Kft. provided high-priority repair service for the Hungarian Post Intelligent Post Office (IPH) in Q4 2009 as well.

In Q4, we successfully obtained authorisation for the new retail trade system of LukOil and began the installation processes. We had the AS@R retail trade systems of ALDI Magyarország Bt. re-authorised and started installation there as well.

We replaced the background equipment of the shops of Jeans Club both in Hungary and abroad and installed the fresh solution of the brand retail trade system of Synergon Retail System Kft. Auchan Magyarország Kft. continued to use the ECOD – EDI system in Q4 and other multinational companies decided in favour of this IT solution as well.

In Q4 2009, we began preparations for 2010 by mapping up new, potential clients. On the whole, it can be stated that the macro economic situation resulted in a drop of revenues in retail trade also, still the performance of Synergon Retail Systems Kft. in 2009 lived up to expectations.

Fibex Kft.

Fibex Kft. is a subsidiary of Synergon, dealing with the sale of copper cables, network construction materials and tools. Its market opportunities has continuously narrowed for the year 2009 and as a conclusion the company has stopped its small trade activities, the network construction projects has been took over by the other group member companies as a rationalization of the operations.

Infinity a.s (subsidiary in the Czech Republic)

Infinity's turnover in year 2009 was negatively affected by global economic climate in the Czech Republic. Above all, customers from vertical markets such as financial sector, industrial production or from construction industry has reduced and/or postponed their investment plans in a legible manner. The situation with customers from the government and public sector is similar, though the restrictive precautions will probably have a more remarkable impact in year 2010 due to the long-term planning of the sector.

A significant flop was noticed particularly in the volume of sold hardware. Contrariwise, Infinity harvested higher revenues from selling its professional services.

Despite of the worsening economic climate in the Czech Republic, the last quarter of 2009 Infinity ended with a 42% increase of its revenues in comparison to the previous quarter. This significant increase of turnover was attributed to effective marketing activities such as seminars and telemarketing. An increased favor for use up of budgeted IT resources among our customers was experienced.

Infinity succeeded in following important contracts during the fourth quarter period:

BALA (Retail chain) / Microsoft Dynamics NAV; realized in Infinity's Hosting Center in Pardubice

CITIBANK / implementation of Citimaster application version Release 2 and Release 3 which manages the evidence of client applications of the Retail Banking section and support its product called Receivable Financing;

Development of a new module of Payment Utility of Citimaster application was launched too. It processes incoming and outgoing payments of the clients of the bank. Planned release date is scheduled for February 2010

- Lagardere Active ČR (media company) / implementation of Microsoft Dynamics NAV was completed
- NBB Bohemia (lighting industry) / takeover and support of the current installation of Microsoft Dynamics NAV; refurbishment of installed functions is need, the project is currently in the phase of development
- Dopravní podnik města Brna (public transportation) / delivery and installation of Cisco Catalyst 6500 to the backbone infrastructure
- Sazka (betting agency) / delivery and installation of hardware for 400 connection points in the Czech Republic
- Kaufland (retail chain) / installation of Citrix terminal client in more than 80 branches of the chain over the country
- Nokia / Outsourcing of hardware
- Ahold (retail chain) / installation of IDS including service of the systems; takeover of service and support of firewalls
- ČÚZK (land office) / project of migration and consolidation of Active Directory and Exchange; delivery of hardware for all 114 Land Offices in the Czech Republic
- Československá obchodní banka / project management and replacement of 200 servers at the branches of the bank
- RENOCAR (car dealer) / Support Center
- Rowan Legal (law office) / Support Center
- Penzijní fond České pojišťovny (pension fund) / Support Center

- VEMA (IT company) / Support Center
- Národní bezpečnostní úřad (National Security Authority) / delivery of hardware
- Precheza (chemical industry) / delivery of Cisco active elements
- Česká národní banka (Czech National Bank) / service of servers

In 2010 Infinity will continue with an emphasis on providing professional solutions for selected market verticals such construction, electrotechnical and agricultural industries. The focus is on the strength of the position of Infinity in the fields of ERP systems such Microsoft Dynamics NAV / Axapta. Furthermore, Infinity identified some potential for growth in hardware and license business in the healthcare sector. The marketing activities of the company will continuously be focused on obtaining more business opportunities through organizing seminars and extended usage of telemarketing.

Headcount figures for Synergon Group

| <i>Headcounts</i> | 2009 Q4 average | 2008 Q4 average | Difference % | 2009 Q4 closing | 2008 Q4 closing | Difference % |
|--|--------------------|--------------------|-----------------|--------------------|--------------------|--------------|
| Synergon and Hungarian controlled entities | 249 | 316 | (21%) | 245 | 269 | (9%) |
| Infinity | 106 | 109 | (3%) | 105 | 111 | (5%) |
| Total | 355 | 425 | (17%) | 350 | 380 | (8%) |

The closing headcount of December 31, 2009 is 350 persons, of whom 99 persons are employed by the parent company. The change in the closing headcount is a decrease of 8% compared to the closing value of the corresponding period of 2008.

Companies belonging to the consolidated range of The Synergon Group

| Name | Equity/Registered capital | Interest held |
|---------------------------------|---------------------------|---------------|
| Synergon System Integrator Plc. | 67 760 Thousand HUF | 100% |
| Synergon Retail Systems Kft. | 40 000 Thousand HUF | 100% |
| Fibex Kft. | 5 000 Thousand HUF | 100% |
| Infinity a.s. | 49 200 Thousand CZK | 98,59% |

Synergon IT Invest Zrt. In July 2009 Synergon Information Systems Plc. acquired 250 shares in this company, by which the share of the parent company increased to 100%. On October 6, 2009 the company court recorded the merger of the Company into Synergon System Integrator Plc., effective as of November 30, 2009, as a result, Synergon IT Invest Zrt. was deleted from company registry after the merger.

Corporate events

Shareholders Meeting

The General Meeting of the Company has not been convened since the time of the previous report.

Ownership structure

| Shareolders with higher than 5% ownership of Synergon Informations Plc. | | | Shareolders structure of Synergon Informations Plc. | | |
|---|---------------------|---------------------|---|---------------------|---------------------|
| Shareholders | December 31st, 2008 | December 31st, 2009 | Shareholder arts | December 31st, 2008 | December 31st, 2009 |
| Cashline Befektetési Holding Zrt. | 14,74% | 15,42% | Domestic Company | 55,93% | 52,27% |
| Pannergy Műanyagipari Nyrt. with subsidiaries | 12,20% | 12,52% | Foreign Company | 5,61% | 4,48% |
| ERSTE GROUP BANK AG | 6,82% | - | Domestic Private person | 23,85% | 24,98% |
| Investors below 5% ratio | 58,29% | 60,09% | Foreign Private person | 0,48% | 0,16% |
| Treasury shares | 7,95% | 11,97% | Employee and Key management | 0,21% | 0,21% |
| | | | Treasury shares | 7,95% | 11,97% |
| | | | Governmental and public interest | 0,00% | 0,00% |
| | | | Other | 5,98% | 5,92% |
| Total | 100% | 100% | Total | 100% | 100% |

Acceptance of Liability Declaration

The progress report of Synergon Information Systems Plc. shareholders' company (Synergon Information Systems Design and Building Plc) elaborated its present progress report presenting its business activities for the 9-month **period from January 1, to December 31, 2009** in compliance with Act CXX of 2001 on the capital markets and the regulation of the Budapest Stock Exchange Plc. on Introduction and Quotation Rules.

These statements have been elaborated according to our best knowledge in conformity with **International Financial and Reporting Standards**, they contain non-audited data and statements, and they do not ignore any such facts that are material from the aspect of evaluating the situation of the Company. This report gives a true and reliable description of the assets, liabilities, financial situation of the consolidated company, and also on its profit and loss figures, and it give a reliable description of the situation, development, performance of the presented consolidated company, explaining the major risks and uncertainty factors.

The **stand alone financial reports of the mother company Synergon Information Systems Plc. has been prepared according to the Hungarian Accounting Standard** and contains not audited data and statements complying with the reality and no facts are concealed which would significantly affect the assessment of the company's situation. This report shows a real, creditable picture of the Company's devices, liability, financial situation,

gains and losses, and gives a reliable picture of the presented, consolidated Company's situation, development, performance, revealing the main ventures and elements of uncertainty.

The Company, as issuer is liable for compensating any damages that may occur due to a failure to give regular and extraordinary information, and/or due to a misleading content of such information.

Budapest, 23th February 2010



Zsuzsanna IMRE
CFO

Márk LAZAROVITS
CEO

Synergon Information Systems Plc.

Further information: Lénárt Anita (lenart.anita@synergon.hu) Investor relations
Synergon Information Systems Plc.

1047 Budapest, Baross u. 91-95. Phone: (1) 399-5500 Fax: (1) 399-5599
investor.relations@synergon.hu www.synergon.hu

