



Synergon Group Consolidated financial report based
on IFRS and Synergon Information Systems Plc.'s
stand alone report based on HAS
for the first quarter of 2010.

Published on: 14th May, 2010.

Profit in the first quarter

The **quarterly figures 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 March 31, 2010 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	2010 *	2009 *	Difference %
	3 month	3 month	
Sales revenues	3 831 012	4 066 831	(6%)
<i>from which services (%)</i>	60%	62%	(2%)
Contribution	1 220 292	1 643 606	(26%)
<i>Contribution (%)</i>	32%	40%	(8%)
EBITDA	195 430	278 294	(30%)
Operating profit	78 195	171 116	(54%)
Financial gains and losses	(28 820)	(120 255)	76%
Equity holders of the parents	44 216	38 250	16%
Net cash flows from operating activities	333 286	1 210 485	(72%)

* non audited

Changes in key indicators:

- Our Q1 sales revenue mirrors the unfavourable attributes of the business environment: the value of 3,831 million HUF falls short of the outstanding quarterly result of the preceding year by 6%.
- We pushed our operating cost below the 2009 level by 22%, thus compensating for the contribution loss.
- In Q1 2010, the value of EBITDA was 195 million HUF, which was 5% of the sales revenue.
- The Q1 cash-flow was positive: 333 million HUF.

Márk Lazarovits, the CEO of the company announced:

“Our performance in the first quarter fell short of our expectations as a result of the unfavourable business environment brought about by the economic crisis. However, with the implementation of our strict and efficient cost management strategy, we successfully managed to compensate for the fact that our sales revenue was weaker than last year by cutting back on our operating costs.

Moreover, I consider it another important result that during this period we managed to conclude contracts that might lay the foundations for the long-term business success of our company. Without claim for completeness, I would like to mention a few, like the 3-year framework agreement with ELMÜ-ÉMÁSZ for structured network upgrades, and the agreement for the system- and network operation support of the SAP-based Economic and Financial System of the National Communications Authority (NHH).”

Analysis of Synergon Group for the first quarter of 2010

As a parent company, Synergon Information Plc. has involved the following companies in its consolidated report as of March 31, 2010. **Synergon System Integrator Ltd., Synergon Retail Systems Ltd., 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.

Income Statement ** Thousand HUF	2010 * 3 month	2009 * 3 month	Difference %
Sales revenues	3 831 012	4 066 831	(6%)
<i>from which services (%)</i>	60%	62%	(2%)
Cost of materials and services	(2 610 720)	(2 423 225)	8%
<i>in sales (%)</i>	68%	60%	8%
Contribution	1 220 292	1 643 606	(26%)
<i>Contribution (%)</i>	32%	40%	(8%)
Operating cost	(1 142 097)	(1 472 490)	(22%)
EBITDA	195 430	278 294	(30%)
<i>EBITDA margin (%)</i>	5%	7%	(2%)
Operating profit	78 195	171 116	(54%)
<i>Operating profit margin(%)</i>	2%	4%	(2%)
Other expenses and other cost, net	11 285	(10 003)	213%
Financial gains and losses	(28 820)	(120 255)	76%
Profit before tax	60 660	40 859	48%
Income tax (without deferred tax) ***	(16 278)	(2 145)	659%
Profit after tax	44 382	38 714	15%
Minority Interest	167	464	(64%)
Equity holders of the parents	44 216	38 250	16%
<i>net income margin (%)</i>	1%	1%	0%

The Synergon Group **reached a sales revenue of 3,831 million HUF** in Q1 2010, which fell short of the outstanding results of the first quarter of 2009 by 6%.

The contribution loss was largely compensated for by the savings on operating costs.

The operating result was 78 million HUF in Q1 2010, reaching a value of 2% operating profit margin.

* non audited **consolidated

*** calculation of deferred tax is going to be updated at the end of the year

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

- the telecommunications and media sector with 11%,
- the banking and financial sector with 14%,
- the industrial and service sector with 12%,
- the health care sector, the state administration and state agencies sector were represented with 33% over the period,
- BKV and other material projects 25%,
- other sales not assigned to sector constituted 11%.

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.

In Hungary, the companies reached a **sales revenue** of 3,315 million HUF in Q1 2010, falling behind the exceedingly successful results of the first quarter of the preceding year by 5%.

Synergon together with Hungarian subsidiaries** Thousand HUF	2010 * 3 month	2009 * 3 month	Difference %
Sales revenues	3 314 942	3 500 574	(5%)
<i>from which services (%)</i>	60%	62%	(2%)
Cost of materials and services	(2 338 812)	(2 148 511)	9%
<i>in sales (%)</i>	71%	61%	10%
Contribution	976 129	1 352 063	(28%)
<i>Contribution (%)</i>	29%	39%	(10%)
Operating cost	(910 022)	(1 212 585)	(25%)
EBITDA	172 167	232 228	(26%)
<i>EBITDA margin (%)</i>	5%	7%	(2%)
Operating profit	66 107	139 478	(53%)
<i>Operating profit margin(%)</i>	2%	4%	(2%)
Other expenses and other cost, net	10 765	(10 207)	205%
Financial gains and losses	(28 035)	(122 788)	77%
Profit before tax	48 838	6 483	653%
Income tax (without deferred tax) ***	(16 278)	(2 145)	659%
Profit after tax	32 560	4 338	651%

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

*** calculation of deferred tax is going to be updated at the end of the year

The net total contribution was 976 million HUF in Q1 2010, which is 28% less compared to the same period of the preceding year.

The value of the **contribution margin** was 29%, which amounts to a 10% drop. The change of the contribution margin was influenced by the changes in the structure of sales.

The **drop of 25% in the operating costs** was the result of the strict cost management implemented by the management of the Company. The cutback on the operating costs largely compensated for the contribution loss, consequently the Company closed the quarter positively, with 66 million HUF of value.

The operating earnings **without amortization** (EBITDA) were 172 million HUF in Q1 2010, which amounts to an operating margin of 5% value.

The income before tax was 49 million HUF, which will be decreased by 16 million HUF of income tax according to calculated tax liabilities.

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

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%.

Infinity Income Statement**	2010 *	2009 *	Difference %
Thousand HUF	3 month	3 month	3 month
Sales revenues	516 070	567 103	(9%)
<i>from which services (%)</i>	58%	61%	(3%)
Cost of materials and services	(271 907)	(274 714)	(1%)
<i>in sales (%)</i>	53%	48%	5%
Contribution	244 163	292 389	(16%)
<i>Contribution (%)</i>	47%	52%	(5%)
Operating cost	(232 073)	(262 264)	(12%)
EBITDA	23 266	44 553	(48%)
<i>EBITDA margin (%)</i>	5%	8%	(3%)
Operating profit	12 090	30 125	(60%)
<i>Operating profit margin(%)</i>	2%	5%	(3%)
Other expenses and other cost, net	520	204	155%
Financial gains and losses	(787)	2 533	(131%)
Profit before tax	11 824	32 863	(64%)
Income tax (without deferred tax) ***	-	-	-
Profit after tax	11 824	32 863	(64%)

* non audited, **with minority interest

The variable elements implemented into the structure of **operating costs** partly compensated for the shortfall of the revenue and the contribution.

The operating income was 12 million HUF in Q1 2010, which implies a 2% profit margin.

The **sales revenue** of Infinity a.s. was 516 million HUF in Q1 2010. The depressed level of sales revenue is the result of the anticipation in the country before the election. After the election taking place in May, a favourable change is expected to arrive at the end of the year or by spring next year.

The reasons of the shortfall of the **net total contribution margin** were the drop of income and the shift in the structure of sales towards products.

Changes in the Consolidated Balance Sheet

The consolidated balance sheet total of the Group was 8,959 m HUF on March 31, 2010, which means a decrease of 4% compared to March 31, 2009.

Balance Sheet**	March 31st, 2010*	March 31st 2009*	Difference %	December 31st 2009	Difference %
	Thousand HUF	Thousand HUF		Thousand HUF	
ASSETS					
Non- current assets					
Property, plant equipment	1 136 611	1 147 067	(1%)	1 168 908	(3%)
Other intangible assets	351 146	444 306	(21%)	382 616	(8%)
Leased assets	317 783	198 327	60%	299 089	6%
Goodwill	190 400	162 268	17%	186 396	2%
Investments	2 697	2 697	(0%)	2 697	(0%)
Deferred tax asset	13 032	2 911	348%	12 831	2%
Long term receivables from lease interest					
	169 211	27 862	507%	157 437	7%
Long term trade receivables	84 783	180 776	(53%)	337 252	(75%)
Total non- current assets	2 265 664	2 166 214	5%	2 547 226	(11%)
Current assets					
Inventory	328 865	509 820	(35%)	592 406	(44%)
Trade accounts receivable	5 150 087	4 196 518	23%	5 950 824	(13%)
Other current assets	575 292	926 673	(38%)	570 699	1%
1900. január 0.	57 638	5 811	892%	53 480	8%
Short term financial investments	8 614	26 224	(67%)	2 400	259%
Cash and cash equivalents	572 656	1 541 336	(63%)	400 513	43%
Total current assets	6 693 152	7 206 382	(7%)	7 570 322	(12%)
TOTAL ASSETS	8 958 816	9 372 596	(4%)	10 117 548	(11%)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital (200 HUF/share par value each)	1 860 947	1 910 926	(3%)	1 860 947	0%
Treasury shares	(1 195 841)	(1 057 784)	13%	(1 195 841)	(0%)
Share premium	3 087 126	5 770 884	(47%)	3 087 126	0%
Capital reserve	-	27 980	-	-	-
Retained losses	1 313 313	(1 508 222)	(187%)	1 269 097	3%
Cumulative currency translation adjustments	177 073	199 649	(11%)	158 965	11%
Equity attributable to equity holders of the parent	5 242 619	5 343 433	(2%)	5 180 294	1%
Non controlling interest in consolidated subsidiaries	43 687	41 780	5%	43 261	1%
Total equity	5 286 306	5 385 213	(2%)	5 223 555	1%
Long-term liabilities					
Share based option liability (IFRS 2)	10 550	10 550	0%	10 550	0%
Deferred tax liability	37 741	-	-	37 741	(0%)
Liabilities from finance lease	167 721	205 347	(18%)	247 497	(32%)
Total long-term liabilities	216 012	215 897	0%	295 788	(27%)
Current liabilities					
Liabilities from finance lease	118 172	46 794	153%	82 681	43%
Trade accounts payable	1 665 433	2 181 580	(24%)	3 187 182	(48%)
Other payables and accruals	1 578 012	1 454 213	9%	1 180 865	34%
Provisions for liabilities and charges	94 022	88 899	6%	95 256	(1%)
Income tax payable	859	-	-	52 221	(98%)
Total current liabilities	3 456 498	3 771 486	(8%)	4 598 205	(25%)
TOTAL LIABILITIES AND EQUITY	8 958 816	9 372 596	(4%)	10 117 548	(11%)

* non audited ** consolidated



- The leased assets denote vehicles. The assets financed in the frame of cash-effective finance lease replaced vehicles of private use or operating lease.
- The growth of the goodwill value accounts for the entry recognised as equity that was generated by the shift in the exchange rate of CZK and HUF. In terms of the Infinity a.s. investment, the investment and goodwill value in CZK are expected to yield return as calculated on the basis of the model based on the present and the expected future cash-flow performance of the company.
- The change of deferred tax assets were accounted for in Infinity and Synergon Retail Systems Kft. Predictably, the deferred tax will return on the expense of the positive results of the coming years.
- The long- and short-term lease interest receivables denote the value of assets delivered since 2009 as part of the finance lease offered to BKV, and there is a minor entry in Infinity that has been present since the end of 2008. The leased assets serve as securities for the value.
- The long-term account receivables originating from sales are customer liabilities already delivered and invoiced with a payment due date over a year, included in the balance at discounted value.
- The stock level is decreasing due to the changes of the quarterly turnover and in the structure of assets and services. The slowly moving stock consists of the substitute appliances pertaining to the contracted levels of service and items for presentation and review, with an average total value of 60-100 million HUF. The Company does not purchase stocks without customer orders; stock procurements satisfy concrete contracts only.
- The total of the accounts receivable grew because a significant portion of the Q1 income was invoiced during the last month of the quarter, while the demand for longer payment deadlines, which has been well apparent since 2008, still persists on the part of customers. We regarded the tackling of the financing needs of customers as an opportunity and embarked upon it in order to preserve the continuity of contracts, and even managed to realise a new customer agreement with a solution based on the financial solidness of the Company.
- The change in the balance of other current assets and other short-term liabilities resulted from the change in accruals.
- The changes of liquid assets and equity are illustrated by the separate cash-flow and equity analysis tables.
- The deferred tax liability was accounted for by the Synergon System Integrator Kft. based on 2009 year-end balance data.
- We account for entries arising from IT tools and vehicle lease agreements under long- and short-term lease liabilities.
- Liabilities arising from the delivery of goods decreased in value in 2010, as the turnover fell short of the levels of 2009.

Consolidated Cash-Flow Statement

As of March 31, 2010, the cash and cash equivalents portfolio of the Company totalled 573 mHUF. In the reporting period the change was 172 mHUF, an increase in cash and cash equivalents.

Cash Flow**	March 31st, 2010* Thousand HUF	March 31st 2009* Thousand HUF
Cash Flow relating to operating activities:		
Net income before taxation	60 660	40 859
Non-cash items recognized in profit before taxes:		
Depreciation and amortization	117 235	107 177
Provisions (decrease) increase	(1 234)	(50 355)
Changes in write - off assets	57 536	1 808
Write-off inventory	23 334	4 123
Share based payment expenses	-	50 968
Net financial interest (gains) expenses	<u>(20 503)</u>	<u>(12 508)</u>
	176 368	101 213
Proceeds from disposal of fixed assets	(1 513)	(651)
Changes in minority interest	167	464
Treasury shares forward contract (gains) losses	14 400	56 730
Changes in working capital:		
Changes of accounts receivable and other current assets	1 004 632	2 027 070
Changes of inventory	240 207	221 175
Cash received from lease interest	(15 933)	(33 673)
Changes of Payables and accruals	<u>(1 098 364)</u>	<u>(1 212 719)</u>
	130 542	1 001 853
Interest received	28 551	15 578
Interest paid	(8 048)	(3 070)
Taxes (paid) received	<u>(67 840)</u>	<u>(2 491)</u>
	(47 337)	10 017
Net cash flows from operating activities	333 286	1 210 485
Cash flow relating to investing activities		
Purchase of fixed assets	(34 398)	(29 418)
Purchase of intangible assets	(76 322)	(236 038)
Proceeds on disposal of fixed assets	14 475	651
Treasury shares forward contact gains (losses)	(14 400)	(56 730)
Proceeds from sale of short term investments	(6 214)	(26 223)
Changes in loans given	-	(8 845)
Proceeds from leasing payables	(44 284)	-
Net cash flow used in investing activities	(161 144)	(356 603)
Increase in cash and cash equivalents	172 143	853 882
Cash and cash equivalents at the:		
Cash and cash equivalents at 1 January	400 513	687 454
Cash and cash equivalents at the end of the period	572 656	1 541 336

* non audited

** consolidated

- The net cash flow from operating activities was 333 million HUF. The primary business activity yielded 176 million HUF of income, which is 75 million HUF higher than the same period of the preceding year.



The positive money flow resulting from the change of the working capital was 131 million HUF. The balance of customer liabilities was outstanding due to the quarter-end invoicing. From the point of view of planning and calculability, the Company considers it important that customer payments should be continuous and in accordance with the agreements.

- The loss of the investment cash-flow was 161 million HUF. As a consequence of the decisions about fixed assets procurement and sale, liquid assets decreased by 96 million HUF.

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.

Consolidated statement of changes in Equity (Thousand HUF)	Attributable to equity holders of the parent						Total	Non controlling interest	Total equity
	Share Capital	Treasury Shares	Share	Capital Reserve	Retained Earnings	Cumulative Translation Adjustment			
Balance at January 1st 2010 (IFRS)	1 860 947	(1 195 841)	3 087 126	-	1 269 097	158 965	5 180 294	43 261	5 223 555
Comprehensive income:									
Total comprehensive income for the period	-	-	-	-	44 216	18 108	62 323	426	62 749
Balance at March, 31st 2010 (IFRS)	1 860 947	(1 195 841)	3 087 126	-	1 313 313	177 073	5 242 617	43 687	5 286 304

Consolidated statement of changes in Equity (Thousand HUF)	Attributable to equity holders of the parent						Total	Non controlling interest	Total equity
	Share Capital	Treasury Shares	Share	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
Comprehensive income:									
Net income					38 250	78 312	116 562	464	117 026
Share based payment (IFRS 2)					50 968		50 969		50 969
Total comprehensive income for the period	-	-	-	-	89 219	78 312	167 531	464	167 995
Balance at March, 31th 2009 (IFRS)	1 910 926	(1 057 784)	5 770 884	27 980	(1 508 222)	199 649	5 343 433	41 780	5 385 213

Shareholders Equity value representing voting rights at March 31th, 2010.

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

Synergon Information Systems Plc. (mother company) stand alone financial statements for the period of 1st January to 31st March 2010 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	March 31st, 2010*	March 31st 2009*	December 31st 2009
1st part			
Fixed assets (02.+10.+18.row)	2 545 327	2 773 766	2 669 473
I. INTANGIBLE ASSETS	37 839	471 198	114 337
Capitalised value of foundation and restructuring costs	0	0	0
Capitalised value of research and development costs	0	0	0
Concessions and similar rights and assets	20 205	75 827	41 375
Intellectual property	17 634	395 371	72 962
Goodwill	0	0	0
Advance payments on intangible assets	0	0	0
Revaluation of intangible assets	0	0	0
II. TANGIBLE ASSETS	645 851	804 419	693 498
Land and buildings and related concessions and similar rights	513 182	537 148	524 557
Technical equipment, machinery and vehicles	0	0	0
Other equipment, fittings and vehicles	132 471	267 069	168 138
Breeding stock	0	0	0
Capital expenditure, renovations	198	202	803
Advance payments on Capital expenditure	0	0	0
Revaluation of tangible assets	0	0	0
III. FINANCIAL INVESTMENTS (19.-25. rows)	1 861 637	1 498 149	1 861 637
Long term investments in related companies	1 858 943	1 495 455	1 858 943
Long term loans given to related companies	0	0	0
Other long term investments	2 694	2 694	2 694
Long term loans given to other investees	0	0	0
Other long term loans given	0	0	0
Securities representing long term loans	0	0	0
Revaluation of financial investments	0	0	0



2nd part

	March 31st, 2010*	March 31st 2009*	December 31st 2009
B. Current assets (27.+34.+40.+45.row)	3 942 473	5 928 021	4 524 573
I. INVENTORIES	69 031	462 775	221 149
Raw materials and consumables	0	455 418	0
Work in progress and semi-finished products	0	7 357	(0)
Animals	0	0	0
Finished goods	0	0	0
Goods	69 031	0	221 149
Advance payments on inventories	0	0	0
II. RECEIVABLES (35.-39. rows)	2 979 781	3 938 792	3 458 160
Trade accounts receivable	998 797	3 149 472	1 843 199
Receivables from related companies	1 832 004	684 352	1 475 119
Receivables from other investees	0	0	0
Bills of exchange receivable	0	0	0
Other receivables	148 980	104 968	139 842
III. MARKETABLE SECURITIES (41.-44. rows)	833 747	397 521	825 133
Investments in related companies	0	0	0
Other investments	0	0	0
Own shares, own quotas	825 133	371 298	825 133
Securities representing loans held for sale	8 614	26 223	0
IV. LIQUID ASSETS (46.-47. rows)	59 914	1 128 933	20 130
Cash in hand, cheques	958	858	3 036
Bank deposits	58 956	1 128 075	17 094
C. Prepaid expenses and accrued income (49+50+51.rows)	202 295	575 860	396 013
Accrued income	10 365	44 867	149 547
Prepaid expenses	191 930	530 993	246 467
Deferred expenses	0	0	0
	0	0	0
TOTAL ASSETS (01.+19.+40. rows)	6 690 095	9 277 647	7 590 059

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards 3rd part	March 31st, 2010*	March 31st 2009*	December 31st 2009
D. SHAREHOLDERS' EQUITY (54+56+57+58+59+61+61.ro)	5 771 281	5 850 062	5 847 917
I. ISSUED CAPITAL	1 860 947	1 910 926	1 860 947
Treasury shares	0	0	0
II. ISSUED BUT NOT PAID CAPITAL (-)	0	0	0
III. CAPITAL RESERVES	3 497 832	6 205 289	3 497 832
IV. RETAINED EARNINGS FROM PREVIOUS YEARS	(335 995)	(2 896 517)	(711 937)
V. NON-DISTRIBUTABLE RESERVES	825 133	371 297	825 133
VI. REVALUATION RESERVE	0	0	0
VII. PROFIT PER BALANCE SHEET	(76 636)	259 067	375 943
E. Provisions (62+63+64 rows)	80 403	58 388	76 969
1. Provisions for expected liabilities	80 403	58 388	76 969
2. Provisions for future expenses	0	0	0
3. Other provision	0	0	0
F. Liabilities (53.+60.row)	675 455	2 867 987	1 384 007
I. SUBORDINATED LIABILITIES	0	0	0
1. Subordinated liabilities to related companies	0	0	0
2. Subordinated liabilities to other investees	0	0	0
3. Subordinated liabilities to other enterprises	0	0	0
I. LONG TERM LIABILITIES	11 597	114 401	72 118
Long term credits	0	0	0
Convertible bonds	0	0	0
Debts on the issue of bonds	0	0	0
Investment and development loans	0	0	0
Other long term loans	0	0	0
Long term liabilities to related companies	0	0	0
Long term liabilities to other investees	0	0	0
	11 597	114 401	72 118
Other long term liabilities	0	0	0

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards 4th part	March 31st, 2010*	March 31st 2009*	December 31st 2009
III. Short term liabilities	663 858	2 753 586	1 311 889
Short term credits	0	0	0
from which convertible bounds	0	0	0
Short term loans	0	0	0
Advance payments received from customers	0	0	0
Trade accounts payable	181 042	1 858 483	394 768
Bills of exchange payable	0	0	0
Short term liabilities to related companies	109 046	483 568	752 613
Short term liabilities to other investees	0	0	0
Other short term liabilities	373 770	411 535	164 508
G. Accrued expenses and deferred income	162 956	501 210	281 166
1. Deferred revenues	142 815	413 328	260 254
2. Accrued expenses and expenditure	20 141	82 265	20 912
3. Deferred income	0	5 617	0
TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY	6 690 095	9 277 647	7 590 059

5th Part

Net domestic sales revenues	846 101	3 142 316	8 249 146
Net export sales revenues	148	1 259	18 698
Net sales revenues	846 249	3 143 575	8 267 844
Change in self-manufactured inventories	0	(6 068)	(13 425)
Capitalised value of self-manufactured assets	0	0	992
Capitalised value of self-manufactured assets (03. +-04.)	0	(6 068)	(12 433)
Other revenues	115 816	274 609	1 209 690
of which: reversal of impairment loss provision	0	0	0
Cost of raw materials	16 930	28 533	82 972
Value of services used	246 206	1 276 758	3 974 370
Value of other services	5 355	16 375	58 306
Cost of goods sold	417 514	1 063 920	2 826 475
Value of recharged services	15 312	70 952	403 735
Material type expenditure (05.+06.+07.+08+9.)	701 317	2 456 538	7 345 858
Wages	85 882	164 482	533 582
Other payments to personnel	12 849	31 876	104 584
Personnel related contributions	26 152	62 042	190 083
Payments to personnel	124 883	258 400	828 248
Depreciation charge	45 703	73 395	259 573
Other expenditure	92 149	213 442	1 203 397
-from which depretiation	0	0	11 711
Operating result	(1 987)	410 341	(171 975)
(I.+II.+III.-IV.-V.-VI.-VII.)			

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards	March 31st, 2010*	March 31st 2009*	December 31st 2009
6ht part			
Dividend received	0	0	0
of which: received from related companies	0	0	0
Gain on sale of investment	0	0	0
of which: received from related companies	0	0	0
Interest received and gain on financial investments	0	0	0
of which: received from related companies	0	0	0
Other interest received	12 296	12 030	42 924
of which: received from related companies	0	0	0
Other revenues from financial transactions	27 387	88 689	342 470
Revenues from financial transactions (12.+13.+14.)	39 683	100 719	385 393
Loss on financial investments	0	0	0
of which: given to related companies	0	0	0
Interest paid	3 366	5 983	12 748
of which: given to related companies	0	0	0
Impairment loss of financial investment, securities and bank deposit	0	56 737	(179 609)
Other expenditures of financial transactions	68 356	181 673	298 320
Financial expenses (18.+19.+20+21.)	71 722	244 393	131 458
FINANCIAL PROFIT (IX.-X.)	(32 039)	(143 674)	253 935
PROFIT ON ORDINARY BUSINESS (+-A.+-B)	(34 026)	266 667	81 960
Extraordinary revenues	0	0	364 165
Extraordinary expenditures	42 610	7 600	53 782
Profit on extraordinary events	(42 610)	(7 600)	310 383
Net profit before taxation (+-C. +-D)	(76 636)	259 067	392 343
Tax	0	0	16 400
AFTER TAX PROFIT (+-E.-XIII)	(76 636)	259 067	375 943
Dividends paid out of retained earnings	0	0	0
Dividends paid (approved) out of current year profits	0	0	0
NET PROFIT PER BALANCE SHEET (+-F.+18.-19)	(76 636)	259 067	375 943

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

Health care, governmental and state administration sector

The „investment stop” related to the parliamentary elections exerted a fundamental influence on the performance of the governmental and public administration sector in Q1 2010. The repeated postponement of the announcement of the priority projects financed from EU resources (such as BKV-FUTÁR, Archives, Volán) also added to the difficulties of the operation of this branch of business.

In spite of this, we concluded major equipment supply contracts with the Hungarian State Treasury (MÁK) and the Hungarian Institute for Educational Research and Development (OFI) in Q1 2010. We fulfilled our outstanding contractual commitments at a good pace in Q1, and we have renewed the related subsequent agreements successfully.

In Q1, we were constantly preparing for the reformed governance structure and we specified the appropriate strategic directions as well. In the process of determining of our areas of focus we took notice of EU directives, consequently, we consider environment protection and the lines of the development of urban transport as areas of priority.

Financial institutions, telecommunications and media sector

The banking, telecommunications and media sector closed a successful quarter, thus all in all Q1 2010 results lived up to our expectations.

In Q1, at Vodafone Co. we continued to perform equipment deliveries and implementation tasks related to the IP network support—taking the form of the advanced-level assistance—and network upgrades.

In the field of IT security, the delivery and roll-out of the IBM Datapower solution was completed successfully, and we received commission for rolling out other data security related technologic solutions as well. In addition to this, we consider it a significant achievement that Synergion won the tender announced by Vodafone Zrt. for engineering an internal premium accounting system, which marked the beginning of the cooperation between the two companies beyond IT security, in the field of application development.

In Q1 2010, we concluded a contract for the delivery of endpoint devices to be connected to the IP network of Invitel Zrt., and for the operation support of the Sun server park of the company.

The execution of the tasks related to the system support of the IP network was continuous in Q1, and it seems that the planned expansion of the network might yield additional investments in 2010. Moreover, we also work on the modernisation of the network management solution of Invitel Zrt.

We repeatedly concluded an agreement for comprehensive advanced-level network management support with the T-Group, and the work progressed according to plans in Q1 again. Deliveries related to the optical network engineering for cable television service providers also continued to progress.

In the frame of a public procurement procedure, we managed to conclude a contract with the National Communications Authority (NHH) for the system support of their SAP-based Economic and Financial System, and we completed the final milestones of the project related to the system upgrade on time. In the frame of another public procurement procedure, we concluded a contract with NHH for network operation support. These commissions exert significant influence on the sales revenue totals of Q1 2010 and the entire year.

In Q1 2010, we concluded a contract with one of the major Hungarian commercial banks for the delivery of network tools and related services, where we completed the first partial delivery. At another determining Hungarian bank, we completed the supervision of the system of archives, in addition to delivering different software infrastructure licences and related services. In the field of business solutions, the delivery of the development and information technology operation projects at Hungarian banks progressed according to plans in Q1 as well.

Throughout Q1, in addition to the above-mentioned projects, we successfully completed several minor projects in the sector, which projects originated from the sale of network security investments and other Cisco-based technologies, and the related follow-up activities. At the same time, we were continuously working on the preparation for several projects that we hope will have a positive influence on year 2010 of the sector.

Industry and material projects sector

Q1 was a period of construction for the industry and large enterprise sector. As a result of the lingering economic crisis, we had fewer commissions in Q1 2010 than in the same period of the preceding year, and this unfavourable business tendency could not be compensated by the few projects extending beyond 2009. In spite of this, it seems that the market is beginning to recover and our clients in the private sector express growing demands. At the same time, cost efficiency guidelines continue to play an important part in the IT strategy of the companies.

In Q1 2010, security systems, optical networks, network devices and advanced level services constituted the dominant part of our sales.

We performed SDH upgrades and the maintenance and upgrade of the entire network at the power supply companies Budapesti Elektromos Művek Nyrt. and ÉMÁSZ. We executed the functional upgrade of the IP phone system we had installed last year at FŐGÁZ (gas supply company).

Tigáz (gas supply company) announced a procurement tender for the upgrade of its uninterruptible power supply in January; we won the tender in strong market competition,

following outstanding commercial negotiations. During the execution of the task, we upgraded the existing ISX system with an APC Symetra PX modular UPS of 96kVA output and added an additional battery cabinet. Beside this, we also participated in the cable optimisation of further Tigáz sites in Q1.

In Q1, the planning of the DÉMÁSZ network reconstruction process continued, throughout which we laid special emphasis on the preparations of the network security execution plans. Reconstruction works are expected to be completed in Q2 and we will begin the introduction of security in Q2 as well, according to plans adopted in Q1.

We obtained the WAN upgrade commission from EGIS. The goals of the implementation of the project are: finding a new approach to affordable data-links offered by service providers and the utilisation of state-of-the-art technologies and system engineering, which must be deployed in order to reach the optimal utilisation of resources.

At our contract partners in the field of retail (Auchan, Continental, JC, Agip) we customarily executed our tasks in harmony with the tax laws applicable to cash registers at the beginning of the year. Moreover, we delivered information technology support for store openings at several franchise partners of the Jeans Club network.

In Q1, we successfully delivered the second phase of the emergency alert system at the Headquarters of the Fire Department, we continued our work in the VPOP data warehouse project and we have begun the preparations for Phase 2.

In the public sector, Q1 was characterised by the continued discharge of the contracts already concluded; new investments are only expected to take place after new governmental directions will have been determined.

Synergon System Integrator Ltd.

Q1 2010 were characterised by the tendencies of the Hungarian market, which was preparing for the parliamentary elections, and the tendencies of the international market, recovering from the global economic crisis. In Q1, we managed to obtain numerous new major projects, which include orders requiring one-shot delivery and orders requiring continuous systems support both. As a result of the above, Q1 progressed in harmony with our expectations.

In Q1, the Vodafone Zrt. gave us a commission for the modernisation of their Cisco Secure ACS solution, and we also participate in the engineering of their Websense-based data loss prevention. All these have created further opportunities of cooperation between our companies and continued to enhance our business partnership.

Beside the one-shot project deliveries, we also achieved success in the renewal of our system support contracts, such as the SUN tools system support contract with Invitel Zrt., the network operation contract with the National Communications Authority, the Netcool products system

support contract with Magyar Telekom, and the countrywide IT support contract with the Hungarian Defence Force.

We won the tender of Tigáz Zrt. for the delivery of an APC uninterruptible power supply system, while the Paks Nuclear Power Plant Kft. entrusted us with a major upgrade of their optical backbone network. With ELMŰ-ÉMÁSZ, we signed a 3-year frame agreement for structured network upgrades, while EGIS and CIB Bank ordered the modernisation of the countrywide WAN data network. At the Hungarian Development Bank (MFB), we finished rolling out the Office 2007 software, which affected several hundreds of users, and we also completed the Trust project of Aegon, encompassing several countries.

In Q1 2010, the Hungarian Institute for Educational Research and Development (OFI) commissioned us with the delivery and installation of hardware infrastructure. Moreover, we delivered a highly reliable SUN system to the Hungarian State Treasury (MÁK). At the Central Transdanubian Regional Development Agency (KDRFÜ) we successfully completed our project aimed at engineering secure perimeter protection.

Beside the execution of projects, we also aimed at keeping our expertise up-to-date in Q1 2010: our colleagues earned the Certified Scrum Master, Certified Data Center Design, and Microsoft Certified Professional Developer qualifications. In Q1, Synergon System Integrator Ltd. renewed its status as VmWare Enterprise Partner and was officially invited to become a Cisco Physical Security Authorized Technology Provider.

Retail and special systems (Synergon Retail Systems Kft.)

Synergon Retail Systems Kft., a solution provider for retail trade and special systems closed Q1 2010 according to plans.

We performed continuous, 24-hour-a-day repair service and system support all over the country for our contract partners (Agip Magyarország Kft., MÁV Zrt., LukOil Magyarország Kft., Auchan Magyarország Kft., Aldi Magyarország Kft.).

In Q1 2010, Synergon Retail Systems Kft. provided high-priority repair service for the Hungarian Post Intelligent Post Office (IPH) again.

Moreover, we successfully obtained authorisation for the new retail trade system of Lukoil and finished the installation works at the petrol stations. In addition to this, we also installed an upgraded software version for ALDI supermarkets during Q1 2010

As a result of the long-term cooperation between the experts of Synergon Retail Systems Kft. and Jeans Club, we upgraded our own-brand retail trade system with several novelties, and installed it in both Hungarian and foreign stores.

Our ECOD – EDI service is used by several multinational FMCG companies. Auchan Magyarország Kft. is an outstanding example of these companies, as it has become a leader among retail trade companies in this field thanks to the solution offered by SRS.

Infinity a.s (subsidiary, Czech Republic)

Generally, the market environment did not improve in the first quarter, the crisis in the Czech Republic continued and the investments were radically stopped because of both the recession and the upcoming parliamentary elections.

To increase our sales opportunities we started concluding a partnership agreement with the To-increase network (www.to-increase.com), making Infinity a support partner for the IEM solution in the Czech Republic and Slovakia. Industrial Equipment and Manufacturing is a vertical solution for planning and production management for Microsoft Dynamics AX.

We believe that the re-certification of the integrated systems Quality Management System (QMS) and Environmental Management System (EMS) according to standards ISO 9001:2008 and ISO 14001:2004 will have material effect on business opportunities. Simultaneously, preparing for the implementation of the information technology service management system (ITSM) according to the ČSN ISO/IEC 20000-1:2006 standard could increase our opportunities.. The ITSM system regulates the required organizational and administrative IT processes as prescribed by the ITIL (Information Technology Infrastructure Library).

We have managed the implementation of the Microsoft Dynamics (NAV & CRM) product at the international law firm Rowan Legal – The integration of the Microsoft Dynamics products into the existing system of the company Beside which we were occupied with the implementation of the Microsoft Dynamics NAV vertical solution with the FAVOS module, which is specialized in water rate tariff accounting at the water-supply engineering company Vodárny a kanalizace Hodonín a.s.

In the first quarter we have continued the renewal of the Microsoft Dynamics NAV support contract with The Prison Service of the Czech Republic, implementation and operation of customer support and proper systems with the MS System Center Operation Manager 2007 R2 solution, and delivery of HP workstations and monitors for the Czech National Bank. After 3-years of successful cooperation, Skoda Auto a.s. we have signed a new agreement for the administration of end-stations (PCs, printers, scanners, and thin clients)

We are proud of server consolidation and virtualization project in the pedagogical institution Krajské zařízení pro další vzdělávání pedagogických pracovníků a informačním centru (KVIC) on a Microsoft® Hyper-V™ Server 2008 R2 platform, and implementation of HP, Microsoft and VMware technologies (server, storage, Windows 2008, Exchange 2010 and VMware ESX4) at the pharmaceutical company PLIVA-Lachema Diagnostika s.r.o.

Headcount figures for Synergon Group

Headcounts	2010 Q1 average	2009Q1 average	Difference %	2010 Q1 closing	2009Q1 closing	Difference %
Synergon and Hungarian controlled entities	241	288	(16%)	231	282	(18%)
Infinity	107	105	2%	107	106	1%
Total	348	393	(11%)	338	388	(13%)

The closing headcount of March 31, 2010 is 338 persons, of whom 48 persons are employed by the parent company. The change in the closing headcount is a decrease of 13% compared to the closing value of the corresponding period of 2009.

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%

Corporate events

Board of Directors

On 26th March 2010 the Board of Directors has decided on the approval of financial statements and invitation of general assembly.

General Assembly

The Regular General Assembly in its last session of 26th April 2010 has approved the financial statements, corporate responsibility documents. Further details can be read under the agenda, and regulations of the General Assembly (http://www.synergon.hu/en/investor_relations/meeting).

Ownership structure

Shareolders with higher than 5% owership of Synergon Informations Plc.			Shareolders structure of Synergon Informations Plc.		
Shareholders	March 31st, 2010*	December 31st, 2009	Shareholder arts	March 31st, 2010*	December 31st, 2009
Cashline Befektetési Holding Zrt.	15,42%	15,42%	Domestic Company	52,56%	52,27%
Pannergy Műanyagipari Nyrt. with subsidiaries	12,52%	12,52%	Foreign Company	4,41%	4,48%
Investors below 5% ratio			Domestic Private person	25,18%	24,98%
Treasury shares	60,09%	60,09%	Foreign Private person	0,22%	0,16%
	11,97%	11,97%	Employee and Key management	0,21%	0,21%
			Treasury shares	11,97%	11,97%
			Governmental and public interest	0,00%	0,00%
			Other	5,45%	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 March 31, 2010** 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, 14th March 2010



Zsuzsanna IMRE
CFO

Márk LAZAROVITS
CEO

Synergon Information Systems Plc.

Further information: 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

