



Synergon Group Consolidated financial report based
on IFRS and Synergon Information Systems Plc.'s
stand alone report based on HAS
for the first 3 months of 2011.

Published on: 20th May, 2011.

Synergon's Income Dropped On Account Of Cancelled Agreements, Unrelated to Activity in Q1

This is the translation of Synergon Ltd's consolidated financial statement prepared in Hungarian. In case of doubt the Hungarian remains the official (published) version. 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, 2011 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 summary Thousand HUF	2011 Q1*	2010 Q1*	Difference %
Sales revenues	4 151 503	3 831 012	8%
Contribution	966 959	1 220 292	(21%)
Operating cost	(1 291 102)	(1 142 097)	13%
EBITDA	(160 274)	195 430	(182%)
EBITDA margin (%)	(4%)	5%	(9%)
Operating profit	(324 143)	78 195	(515%)
Net cash flows used in operating activities	(389 533)	333 286	(217%)

* non audited

A summary of the results dominating the quarter:

The sales revenue of the Company grew by 8%, more than 60% of which constituted of sales to three partners. In addition to the sales revenue from the 10-year IT operation service for the Budapest Transport Company, the first stage of the fleet management and passenger information system development project, which was launched in 2010, was also completed successfully. The final stage of the BKV Kassza project and a project for the Armament and Quartermaster Office of the Hungarian Ministry of Defence were both delivered. The Company sold Microsoft Licenses to WSH Information Technology Training and Service Ltd.

The decrease of the net total contribution margin was a result of the 226-million-HUF write-down of inventories of the Microsoft software licence cancelled by a partner - Ministry of Rural Development- of the Hungarian companies.

The growth of operating costs resulted from the accumulation of the 110-million HUF provision set aside on account of the project agreement cancelled by the customer- Fire Department of Budapest - of the Hungarian companies.

The total loss of 336 million HUF that negatively affected the EBITDA of the Hungarian Companies was recorded in harmony with the accounting principle of prudence on account of two agreements.

The operating income of the Czech subsidiary Infinity a.s was 44 million HUF in the first three months of 2011, which is more than double of the 2010 result. The operating margin was 7%.

Dr. Zoltán Jeszenszky, Chairman of the Board of Directors of Synergon Information Technology Plc. explained,

'Synergon Information Technology Plc. could not perform outstandingly in the first three months of this year; however the business data of the Company clearly shows that the onset of market recovery has been quite difficult. The field of state and public administration is still characterized by a stand-by, however the calls for tender have slowly been appearing in the other segments and the entrepreneurial community has also realised that developments cannot be postponed.

The strategy defined last year proved to be correct in several instances, thus the number of projects launched at the end of 2010 could increase in 2011 despite the fact that the IT market obviously has not regained its former momentum yet.

The subsidiaries of the Company followed the earlier guidelines and their performance exceeded our expectations; Synergon System Integrator Ltd. increased its advantage over the competitors in the defense sector and transport information technology.

In the first three months of the year, Synergon Retail Systems Ltd. became the point-of-sale system supplier of the British Debenhams and the French Camaieu retail networks.

The profitability of the Czech Infinity a.s. continued to increase and the company acquired new partners in its field of operation.

The results were negatively influenced by the cancellation of the agreement for the implementation of the ERIR II. dispatch system of the Fire Department of Budapest, and by cancellation of the agreement related to the Microsoft software licence use of the Ministry of Rural Development.

The Company began the tasks related to the transfer of seat and the moving itself, which are expected to be performed by the end of this year. The Synergon Group moves to a smaller, modern site, the functions of which can be transformed flexibly. The depreciation related to the transfer of seat influences the results of Q1 2011 negatively, but it does not influence the cash flow.

The past year passed in the election-related and the post-election freeze, however the state administration sector has apparently recovered from the halt, which is also mirrored by the growth of the sales revenue of the Synergon Group. Based on a proposal by the Board of Directors of the Company, a comprehensive plan was prepared to determine the operational and structural transformation of Synergon and the strategy of 2011, which is expected to be put into practice in Q2 this year. The transformation might have a major effect on the life of the Synergon Group in the long run, as the new strategy prescribes that the Company should be harmonized with the renewing market demands, that is to build a flexible, rapidly reacting, trade- and profit-oriented company.'

Analysis of Synergon Group

As a parent company, Synergon Information Plc. has involved the following companies in its consolidated report as of March 31, 2011. **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.

Consolidated Income Statement Thousand HUF	2011 Q1*	2010 Q1*	Difference %
Sales revenues	4 151 503	3 831 012	8%
<i>from which services (%)</i>	46%	60%	(14%)
Cost of materials and services	(3 184 544)	(2 610 720)	22%
<i>in sales (%)</i>	77%	68%	9%
Contribution	966 959	1 220 292	(21%)
<i>Contribution (%)</i>	23%	32%	(9%)
Operating cost	(1 291 102)	(1 142 097)	13%
EBITDA	(160 274)	195 430	(182%)
<i>EBITDA margin (%)</i>	(4,0%)	5,0%	(9%)
Operating profit	(324 143)	78 195	(515%)
<i>Operating profit margin(%)</i>	(8,0%)	2,0%	(10%)
Other expenses and other cost, net	(3 138)	11 285	(128%)
Financial gains and losses	(12 459)	(28 820)	57%
Profit before tax	(339 740)	60 660	(660%)
Income tax	(6 617)	(16 278)	(59%)
Profit after tax	(346 357)	44 382	(880%)
Attributable to non controllig interest	464	167	178%
Attributable to equity holders of the parents	(346 821)	44 216	(884%)
<i>net income margin (%)</i>	(8,4%)	1,2%	(10%)

* non audited

The Synergon Group **reached a sales revenue of 4,152 million HUF in the first three months of 2011, which is an 8% sales revenue growth.** The growth is related to the first, successfully delivered stage of the fleet control and traffic management system development project of BKV that was launched in 2010, the final stage of the BKV Kassza project, and the project delivered to the Armament and Quartermaster Office of the Hungarian Ministry of Defence. The Company sold a significant number of Microsoft Licences to the WSH Information Technology Training and Service Ltd., the contribution margin of which was low, thus the total contribution margin did not increase despite the growth of the sales activity.

The decrease of the total contribution **margin was a result of the loss recorded as a result of the impairment of software licence cancelled by the Ministry of Rural Development.**

The major **change in operating costs resulted from the provision set aside on account of the agreement cancelled by the Fire Department of Budapest,** which was not accompanied by cash flow.

In Q1 2011, the EBITDA was 160 million HUF in loss. The decrease was the result of the two cancelled projects. The Q1 EBITDA calculated without the effect of the two projects was 176 million HUF in profit.

Infinity a.s. contributed an EBITDA of 56-million HUF to the Group-result. The operating income was 44 million HUF in the first three months of 2011, which is more than double of the 2010 value. The operating margin was 7%.

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

- the industrial and service sector with 26%
- government and public sector with 32%
- BKV and other material projects 37%, other sales not assigned to sector constituted 5%.

Earnings of Hungarian Companies

This includes Synergon Information Plc. and its subsidiaries presented in a consolidated manner, Synergon System Integrator Ltd., Synergon Retail Systems Kft. and Fibex Kft. **Synergon Information Systems 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 in 2009 it has minimized its operating activities.

Synergon together with Hungarian subsidiaries** Thousand HUF	2011 Q1*	2010 Q1*	Difference %
Sales revenues	3 533 279	3 314 942	7%
<i>from which services (%)</i>	45%	60%	(15%)
Cost of materials and services	(2 851 261)	(2 338 812)	22%
<i>in sales (%)</i>	81%	71%	10%
Contribution	682 018	976 129	(30%)
<i>Contribution (%)</i>	19%	29%	(10%)
Operating cost	(1 050 243)	(910 022)	15%
EBITDA	(215 914)	172 167	(225%)
<i>EBITDA margin (%)</i>	(6,0%)	5,0%	(11%)
Operating profit	(368 225)	66 107	(657%)
<i>Operating profit margin(%)</i>	(10,0%)	2,0%	(12%)
Other expenses and other cost, net	(3 473)	10 765	(132%)
Financial gains and losses	105 060	(28 035)	475%
Profit before tax	(266 638)	48 838	(646%)
Társasági nyereségadó	3 773	(16 278)	(123%)
Profit after tax	(262 865)	32 560	(907%)

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

In Hungary, the sales revenue of the companies in the first three months of 2011 was 3,533 million HUF, which exceeds the sales volume of 2010 by 7%. The growth is related to the BKV projects, the project delivered to the Armament and Quartermaster Office of the Hungarian Ministry of Defence, and the licences sold to WSH Information Technology Training and Service Ltd.

The net total contribution margin—calculated by deducting the direct material cost, product cost and subcontractors cost from the sales revenue—was 682 million HUF in the first three months of 2011,

which is 30% lower than the corresponding result of 2010. The contribution margin ratio was 19% in 2011, which is a 10% drop.

The contribution margin of licence sales was low, thus the contribution margin did not increase parallel to the growth of sales. It caused a major drop in the contribution margin that a write-down of inventories equal to the book value of the Microsoft licences used by the Ministry of Rural Development but not paid for 2011 by them was recorded in the Q1 2011 result of Synergon Information Technology Plc—in a total of 226 million HUF. Synergon Information Systems Plc. challenges the foundation of the unilateral and retroactive withdrawal of the Ministry, with regard to the fact that the announcement on the part of the Ministry was made in the third year of the agreement, after services and licenses have been completely performed and delivered in order to ensure the lawful license use of the Ministry; that is, in February 2011 Synergon Information Systems Plc. settled all its payment obligations for the lawful use of licenses for the years 2009-2011 in harmony with the agreement with the Ministry, and the Ministry cannot reimburse the license use—being a so-called irreversible service—of the period already elapsed, thus the original conditions cannot be restored by definition.

Operating costs increased by 15% on average in 2011. The growth constituted of two parts. On one hand, the decrease of the useful life due to the planned transfer of seat resulted in a 50-million-HUF growth of the depreciation; on the other hand, the recording of the provision allowance set aside on account of the agreement terminated by the Fire Department of Budapest resulted in a loss of 110 million HUF. These losses were recorded as non-cash items in the 2011 reporting period.

Synergon System Integrator Ltd. recorded 110 million HUF of loss in its Q1 results on account of the agreement terminated by the Fire Department of Budapest. Synergon Information Systems Plc. and Synergon System Integrator Ltd. have initiated negotiations with the Fire Department of Budapest so that the agreement—ready for final delivery—could be fulfilled in its entirety and express their hope that the system, which has been already delivered and is awaiting the final testing period, would notably simplify certain disaster management and fire fighting tasks in Budapest once put in operation.

In the financial result, 6 million HUF loss arose from the treasury shares futures contracts concluded in December 2010 with delivery in June 2011, and 10 million HUF loss arose from the interest on bank overdrafts. 5 million HUF of profit resulted from the consolidated balance due to currency exchange rate fluctuations, and 10.7 million Czech Koruna—116 million HUF—of profit resulted from the dividend from the 2010 result of Infinity a.s.

The net cash of Hungarian Companies is negative, as the consolidated result of the Companies was negative due to the cancelled public administration agreements. Bank capital had to be drawn into the direct financing of the largest agreements, which will probably be necessary in the future as well in connection with the 10-year BKV support service and the BKV FUTÁR project. The Company took the financing expenses accompanying the foreign liabilities into consideration in the 10-year profit expectations as well. The total of interest cost was deducted from the re-assessed return on the project.

The income before tax was a loss of 267 million HUF.

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** Thousand HUF	2011 Q1*	2010 Q1*	Difference %
Sales revenues	620 713	516 070	20%
<i>from which services (%)</i>	53%	58%	(5%)
Cost of materials and services	(333 965)	(271 907)	23%
<i>in sales (%)</i>	54%	53%	1%
Contribution	286 748	244 163	17%
<i>Contribution (%)</i>	46%	47%	(1%)
Operating cost	(242 667)	(232 073)	5%
EBITDA	55 640	23 266	139%
<i>EBITDA margin (%)</i>	9,0%	5,0%	4%
Operating profit	44 081	12 090	265%
<i>Operating profit margin(%)</i>	7,0%	2,0%	5%
Other expenses and other cost, net	336	520	(35%)
Financial gains and losses	(1 150)	(787)	(46%)
Profit before tax	43 267	11 823	266%
Income tax	(10 390)	-	-
Profit after tax	32 877	11 824	178%

**Nem auditált, **a táblázat adatai a kisebbségi részesedést is tartalmazzák*

The sales revenue of Infinity a.s. was 621 million HUF in the first three months of 2011. The sales revenue of 2011 implies 20% growth. The demand was driven by the new developments and investments that are already multiplying in 2011, and the balanced growth in the number of operation, hardware and licence sales.

The net total contribution margin—calculated by deducting the direct material cost, product cost and subcontractors cost from the sales revenue—was 287 million HUF in 2011. The growth of contribution margin was 17%. The constitution of the hardware – service ratio was balanced in the growth of the sales revenue, thus the contribution margin ratio remained unchanged at 46-47%.

The operating income was 44 million HUF in the first three months of 2011, which is over twice the amount of the corresponding result of 2010. The 5% operating margin of 2010 was surpassed by the 7% result of 2011.

The tax liability of the Company is an estimate based on the law in force. The profit after tax was 33 million HUF.

Infinity a.s will pay 10.7 million Czech Korunas of its 2010 income as dividend to Synergon Information Technology Plc.

Changes in the Consolidated Balance Sheet

The consolidated balance sheet total of the Group was 8,563 m HUF on March 31, 2011, which means a decrease of 4% compared to March 31, 2010.

Consolidated Statement of financial position	March 31st, 2011*	March 31st, 2010 *	Difference %	December 31st 2010
	Thousand HUF	Thousand HUF		Thousand HUF
ASSETS				
Non- current assets				
Property, plant equipment	889 592	1 136 611	(22%)	984 512
Other intangible assets	130 392	351 146	(63%)	144 890
Leased assets	246 424	317 783	(22%)	271 771
Goodwill	197 134	190 400	4%	202 413
Investments	2 697	2 697	-	2 697
Deferred tax asset	8 562	13 032	(34%)	12 353
Long term receivables from lease interest	424 079	169 211	151%	414 723
Long term trade receivables	136 709	84 783	61%	90 612
Total non- current assets	2 035 589	2 265 664	(10%)	2 123 971
Current assets				
Inventory	545 860	328 865	66%	880 469
Trade accounts receivable	5 014 118	5 150 087	(3%)	4 830 097
Other current assets	530 244	575 292	(8%)	660 410
Short term receivables from lease interest	92 228	57 638	60%	113 818
Short term receivables from employees	1 200	8 614	(86%)	6 800
Short term financial investments	17 213	-	-	43 635
Cash and cash equivalents	326 913	572 656	(43%)	331 846
Total current assets	6 527 776	6 693 152	(2%)	6 867 075
TOTAL ASSETS	8 563 365	8 958 816	(4%)	8 991 046
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital (200 HUF/share par value each)	1 860 947	1 860 947	0%	1 860 947
Treasury shares	(1 484 299)	(1 195 841)	24%	(1 484 299)
Share premium	3 087 126	3 087 126	0%	3 087 126
Retained earnings	119 915	1 313 313	(91%)	466 736
Cumulative currency translation adjustments	206 973	177 073	17%	233 524
Equity attributable to equity holders of the parent	3 790 662	5 242 619	(28%)	4 164 034
Non controlling interest in consolidated subsidiaries	43 594	43 687	0%	44 869
Total equity	3 834 256	5 286 306	(27%)	4 208 903
Long-term liabilities				
Share based option liability (IFRS 2)	10 550	10 550	0%	10 550
Deferred tax liability	15 515	37 741	(59%)	19 288
Liabilities from finance lease	118 738	167 721	(29%)	113 573
Total long-term liabilities	144 803	216 012	(33%)	143 411
Current liabilities				
Liabilities from finance lease	186 469	118 172	58%	234 104
Trade accounts payable	2 292 112	1 665 433	38%	2 748 975
Other payables and accruals	1 261 262	1 578 012	(20%)	1 288 626
Provisions	126 058	94 022	34%	17 664
Interest-bearing loans and borrowings	717 737	-	-	326 313
Income tax payable	668	859	(22%)	23 050
Total current liabilities	4 584 306	3 456 498	33%	4 638 732
TOTAL LIABILITIES AND EQUITY	8 563 365	8 958 816	(4%)	8 991 046

The change of the useful life of the—active—investment value that is constituted of the transformation and reconstruction works performed 10 years ago on the—rented—office building in the use of the Company resulted in a substantial drop in the depreciation of tangible assets. With the diminishing of the useful life, the non-cash loss recorded in the current quarter accounts for a 50-million-HUF depreciation.

Among the leased assets, we recorded the vehicles financed by the company in the frame of a finance lease. No new, significant amount was procured in 2011.

The total of goodwill related to the investments of Infinity a.s. is 197 million HUF, which is a HUF amount calculated by a constant revaluation of the total in Czech Koruna. The changes in the total due to the fluctuation of the exchange rate are recorded as exchange differences in the equity.

The long- and short-term receivables arising from lease interests record the assets delivered to BKV since 2009 in the form of finance lease. In understanding of the IFRS's, the assets delivered in the frame of the 10-year BKV service agreement fall into the scope of finance lease owing to their complete or substantial amortization and the contracted right of disposal of the customer. The lease duration of the assets is identical with their estimated useful life. Among the lease interest, the HP devices financed and sold in the frame of leasing agreements – which were concluded by Infinity a.s in 2008-2009 and have not expired year- account for items of lower value.

The long-term account receivables originating from sales are customer liabilities invoiced with a payment due date over a year.

The Company does not accumulate stocks without customer orders; stock procurements that generate a growth of the inventory satisfy concrete contracts only. The stocks include slowly moving items, such as substitute appliances pertaining to the contracted levels of service and items received for purposes of presentation and review, in an average total value of 60-100 million HUF.

The changes of liquid assets and equity are illustrated by the separate cash-flow and capital movement sheets.

The growth of provision at Synergon System Integrator Ltd. resulted from the accumulation of 110 million HUF of provision, the details of which were disclosed by the Company in an Extraordinary Information and in the balance analysis of the present statement. 2 million HUF of the provision was utilised for the remission of loans given to employees.

The Hungarian companies drew 718 million HUF from the bank overdraft at the disposal of the Group at the end of first quarter in 2011. The companies utilised the credit line for financing professional work and equipment necessary for the execution of the outstanding projects.

Consolidated Cash-Flow Statement

As of March 31, 2011, the cash and cash equivalents portfolio of the Company totalled net debt 6 million HUF. In the reporting period the change was 395 mHUF, a decrease in cash and cash equivalents.

Cash Flow**	March 31st, 2010* Thousand HUF	March 31st, 2010 * Thousand HUF
Cash Flow relating to operating activities:		
Net income before taxation	(339 740)	60 660
Non-cash items recognized in profit before taxes:		
Depreciation and amortization	163 869	117 235
Provisions (decrease) increase	108 394	(1 234)
Impairment (reversal) of property plant and equipment	2 997	57 536
Impairment (reversal) of trade receivables	(9 131)	-
Impairment of inventories	244 315	23 334
Net financial interest (gains) expenses	<u>10 662</u>	<u>(20 503)</u>
	181 366	237 028
Proceeds from disposal of fixed assets	(1 911)	(1 513)
Changes in non controlling interest	464	167
Treasury shares futures contact (gains) losses	6 600	14 400
Changes in working capital:		
Changes of accounts receivable and other current assets	(120 114)	988 699
Changes of inventory	90 294	240 207
Changes of Payables and accruals	<u>(506 590)</u>	<u>(1 098 364)</u>
	(536 410)	130 542
Interest received	7 292	28 551
Interest paid	(17 954)	(8 048)
Income taxes (paid) received	<u>(28 981)</u>	<u>(67 840)</u>
	(39 643)	(47 337)
Net cash flows used in operating activities	(389 533)	333 286
Cash flow relating to investing activities		
Acquisition of intangible assets, property, plant and equipment	(34 189)	(110 721)
Proceeds from sale of fixed assets	2 406	14 475
Gains (Losses) from future deals	(6 600)	(14 400)
Increase (decrease) in the short term deposits	32 022	(6 214)
Increase (decrease) in finance lease liability	(463)	(44 284)
Net cash flow used in investing activities	(6 824)	(161 144)
Cash flow relating to financing		
Asset refund to shareholders	-	-
Proceeds from sale of treasury shares	-	-
Acquisition of treasury shares	-	-
Net cash flow used in financing activities	-	-
Increase in cash and cash equivalents	(396 357)	172 143
Cash and cash equivalents at the:		
Cash and cash equivalents at 1 January	5 533	400 513
Cash and cash equivalents at the end of the period	(390 824)	572 656

* non audited
** consolidated

The net operating cash-flow was 390 million HUF. According to the income before tax calculated with the correction of non-cash items, the Company recorded 181 million HUF of positive cash-flow during the past quarter. Among non-cash items, major changes were recorded in impairment loss, provision and depreciation. All three items are explained in the balance analysis of Hungarian companies.

The loss of investment cash-flow was 7 million HUF. The futures contract of Synergon System Integrator Ltd., the delivery of which is due in June 2011, resulted in 6.6 million HUF of expenses by the balance sheet day on 31 March 2011. The current assets are discount treasury bills.

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	Retained Earnings	Cumulative Translation Adjustment			
Balance at January 1st 2011 (IFRS)	1 860 947	(1 484 299)	3 087 126	466 736	233 525	4 164 035	44 868	4 208 903
Transactions with the equity owners:								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(1 664)	(1 664)
Transactions with the equity owners:	-	-	-	-	-	-	(1 664)	(1 664)
Comprehensive income:								
Total comprehensive income for the period	-	-	-	(346 821)	(26 552)	(373 373)	390	(372 983)
Balance at March, 31st 2011(IFRS)	1 860 947	(1 484 299)	3 087 126	119 915	206 973	3 790 662	43 594	3 834 256
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	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
Transactions with the equity owners:								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Transactions with the equity owners:	-	-	-	-	-	-	-	-
Comprehensive income:								
Total comprehensive income for the period	-	-	-	44 216	18 108	62 325	426	62 751
Balance at March, 31st 2010 (IFRS)	1 860 947	(1 195 841)	3 087 126	1 313 313	177 073	5 242 619	43 687	5 286 306

Shareholders Equity value representing voting rights at March 31st, 2011.

Equity representing voting rights	HUF	ps.
Issued capital (200 HUF/share par value each)	1 860 946 600	9 304 733
Treasury shares	(304 430 000)	(1 522 150)
Shares with voting rights	1 556 516 600	7 782 583

Earnings per share

(Loss) Earning per share	2011 Q1*	2010 Q1*
Net (loss) income attributable to ordinary shareholders for basic and diluted Earnings per share	(346 821)	44 216
Number of shares		
Weighted average number of ordinary shares in issue outstanding during the year for basic earnings per share	7 782 583	8 191 123
Weighter average number of treasury shares	1 522 150	1 113 610
Weighted average number of ordinary shares in issue outstanding during the year for diluted earnings per share	9 304 733	9 304 733
Earnings per share		
diluted, profit (loss) for the year attributable to ordinary equity holders of the parent (HUF per share)	(37)	5
basic, profit (loss) for the year attributable to ordinary equity holders of the parent (HUF per share)	(46)	5

* non audited

Synergon Information Systems Plc. (mother company) stand alone financial statements for the period of 1st January to 31st March 2011 prepared according to the Hungarian accounting principles

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, 2011*	March 31st, 2010 *	December 31st 2010
1st part			
Fixed assets	2 216 578	2 545 327	2 309 385
I. INTANGIBLE ASSETS	12 739	37 839	15 063
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	280	20 205	2 186
Intellectual property	12 459	17 634	12 877
Goodwill	0	0	0
Advance payments on intangible assets	0	0	0
Revaluation of intangible assets	0	0	0
II. TANGIBLE ASSETS	241 608	645 851	332 091
Land and buildings and related concessions and similar rights	169 914	513 182	251 717
Technical equipment, machinery and vehicles	0	0	0
Other equipment, fittings and vehicles	71 694	132 471	80 374
Breeding stock	0	0	0
Capital expenditure, renovations	0	198	0
Advance payments on Capital expenditure	0	0	0
Revaluation of tangible assets	0	0	0
III. FINANCIAL INVESTMENTS	1 962 231	1 861 637	1 962 231
Long term investments in related companies	1 959 537	1 858 943	1 959 537
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	2 660 101	0	0

2nd part

	2 660 101	3 942 473	2 589 097
B. Current assets			
I. INVENTORIES	1 120	69 031	79 459
Raw materials and consumables	0	0	0
Work in progress and semi-finished products	0	0	0
Animals	0	0	0
Finished goods	0	0	0
Goods	1 120	69 031	79 459
Advance payments on inventories	0	0	0
II. RECEIVABLES	1 942 903	2 979 781	1 773 930
Trade accounts receivable	220 687	998 797	276 971
Receivables from related companies	1 613 206	1 832 004	1 315 982
Receivables from other investees	0	0	0
Bills of exchange receivable	0	0	0
Other receivables	109 010	148 980	180 977
III. MARKETABLE SECURITIES	700 428	833 747	701 983
Investments in related companies	0	0	0
Other investments	0	0	0
Own shares, own quotas	700 428	825 133	700 428
Securities representing loans held for sale	0	8 614	1 555
IV. LIQUID ASSETS	15 650	59 914	33 725
Cash in hand, cheques	1 027	958	1 384
Bank deposits	14 623	58 956	32 341
C. Prepaid expenses and accrued income	159 609	202 295	103 333
Accrued income	56 849	10 365	31 948
Prepaid expenses	102 760	191 930	71 385
Deferred expenses	0	0	0
TOTAL ASSETS	5 036 288	6 690 095	5 001 815

3rd part

	March 31st, 2011*	March 31st, 2010 *	December 31st 2010
D. SHAREHOLDERS' EQUITY	4 514 254	5 771 281	4 689 816
I. ISSUED CAPITAL	1 860 947	1 860 947	1 860 947
II. ISSUED BUT NOT PAID CAPITAL (-)	0	0	0
III. CAPITAL RESERVES	3 497 832	3 497 832	3 497 832
IV. RETAINED EARNINGS FROM PREVIOUS YEARS	(1 369 393)	(335 995)	(211 289)
V. NON-DISTRIBUTABLE RESERVES	700 428	825 133	700 428
VI. REVALUATION RESERVE	0	0	0
VII. PROFIT PER BALANCE SHEET	(175 560)	(76 636)	(1 158 102)
E. Provisions	4 059	80 403	5 725
1. Provisions for expected liabilities	4 059	80 403	5 725
2. Provisions for future expenses	0	0	0
3. Other provision	0	0	0
F. Liabilities	405 992	675 455	214 032
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	8 183	11 597	5 744
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
Long term financial lease liabilities	8 183	11 597	5 744
Other long term liabilities	0	0	0

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards 4th part	March 31st, 2011*	March 31st, 2010 *	December 31st 2010
III. Short term liabilities	397 809	663 858	208 288
Short term credits	0	0	0
from which convertible bounds	0	0	0
Short term loans	45 208	0	17 284
Advance payments received from customers	0	0	0
Trade accounts payable	61 825	181 042	109 552
Bills of exchange payable	0	0	0
Short term liabilities to related companies	293 514	109 046	18 750
Short term liabilities to other investees	0	0	0
Other short term liabilities	(2 738)	373 770	62 702
G. Accrued expenses and deferred income	111 983	162 956	92 242
1. Deferred revenues	96 838	142 815	80 665
2. Accrued expenses and expenditure	15 145	20 141	11 577
3. Deferred income	0	0	0
TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY	5 036 288	6 690 095	5 001 815

Net domestic sales revenues	297 222	846 101	1 924 024
Net export sales revenues	0	148	173
Net sales revenues	297 222	846 249	1 924 197
Change in self-manufactured inventories	0	0	0
Capitalised value of self-manufactured assets	0	0	0
Capitalised value of self-manufactured assets	0	0	0
Other revenues	14 501	115 816	368 713
of which: reversal of impairment loss provision	0	0	0
Cost of raw materials	17 321	16 930	58 284
Value of services used	95 020	246 206	956 202
Value of other services	3 348	5 355	30 517
Cost of goods sold	46 117	417 514	560 213
Value of recharged services	25 903	15 312	41 293
Material type expenditure	187 709	701 317	1 646 509
Wages	67 270	85 882	291 473
Other payments to personnel	13 567	12 849	51 052
Personnel related contributions	20 696	26 152	90 584
Payments to personnel	101 533	124 883	433 109
Depreciation charge	92 830	45 703	352 687
Other expenditure	232 016	92 149	525 292
-from which depretiation	0	0	258 931
Operating result	(302 365)	(1 987)	(664 687)

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards	March 31st, 2011*	March 31st, 2010 *	December 31st 2010
6ht part			
Dividend received	116 359	0	107 553
of which: received from related companies	116 359	0	107 553
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	18 649	12 296	72 231
of which: received from related companies	0	0	69 212
Other revenues from financial transactions	4 436	27 387	129 580
Revenues from financial transactions	139 444	39 683	309 364
Loss on financial investments	0	0	0
of which: given to related companies	0	0	0
Interest paid	820	3 366	7 809
of which: given to related companies	0	0	0
Impairment loss of financial investment, securities and bank deposit	0	0	323 607
Other expenditures of financial transactions	5 319	68 356	132 354
Financial expenses	6 139	71 722	463 770
FINANCIAL PROFIT	133 305	(32 039)	(154 406)
PROFIT ON ORDINARY BUSINESS	(169 060)	(34 026)	(819 093)
Extraordinary revenues	0	0	0
Extraordinary expenditures	6 500	42 610	339 009
Profit on extraordinary events	(6 500)	(42 610)	(339 009)
Net profit before taxation	(175 560)	(76 636)	(1 158 102)
Tax	0	0	0
AFTER TAX PROFIT	(175 560)	(76 636)	(1 158 102)
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	(175 560)	(76 636)	(1 158 102)

Business Report on the business activity of companies and the determining economic influences and risks

Governmental and Public Administration Sector

In the state- and public administration sector, the moderate IT investment flow of the preceding year continued in Q1 2011 as well. This was complemented by the unrealistically low prices of the starved-out market participants, which does not result in the abortion of the profit ratio anymore, but it disables the IT sector with offers below the level of cost.

The sector continues to attribute high importance to successful participation in tenders subsidised by the EU. Synergon applied to several of these tenders in the field of higher education; the VIR tender of the University College of Nyíregyháza is already in the stage of concluding the contract.

Centralized procurement procedures have also been launched, in which the company participates as head or member of consortia. There are four procedures in progress at the moment. The participation of the company in the KSZF (Central Services Directorate) database management, the KSZF IT security 2011, the KSZF RISC-computer networks and the KSZF NET2011 procurement procedures is of strategic importance; the partnerships with manufacturers offer a solid basis for successfully obtaining assignments.

In the field of e-justice, a few minor projects were completed, however competence development continues in favour of the professionally founded obtaining of larger assignments.

In the field of hospital management information technology, several health care tenders are in progress, in which the company participates with the Inforend HIS brand software and is measured on the basis thereof.

The implementation of the transport information technology projects in the frame of agreements concluded in 2010 is progressing according to the pre-determined schedule. The ticket and travel card vending machines project that is to be delivered to Kisalföld Volán Zrt. and the city of Sopron stepped into the test run stage. The integrated fleet management and passenger information system project that is to be delivered to Kisalföld Volán Zrt. and Győr City with County Rights is being re-scheduled on account of objective external circumstances. The project is expected to be completed in Q4 2011.

In the frame of the information and communication technology investment of BKV Zrt. (BKV-Futár project), aimed at enhancing community transportation, Synergon System Integrator Ltd. successfully handed over the network plans, which will serve as the basis of future implementation, and the 60% completed renovated parts of the dispatch centre on Szabó Ervin tér on 31 March 2011.

In the field of transport information technology, Synergon System Integrator Ltd. submitted a valid application for the public procurement tender announced by Kapos and Gemenc Volán Zrt., and was assessed as suitable applicant. In the remaining part of the year, the company will continue its commercial activity drawing on the current upsurge of the market and expand its portfolio with electronic ticketing solutions.

In the course of the quarter, the transport solutions unit successfully continued the ongoing competence and resource development process, as a result of which the company possesses satisfactory resources for the execution of both current and future projects.

The expansion of the partnerships, professional and human resource competences, which are necessary for the realization of electronic ticketing solutions, are considered to be priorities, because a notable market boost is expected in this field, with special regard to the related efforts of the modernization of the public transportation of Budapest.

Large Enterprise Sector

Analysing the results of the sector, it is apparent that the revenues did not live up to expectations on the whole.

The entire sector was characterized by a slower recovery and lower investment flow than expected. The annual budget of state-owned large enterprises was adopted at the end of Q1 or at the beginning of Q2, thus these could only allocate resources to indispensable tasks. Their budget plans are typically more moderate compared to preceding years. Several projects have been postponed or pushed into the background due to the general cost saving measures; in order to exploit this opportunity, the Company strives at offering them solutions that increase cost efficiency.

In case of the participants of the free market, recovery is perceptible in some instances, however investments have been more moderate and cautious; and on the whole they do not compensate for the stagnation of the other parts of the sector.

During the quarter, the most important projects affecting the result progressed as follows.

At EDF Démasz Zrt., the IP phone network project continued, the completion of which is expected to take place in Q3 2011. Synergon System Integrator Ltd. won the invitational tender of EGIS Plc. for the renewal of CheckPoint licence support.

At the Budapest Electric Works (ELMŰ) and ÉMÁSZ, the structured cabling works were uninterrupted. At MVM Zrt., Synergon executed a high-value Cisco tool delivery in Q1.

Following last year's delivery, another assignment related to IBM licence supplies was performed for MAVIR Hungarian Transmission System Operator Company Ltd.

The expansion of the circle of the users of the project management system that had been implemented at the Paks Nuclear Power Plant in 2010, provided continuous income in the form of project manager training.

FŐGÁZ Zrt. expanded its Large Enterprise Microsoft agreement with Synergon by additional licences.

The tender and the supply of Cisco equipment necessary for the communication network of the new and existing factory units of SMR was completed successfully.

The store opening and implementation works at the Jeans Club group and its subsidiaries, which began in Q4 2010, were also completed. The company chose Synergon as its contracted Microsoft Select partner in 2011.

With regard to the retail clients of the sector, Q1 was characterized by the obligatory declaration of VAT as recorded in cash registers, in which process cash-registers with electronic logs and clients using these (e.g. JC, Auchan, Lukoil) played a special part.

At MÁV, the implementation of the Cisco Enterprise Call Center roll-out has begun.

Synergon won and implemented the complex IT tender for network support and security at Tigáz Zrt. in close competition. The tender extended to the work and solutions of three units. The

Company concluded a cabling frame agreement for continuing the Tigáz site reconstruction project in 2011. These works were launched in Q1.

At Vodafone Zrt, the delivery of the high availability IP network support and the execution of the minor device supply and implementation tasks related to network expansion and upgrade have been continuous. There was no major investment throughout Q1.

In the course of 2010, the Company was assigned to the development and operation support tasks related to the data warehouse in the frame of a multiyear agreement. The fulfilment of the agreement with respect to both operation support and development tasks started in Q1 2011; and its positive influence on the balance was already apparent in Q1.

It is a significant event of major reference value that Synergon won the IP-based video surveillance system tender of Vodafone Zrt. in this quarter with the help of its Cisco Systems technology.

During the quarter, Synergon performed its agreements for the end-point device supply and network support related to the IP network of Invitel Zrt. continuously. As a result of the sales agreement concluded with Invitel, the Company won several public procurement procedures in the field of health care as well as at the Hungarian Trade Licensing Office.

At the T-Group, the conclusion of the comprehensive premium network management support agreement is in progress. The Company has completed its development projects started last year. The expansion of the DVBS system delivered by Synergon was also carried out successfully, in addition to minor orders regarding optical equipment supplies and network maintenance. At other cable television service providers, the deliveries related to the expansion of optical networks continued.

At the National Media and Infocommunications Authority (NMHH), the agreement for the system support of the SAP-based Economic and Financial System was continuously performed, similarly to the assignments related to the NMHH network management and network security system support.

In the field of finance, Q1 started with the evaluation of the year-end projects of 2010, which yielded a basically positive result. Synergon continues to fulfil its assignments fruitfully, which is also recognised by clients. During the quarter, the procedure of extending the existing system support agreement with two commercial banks continued. The moving of the computer room of one of the major clients of the Finance sector was completed during the quarter.

During the quarter, the Company performed the reconstruction of the complete network of a countrywide finance client, and executed the necessary modifications in all related fields (applications and security).

The support of custom networks at banking clients continued, and these networks were also upgraded in the frame of new agreements.

The Business Solutions unit developed and delivered a new version of the Provision and Impairment calculation tool that had been rolled out in the bank sector. The system has been used in one of the largest commercial banks of Hungary for over five years.

There were continuous deliveries in certain important IT operation projects as well.

The Company continued to expand its competences in the field of the Cisco Contact Center technology, which offers premium security and -availability, and it was assigned to the implementation of a major project at a Hungarian financial institution that has been acquired as a new client.

In connection with its Q1 sales activity, the Company identified several market opportunities, in which procurement tenders are expected at the end of Q2.

In addition to this, as a result of the close cooperation with clients, the experts of Synergon are working on several follow-up projects, such as the developments of the IP telephony system of DÉMÁSZ, tailored to DÉMÁSZ and the sector, which enable a significantly more diverse use of the technology.

In the field of application development, the continuous data warehouse-related developments in the Vodafone CRM project are considered important; the Company expects the completion of these to positively influence the results in the future. Another important progress was the closer cooperation with Invitel Zrt.; as a result of which, the Company expects to successfully obtain additional assignments in the next quarter.

During Q1, the sector expanded its retail team with sales competences, whose primary task will be to acquire new clients, primarily from among manufacturing and retail companies.

However, the increasing competition among market participants and the complexity of procurement procedures are expected to make it more difficult to obtain assignments, and to decrease profitability significantly. Tendencies suggest that the customers will continue to give absolute priority to the quoted price as opposed to the quality of technical solutions in the procedures of 2011 as well.

Synergon System Integrator Ltd.

The System Integrator unit continued to lay special emphasis on the development and expansion of Microsoft-based competences at the beginning of 2011 as well. In the new Microsoft Certification Program, the pre-requisites (i.e. references, certified engineers, sales/presales) necessary for the competences offered in the given fields had to be completed by 15 April 2011. The competences defined by Microsoft adjust to the consumption habits of clients in a life-like manner, thus they help us to draw the attention of our partners to the knowledge and expertise of Synergon. By reaching the Gold level of certification, the Company proved that it offers the most outstanding and balanced performance and commitment on the market in the field of Microsoft business solutions:

Synergon has earned the Gold status in the following fields:

- Server Platform Competency
- Unified Communications Competency
- Systems Management Competency
- Volume Licensing Competency

It is a short- and mid-term goal for both Synergon and the System Integrator unit that the resources dedicated to the above competences should be realized in the form of successfully delivered, actual projects. Another task of the coming quarters is to consolidate the current hardware portfolio, adjusting it to the market opportunities to the greatest possible extent: by involving new manufacturers, rationalizing, and refining the portfolio.

The Outsource unit continuously measures customer satisfaction, because one of the indicators of the contractually required SLA's is customer feedback. Based on the customer satisfaction data which was finalized in Q1 2011, the Company reached the BLUE SLA level at its premium partner BAT, which means that the Company performed above the quality prescribed by its contract. This

result has outstanding significance, as the preparations for extending the service agreement of the next couple of years will begin in Q2.

In Q1, the unit continued to lay emphasis on internal competence development: that is on better knowledge and clearer view of clients and their operation. During Q1 2011, several colleagues passed TIVOLI and Microsoft exams.

In Q1, the Communications unit focused on the maintenance (re-certification) of the primary competences and the acquisition of complementary knowledge.

IBM bought up the established, end-point management specialist product BigFix® and will continue to market it under the name Tivoli® Endpoint Manager. Similarly to the case of other end-point management softwares of IBM, SRI (Synergon System Integrator Ltd.) will develop the related competences in order to offer complete management solutions to clients.

Under the sign of its close cooperation with Cisco, the company was a special sponsor of two technological seminars: on the short run, IPv6 could be introduced primarily in the circle of internet service providers, while the Unified Communications novelties could be of interest to large enterprises. The Cisco Connected Grid targets a separate segment of the market; with this solution, tools customized for special tasks and special use are positioned for different providers (gas, power). Synergon developed the competences related to these solutions in cooperation with the manufacturer. In February, the unit participated in the European partner conference of Harmonic, the main goal of which was to expand cooperation. Under the aegis of manufacturer competences, another colleague passed exams and earned a Harmonic certification.

Similarly to the preceding years, the company will sponsor the Networkshop conference this year as well; which will be organized by the National Information Infrastructure Development Institute (NIIF), under the patronage of Dr. Zsolt Nyitrai, State Secretary of the Ministry of National Development. Synergon System integrator Ltd. will attend the event both as sponsor and presenter. In the frame of the cooperation with the University of Óbuda, the unit will receive French university students again, who will complete their internship for their studies in telecommunication this way.

In Q1 2011, the Security Solutions unit attended several vertical events of special importance. One of the most significant events was the 3-day HOUG conference for Oracle users, which was sponsored by Synergon among others. At the event, the head of unit Sándor Kádár gave a successful presentation about the experiences of rolling out IdM projects. The following special event was the IVSZ Business & Technology conference in April, organized by Hungarian Association of IT Companies (IVSZ) and IT Business, in the frame of which the head of unit gave a presentation of the security options of mobile devices.

In the field of IdM solutions, a wider series of training courses was launched, in the frame of which colleagues enhance their expertise by familiarising with solutions of different manufacturers. In the field of network security, the circle of services already rolled-out and to-be rolled out at clients was expanded by a new technology: sms-based user identification. The technology relies on mobile devices, as an ownership-based authentication solution also combined with the knowing-something principle.

The Q1 performance of the SAP unit was below the average of preceding years. 15% of the sales revenue and fed1 plan of the entire year is in contractual state.

Based on our preliminary surveys, pre-trainings took place—in the waste recovery and management segment—for the benefit of projects expected to be launched in October. Two of our colleagues attended a Waste and Recycling training in Halle, while four colleagues attended a presentation of the experiences and settings of an Ehp 5 migration of a SAP system in Linz.

As an outcome of this, Synergon concluded a partnership agreement with the German company Prologa. Through the partnership, an SAP system and a Waste and Recycling muddle is expected to be rolled out in Q2, realized in a joint project together with the German company.

The Business Applications unit focused on the high quality performance of its data warehouse and business intelligence projects both in the higher education and the telecommunication sectors. In the course of the implementation, the size of the professional team grew in the necessary extent. In the coming period, further projects are expected to be obtained in the higher education sector. The goal set in 2010, according to which Synergon System Integrator should double its sales revenue from Hungarian data warehouse and business intelligence projects in 2011 and become a determining participant of the market, is becoming reality.

The development of the Sirius records management system, one of the key products of the Business Applications unit, continues. The goal of the development is to give a common code base to the existing systems, which will significantly enhance the cost-efficiency of management and development. The 2011 development concept of the product is yet to be adopted. Its implementation will significantly boost its functionality, and enable it to perform the complete administrative process of the state and public administration sector. The solution that has a unique know-how is charged with considerable market seeking opportunities, and it would have significant advantage over the products of competitors in the close market competition.

Synergon Retail Systems Ltd. (Retail and special systems)

Synergon Retail Systems Ltd. operates in the retail and wholesale sector. The company installs and operates sector specific systems, has a countrywide repair network, and offers electronic solutions as a premium EDI service provider in Hungary.

The company closed Q1 2011 according to expectations. It performed its non-stop, 24/7 repair service and system support assignments countrywide according to its actual agreements in the field of repairs.

In Q1, we successfully installed the completed SRS Base point-of-sale ticketing – SRS Ticketing – system in several points of sale, and installations will continue in Q2 as well.

In the course of Q1, the Company assisted its partners in the opening of several clothing stores both in Hungary and abroad, opened further stores in Croatia, thus the SRS system is operated in Hungary, Slovakia, the Czech Republic, Poland, Romania and Croatia as well.

The proficiency of Synergon Retail Systems Ltd. is also apparent from the fact that it managed to conclude agreements for the installation of point-of-sale systems with international companies that had not been present on the Hungarian market. Synergon assisted the Hungarian expansion of Camaeiu—which has 605 stores Europe-wide—; four stores out of the planned eight were already opened in Q1. Debenhams opened the largest store of Westend Plaza, thus beginning its Hungarian expansion. Debenhams, one of the highest standard fashion chains of Great Britain and Western Europe, plans further store openings in Hungary and in the Central Eastern European region with the use of the brand retail information product of Synergon, the SRS system.

Our ECOD – EDI service is used by several multinational FMCG companies. Auchan Hungary Ltd., one of the leaders in this field, also relies on the services of Synergon. In Q4, an outstanding number of suppliers converted to electronic invoicing in the frame of the ECOD service. The installation of the PKI-based invoicing that had been developed alongside the EDI service was completed at the first client; the Auchan will use this service from Q2 to send marketing invoices to its 1500 partners. This solution in the field of electronic invoicing provides a possibility for numerous new suppliers to join the ECOD-EDOC24 system in 2011.

The bottle return machine project that had been launched last year reached an intensive stage; the company installed such systems in over 10 locations during the quarter. SPAR is offered several models to choose from for the part of its new and transformed shops.

Infinity as.

Infinity a.s. is a subsidiary of the Group that operates in the Czech Republic; it is engaged in consulting the implementation of business solutions and infrastructure systems, and the sale of related licences and hardware devices. The clientele consists of mid-size and large industrial and service provider enterprises, and includes to a smaller extent the state and public administration sector.

Infinity focuses on novel problem-solving services that affect a wide circle of clients and thus carry high added value. The current focal points are the following:

Notebook Security for Mobile Clients

The so-called "mobile office" is an increasingly frequent solution for eliminating the spatial and temporal limitations of distance and expertise. Parallel to the advantages of the use of these devices, the information technology and information security risk factors are also increasing. In the case of companies operating with the help of such mobile technologies, it is necessary to implement the mutually supporting technologies proportionately; consequently our experience is that the demand for security solutions is also in an upsurge. The security solutions in demand are limited primarily to notebook data security at the moment. Building on this increasing and effective demand, Infinity expanded its product portfolio with the Anti-Theft technology by Intel. The advantage of this technology is the customizable implementation of security solutions, which means that this technology can be connected to numerous other makes of security software, like Absolute Software, Symantec or WinMagic.

Strategic Partnership with ESET

In 2011, Infinity entered into strategic partnership with the Slovakian firm ESET for the sale of antivirus software. The state-of-the-art ESET Smart Security and ESET NOD32 Antivirus programs, which have won numerous international awards, are popular security systems among the clientele of Infinity.

The most important projects among the sales of Infinity in 2011 are the following:

MJM Litovel distributes synthetic fertilizers and related products. Infinity completed the implementation of the new Documentation Center (DMS) at the client, and in the following months the system of sales and support processes was fundamentally transformed. Thanks to the system that has been put into operation, all the external and internal documents are managed in a digitalized, electronic form.

Plzeňské městské dopravní podniky a.s. (Pilsen Transport Company) is the largest urban and suburban transport provider company in the region of Pilsen, for which Infinity started to draw up a Microsoft SharePoint Server 2010-based Intranet portal solution in February. The goal of the project is to direct the subsystems and daily schedules of the company into a central system, as a result of which users can increase their efficiency by utilising state-of-the-art technologies.

In January 2011, Invia.CZ, a.s. (travel agency) tested the Microsoft Dynamics AX 2009 system designed and installed by Infinity. The project is special, as the new AX solution will manage the business data of the company using the data of the current reservation system. Implementation stepped into the stage of the final test of user components, thus the Infinity focuses on the

communication between subsystems at the moment. The entire AX system will be put into live operation before the high season in tourism.

The current ERP system of NBB Bohemia, s.r.o. (lighting retailer) is Microsoft Dynamics NAV. The company decided to switch to the use of the higher quality Microsoft Dynamics AX 2009 instead of upgrading NAV. They acquired licences, a new server and a new SQL server, which enables the parallel operation of the old and the new systems. This technological background provides ideal circumstances for preparing the analyses necessary for the proper customization of the new system. The project is expected to be completed at the beginning of 2012.

Infinity supplied Atento Česká republika a.s. (telemarketing company) with HP servers and installed the virtualization environment at the beginning of 2011. At the beginning of the project, the availability of a wider range of information technology services, lower energy consumption compared to their old servers, and a significant drop in the cost of maintenance were the primary concerns of the client. The integration of the VMware virtualization platform into the existing environment included the migration of several servers and the complete user training necessary for daily routine activities and secure operation.

Headcount figures for Synergon Group

Headcounts	2011 Q1 average	2010 Q1 average	Difference %	2011 Q1 closing	2010 Q1 closing	Difference %
Synergon and Hungarian controlled entities	250	241	4%	255	231	10%
Infinity	102	107	(5%)	101	107	(6%)
Total	352	348	1%	356	338	5%

The closing headcount of March 31, 2011 is 356 persons, of whom 44 persons are employed by the parent company. The change in the closing headcount is an increase of 5% compared to the closing value of the corresponding period of 2010.

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

Board of Directors decided about structural and personal changes on 2 May 2011.

Personal changes

As of 30 April 2011, Róbert Litauszki resigns from the CEO position of Synergon Information Systems Plc., in addition to leaving his position in the Board of Directors as of 3 May 2011, and continues his professional career outside Synergon.

The Board of Directors of the company will fulfil the obligations and responsibilities of the CEO of Synergon Information Systems Plc. until further arrangements.

As of 3 May 2011, Szabolcs Vida resigns from his post as managing director of Synergon System Integrator Ltd. and leaves the company, but remains member of the Board of Directors of Synergon Information Systems Plc.

Márk Lazarovits resigns from his executive position in Synergon System Integrator Ltd. and becomes a key vendor- and customer relations executive, while retaining his membership in the Board of Directors of Synergon Information Systems Plc.

As of 3 May 2011, the Board of Directors appoints Dávid Pap as managing director of Synergon System Integrator Ltd.

Ownership structure

Shareolders with higher than 5% ownership of Synergon Informations Plc.			Shareolders structure of Synergon Informations Plc.		
Shareholders	March 31st, 2010	December 31st, 2010	Shareholder arts	March 31st, 2010	December 31st, 2010
Cashline Befektetési Holding Zrt.	15,42%	15,42%	Domestic Company	50,73%	49,90%
Pannergy Műanyagipari Nyrt. with subsidiaries	11,56%	11,56%	Foreign Company	1,08%	2,49%
Treasury shares	16,36%	16,36%	Domestic Private person	25,52%	24,70%
Investors below 5% ratio	56,66%	56,66%	Foreign Private person	0,44%	0,50%
			Employee and Key management	0,05%	0,05%
			Treasury shares	16,36%	16,36%
			Governmental and public interest	0,00%	0,00%
			Other	5,82%	5,99%
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 **12-month period from January 1, to March 31, 2011** 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, 20th May 2011



Zsuzsanna IMRE
CFO

Mark LAZAROVITS
Member of Board of Directors

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

