

FLASH REPORT



**Financial results of
Synergon Information Systems plc.
for the 6-month period
January 1 - June 30, 2003
Unaudited consolidated
Financial Statements prepared
in accordance with
International Financial
Reporting Standards**

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In the first two quarters of 2003, the service content of the Synergon Group's revenue increased to 30 percent and the contribution to 24 percent (+2%point). The Group, still working under depressed market conditions, produced a sales revenue of HUF 8,856 million (-4%) and a 9 percent improvement in net earnings. Group inventories on the accounting day dropped by 41 percent compared to the same period of the previous year, which is related to the increase in the proportion of sales revenues generated by services, showing progress toward strategic objectives. Strong results in the first quarter and Synergon's improving profitability, offsetting the downward tendency in subsidiaries' second quarter profitability, had a positive impact on the group's performance. Despite negative group net profit, EBITDA remains high (HUF 265 million), which, along with cash and securities amounting to approximately HUF 2 billion, ensures a financial background which is more stable than the sectoral average.

Despite the stagnating general market environment all of Synergon plc's profitability indicators improved in comparison with the same period of the previous year, while other members of the group closed a weaker quarter. In Hungary, performance was affected by the completion and closing of a number of high contribution- and service-content projects. Project launches are still sparse in the region, and many have been pushed back, primarily affecting the foreign subsidiaries. These market characteristics show no clear tendency concerning the dynamics of the market. The balanced results at the end of the second quarter indicate the security and stable foundation of the Synergon Group's operations, the result of regional diversification and a broad portfolio.

Under its growth oriented group strategy, the Synergon management aims to increase performance through improving the contribution margin and raising the net profit. Proof that this is succeeding, and that there is an increasing demand for services on the market, is the steady rise of contribution margin from 19 percent in 2001 to 24 percent in the first two quarters of 2003, giving a substantial boost to the efficiency of operations.

For Synergon Rt., all indicators have improved as compared to the first six months of 2002, and the net profit was also positive. The improving profitability indicators permit the assertion that the organizational restructuring process has been completed and has enabled the company to adapt to a potentially weaker market with such a degree of flexibility. The performance of the subsidiaries improved against the figures of the first quarter, contrary to the seasonality of the industry, except Infinity, which performed in line with the seasonal trend. The loss of sales revenue here is mainly due to sale of low-contribution products, which, in spite of higher service content, resulted in a stagnating sales revenue at group level.



ANALYSIS OF SYNERGON'S RESULTS IN 2003

Comparison of the six-month period ending June 30, 2003 with the same period of 2002

The data contained in this report are based on the unaudited consolidated balance sheet and profit and loss accounts, prepared in accordance with the IFRS. For the convenience of readers, forint amounts have been converted into euros. The average exchange rate applied for the items of the profit and loss account are HUF 244.8 and HUF 251.1 per euro for the first six months of 2002 and 2003 respectively. The closing exchange rate applied for the balance sheet items are HUF 244.67 and HUF 266.3 per euro for June 30, 2002 and June 30, 2003, respectively.

Group results

Profit and loss statement	6-month period ending June 30				Change %	
	2003		2002		HUF basis	EUR basis
	000 HUF	000 EUR	000 HUF	000 EUR		
Net sales*	8 856 261	35 270	9 203 267	37 706	-4%	-6%
Of which services(%)	30%		29%			
Of which products (%)	70%		71%			
Cost of sales	-6 768 708	-26 956	-7 187 285	-29 446	-6%	-8%
As % of sales	76%		78%			
Contribution	2 087 553	8 314	2 015 982	8 260	4%	1%
Contribution margin (%)	24%		22%			
Operating expenses	-2 188 205	-8 714	-2 082 615	-8 533	5%	2%
EBITDA	265 160	1 056	303 279	1 243	-13%	-15%
EBITDA margin	3%		3%			
Operating profit	-100 652	-401	-66 633	-273	51%	47%
Operating margin (%)	-1%		-1%			
Net financial income	31 363	125	63 485	260	-51%	-52%
Extraordinary items	513	2	0	0	na.	na.
Profit before tax	-68 776	-274	-3 147	-13	2085%	2024%
Corporate tax	-15 633	-62	-48 493	-199	-68%	-69%
Minority interest	-594	-2	-41 545	-170	-99%	-99%
Net profit	-85 004	-339	-93 186	-382	-9%	-11%
Net margin (%)	-1%		-1%			

* Including other revenues.

Sales revenue

During the first six months of 2003, Synergon Information Systems plc, including its consolidated subsidiaries, achieved sales revenue of HUF 8,856 million, a 4 percent decrease in forint terms from the HUF 9,203 million sales revenue of the base period. Within the Group, Synergon's sales increased by 5 percent during the first six months of the year, while the revenues of the other subsidiaries declined.

In a sector-by-sector breakdown of Synergon Group sales, the telecommunications and the financial sectors accounted for 12 and 11 percent respectively during the period, industry and public utilities/transport represented 26 percent, and the public sector 29 percent. Other, unclassified sales amounted to 22 percent.

Compared to previous years, the share of the public sector was substantially higher, due to the prolonged

recession in the telecommunication industry and the restructuring of the customer portfolio resulting from decreasing willingness to invest.

During the first six months of 2003 the service content of the sales was 30 percent, compared to 29 percent during the same period of 2002. This increase was due to the 43 percent service content of Synergon's sales in the second quarter and the changes in the composition of the sales revenue of Infinity and Span (details in the respective sections).

Cost of sales

The cost of sales consists mainly of products sold, raw materials, payments to contractors and direct labor costs.

Comparing the first-six-month periods of 2002 and 2003, the cost of sales decreased by 6 percent (HUF



7,187 million and 6,769 million respectively), a higher rate of decrease than that of sales revenue. The cost of sales dropped to 76% compared to the 78 percent of the 2002 period. This was the result of high-contribution products, the services provided, and the high prices commanded by outstanding expertise.

Contribution

Contribution during the first six months of 2003 amounted to HUF 2,088 million, as compared to HUF 2,016 million during the same period of 2002, a 4 percent increase. The Group managed to increase contribution in spite of declining sales revenue, the result of an increasing proportion of services. The contribution margin, as a result of conscious efforts, was increased to 24 percent in the first six months of 2003 from 22 percent in the same period of 2002.

Operating expenses

Operating expenses amounted to HUF 2,188 million during the first six months of 2002, a 5 percent increase from the HUF 2,083 million achieved during the same period of 2002. This change – the reverse of the change in sales revenue over the period – was primarily due to the growing headcount at both corporate level (excluding Fibex) and group level. The most significant constituents of the operating expenses included non-business labor costs (HUF 703 million), depreciation (HUF 365 million) and vehicle expenses (HUF 164 million). Of the operating expenses, marketing expenses (+15 percent) and training expenses (+13 percent) and non-business labor expenses (+20 percent) grew significantly in 2003 compared to the figures for the first six months of the last year.

Operating profit

The operating expense margin, which increased during the first six months of 2003, exceeded the value of the contribution margin, which means that the operations of the group generated a loss during this period. The growth rate of the operating loss was HUF 33 million, compared to that of the first six months of 2002. Nevertheless, the EBITDA indicator, showing the profit without depreciation, remains high, HUF 265 million, which is proof of a good cash-flow generating capability.

Net financial income

Net financial income was HUF 31 million during the first six months of 2003, compared to HUF 63 million during the same period of 2002. This diminution was the result of the financing expenses of major projects that were closed by the end of the six-month period, and decreasing interest rates. The net exchange rate gain at group level corresponds to that posted in the same period of the last year. During the first six months, Infinity and Span decided on paying dividends from their profit reserves, and the effect of this decision on the profit has been consolidated.

Profit before tax

Since there was a decline in both operating profit and net financial income, group loss before tax increased from HUF 3 million in the first six months of 2002 to HUF 69 million in the same period of 2003.

Net profit

Efforts by Synergón provided the Group with a 9 percent improvement in net earnings. The net loss during the first six months of 2003 was HUF 85 million, compared to HUF 93 million during the same period of 2002. As in the previous periods, net earnings were reduced by two items, but to a lesser degree. Corporate tax payment diminished owing to the meager subsidiary results, and minority interest decreased because of Synergón's increased holding.



Staff numbers

The table below shows the average staff numbers at the Synergon Group. The biggest staff changes in proportional terms occurred at Fibex and Span, but due to their minor weight (and the counteracting

effect), growth at group level was determined by staff numbers at Infinity and Synergon. In the Group overall, the closing staff number was 545 on June 30, 2003, compared to 512 on June 30, 2002.

Average staff numbers	2003 Q2	2002 Q2	Change %
Synergon	315	283	11%
Fibex	14	28	-50%
Infinity	167	161	3%
Span	49	40	23%
Total	545	512	6%

Analysis of Synergon Group Companies

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

Group companies	6-month period ending June 30							
	2003			2002			Change %	
	000 HUF	000 EUR	%	000 HUF	000 EUR	%	HUF	EUR
Sales*	8 856 261	35 270	100%	9 203 267	37 706	100%	-4%	-6%
Synergon Rt.	6 184 851	24 631	70%	5 873 376	24 063	64%	5%	2%
Fibex	298 540	1 189	3%	499 245	2 045	5%	-40%	-42%
Infinity	1 926 664	7 673	22%	2 249 520	9 216	24%	-14%	-17%
Span	647 020	2 577	7%	955 855	3 916	10%	-32%	-34%
Consolidation	-200 814	-800	-2%	-374 728	-1 535	-4%	-46%	-48%

* Includes other revenues.

The sales of Synergon plc accounted for 70 percent of the total sales of the Synergon Group, while the rest of the sales were generated by the other group members. Considering its magnitude, the share of the foreign subsidiaries in the sales revenues of each

period shows only a minor change and a certain degree of restructuring. In the first six months of 2003, the increased sales revenue of Synergon plc compensated partly for the declining performance of the subsidiaries.

Synergon plc

Synergon plc, the Hungarian company of the Synergon Group, as the main shareholder of the other members, is the parent company of the Group in legal terms.

A description of the activities of Synergon plc, and a detailed introduction to the company are available at the company's websites www.synergon.hu and www.synergon-international.com.



Synergon plc	6-month period ending June 30					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF	EUR
Net sales*	6 184 851	24 631	5 873 376	24 063	5%	2%
<i>Of which services (%)</i>	29%		33%			
<i>Of which products (%)</i>	71%		67%			
Cost of sales	-4 674 106	-18 615	-4 655 031	-19 072	0%	-2%
<i>As % of sales</i>	76%		79%			
Contribution	1 510 745	6 017	1 218 345	4 992	24%	21%
<i>Contribution margin (%)</i>	24%		21%			
Operating expenses	-1 535 105	-6 114	-1 446 657	-5 927	6%	3%
EBITDA	151 667	604	2 557	10	5832%	5666%
<i>EBITDA margin (%)</i>	2%		0%			
Operating profit	-24 360	-97	-228 312	-935	-89%	-90%
<i>Operating margin (%)</i>	0%		-4%			

Includes other revenues.

During the first half of 2003, Synergon plc increased its sales revenue by 5 percent over the first half of 2002. The increase of the sales revenue in Quarter 2 exceeded the rate of increase in Quarter 1, contrary to the usual seasonal tendency. The first six months of 2003 were characterized by a slow market, so no major new projects were initiated. The increasing sales revenue was the result of two factors: projects that were started at the end of 2002, and those completed in the first half of 2003. Also, restructuring the sales organization and reallocating resources improved the efficiency of sales activity, and as a result, Synergon's high level adaptation to the actual market situation.

Network communication activities remain a major area in Synergon's portfolio, and performed exceptionally well in terms of both sales revenue and contribution. The division compensated for the diminishing contribution in product sales and the loss of sales revenue attributable to the crisis in the telecom sector by expanding its corporate customer base and providing product-linked consultation and services, in line with the corporate strategy aimed at strengthening service provision and consulting.

Classical communication solutions prospered in the six-month period, and the market in new technologies (IP telephony, network security, wireless networks) generated more and more projects and is assuming increasing importance.

Hardware sales have built up stable and reliable supplier and customer bases. There is a balance

among suppliers in the portfolio, and a number of significant storage and RISC system projects were launched during this six-month period, which improved the contribution margin of the division. The upturn in investments originating from the financial sector had the strongest impact on the operation of the division. System support activities earned sales revenue comparable to last year's levels, and with consistently high contributions, which provides Synergon with a stable and predictable source of income. Optimizing workflows increased the efficiency of this part of the organization and improved quality of service. During the six-month period, the focus of the services portfolio shifted towards proactive services, this being the type of service for which there is most customer demand.

The team formed up in the software division at end 2002 quickly demonstrated its efficiency in the first half of this year. Reorganizing its activity led to adding a number of new competences (e.g. database and decision support solutions) to its portfolio. Activity remains strongest in meeting customer demands for Microsoft-based customized solutions. The new competences and new staff met with a high degree of acceptance, and satisfactory completion of orders in the field generated further projects. Developers completed the latest version of Synergon's e-learning framework system, and the market launch is already under way. To boost market presence, the division formed a qualified partner group of suppliers and subcontractors to



ensure compliance with customers' needs at the highest standards.

E-learning, and the InfoRend (hospital information) system were areas of consulting that showed considerable development, but are still in the entry phase of their life cycle and thus have a limited impact on the profitability of consulting as a whole. Every area of consulting (SAP, business and security consult) looks back on first half 2003 as a relatively weak period.

Services accounted for a lower proportion of sales in the first six months of 2003 compared to the same period of 2002. The strong increase in service share during the second quarter was nevertheless unable to completely offset the low figure for the first quarter. The Company kept the increase of operating expenses (+ 6 percent) below the growth rate of the contribution margin (+24 percent), which resulted in a close to zero operating profit, but an almost HUF 150 million increase in EBITDA.

Fibex Ltd.

Fibex Ltd, specializing in the sales of optical and copper cables, network building materials and tools, operates as a 100 percent Synergon subsidiary. For a

detailed description of the activities of Fibex Ltd., and a detailed introduction to the company please visit the company's website www.fibex.hu.

<i>Fibex Ltd.</i>	6-month period ending June 30					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF	EUR
Net sales*	298 540	1 189	499 245	2 045	-40%	-42%
<i>Of which services (%)</i>	2%		0%			
<i>Of which products (%)</i>	98%		100%			
Cost of sales	-265 901	-1 059	-339 722	-1 392	-22%	-24%
<i>As % of sales</i>	89%		68%			
Contribution	32 639	130	159 523	654	-80%	-80%
<i>Contribution margin (%)</i>	11%		32%			
Operating expenses	-37 948	-151	-100 602	-412	-62%	-63%
EBITDA	217	1	65 406	268	-100%	-100%
<i>EBITDA margin (%)</i>	0%		13%			
Operating profit	-5 309	-21	58 921	241	-109%	-109%
<i>Operating margin (%)</i>	-2%		12%			

* Includes other revenues.

Fibex Ltd's second quarter sales revenue this year was 54 percent higher than in the first quarter. However, despite producing a profit in the second quarter, the company's activities generated a loss during the six-month period. In both quarters, the company's performance was negatively affected by the lack of new large projects, which at best were

only in the pre-decision phase during this period. Due to the slackness of the market the company management continued the substantial lay-offs and cost-cutting measures initiated at the beginning of the year. The financial and operational restrictions introduced are expected to lead to an overall profitable operation, but only in the long run.



Infinity a.s.

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

services based on these products. During the first six months of 2003, Infinity established a representative office in Bratislava to support projects in Slovakia. For a description of the activities of Infinity, and a detailed introduction to the company please visit the company's website at www.infinity.cz.

Infinity	6-month period ending June 30					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF	EUR
Net sales*	1 926 664	7 673	2 249 520	9 216	-14%	-17%
<i>Of which services (%)</i>	39%		26%			
<i>Of which products (%)</i>	61%		74%			
Cost of sales	-1 446 672	-5 761	-1 755 485	-7 192	-18%	-20%
<i>As % of sales</i>	75%		78%			
Contribution	479 991	1 912	494 034	2 024	-3%	-6%
<i>Contribution margin (%)</i>	25%		22%			
Operating expenses	-430 784	-1 716	-395 781	-1 622	9%	6%
EBITDA	129 708	517	180 482	739	-28%	-30%
<i>EBITDA margin (%)</i>	7%		8%			
Operating profit	49 208	196	98 253	403	-50%	-51%
<i>Operating margin (%)</i>	3%		4%			

* Includes other revenues.

** Figures include minority interest.

In line with the group strategy, Infinity succeeded in bringing the share of its first-half revenue deriving from service projects and product-related services up to 39 percent, compared with 26 per cent in first half 2002. Over 40 percent of Infinity's sales revenue was still generated by projects for industrial customers.

Growth on the Czech market slowed down in the second quarter, and many projects were postponed or cancelled, causing the sales revenue and contribution figures of the subsidiary to drop below those of the same period the previous year. Projects resulting in deferred sales revenues are usually

related to certain high-value investment projects. Despite the slowdown in investments, the demand for services remains strong.

The company minimized the decrease in net contribution by increasing the contribution of services and reducing the cost of sales faster than the decline of the sales revenue. The rise in other operating expenses and the fall in contribution led to a marked decrease of both the operating profit and the EBITDA between first half 2002 and first half 2003.

Span d.o.o.

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

by the sales of Microsoft products, Windows-based infrastructure projects, and associated services and training. For further details on the activities of Span and an introduction to the company itself, please visit the company's website: www.span.hr



Span	6-month period ending June 30					
	2003		2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF	EUR
Net sales*	647 020	2 577	955 855	3 916	-32%	-34%
<i>Of which services (%)</i>	21%		16%			
<i>Of which products (%)</i>	79%		84%			
Cost of sales	-564 089	-2 246	-794 802	-3 256	-29%	-31%
<i>As % of sales</i>	87%		83%			
Contribution	82 932	330	161 053	660	-49%	-50%
<i>Contribution margin (%)</i>	13%		17%			
Operating expenses	-123 193	-491	-123 398	-506	0%	-3%
EBITDA	-16 432	-65	54 834	225	-130%	-129%
<i>EBITDA margin (%)</i>	-3%		6%			
Operating profit	-40 262	-160	37 655	154	-207%	-204%
<i>Operating margin (%)</i>	-6%		4%			

* Includes other revenues.

** Figures include minority interest.

In line with the group strategy, Span has also managed to increase the share of services in its sales revenue from 16 percent in the first half of the last year to 21 percent during the first six months of 2003. Now most of the new projects launched by the company are based on service or support activities.

The subsidiary was unable to repeat its markedly strong performance during the first quarter of last year, and its sales revenue declined. The main reasons behind this include the go-slow attitude of the market players with regard to investments, and the relative strength of the Croatian national currency against the US dollar. Exchange rate changes mainly affect sales revenue via long-term support agreements involving fixed USD exchange

rates. These agreements are now being renegotiated by the subsidiary.

While the cost of sales changed at almost same rate as sales revenue, net contribution decreased faster. The cause of this is the company's shift away from product sales, whose contribution is being forced down by competition, toward more profitable service and support activities. This has entailed a certain increase in the headcount, and because the new activities are still in the market entry phase, they were unable to compensate for the drop in sales revenue and contribution as product sales diminished. As a result, both the operating profit and the company's EBITDA index decreased between the two periods.



Analysis of the balance sheet and liquidity position as of June 30, 2003

<i>Balance sheet</i>	June 30, 2003		June 30, 2002		Change %	
	000 HUF	000 EUR	000 HUF	000 EUR	HUF basis	EUR basis
Assets						
Non-current assets	3,524,999	13,237	3,544,127	14,485	-1%	-9%
Fixed assets	2,399,717	9,011	2,321,756	9,489	3%	-5%
Intangible assets	1,083,101	4,067	1,177,239	4,812	-8%	-15%
Investments	42,181	158	45,131	184	-7%	-14%
Current assets	7,933,362	29,791	7,679,761	31,388	3%	-5%
Inventories	1,071,678	4,024	1,808,848	7,393	-41%	-46%
Accounts receivable	4,360,210	16,373	3,787,937	15,482	15%	6%
Cash and equivalents	1,990,072	7,473	1,578,493	6,452	26%	16%
Other current assets	511,402	1,920	504,481	2,062	1%	-7%
Total assets	11,458,361	43,028	11,223,888	45,874	2%	-6%
Liabilities and shareholder's equity						
Shareholders' equity	7,773,244	29,190	7,701,878	31,479	1%	-7%
Share capital	1,910,925	7,176	1,910,926	7,810	0%	-8%
Capital reserves	5,772,581	21,677	5,655,996	23,117	2%	-6%
Profit reserves + Balance sheet profit	89,738	337	134,956	552	-34%	-39%
Short-term liabilities	3,526,979	13,244	3,309,551	13,527	7%	-2%
Accounts payable	1,585,528	5,954	2,217,661	9,064	-29%	-34%
Other short-term liabilities	1,941,451	7,290	1,091,890	4,463	78%	63%
Long-term liabilities	78,568	295	100,959	413	-22%	-28%
Minority interest	79,569	299	111,500	456	-29%	-34%
Total liabilities and shareholder's equity	11,458,361	43,028	11,223,888	45,874	2%	-6%

The Company's **balance sheet total** of June 30, 2003 (HUF 11,458 million) shows a 2 percent increase in HUF terms compared to the closing figure for the same period of the previous year. In EUR terms, there was a 6 percent drop due to unfavorable changes in the exchange rate.

Assets

Of the non current assets recorded in the consolidated Group balance sheet, the net value of **fixed assets** (HUF 2,400 million) increased by 3 percent. The growth was the result of infrastructural and IT investments effected at Synergon's site and at the foreign subsidiaries. The costs of the internal resources allocated to two software applications (e-learning and hospital infrastructure applications) were also accrued by Synergon plc.

Intangible assets (HUF 1,083 million) decreased by 8 percent, which is attributable to the accounting of

a temporary devaluation of goodwill resulting from the purchase of the subsidiaries.

The 41 percent reduction of **inventories** (HUF 1,072 million) was the result of the substantial drop of inventory levels at Synergon and Span. At the end of the period the companies did not have any considerable carried forward – stocked but not invoiced – projects.

The 15 percent increase of **accounts receivable** (HUF 4,360 million) was primarily due to changes in Synergon's accounts receivable. Payment on a number of projects invoiced at the end of the six-month period is expected in the third quarter.

The amount of cash and equivalents was HUF 1,990 million, the major part of which (HUF 1,130 million) was stated in the parent company's books. The 26 percent increase was the result, apart from the continued positive operational cash flow, of



there being no further share purchases or acquisitions this year, in contrast to 2002.

Liabilities and shareholders' equity

The following factors had a significant impact on the **capital reserves** line under shareholders' equity: the change of the value of treasury shares constituting part of the shareholders' equity under IFRS; a HUF 20 million increase resulting from the exchange rate changes applying to balance sheet items produced in foreign currencies and stated in the forint equivalent on the annual balance sheet date. In addition, the rationalization of minor items amounting to HUF 15 million also raised value in the valuation reserve line under shareholders' equity.

The lower **profit reserve + balance sheet profit** line than on June 30, 2002 resulted from the loss incurred during 2002 and the first quarter of 2003 and the profit-reserve-reducing effect of loss stated for the treasury share transaction.

The closing value of short-term liabilities (HUF 3,527 million) corresponds more or less to the closing value in the same period of the last year. More specifically, however, **accounts payable** declined by 29 percent, mainly due to the high base value of Infinity.

The value of the **other short-term liabilities** line (HUF 1,941 million) grew by 78 percent, which is mainly attributable to the VAT liability arisen in connection with the invoices issued at the end of the six-month period, and the accrued expenses related to the invoicing of deliveries at the end of the six-month period.

The reduction in **long-term liabilities** (22 percent) was due to the change in subsidiary loans. The reduction of **minority interest** is a result of Span's negative balance sheet profit.

Cash-flow	Six-month period ending June 30			
	2003		2002	
	000 HUF	000 EUR	000 HUF	000 EUR
Operating profit after taxation	-116 366	-463	-156 671	-642
Depreciation and amortization	365 299	1 455	369 915	1 516
Change in payables	-1 563 767	-6 228	-2 555 572	-10 470
Change in accruals	-3 212	-13	-1 768	-7
Change in inventories	177 395	706	-128 773	-528
Change in receivables, other assets	1 771 352	7 054	2 822 581	11 564
Change in provisions	583	2	377	2
Cash flow from operations	631 284	2 514	350 089	1 434
Net financial result	31 363	125	63 485	260
Cash flow from financing activities	662 647	2 639	413 574	1 694
Change in assets	-280 920	-1 119	-384 120	-1 574
Change in investments	-8 564	-34	-547 974	-2 245
Cash flow from investing	-289 484	-1 153	-932 094	-3 819
Net change in loans	78 842	314	-22 890	-94
Elimination of minority interests	-78 407	-312	-244 790	-1 003
Cash flow from financing	435	2	-267 680	-1 097
Net change in cash	373 598	1 488	-786 200	-3 221
Opening cash position	1 616 473	6 438	2 364 694	9 688
Closing cash position	1 990 072	7 925	1 578 493	6 467
Change in cash	373 598	1 488	-786 201	-3 221



Liquidity position

The value of cash and securities held by the Company was HUF 1,990 million on June 30, 2003. The overall liquidity position of the Company during the period under review was balanced.

Operations generated a positive cash flow of HUF 632 million, due partly to changes favorable to cash flow in accounts payable, accounts receivable and inventories, and partly to the HUF 249 million positive balance of the taxed operating profit adjusted for depreciation and minority interests.

The *investments* of the Group (HUF 281 million) comprise the sum of the fixed asset purchases by the parent company and the subsidiaries.

The value of the *Cash flow from financing* line was determined by the change of Infinity's short-term loans and the recognition of the minority interest. As a result, liquid funds increased by HUF 374 million compared to December 31, 2002.

Shareholder structure and company events

The following table shows the shareholding structure of Synergon Information Systems plc. as of June 30, 2003,

with due heed to shareholders' mandatory reporting obligations.

Synergon's ownership structure		
Shareholder's name	June 30, 2003	Dec 31, 2002
Deutsche Bank (depository)	4.7%	9.6%
Davon Kft.	6.5%	7.8%
RCX Kft.	10.2%	10.2%
Curdie Trust Corp.	9.9%	9.9%
Financial investors, below 5 percent of shares each	65.9%	59.7%
Treasury shares	2.8%	2.8%
Total	100%	100%

During the period January 1 - June 30, 2003, the Board of Directors of Synergon Information Systems plc held two meetings. At the March 21 meeting, the Board of Directors brought decisions on convening the annual general assembly of Synergon and the dematerialization of securities held by the company, and approved the report of the Board of Directors and the annual report of Synergon Plc and the group.

Systems Plc held three meetings. At the March 24 meeting the Supervisory Board approved convening the annual general assembly and the proposals for the assembly. At the ordinary annual general assembly held on April 30, 2003, Synergon Plc brought a decision on the dematerialization of the securities held by the company, and approved the report of the Directors and the annual report of Synergon.

During the period January 1 - June 30, 2003 the Supervisory Board of Synergon Information

Further information:

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Unofficial translation from Hungarian. The English translation is for information purposes only; in case of discrepancy, the Hungarian version shall prevail.