



Synergon Group Consolidated and Synergon  
Information Systems Plc.'s Stand Alone  
Interim report of the financial performance  
in the first 6 months of 2009

Published on: 11th Aug, 2009.

## Growing profit with outstanding sales revenues

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 June 30, 2009 the Company Group prepared its reports in **Hungarian forint** (HUF), thus all analyses have been made on a HUF basis. The accounting policy applied in the reporting period is identical with the latest principles, presented and applied in the audited annual report. The data presentation structure included in the flash report contains changes compared to former periods, which were developed in an effort to comply with the current IFRS regulation, to ensure transparency and to derecognize the terminated activity. 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

<i>Consolidated financial performances</i>	2009	2008	Difference	2009	2008	Difference
	1. H*	1. H*	%	2. Q*	2. Q*	%
<b>Sales revenues</b>	<b>8 402 344</b>	<b>6 639 074</b>	<b>27%</b>	<b>4 335 514</b>	<b>3 934 905</b>	<b>10%</b>
<i>from which services (%)</i>	73%	47%	26%	84%	43%	40%
<b>Contribution</b>	<b>3 075 158</b>	<b>2 107 352</b>	<b>46%</b>	<b>1 431 552</b>	<b>1 279 860</b>	<b>12%</b>
<i>Contribution (%)</i>	37%	32%	5%	33%	33%	0%
<b>EBITDA</b>	<b>415 684</b>	<b>(219 548)</b>	<b>289%</b>	<b>137 390</b>	<b>122 948</b>	<b>12%</b>
<b>Operating profit</b>	<b>204 851</b>	<b>(410 659)</b>	<b>150%</b>	<b>33 735</b>	<b>33 219</b>	<b>2%</b>
<b>Financial gains and losses</b>	<b>(17 133)</b>	<b>(646 871)</b>	<b>97%</b>	<b>103 122</b>	<b>(355 893)</b>	<b>129%</b>
<b>Equity holders of the parents</b>	40 243	(1 083 262)	104%	1 993	(336 682)	101%
<b>Net cash flows from operating activities</b>	<b>378 489</b>	<b>618 303</b>	<b>(39%)</b>			

- **In the first half of 2009 sales revenues totaled 8,402 mHUF, an increase of 27% over the value reached in the first half of 2008.** The determining factor in the increase was the growing sales revenue of Hungarian subsidiaries; in the first half of 2009 it exceeded by 31% the corresponding value of the previous year. Within sales revenue service contents reached a high value, i.e. 73%.
- **In the first six months of 2009 the Group produced a consolidated operating profit of 205 million HUF,** which is an improvement of over 600 mHUF compared to the previous year, primarily owing to significantly higher contribution contents and the high ratio of services within sales.
- **The net loss on financial transactions totalled 17 mHUF,** which reflects a gain of 113 mHUF arising from the opened and closed treasury share futures transaction, the losses on FX futures transactions of member companies and the outstanding valuation balances of purchases and fulfilment contracted in EURO and USD.
- **The Group closed the first half of the year with an after tax consolidated profit of 40 mHUF,** to which Infinity a.s. contributed the most.

- **In the first half of 2009 the net sum deriving from the operation of the Group** was 378 mHUF. The profitability of business operations is reflected by the fact that a profit of 310 mHUF was collected in that period from the primary activity.

**Márk Lazarovits, the CEO of the company announced:**

“In the second quarter the impact of the economic crisis was more strongly felt: the opportunities for grant applications have narrowed, the competition to win a particular project became more intensive, furthermore, several projects were halted or postponed.

Despite the tough market conditions, our operating profit increased by 616 mHUF in the first half of the year, compared to the corresponding period of the previous year. If we take into account that usually, the second quarter of the year is a period with weaker than average performance, I believe this profit should be considered very favourable. Our subsidiary in the Czech Republic contributed to the performance of the Group significantly, in this period as well.

During the quarter we successfully applied for the tenders of the Central Service General Directorate, in several public procurement tenders affecting the local government, furthermore, we won an order for the establishment of a central data warehouse at VPOP, to mention only a few examples.

I believe that in the remaining part of the year we will be able to maintain our good performance so far, thanks to our high-volume and long-term contracts and the constantly won projects, which also includes our enhanced contribution-generating capability.”

## Analysis of the Results of Synergon Group on June 30, 2009

As a parent company, Synergon Information Plc. has involved the following companies in its consolidated report as of June 30, 2009. **Synergon Rendszerintegrátor Kft., Synergon Retail Systems Kft., Fibex Kft., Synergon IT Invest Zrt., Infinity a.s.**

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

<i>Income Statement ** Thousand HUF</i>	2009	2008	Difference %	2009	2008	Difference %
	1. H*	1. H*		2. Q*	2. né*	
<b>Sales revenues</b>	<b>8 402 344</b>	<b>6 639 074</b>	<b>27%</b>	<b>4 335 514</b>	<b>3 934 905</b>	<b>10%</b>
<i>from which services (%)</i>	73%	47%	26%	84%	43%	40%
<b>Cost of materials and services</b>	<b>(5 327 187)</b>	<b>(4 531 722)</b>	<b>18%</b>	<b>(2 903 962)</b>	<b>(2 655 045)</b>	<b>9%</b>
<i>in sales (%)</i>	63%	68%	(5%)	67%	67%	(0%)
<b>Contribution</b>	<b>3 075 158</b>	<b>2 107 352</b>	<b>46%</b>	<b>1 431 552</b>	<b>1 279 860</b>	<b>12%</b>
<i>Contribution (%)</i>	37%	32%	5%	33%	33%	0%
Operating cost	(2 870 306)	(2 518 011)	14%	(1 397 816)	(1 246 640)	12%
<b>EBITDA</b>	<b>415 684</b>	<b>(219 548)</b>	<b>289%</b>	<b>137 390</b>	<b>122 948</b>	<b>12%</b>
<i>EBITDA margin (%)</i>	<b>5%</b>	<b>(3%)</b>	<b>8%</b>	<b>3%</b>	<b>3%</b>	<b>0%</b>
<b>Operating profit</b>	<b>204 851</b>	<b>(410 659)</b>	<b>150%</b>	<b>33 735</b>	<b>33 219</b>	<b>2%</b>
<i>Operating profit margin(%)</i>	<b>2%</b>	<b>(6%)</b>	<b>9%</b>	<b>1%</b>	<b>1%</b>	<b>(0%)</b>
Other expenses and other cost, net	(56 858)	932	(6 202%)	(46 855)	1 869	(2 606%)
Financial gains and losses	(17 133)	(646 871)	97%	103 122	(355 893)	129%
<b>Profit before tax</b>	<b>130 860</b>	<b>(1 056 598)</b>	<b>112%</b>	<b>90 001</b>	<b>(320 805)</b>	<b>128%</b>
Income tax	(88 092)	(26 653)	231%	(85 947)	(15 436)	457%
<b>Profit after tax</b>	<b>42 769</b>	<b>(1 083 251)</b>	<b>104%</b>	<b>4 055</b>	<b>(336 241)</b>	<b>101%</b>
<b>Minority Interest</b>	<b>2 526</b>	<b>11</b>	<b>22 669%</b>	<b>2 062</b>	<b>441</b>	<b>367%</b>
<b>Equity holders of the parents</b>	<b>40 243</b>	<b>(1 083 262)</b>	<b>104%</b>	<b>1 993</b>	<b>(336 682)</b>	<b>101%</b>
<i>net income margin (%)</i>	<b>0%</b>	<b>(16%)</b>	<b>17%</b>	<b>0%</b>	<b>(9%)</b>	<b>9%</b>

\* non audited \*\*consolidated

In the first quarter of 2009 Synergon Group produced sales in the volume of 8,402 mHUF, which is an increase of 27% compared to the corresponding period of the previous year. The sales revenues for the second quarter increased by 10%, reaching 4,336 mHUF at Group level, which means a slight increase compared to the previous quarter. That way, the revenues of the Company Group show a balanced picture.

Within the revenues realized in the first six months of 2009, the Hungarian companies grew significantly; the expansion of 31% caused the Group level growth. Infinity subsidiary realized sales in a similar volume as in 2008.

Within sales, the dominating items were service type sales, the service contents constituted 73% in the first half of the year, and showed an outstandingly high value, 84% in the second quarter. The significant shift towards service provision was a determining factor with Hungarian enterprises, primarily as a result of the BKV contract concluded in the fourth quarter of 2008.

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

- the telecommunications and media sector with 24%,
- the banking and financial sector with 16%,
- the industrial and service sector with 14%,
- and the health care sector, the state administration and state agencies sector were represented with 33% over the period. Other sales not assigned to sector constituted 13%.

In the fourth quarter of 2009 the **net contribution volume** calculated from the sales revenues and direct costs of the Group **increased by 46% to 3,075 mHUF, which equals a net contribution ratio of 37%**. The annual value of the contribution ratio exceeded the corresponding period of the previous year by 5%, it was the first quarter that played a dominating role in that improvement.

The historical cost of the resources utilized for operation are significantly below the change in contribution and sales revenues, thus the additional contribution value improved the increase of Group EBITDA. In the first six months of 2009 the Group reached an EBITDA value of 416 mHUF, which is an increase of almost 600 mHUF compared to the previous period of 2008, and equals an EBITDA ratio of 5%. In the category of other results we present the transfer of assets without consideration, and grants.

**The net loss on financial transactions line** reflects a gain of 113 mHUF arising from the opened and closed treasury share futures transaction of Synergon Information Systems Plc., furthermore, the losses on FX futures transactions of member companies and the losses on outstanding valuation balances of purchases and fulfilment contracted in EURO and USD were recognized here.

In the first half of the year the **after tax earnings assigned to the parent company** totalled 131 mHUF, of which the earnings of Hungarian companies totalled 79 mHUF.

The determining part of the tax liability is related to the positive earnings of Synergon IT Invest Zrt., the company created by the demerger. The after tax profit assigned to the parent company totalled 40 mHUF, of which the contribution of Infinity a.s. to the second quarter was positive earnings of 19 mHUF.

## Earnings of Hungarian Companies

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

Synergon Information Plc. is the Hungarian company of Synergon Group, legally it functions as the main shareholder of the rest of the member companies in the group. **Synergon Rendszerintegrátor Kft.** (formerly called SAO-Synergon Kft) is a company dealing with the operation and management of systems. **Synergon Retail Systems Kereskedelmi és Szolgáltató Kft.** sells core activity systems to retail service providers. **Fibex Kft.** is a subsidiary of Synergon, dealing with the sale of copper cables, network construction materials and tools which has minimized its operating activities in the last 6 months; it has sold the total stock value and builds down its staff. **Synergon IT Invest Zrt.** is founded by demerger it operates since 30<sup>th</sup> April 2009.

<i>Synergon together with Hungarian subsidiaries*</i> Thousand HUF	2009 1. H*	2008 1. H*	Difference	2009 2. né*	2008 2. né*	Difference
<b>Sales revenues</b>	<b>7 304 572</b>	<b>5 572 815</b>	<b>31%</b>	<b>3 803 998</b>	<b>3 429 900</b>	<b>11%</b>
<i>from which services (%)</i>	75%	44%	31%	87%	41%	46%
<b>Cost of materials and services</b>	<b>(4 799 881)</b>	<b>(3 965 359)</b>	<b>21%</b>	<b>(2 651 370)</b>	<b>(2 367 746)</b>	<b>12%</b>
<i>in sales (%)</i>	66%	71%	(5%)	70%	69%	1%
<b>Contribution</b>	<b>2 504 691</b>	<b>1 607 456</b>	<b>56%</b>	<b>1 152 628</b>	<b>1 062 154</b>	<b>9%</b>
<i>Contribution (%)</i>	34%	29%	5%	30%	31%	(1%)
Operating cost	(2 348 786)	(2 020 370)	16%	<b>(1 136 201)</b>	<b>(1 059 530)</b>	7%
<b>Operating profit</b>	<b>155 905</b>	<b>(412 914)</b>	<b>138%</b>	<b>16 427</b>	<b>2 624</b>	<b>526%</b>
<i>Operating profit margin(%)</i>	<b>2%</b>	<b>(7%)</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Other expenses and other cost, net	(57 484)	971	(6 021%)	<b>(47 277)</b>	<b>2 097</b>	(2 355%)
Financial gains and losses	(19 408)	(642 398)	97%	<b>103 379</b>	<b>(354 522)</b>	129%
<b>Profit before tax</b>	<b>79 012</b>	<b>(1 054 341)</b>	<b>107%</b>	<b>72 529</b>	<b>(349 802)</b>	<b>121%</b>
Income tax	(88 092)	(26 244)	236%	<b>(85 947)</b>	<b>(15 488)</b>	455%
<b>Profit after tax</b>	<b>(9 080)</b>	<b>(1 080 585)</b>	<b>99%</b>	<b>(13 418)</b>	<b>(365 289)</b>	<b>96%</b>

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

In Hungary the **sales revenues** of the companies in the first half of 2009 totalled 7,305 mHUF, 31% higher compared to the corresponding period of the previous year. One of the determining components in this growth was the revenue of the outsource service provided to BKV. The **service contents of sales revenue** during the second quarter was 87%, while in the first half of the year it was 75%.

**Net contribution** totalled 2,505 mHUF in the first quarter of 2009, which is 56% higher than the corresponding period of the previous year, while in the second quarter net contribution increased by 9%.

The value of the contribution ratio in the second quarter remained at the same level as in the corresponding period of 2008, while in the first half of the year it reached a level of 34%, exceeding the level of 2008 by 5%.

In the first half of the year the **operating profit** totalled 156 mHUF, exceeding the profit for the first half of 2008 by 138%, while in the second quarter it totalled 16 mHUF.

The value of EBITDA calculated without depreciation and amortization totalled 340 mHUF in the first half of the year, which meant a ratio calculated for a sales revenue of 5%.

In other earnings the value of assets provided as support to foundations was derecognized.

In **financial earnings**, the accumulated losses incurred and realized by Synergon Nyrt. in a futures transaction involving its treasury shares totalled 113 mHUF, this value was reduced by the earnings of other futures transactions. As the combined effect of these factors, the financial earnings in the first half of the year showed a consolidated value of 19 mHUF of loss.

The profit before tax totalled 79 mHUF in the first half of the year. The tax liability is a calculated value, the basis of which was the earnings of profitable subsidiaries.

The value of after tax profit on the calculated value of tax liability was a loss of 9 mHUF in total.

## 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%.

<i>Infinity Income Statement*</i> <i>Thousand HUF</i>	2009	2008	Difference	2009	2008	Difference
	1. H*	1. H*	% 1. H*	2. né*	2. né*	% 2. né*
<b>Sales revenues</b>	<b>1 097 772</b>	<b>1 073 634</b>	<b>2%</b>	<b>530 669</b>	<b>510 498</b>	<b>4%</b>
<i>from which services (%)</i>	62%	59%	4%	64%	54%	11%
<b>Cost of materials and services</b>	<b>(527 306)</b>	<b>(566 609)</b>	<b>(7%)</b>	<b>(252 592)</b>	<b>(287 545)</b>	<b>(12%)</b>
<i>in sales (%)</i>	48%	53%	(5%)	48%	56%	(9%)
<b>Contribution</b>	<b>570 467</b>	<b>507 025</b>	<b>13%</b>	<b>278 078</b>	<b>222 953</b>	<b>25%</b>
<i>Contribution (%)</i>	52%	47%	5%	52%	44%	9%
Operating cost	(521 520)	(501 317)	4%	<b>(259 256)</b>	<b>(190 123)</b>	36%
<b>Operating profit</b>	<b>48 947</b>	<b>5 708</b>	<b>758%</b>	<b>18 821</b>	<b>32 830</b>	<b>(43%)</b>
<i>Operating profit margin(%)</i>	4%	1%	4%	4%	6%	(3%)
Other expenses and other cost, net	626	(39)	1 702%	<b>422</b>	<b>(227)</b>	286%
Financial gains and losses	2 276	(4 473)	151%	(258)	(1 371)	81%
<b>Profit before tax</b>	<b>51 849</b>	<b>1 196</b>	<b>4 237%</b>	<b>18 986</b>	<b>31 232</b>	<b>(39%)</b>
Income tax	-	(409)	-	-	51	
<b>Profit after tax</b>	<b>51 849</b>	<b>787</b>	<b>6 489%</b>	<b>18 986</b>	<b>31 283</b>	<b>(39%)</b>

\* non audited, with minority interest

In the first quarter of 2009 the **sales revenue** of Infinity a.s exceeded its 2008 value by 2% and reached 1,098 mHUF. Considering the fact that Central Europe continues to be hit by the drop of demands and the economic environment stagnated in the second quarter, it is still very difficult to maintain the level of sales, also, a small increase should be considered good performance, which also indicates the stable market position of the company. It also signifies the recognition of Infinity for its accomplishments that Microsoft awarded the "Partner of the Year" award to the company. The service contents of sales increased by 4% to 62%.

The **net contribution volume** increased by 13% to 570 mHUF in the first half of the year, which was caused, on the one hand, by the high contribution contents of services, on the other hand, by the fact that the cost of goods and services sold was 7% lower.

In the first half of the year the contribution ratio was 52%, an increase of 5% compared to the corresponding period of the previous year. The contribution ratio improved especially significantly in the second quarter, by about 9% compared to the second quarter of 2008, thus reaching the highest value within the Group.

During the first half of the year the consolidated increase of operating costs was 4%, the coverage of which was the increase of 13% in contribution volume.

Operating profit increased significantly in the first half of 2009, by about 43 mHUF, to 49 mHUF. In the first half of 2009 the ratio of operating profit reached 4%, which is considered the highest performance within the Group.

The **after tax profit of the Company is 52 mHUF**, to which the second quarter contributed by 19 mHUF.

## Changes in the Consolidated Balance Sheet

The consolidated balance sheet total of the Group was 9,526 mHUF on June 30, 2009, which means a decrease of 9% compared to December 31, 2008, and a growth of 6% compared to June 30, 2008.

<i>Balance Sheet**</i>	June 30th, 2009*	December 31st, 2008	Difference %	June 30th, 2008*
	Thousand HUF	Thousand HUF	%	Thousand HUF
<b>ASSETS</b>				
<b>Non- current assets</b>				
Property, plant equipment and other intangible assets	1 870 714	1 599 805	17%	1 747 928
Goodwill	191 675	162 267	18%	162 267
Investments	2 697	2 697	0%	2 697
Deferred tax asset	11 362	2 564	343%	31 084
Receivables from leasing	42 472	19 018	123%	-
<b>Total non- current assets</b>	<b>2 118 920</b>	<b>1 786 351</b>	<b>19%</b>	<b>1 943 976</b>
<b>Current assets</b>				
Inventory	737 941	735 118	0%	771 884
Trade accounts receivable, net	5 260 466	6 719 014	(22%)	4 097 224
Other current assets	906 566	585 044	55%	697 380
Cash and cash equivalents	502 537	687 454	(27%)	1 449 205
<b>Total current assets</b>	<b>7 407 510</b>	<b>8 726 630</b>	<b>(15%)</b>	<b>7 015 693</b>
<b>TOTAL ASSETS</b>	<b>9 526 430</b>	<b>10 512 981</b>	<b>(9%)</b>	<b>8 959 669</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Issued capital	1 860 946	1 910 926	(3%)	1 910 926
Treasury shares	(1 171 019)	(1 057 784)	11%	(990 075)
Share premium	3 087 127	5 770 884	(47%)	5 770 884
Capital reserve	27 980	27 980	0%	27 980
Retained losses	1 053 974	(1 597 441)	(166%)	(1 699 535)
Cumulative translation adjustments	193 612	121 337	60%	117 356
<b>Equity attributable to equity holders of the parent</b>	<b>5 052 620</b>	<b>5 175 902</b>	<b>(2%)</b>	<b>5 137 536</b>
Minority interest in consolidated subsidiaries	43 842	41 316	6%	40 871
<b>Total equity</b>	<b>5 096 462</b>	<b>5 217 218</b>	<b>(2%)</b>	<b>5 178 407</b>
<b>Long-term liabilities</b>	<b>335 969</b>	<b>211 371</b>	<b>59%</b>	<b>188 406</b>
<b>Current liabilities</b>				
Trade accounts payable	2 548 576	3 502 455	(27%)	2 141 024
Other payables and accruals	1 471 972	1 448 621	2%	1 342 283
Provisions for liabilities and charges	73 451	133 316	(45%)	109 549
<b>Total current liabilities</b>	<b>4 093 999</b>	<b>5 084 392</b>	<b>(19%)</b>	<b>3 592 856</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9 526 430</b>	<b>10 512 981</b>	<b>(9%)</b>	<b>8 959 669</b>

\* non audited \*\* consolidated

The increase of property, plants and equipment and other intangible assets reflects the impact of assets purchased for the projects, which are directly necessary for the provision of the

contractual services, have been approved by the customer as per the contract and are provided for a consideration.

In the increase of goodwill value we see an item deriving from the changes of the FX rates of Czech koruna and forint as an increase of assets, recognized in capital. Considering the values of the investment of Infinity a.s and the original currency of the goodwill, based on the performance for the year 2009, they are recognized at unchanged value in the consolidated company.

The change of the deferred tax balance sheet item was recognized in Infinity, this value changes from time to time, depending on the earnings of the Company.

Claims on leasing provided as lesser is an item in Infinity recognized since the end of the year 2008, and the coverage of this value is the assets under leasing. The assets under leasing are HP desktop and server computers.

The customers have paid for the items billed at the end of 2008 under trade debtors, thus the accounts receivable decreased. The growth measured against the corresponding value in the second quarter of 2008 is a shift in the same direction as the increase in sales.

The balance of other current assets is determined by the accrued and deferred items, whose change triggered higher values compared to earlier periods.

The changes in monetary assets and capital are reflected in the separately presented cash flow and capital movement table.

Long term liabilities reflect liabilities falling due beyond one year, through leasing deals on IT tools and vehicles. Most of these are future liabilities, deriving from the financing sources of assets purchased in the second quarter for the customer.

The Company reduced the portfolio of trade creditors as of the end of 2008, these were paid off from the items paid by the customers. Despite the high volume of sales, this portfolio exceeds the level of the previous year slightly, which shows that the companies have appropriate capital and their liquidity is stable.

Typically, the provisions formed in 2008 were utilized in the first quarter; no provision had to be formed for additional expected events.

## Consolidated Cash-Flow Statement

As of June 30, 2009, the cash and cash equivalents portfolio of the Company totalled 503 mHUF, while in the initial period, on December 31, 2008 they totalled 687 mHUF. In the reporting period the change was 184 mHUF, a decrease in cash and cash equivalents.

<i>Cash Flow**</i>	June 30th, 2009* Thousand HUF	June 30th, 2008* Thousand HUF
<b>Cash Flow relating to operating activities:</b>		
<b>Net income before taxation, share option difference and interest</b>	<b>(5 464)</b>	<b>(408 391)</b>
Depreciation and amortization	210 833	191 112
Proceeds from disposal of fixed assets	18 848	525
Provisions changes	(27 748)	-
Changes in write - off assets	267	79 932
Changes in minority interest	2 526	11
Share based payment expenses	98 726	64 669
Interest received	32 801	56 038
Interest paid	(12 102)	(440)
Taxes ( paid ) received	<u>(8 797)</u>	<u>(27 816)</u>
	<b>309 889</b>	<b>(44 360)</b>
<b>Changes in assets and liabilities</b>		
Changes of accounts receivable and other current assets	1 177 935	1 810 062
Changes of inventory	(37 171)	(389 597)
Changes of Payables and accruals	<u>(1 072 165)</u>	<u>(757 802)</u>
	<b>68 600</b>	<b>662 663</b>
<b>Net cash flows from operating activities</b>	<b>378 489</b>	<b>618 303</b>
<b>Cash flow relating to investing activities</b>		
Purchase of fixed assets	(353 552)	(345 058)
Proceeds on disposal of fixed assets	78 421	12 228
Forward contract deposit	-	333 261
Forward contract gains (losses)	113 100	(704 284)
Proceeds from sale of short term investments	-	273 739
Proceeds on loans and borrowings	-	23 710
Proceeds from leasing receivables	(23 454)	-
<b>Net cash flow used in investing activities</b>	<b>(185 485)</b>	<b>(406 404)</b>
<b>Cash flow relating to financing</b>		
Disposal of treasury shares	61 676	(282 754)
Purchase of treasury shares	(301 507)	188 406
Equity paid to shareholders	(94 602)	-
Payment for financial leases	(43 487)	-
<b>Net cash flow used in financing activities</b>	<b>(377 921)</b>	<b>(94 348)</b>
<b>Increase in cash and cash equivalents</b>	<b>(184 917)</b>	<b>117 551</b>
<b>Cash and cash equivalents at the:</b>		
Beginning of the year	687 454	1 331 654
End of the period	502 537	1 449 205

\* non audited

\*\* consolidated



The net sum deriving from operations was 378 mHUF. The profitability of business operations is reflected by the fact that a profit of 310 mHUF was collected in that period from the primary activity. In the comparative period a negative cash flow derived from operations, and the significant positive cash flow was caused by the change in operating capital.

The negative values of investment and financing cash flows generated a cash flow of 563 mHUF in total.

As a result of asset purchasing decisions, cash and cash equivalents decreased by 275 mHUF. The positive profit impact of futures transactions compensated the sum spent on asset purchases by 113 mHUF.

The treasury share transactions, i.e. sales and purchases, decreased the financing cash flow by a total amount of 240 mHUF. By its general meeting resolution passed on January 30, 2009, Synergon Information Systems Plc. approved of the capital reduction, which was registered by the Company Court as of April 30, 2009, related to this transaction, the capital was issued to those shareholders who requested it, in the amount of 95 mHUF.

## Changes in the shareholder's equity of Synergon Group

We present the changes in shareholder's equity between the initial and closing cut-off dates of the base period and the reporting period, as presented on June 30, 2009, according to change type.

Consolidated statement of changes in Equity (Thousand HUF)	Attributable to equity holders of the parent						Total	Minority Interest	Total equity
	Share Capital	Treasury Shares	Share Premium	Capital Reserve	Retained Earnings	Cumulative Translation Adjustment			
Balance at January 1st 2009 (IFRS)	1 910 926	(1 057 784)	5 770 884	27 980	(1 597 441)	121 337	5 175 902	41 316	5 217 218
Reclassification of opening balances		(23 700)	(2 683 757)		2 707 457		-		-
Restated opening 1st January 2009	1 910 926	(1 081 484)	3 087 127	27 980	1 110 016	121 337	5 175 902	41 316	5 217 218
<b>Transactions with the equity owners:</b>									
Decrease of equity by the reason of foundation subsidiary	(9 950)				(78 786)		(88 736)		(88 736)
Decrease of equity by the reason of asset refund to shareholders	(40 030)				(54 572)		(94 602)		(94 602)
Effect of share changes					4 068		4 068		4 068
Foundation of subsidiary		84 575					84 575		84 575
Sale of treasury shares		127 398			(65 722)		61 676		61 676
Purchase of treasury shares		(301 507)					(301 507)		(301 507)
<b>Total shareholder's transactions</b>	<b>(49 980)</b>	<b>(89 534)</b>	<b>-</b>	<b>-</b>	<b>(195 012)</b>	<b>-</b>	<b>(334 526)</b>	<b>-</b>	<b>(334 526)</b>
<b>Transactions from the operations:</b>									
Net income					40 243		40 243	2 526	42 769
Share based payment (IFRS 2) in Income					98 726		98 726		98 726
Currency translation adjustment						54 989	54 989		54 989
Goodwill currency translation adjustment						17 286	17 286		17 286
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138 970</b>	<b>72 275</b>	<b>211 245</b>	<b>2 526</b>	<b>213 771</b>
Balance at June 30th 2009 (IFRS)	1 860 946	(1 171 019)	3 087 127	27 980	1 053 974	193 612	5 052 620	43 842	5 096 463

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

Shareholders Equity value representing voting rights at July 30th, 2009.

Equity representing voting rights	Thousand HUF	ps.
Issued capital	1 860 946	9 304 733
Treasury shares	(215 722)	(1 078 610)
Shares with voting rights	1 645 224	8 226 123

Consolidated statement of changes in Equity (Thousand HUF)	Attributable to equity holders of the parent						Total	Minority Interest	Total equity
	Share Capital	Treasury Shares	Share Premium	Capital Reserve	Retained Earnings	Cumulative Translation Adjustment			
Balance at January 1st 2008 (IFRS)	1 910 926	(707 321)	5 770 884	27 980	(663 294)	96 537	6 435 712	40 860	6 476 572
<b>Transactions with the equity owners:</b>									
Purchase of treasury shares		(282 754)					(282 754)		(282 754)
<b>Transactions with the equity owners:</b>		<b>(282 754)</b>					<b>(282 754)</b>		<b>(282 754)</b>
<b>Transactions from the operations:</b>									
Net income					(1 083 262)		(1 083 262)	11	(1 083 251)
Currency translation adjustment						20 819	20 819		20 819
Share based payment (IFRS 2)					(17 649)				
Share based payment (IFRS 2)					64 670		64 670		64 670
<b>Total comprehensive</b>	-	-	-	-	<b>(1 036 241)</b>	<b>20 819</b>	<b>(997 773)</b>	<b>11</b>	<b>(997 762)</b>
Balance at Marc 31st 2008 (IFRS)	1 910 926	(990 075)	5 770 884	27 980	(1 699 535)	117 356	5 155 185	40 871	5 196 056

## Synergon Information Systems Plc. (mother company) stand alone financial statements for the period of 1<sup>st</sup> January to 30<sup>th</sup> June 2009 prepared according to the Hungarian accounting principles

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

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards	30th June, 2009	31st Dec, 2009	30th June, 2009
<b>1st part</b>			
<b>Fixed assets (02.+10.+18.row)</b>	<b>2 836 176</b>	<b>2 788 145</b>	<b>2 944 172</b>
I. INTANGIBLE ASSETS	492 835	265 753	312 571
A11 Capitalised value of foundation and restructuring costs	0	0	0
A12 Capitalised value of research and development costs	0	0	0
A13 Concessions and similar rights and assets	94 774	104 767	141 637
A14 Intellectual property	398 061	160 986	170 934
A15 Goodwill	0	0	0
A16 Advance payments on intangible assets	0	0	0
A17 Revaluation of intangible assets	0	0	0
II. TANGIBLE ASSETS	776 387	1 024 243	1 112 134
AII1 Land and buildings and related concessions and similar rights	526 132	548 163	570 193
AII2 Technical equipment, machinery and vehicles	0	1 487	1 797
AII3 Other equipment, fittings and vehicles	250 057	474 376	539 946
AII4 Breeding stock	0	0	0
AII5 Capital expenditure, renovations	198	217	198
AII6 Advance payments on Capital expenditure	0	0	0
AII7 Revaluation of tangible assets	0	0	0
III. FINANCIAL INVESTMENTS (19.-25. rows)	1 566 954	1 498 149	1 519 467
AIII1 Long term investments in related companies	1 564 260	1 495 455	1 516 773
AIII2 Long term loans given to related companies	0	0	0
AIII3 Other long term investments	2 694	2 694	2 694
AIII4 Long term loans given to other investees	0	0	0
AIII5 Other long term loans given	0	0	0
AIII6 Securities representing long term loans	0	0	0
AIII7 Revaluation of financial investments	0	0	0

2nd part

	30th June, 2009	31st Dec, 2009	30th June, 2009
<b>B. Current assets (27.+34.+40.+45.row)</b>	<b>4 136 647</b>	<b>7 259 113</b>	<b>6 066 446</b>
I. INVENTORIES	84 551	588 538	675 762
BI1 Raw materials and consumables	77 124	35 910	578 403
BI2 Work in progress and semi-finished products	7 427	13 425	97 359
BI3 Animals	0	0	0
BI4 Finished goods	0	0	0
BI5 Goods	0	539 203	0
BI6 Advance payments on inventories	0	0	0
II. RECEIVABLES (35.-39. rows)	3 204 309	6 010 109	3 413 438
BII1 Trade accounts receivable	2 305 972	5 852 496	3 071 883
BII2 Receivables from related companies	675 268	38 274	163 666
BII3 Receivables from other investees	0	0	0
BII4 Bills of exchange receivable	0	0	0
BII5 Other receivables	223 070	119 339	177 889
III. MARKETABLE SECURITIES (41.-44. rows)	611 832	371 298	1 013 776
BIII1 Investments in related companies	0	0	0
BIII2 Other investments	0	0	0
BIII3 Own shares, own quotas	611 832	371 298	1 013 776
BIII4 Securities representing loans held for sale	0	0	0
IV. LIQUID ASSETS (46.-47. rows)	235 955	289 168	963 470
BIV1 Cash in hand, cheques	819	2 971	189
BIV2 Bank deposits	235 136	286 197	963 281
C. Prepaid expenses and accrued income (49+50+51.rows)	460 782	499 699	432 519
C1 Accrued income	1 268	82 731	18 040
C2 Prepaid expenses	459 514	416 968	414 479
C3 Deferred expenses	0	0	0
<b>TOTAL ASSETS (01.+19.+40. rows)</b>	<b>7 433 606</b>	<b>10 546 957</b>	<b>9 443 137</b>

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards 3rd part	30th June, 2009	31st Dec, 2009	30th June, 2009
<b>D. SHAREHOLDERS' EQUITY (54+56+57+58+59+61+61.ro)</b>	<b>5 812 008</b>	<b>5 590 996</b>	<b>6 243 134</b>
DI I. ISSUED CAPITAL	1 860 947	1 910 926	1 910 926
DII II. ISSUED BUT NOT PAID CAPITAL (-)	0	0	0
DIII III. CAPITAL RESERVES	3 497 832	6 205 289	6 205 289
DIV IV. RETAINED EARNINGS FROM PREVIOUS YEARS	(498 636)	(1 136 080)	(1 778 558)
DV V. NON-DISTRIBUTABLE RESERVES	611 832	371 297	1 013 776
DVI VI. REVALUATION RESERVE	0	0	0
DVII VII. PROFIT PER BALANCE SHEET	340 034	(1 760 436)	(1 108 299)
<b>E. Provisions (62+63+64 rows)</b>	<b>58 388</b>	<b>81 364</b>	<b>106 947</b>
E1 1. Provisions for expected liabilities	58 388	81 364	106 947
E2 2. Provisions for future expenses	0	0	0
E3 3. Other provision	0	0	0
<b>F. Liabilities (53.+60.row)</b>	<b>1 149 868</b>	<b>4 312 621</b>	<b>2 484 762</b>
I. SUBORDINATED LIABILITIES	0	0	0
FI1 1. Subordinated liabilities to related companies	0	0	0
FI2 2. Subordinated liabilities to other investees	0	0	0
FI3 3. Subordinated liabilities to other enterprises	0	0	0
I. LONG TERM LIABILITIES	122 713	164 113	161 388
FII1 Long term credits	0	0	0
FII2 Convertible bonds	0	0	0
FII3 Debts on the issue of bonds	0	0	0
FII4 Investment and development loans	0	0	0
FII5 Other long term loans	0	0	0
FII6 Long term liabilities to related companies	0	0	0
FII7 Long term liabilities to other investees	0	0	0
FII8 Other long term liabilities	122 713	164 113	161 388

**Synergon Information Systems Plc. Financial report  
according to the hungarian accounting standards  
4th part**

**30th June, 2009**

**31st Dec, 2009**

**30th June, 2009**

III. Short term liabilities	1 027 155	4 148 508	2 323 374
FIII1 Short term credits	0	0	0
FIII2 Short term loans	0	0	0
FIII3 Advance payments received from customers	0	0	0
FIII4 Trade accounts payable	668 316	3 129 942	1 815 424
FIII5 Bills of exchange payable	0	0	0
FIII6 Short term liabilities to related companies	134 943	454 906	108 110
FIII7 Short term liabilities to other investees	0	0	0
FIII8 Other short term liabilities	223 895	563 660	399 840
G. Accrued expenses and deferred income	413 342	561 976	608 294
G1 1. Deferred revenues	342 569	524 261	444 173
G2 2. Accrued expenses and expenditure	65 155	32 098	147 570
G3 3. Deferred income	5 617	5 617	16 551
<b>TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY</b>	<b>7 433 606</b>	<b>10 546 957</b>	<b>9 443 137</b>



5th Part

EK1 Net domestic sales revenues	5 426 986	13 563 034	4 679 543
EK2 Net export sales revenues	17 795	330 837	218 750
<b>Net sales revenues</b>	<b>5 444 781</b>	<b>13 893 871</b>	<b>4 898 293</b>
EK3 Change in self-manufactured inventories	(5 999)	5 378	18 938
EK4 Capitalised value of self-manufactured assets	57 100	37 211	97 320
Capitalised value of self-manufactured assets (03. +-04.)	51 101	42 589	116 258
EK5 Other revenues	424 901	242 653	96 943
EK5/1 of which: reversal of impairment loss provision	0	3 703	70 000
EK6 Cost of raw materials	48 179	138 545	71 295
EK7 Value of services used	2 625 821	4 106 762	1 632 736
EK8 Value of other services	32 902	54 637	25 661
EK9 Cost of goods sold	1 817 485	7 169 185	2 587 512
EK10 Value of recharged services	136 606	55 506	7 112
<b>Material type expenditure (05.+06.+07.+08+9.)</b>	<b>4 660 993</b>	<b>11 524 635</b>	<b>4 324 316</b>
EK11 Wages	307 123	1 204 042	621 470
EK12 Other payments to personnel	66 355	233 228	88 615
EK13 Personnel related contributions	113 976	442 792	224 331
<b>Payments to personnel</b>	<b>487 454</b>	<b>1 880 062</b>	<b>934 416</b>
EK14 Depreciation charge	137 757	337 370	154 779
EK15 Other expenditure	339 910	426 040	135 613
EK15/1 -from which depretiation	0	216 516	59 816
<b>Operating result</b>	<b>294 670</b>	<b>11 006</b>	<b>(437 630)</b>
(I. +II. +III. -IV. -V. -VI. -VII.)			

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards	30th June, 2009	31st Dec, 2009	30th June, 2009
6ht part			
EK16 Dividend received	0	0	0
K16/1 of which: received from related companies	0	0	0
EK17 Gain on sale of investment	0	0	0
K17/1 of which: received from related companies	0	0	0
EK18 Interest received and gain on financial investments	0	0	0
K18/1 of which: received from related companies	0	0	0
EK19 Other interest received	156 498	51 355	41 150
K19/1 of which: received from related companies	0	0	0
EK20 Other revenues from financial transactions	226 738	168 407	48 077
<b>Revenues from financial transactions (12.+13.+14.)</b>	<b>383 236</b>	<b>219 762</b>	<b>89 227</b>
EK21 Loss on financial investments	0	0	0
K21/1 of which: given to related companies	0	0	0
EK22 Interest paid	8 219	11 862	3 613
K22/1 of which: given to related companies	0	0	0
EK23 Impairment loss of financial investment, securities and bank deposit	0	734 688	0
EK24 Other expenditures of financial transactions	316 574	1 227 188	754 608
<b>Financial expenses (18.+19.+20+21.)</b>	<b>324 793</b>	<b>1 973 738</b>	<b>758 221</b>
<b>FINANCIAL PROFIT (IX.-X.)</b>	<b>58 443</b>	<b>(1 753 976)</b>	<b>(668 994)</b>
<b>PROFIT ON ORDINARY BUSINESS (+-A.+ -B)</b>	<b>353 113</b>	<b>(1 742 970)</b>	<b>(1 106 624)</b>
EK25 Extraordinary revenues	0	0	0
EK26 Extraordinary expenditures	13 079	17 466	1 675
Profit on extraordinary events	(13 079)	(17 466)	(1 675)
<b>Net profit before taxation (+-C. +-D)</b>	<b>340 034</b>	<b>(1 760 436)</b>	<b>(1 108 299)</b>
EK27 Tax	0	0	0
<b>AFTER TAX PROFIT (+-E.-XIII)</b>	<b>340 034</b>	<b>(1 760 436)</b>	<b>(1 108 299)</b>
Dividends paid out of retained earnings	0	0	0
Dividends paid (approved) out of current year profits	0	0	0
<b>NET PROFIT PER BALANCE SHEET (+-F.+18.-19)</b>	<b>340 034</b>	<b>(1 760 436)</b>	<b>(1 108 299)</b>

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

### **Health care, governmental and state administration sector**

In the second quarter we applied for several tenders of the Central Service General Directorate successfully. As a result, as the winner of the public procurement procedure, we concluded a framework agreement with KSZF for the provision of network tools and related services. In addition, the procedure on MS software licenses is in progress, also, we managed to extend the contract on system support to EUDOK.

During the quarter we managed to win several local government-related public procurement tenders, which were based on the ÁROP II organizational development grant of the National Development Plan. Based on that we started working in Szécsény, Szerencs and Gönc. We also plan to apply for public procurement tenders on several matters in the upcoming months. In addition, we participated of the MS OVS software license program impacting areas managed by the local government, and concluded contracts with a significant number of communities. Also, we also operated as a supplier concerning the Intelligent School Development of district XI, the Local Government of New Buda. We started the works affecting NFT II GOP broadband network development in the areas of Vásárosnamény and Nyírbátor in the second quarter, and probably we will be able to deliver on most of the contracts before the end of this years.

In the IPT system operating in Jósa András Hospital of Nyíregyháza, which has almost as many as 1500 end points, we have concluded a support contract. Thanks to the new developments of the INFOREND system operating in Nyíró Gyula hospital, from the second quarter on it has been operating with expanded functionality. As part of the MS license program, at BKV (Budapest Transport Company) we successfully renewed the license contract in a value of almost 350 million HUF.

### **Financial institutions, telecommunications and media sector**

In the banks and financial institutes sector in the second quarter the reduction of IT budgets as a result of the global financial crisis was noticeable, despite that, in total our accomplishments for the second quarter deliver on the expectations. The most important projects impacting our results have been the following.

In the new office building of the Hungarian Television the supply and bringing into service of the network infrastructure has been progressing according to plan. We have supplied a significant volume of hardware infrastructure to Invitel Zrt. In addition, related to the IP network of Invitel, we also implemented several minor investment orders during the second quarter. The expansion of the network of Invitel will probably mean additional investments before the end of 2009.

At Vodafone Zrt. we have continuously ensured the support of the IP network with enhanced availability, as well as the completion of asset supply and implementation tasks related to the expansion of the network. In the second quarter we implemented several orders of this type, including the full fit-out of the new customer service office of Vodafone in Miskolc concerning active network tools and passive cabling works.

The consolidated, enhanced network management support order at T-Group continued, which entered the stage of implementation during the first quarter, and progressed according to plan into the second quarter.

The supplies related to the establishment of optical systems continued at the cable television providers. Related to the expansion of the DVB-S system at T-Group, we gained significant projects in the second quarter, the completion of these is expected for the third quarter.

During 2008 we concluded contracts for several network development and other related investments with the National Communication Authority, these were completed in the second quarter. Of these the most significant one was the fit-out of a machine room. In addition, in December 2008, as part of a public procurement procedure, we concluded a contract with NHH on the further development of the SAP-based economic and financial system used by them, the fulfillment of this contract goes according to plan.

The contract on the provision of network support to CIB Bank has a positive impact on the performance of the entire year. In the field of business solutions, the projects launched and won during 2008 entered the stage of fulfillment, furthermore, we gained additional projects with Raiffeisen Bank and other banks as well, which will have a favorable financial impact on the following quarters. In the second quarter we continued the projects related to the SAP system upgrade, IT operation and IDM implementation projects going on at MFB, as well as the IDM system fit-out projects.

In this sector we also closed several other minor projects successfully, which mainly dealt with the sale of network security investments and other Cisco-based technologies, and the related follow-up activities also continue in 2009.

## **Industry and service providers sector**

In the industrial sector the impact of the economic crises could already be felt in the second quarter. Some projects have been stopped, primarily in metal industry, and some projects were postponed temporarily. The economic crises cause certain companies to change personnel. These changes also impacted some projects, where the decision making processes slowed down. The prospects for the following quarter are better, however, significant projects producing major contribution should rather be expected towards the end of the year.

Despite the difficult market conditions, in the second quarter we also had some successful accomplishments in several projects. Despite the global outsourcing restructuring currently being implemented at BAT, we managed to retain a significant part of our services, with a minimum reduction. At MVMI Informatika Zrt. the EMC Document upgrade continued in the second quarter of the year, it is expected to be completed by the end of the year. In the case of ELMŰ-ÉMÁSZ, the cabling framework agreement applying to the entire year was drawn in the second quarter already, so we had to expand it. At VPOP we successfully won a tender for the establishment of a data warehouse, which will begin in the third quarter. After the successful implementation of an enterprise resource management system supporting waste management at AVE Hungary, we concluded a support contract with that company. At Borsodchem Zrt. we renewed our large corporate Microsoft license contract for the year 2009 as well. Together with the company Medium Soft of the Czech Republic, our sub-contractor, at the Fire Department of Budapest, we won the tender issued for the upgrade of the emergency task control system, the implementation of which will extend into the next fiscal year. We extended a gas industrial optimization system won from a major player of the gas supply industry, with an expansion of

the tasks by 50%. At Tigáz in the second quarter we successfully implemented the provision of a new optimization and control solution.

### **Retail and special systems (Synergon Retail Systems Kft.)**

We closed the second quarter of 2009 according to plan. In the territory of the entire country we provided 24-hour a day service and system support activities for Agip Magyarország Kft., MÁV Zrt., LukOil Magyarország Kft. and Auchan Magyarország Kft. In addition, we continued to perform the high priority service activities for Hungarian Post Intelligent Post Office (IPH).

In the second quarter we successfully completed the operating tests of the last engine filling station system of MÁV Zrt. under reconstruction. Upon the completion of the project, the total number of 44 filling stations of the KUTINFO system operate in one single uniform system.

The installation and servicing of the retail systems of KIK Magyarország Bt. and Aldi Magyarország Bt. continued into the second quarter as well. In Skiny stores we successfully installed the retail system provided by the parent company.

Auchan Magyarország Kft. has been using the ECOD - EDI system continuously. The testing and production use of the e-invoice are in progress with over 20 vendors. Several multinational companies have chosen to use the ECOD – EDI system.

### **Synergon Rendszerintegrátor Kft. (SRI)**

In the second quarter of the year 2009 we operated under difficult market conditions, as a result of the global economic and financial crisis. There were less business opportunities appearing in the market and the competition was becoming more and more intensive in tenders and applications. It has happened more than once with our customers and clients that we had to renegotiate the terms of already concluded agreements, which led to the decrease of income in some cases.

Payment discipline has noticeably deteriorated after the fulfillment of concluded contracts, some of our customers that were hit hard by the crisis submitted to us requests for payment in installments or payment deferral. Despite the above-mentioned negative external market and economic impacts, in the second quarter of the year the company was characterized by balanced operations.

Owing to its large contract portfolio, the revenues projected for the quarter have been collected, while also delivering on the expected profitability indicators. In addition to the starting contract portfolio, at the beginning of the quarter, we managed to win and carry out several new projects in the second quarter, which highly contributed to our positive results for the second quarter. Thanks to the resource management of the company, we have completed the projects committed for the second quarter, significantly less orders than the average were shifted to the third quarter.

### **Business Solutions Division (a division of Synergon Informatika Nyrt.)**

During the second quarter, of the contracts already in progress, the most important ones are the tenders for SAP implementation, whose assessment is still in progress. In the field of waste management, thanks to our intensive marketing activities, we worked on the preparation of projects together with several waste management companies.

The bringing into production service of our qualified, proprietary filing system has raised the interests of several potential customers. In the next six months we are working on preparations for several projects of this kind.

As part of our partner management service, being a qualified SAP vendor, we have concluded contracts with several partner companies for the sale of licenses, also, the new distribution partner model of IBM (Controlled Distribution), which we intend to join, should be considered an interesting project of the upcoming period. Relying on this connection, we can advance in the field of WebSphere Process Server and Message Broker products, and make an effort to continue utilizing our experiences gained here in the field of license sales as well.

### **Fibex Kft.**

Fibex Kft. is a subsidiary of Synergon, dealing with the sale of copper cables, network construction materials and tools. Its market opportunities has continuously narrowed for the year 2009 and as a conclusion the company has stopped its small trade activities, the network construction projects has been took over by the other group member companies as a rationalization of the operations. In the light of the decision the company has decreased its market activities, the main focus was to sell the stock and collect the trade receivables. The company has paid next sum of the dividend payable to the mother company. The free cash available to transfer the sum of the dividend was the success of the mother company's financial department who has managed the decrease of working capital. The shareholders equity has been decreased by 55 million HUF to the value of 5 million HUF.

### **Infinity a.s (subsidiary in the Czech Republic)**

Prestigious market award for the performance of 2008 and 2009.

By its accomplishments of 2008 and 2009 and its high quality services, the Company was allowed to join the „President´s Club for Microsoft Dynamics 2009“, which also means the “Partner of the Year” title in the category of Microsoft Dynamics CRM product. The condition to win this title was the successful expansion of the European customer base, and the title was only awarded to three companies, including Infinity a.s. By awarding the title, the partner acknowledges the constant efforts of Infinity to provide high quality and individual business solutions, and appreciates the technological development capacity of the Company, through which new business opportunities come into view. Details about this award: ([http://www.synergon.hu/hirek/kozlemlenyek/Infinity\\_pres\\_club\\_2009\\_07\\_30.html](http://www.synergon.hu/hirek/kozlemlenyek/Infinity_pres_club_2009_07_30.html))

Infinity a.s. continues to provide services in the field of business solutions on the one hand, and in the field of infrastructure building and related services on the other hand. As a result of the new opportunities identified in the second quarter of 2009, the Company decided to open towards Microsoft Dynamics AX and to the business intelligence solution of Targit BI Suite, for which Targit A.s., a Danish partner means the connection.

As could be foreseen at the end of the year 2008, in 2009 we have mostly seen decisions aimed at rationalization made by the companies, decisions designed to reduce headcount and complexity. For Infinity, in the second quarter of the year most of the new transactions applied to maintenance services, newly concluded or reconcluded. The customer base of newly concluded support contracts typically included companies operating in the food industry:

- Kubik a.s. and Pogrr s.r.o. are enterprises operating in the food industry, using Microsoft Dynamics platform, for which Infinity will be providing software maintenance services.
- G's Marketing CZ s.r.o., which grows and sells fresh fruit and vegetable, will use the services of Infinity for the maintenance of its formerly introduced Microsoft Dynamics system.
- BAT (British American Tobacco) will hire Infinity for its hardware operations.
- Gemo Olomouc spol. s r.o. is a company operating in the construction industry, for which Infinity took over the maintenance of the already established Microsoft Dynamics system.

Other companies operating in network-type business organization joined our customer base for operations as well:

- Renocar a.s. is a key BMW dealer in the Czech Republic, which will also hire Infinity for operating a broad module scale of Microsoft Dynamics enterprise resource management system.
- Rowan Legal s.r.o., which has concluded a contract on the maintenance services of the newly developed Microsoft Dynamics Navision, purchased from Infinity, and for its CRM system.
- The NBB Bohemia s.r.o. distribution network, which also changed its Microsoft Navision system operator for Infinity.
- 2N Telekomunikace a.s. has been a long-time customer of Infinity, was satisfied with the value and price of the service and renewed its Navision CRM support contract.
- Based on this long-time relationship, in the Czech market Infinity supports the enterprises of Ahold by the operation of IT monitoring and network connections, and as a result, in the second quarter they reconcluded the service contract.

There is a special focus on the bank client category, since developments of banks forecast what the economy will look like in the near future. For example, Citibank Europe plc. began the development of third generation software titled Citimaster release 3. From the very first steps Infinity has been designing, developing and implementing this software, in accordance with the needs of the customer, for which the SLA Agreement was also concluded.

Despite the crisis and the economic difficulties, several companies ordered the implementation of enterprise resource management systems from Infinity.

- Regie Radio Music spol s r.o. (Lagarde Active ČR a.s.) is the leading media enterprise of the Czech Republic, where the implementation of the new Navision CRM has become a current task.
- T-Mobile a.s. ordered the migration of its internal portal and the upgrade of the related software solutions: the excellent quality implementation means an additional customer community, utilizing the references gained in the field of telecommunications.

Considering the newly concluded contracts and the slowdown of the economy, the Company continues to show a balanced business performance. The awards received in 2009 in appreciation of constant performance and the financial results confirmed the medium-term plans and prospects.

## Headcount figures for Synergon Group

<i>Headcounts</i>	2009 Q2 average	2008 Q2 average	Difference %	2009 Q2 closing	2008 Q2 closing	Difference %
Synergon an Hungarian controlled entities	283	334	(15%)	273	324	(16%)
Infinity	105	108	(3%)	108	112	(4%)
<b>Total</b>	<b>388</b>	<b>442</b>	<b>(12%)</b>	<b>381</b>	<b>436</b>	<b>(13%)</b>

The closing headcount of June 30, 2009 is 381 persons, of whom 131 persons are employed by the parent company. The change in the closing headcount is a decrease of 13% compared to the closing value of the corresponding period of 2008.

## Companies belonging to the consolidated range of The Synergon Group

Name	Equity/Registered capital	Interest held
Synergon Rendszerintegrátor Kft.	67 760 Thousand HUF	100%
Synergon Retail Systems Kft.	40 000 Thousand HUF	100%
Synergon IT Invest Zrt.	10 000 Thousand HUF	99,5% *
Fibex Kft.	5 000 Thousand HUF	100%
Infinity a.s.	49 200 Thousand CZK	98,59%

\* A Synergon IT Invest Zrt. In July 2009 Synergon Information Systems Plc. acquired 250 shares in this company, by which the share of the parent company increased to 100%.

By the spin-off of April 30, 2009, Synergon IT Invest Private Company Limited by Shares was established and registered by the company court. The general shareholder's meeting of July 24, 2009 accepted the final balance sheets for the demerger, and by April 30, 2009 the new company started operating.

In May 2009 the equity capital of Fibex Kft. was reduced by 55 mHUF.

## Corporate events

- **Közgyűlés**

The General Assembly in its last session of 24<sup>th</sup> July 2009 has approved the final demerger documentation. Further details can be read under the agenda, and regulations of the General Assembly ([http://www.synergon.hu/en/investor\\_relations/meeting](http://www.synergon.hu/en/investor_relations/meeting)).

- **Igazgatótanács**

In its meeting held on July 24, 2009, the Board of Directors appointed the representants who shall act in favour of the Shareholder and solve the merger of Synergon IT Invest Zrt. into Synergon Rendszerintegrátor Kft. At August 3<sup>rd</sup> 2009 the decision was made by the shareholder of the two merging companies to merge by the date of 30<sup>th</sup> June 2009.

In its meeting held on 9th April, 2009, the Board of Directors decided to approve the annual report and to invite the Regular General Assembly.

- **Supervisory Board**

According to the Statutes of Synergon Information Systems Plc. approved by the shareholders by the date of 30th April 2009, the responsibilities of the Supervisory Board will be taken over by the Board of Directors.

- **Személyi változások**

The General Assembly held on 30th April, 2009 decided on the members of the Board of Directors (Dr. Zoltán JESZENSZKY, Balázs BOKOROVICS, Csaba MAJOR, Klára DEÁK, Mark LAZAROVITS) and decided on the members of the Audit Committee (Balázs BOKOROVICS, Csaba MAJOR, Klára DEÁK) which mandates expire latest by 30th April 2012.

## Ownership structure

Shareolders with higher than 5% ownership of Synergon Informations Plc.			Shareolders structure of Synergon Informations Plc.		
Shareholders	December 31st, 2008	June 30th, 2009	Shareholder arts	December 31st, 2008	June 30th, 2009
Cashline Befektetési Holding Zrt.	14,74%	15,42%	Domestic/Company	55,93%	26,93%
Pannergy Műanyagipari Nyrt. with subsidiaries	12,20%	12,52%	Foreign/Company	5,61%	2,82%
ERSTE GROUP BANK AG	6,82%	-	Domestic/Private person	23,85%	24,33%
Investors below 5% ratio	58,29%	60,47%	Foreign/Private person	0,48%	0,44%
Treasury shares	7,95%	11,59%	Employee and Key management	0,21%	0,21%
			Treasury shares	7,95%	11,59%
			Governmental and public interest	0,00%	0,00%
			Other	5,98%	33,68%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>100%</b>

## 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 6-month period from January 1, to June 30, 2009 in compliance with Act CXX of 2001 on the capital markets and the regulation of the Budapest Stock Exchange Plc. on Introduction and Quotation Rules.

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

The stand alone financial reports of the mother company Synergon Information Systems Pl.c 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, 11<sup>th</sup> August 2009



Imre Zsuzsanna      Lazarovits Márk  
Gazdasági Igazgató      Vezérigazgató

**Synergon Informatika Nyrt.**

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