



Synergon Group Consolidated financial report based
on IFRS and Synergon Information Systems Plc.'s
stand alone report based on HAS
for the first 6 months of 2010

Published on: 5th August, 2010

Despite the Crisis Synergon Group Maintains Positive Results

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, 2010 the Company Group prepared its reports in **Hungarian forint** (HUF), thus all analyses have been made on a **HUF basis**. **The accounting policy applied in the reporting period is identical with the latest principles, presented and applied in the audited annual report**. The data presentation structure included in the flash report contains changes compared to former periods, which were developed in an effort to comply with the current IFRS regulation, to ensure transparency. In order to ensure comparison, we provide the base figures of the flash reports in a breakdown corresponding to the structure applied in the actual period.

The presented tables are in Thousand Hungarian Forint.

Synergon Information Plc. Consolidated Financial Summary

Consolidated financial performances	2010 *	2009 *	Difference %	2010 *	2009 *	Difference %
	H1 *	H1 *		q2 *	q2 *	
Sales revenues <i>from which services (%)</i>	8 139 231 57%	8 402 344 73%	(3%) (16%)	4 308 219 54%	4 335 514 84%	(1%) (30%)
EBITDA	345 288	415 684	(17%)	149 858	137 390	9%
EBITDA margin (%)	4%	5%	(1%)	3%	3%	0%
Operating profit	97 021	204 851	(53%)	18 826	33 735	(44%)
Net cash flows from operating activities	438 376	287 368	53%			

* non audited

Changes in key indicators:

The Synergon Group **reached a sales revenue of 8,139 million HUF** in H1 2010. The 6% deficit of Q1 was decreased during Q2. The modest, 3% deficit was reached in a business environment of very moderate impetus.

Beside the drop of the sales revenue, the structure of the sales revenue also decreased the EBITDA value; the EBITDA margin could be maintained on the level of 2009 thanks to the fast adaptability of the Company. The consolidated, half-year value of the **EBITDA margin was 4%**, which shows a minimal, 1% divergence, while its quarterly value was 3%, which is identical with the corresponding result of 2009.

The **operating profit was 97 million HUF**. In case of the in-year distribution of the earnings, it must be taken into account that year 2010 returns partly to pre -2009 experiences, when the first half of the year used to be of lower performance — with negative performance throughout several quarters —, of which 2009 deviated for the first time with a strong year-opening. Although H1 2010 does not live up to the outstanding performance of the corresponding period of 2009, this was the second year in which H1 closed with positive results. Moreover, new investments were

neither launched in the private, nor in the public sphere, while both the private sphere and the public sphere of Hungary were dominated by austerity measures and cutbacks.

Márk Lazarovits, the CEO of the company announced:

“While the beginning of 2009 was about momentum, in the majority of cases throughout the past period of 2010 we could only meet opportunities that were slow to evolve and to receive a concrete form. We made significant efforts and continue to make such efforts towards understanding the altered needs of the different sectors, like the situation of the financial and the private sectors. In the financial and private sectors, we have continued to perceive a stand-by; only agreements aimed at replacement investment were concluded at the most. In the public sphere, the system, which undergoes a transformation after the elections, is naturally slow, however this year the situation is aggravated by the strict budgetary undertaking that has led almost every kind of investment to a halt. Due to the moderate nature of investments, there are currently no long-term, larger, service-oriented projects, thus the service level of the revenue dropped — although the current level of 57% can still be considered high.

In spite of the above, we practically maintained the level of our turnover. We managed to compensate for the loss of contribution resulting from the 3% deficit of the revenue with the help of the adaptability of the Company, which is also operable in the crisis, thus our half-year result continued to be positive.

Based on the experiences of the past months, the recovery predicted to take place following the election will be delayed and slower than originally expected. Still, it gives good reasons for optimism that a slow recovery is perceptible in the Czech Republic, where there are difficulties arising from the election and the crisis similarly to Hungary. The escalation of investment tendencies, which would mark the turn for better, is expected to take place later, around the end of this year and the beginning of next year.”

Analysis of Synergon Group for the first half year of 2010

As a parent company, Synergon Information Plc. has involved the following companies in its consolidated report as of June 30, 2010. **Synergon System Integrator Ltd., Synergon Retail Systems Ltd., Fibex Ltd., Infinity a.s.** The involved companies have been consolidated together with their entire balance sheets and profit and loss statements; the company separates the earnings parts on minority holdings from the after-tax profit.

Income Statement ** Thousand HUF	2010 *	2009 *	Difference %	2010 *	2009 *	Difference %
	H1 *	H1 *		q2 *	q2 *	
Sales revenues	8 139 231	8 402 344	(3%)	4 308 219	4 335 514	(1%)
<i>from which services (%)</i>	57%	73%	(16%)	54%	84%	(30%)
Cost of materials and services	(5 616 600)	(5 327 187)	5%	(3 005 879)	(2 903 962)	4%
<i>in sales (%)</i>	69%	63%	6%	70%	67%	3%
Contribution	2 522 632	3 075 158	(18%)	1 302 340	1 431 552	(9%)
<i>Contribution (%)</i>	31%	37%	(6%)	30%	33%	(3%)
Operating cost	(2 425 611)	(2 870 306)	(15%)	(1 283 514)	(1 397 816)	(8%)
EBITDA	345 288	415 684	(17%)	149 858	137 390	9%
<i>EBITDA margin (%)</i>	<i>4%</i>	<i>5%</i>	<i>(1%)</i>	<i>3%</i>	<i>3%</i>	<i>0%</i>
Operating profit	97 021	204 851	(53%)	18 826	33 735	(44%)
<i>Operating profit margin(%)</i>	<i>1%</i>	<i>2%</i>	<i>(1%)</i>	<i>0%</i>	<i>1%</i>	<i>(1%)</i>
Other expenses and other cost, net	8 493	(56 858)	115%	(2 792)	(46 855)	94%
Financial gains and losses	(100 509)	(17 133)	(487%)	(71 690)	103 122	(170%)
Profit before tax	5 005	130 860	(96%)	(55 655)	90 001	(162%)
Income tax	33 712	(88 092)	(138%)	49 990	(85 947)	(158%)
Profit after tax	38 717	42 769	(9%)	(5 665)	4 055	(240%)
Attributable to non controlling interest	968	2 526	(62%)	801	2 062	(61%)
Attributable to equity holders of the parents	37 750	40 243	(6%)	(6 466)	1 993	(424%)

* non audited **consolidated

The Synergon Group **reached a sales revenue of 8,139 million HUF** in H1 2010, which falls short of the H1 result of 2009 by a cumulated 3%, however Q2 performed closely to the corresponding value of 2009. The difference can be traced back to the change in the structure of sales, i.e. the service content of the sales revenue dropped significantly compared to the base period.

The consolidated, half-year EBITDA margin is 4%, showing a minimal deviation of 1%; while the quarterly EBITDA margin is 3%, which is identical with the corresponding result of 2009.

In the financial result, open and closed futures totalled a loss of 42 million HUF, in addition to which we also accounted for a significant, unrealized loss arising from the fluctuation of the HUF exchange rate, due mostly to the revaluation of foreign currency liabilities.

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

- the telecommunications and media sector with 12%,
- the banking and financial sector with 13%,
- the industrial and service sector with 12%,
- the health care sector, the state administration and state agencies sector were represented with 37% over the period,
- BKV and other material projects 20%, other sales not assigned to sector constituted 6%.

Earnings of Hungarian Companies

This includes Synergon Information Plc. and its subsidiaries presented in a consolidated manner, Synergon System Integratorr Ltd., Synergon Retail Systems Kft. and Fibex Kft. **Synergon Information Systems Plc.** is the Hungarian company of Synergon Group, legally it functions as the main shareholder of the rest of the member companies in the group. **Synergon System Integrator Ltd.** (formerly called SAO-Synergon Kft) is a company dealing with the operation and management of systems. **Synergon Retail Systems Ltd.** sells core activity systems to retail service providers. **Fibex Kft.** is a subsidiary of Synergon in 2009 it has minimized its operating activities.

Synergon together with Hungarian subsidiaries** Thousand HUF	2010 * H1 *	2009 * H1 *	Difference %	2010 * 2. né *	2009 * 2. né *	Difference %
Sales revenues	6 824 781	7 304 572	(7%)	3 509 839	3 803 998	(8%)
<i>from which services (%)</i>	59%	75%	(16%)	58%	87%	(29%)
Cost of materials and services	(4 829 430)	(4 799 881)	1%	(2 490 617)	(2 651 370)	(6%)
<i>in sales (%)</i>	71%	66%	5%	71%	70%	1%
Contribution	1 995 351	2 504 691	(20%)	1 019 221	1 152 628	(12%)
<i>Contribution (%)</i>	29%	34%	(5%)	29%	30%	(1%)
Operating cost	(1 964 481)	(2 348 786)	(16%)	(1 054 459)	(1 136 201)	(7%)
EBITDA	257 929	339 215	(24%)	85 762	106 987	(20%)
<i>EBITDA margin (%)</i>	4%	5%	(1%)	2%	3%	(1%)
Operating profit	30 870	155 905	(80%)	(35 237)	16 427	(315%)
<i>Operating profit margin(%)</i>	0%	2%	(2%)	(1%)	0%	(1%)
Other expenses and other cost, net	6 895	(57 484)	112%	(3 870)	(47 277)	92%
Financial gains and losses	(99 975)	(19 408)	(415%)	(71 940)	103 379	(170%)
Profit before tax	(62 210)	79 012	(179%)	(111 048)	72 529	(253%)
Income tax	32 283	(88 092)	(137%)	48 561	(85 947)	(157%)
Profit after tax	(29 927)	(9 080)	(230%)	(62 487)	(13 418)	(366%)

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

In Hungary, **the sales revenue** of companies was **6,325 million HUF** in H1 2010, which falls 7% short of the result of H1 2009. The deficit of the revenue was caused by the crisis and the postponement of the development and investment projects on account of the elections.

The net contribution – calculated from the sales revenues and the costs of goods and subcontractors sold - was 1,996 million HUF in H1 2010, which is 20% lower than that of the corresponding period of the preceding year. Due to a higher rate of license and hardware sales, we could calculate with a lower contribution margin. The 29% contribution margin ratio is 5% lower compared to H1 2009.

The operating earning without amortization (**EBITDA**) was 258 million HUF in H1 2010, with a value of **4%** as a proportion to the revenue. The ability of the Company to reach a result that equalled to 76% of the fairly strong H1 result of the preceding year despite the drop of project sales was ensured by the premeditated management of resources and our rapid adaptability, which enabled both the result and the operating cash-flow to remain positive.

In the financial result, open and closed futures accounted for 42 million HUF of loss, while the fluctuation of exchange rates accounted for 52 million HUF of loss.

The profit before tax was a loss of 62 million HUF. Due to the changes of the periodical tax law, the total of the 2009 tax loss carry forward decreased; the positive effect on taxes was 32 million HUF.

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

Infinity a.s. is a member of the Synergion Group in the Czech Republic, a member company with Synergion 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, Synergion Information Plc. controls this subsidiary to a degree of 99%.

Infinity Income Statement**	2010 *	2009 *	Difference %	2010 *	2009 *	Difference %
Thousand HUF	H1 *	H1 *	H1 *	q2 *	q2 *	q2 *
Sales revenues	1 314 451	1 097 772	20%	798 381	530 669	50%
<i>from which services (%)</i>	48%	62%	(14%)	42%	64%	(22%)
Cost of materials and services	(787 170)	(527 306)	49%	(515 263)	(252 592)	104%
<i>in sales (%)</i>	60%	48%	12%	65%	48%	17%
Contribution	527 281	570 467	(8%)	283 118	278 078	2%
<i>Contribution (%)</i>	40%	52%	(12%)	35%	52%	(17%)
Operating cost	(461 129)	(521 520)	(12%)	(229 056)	(259 256)	(12%)
EBITDA	87 360	76 468	14%	64 094	31 916	101%
<i>EBITDA margin (%)</i>	7%	7%	0%	8%	6%	2%
Operating profit	66 152	48 947	35%	54 061	18 821	187%
<i>Operating profit margin(%)</i>	5%	4%	1%	7%	4%	3%
Other expenses and other cost, net	1 599	626	155%	1 079	422	156%
Financial gains and losses	(536)	2 276	(124%)	251	(258)	197%
Profit before tax	67 214	51 849	30%	55 391	18 986	192%
Income tax (without deferred tax) ***	1 429	-	-	1 429	-	-
Profit after tax	68 644	51 849	32%	56 820	18 986	199%

* non audited, **with non controlling interest

The **sales revenue of Infinity a.s. was 1,314 million HUF in H1 2010**. Q2 surpassed the low Q1 level of the sales revenue significantly, **by 50%**. The impetus that had earlier been predicted to arrive at the end of the year or at the beginning of next year has already been apparent in the performance of the past three months. The performance of the quarter gives reason to believe that that the perspectives arriving from the Czech market — already favourable and advantageous in this quarter — can be exploited through projects that hold opportunities for the company as well and would be realised within a foreseeable period of time.

The net total contribution margin – calculated from the sales revenues and the costs of goods and subcontractors sold - **was 527 million HUF in the first six months of 2010**. The contribution margin ratio changes together with the structure of sales. In the past quarter we realised hardware and license sales, which mean low contribution — as opposed to services —, while at creating a highly important basis for the renewal of service projects; thus we regard the sale of these products to be market retaining and opportunity creating sales.

The elements variable on the medium run, built into the structure of **operating costs** shaped very well again with regard to the half-year. In 2010, the operating costs were not increased by unexpected or higher expenses.

The operating profit was 66 million HUF in the first six months of 2010. The balanced and even realized result gives reason for careful optimism.

Infinity a.s paid 107 million HUF of dividends after the 2009 result to Synergon Information Systems Plc in June 2010. The company — in its current size — continues to finance its operations from its own equity.

The earnings before taxes closed at **67 million HUF** at the end of H1 2010. The tax liability of the Company will change in harmony with the tax legislations that are yet to be unfolded. The exact tax calculations will be performed when the legislations receive their final version.

Changes in the Consolidated Balance Sheet

The consolidated balance sheet total of the Group was 9,690 m HUF on June 30, 2010, which means a decrease of 2% compared to June 30, 2009.

Balance Sheet**	June 30th, 2010*	June 30th, 2009*	Difference %	December 31st 2009	Difference %
	Thousand HUF	Thousand HUF		Thousand HUF	
ASSETS					
Non- current assets					
Property, plant equipment and intangible	1 588 907	1 579 378	1%	1 551 524	2%
Leased assets	292 775	291 336	0%	299 089	(2%)
Goodwill	202 414	191 675	6%	186 396	9%
Investments	2 697	2 697	0%	2 697	0%
Deferred tax asset	13 635	11 362	20%	12 831	6%
Long term receivables from lease interest	130 042	42 472	206%	157 437	(17%)
Long term trade receivables	102 791	188 274	(45%)	337 252	(70%)
Total non- current assets	2 333 261	2 307 194	1%	2 547 226	(8%)
Current assets					
Inventory	640 723	737 941	(13%)	592 406	8%
Trade accounts receivable	5 030 433	5 072 192	(1%)	5 950 824	(15%)
Other current assets	982 563	900 996	9%	570 699	72%
Short term receivables from lease interest	201 648	5 570	3 520%	53 480	277%
Short term receivables from employees	2 400	-	-	2 400	0%
Short term financial investments	18 460	-	-	-	-
Cash and cash equivalents	480 920	502 537	(4%)	400 513	20%
Total current assets	7 357 148	7 219 236	2%	7 570 322	(3%)
TOTAL ASSETS	9 690 409	9 526 430	2%	10 117 548	(4%)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital (200 HUF/share par value each)	1 860 947	1 860 947	0%	1 860 947	0%
Treasury shares	(1 484 299)	(1 171 018)	27%	(1 195 841)	24%
Share premium	3 087 126	3 087 126	0%	3 087 126	0%
Retained earnings	1 306 847	1 082 097	21%	1 269 097	3%
Cumulative currency translation adjustments	235 324	193 612	22%	158 965	48%
Equity attributable to equity holders of the parent	5 005 944	5 052 764	(1%)	5 180 294	(3%)
Non controlling interest in consolidated subsidiaries	43 898	43 842	0%	43 261	1%
Total equity	5 049 842	5 096 606	(1%)	5 223 555	(3%)
Long-term liabilities					
Share based option liability (IFRS 2)	10 550	10 550	0%	10 550	0%
Deferred tax liability	5 458	-	-	37 741	(86%)
Liabilities from finance lease	148 145	335 969	(56%)	247 497	(40%)
Total long-term liabilities	164 153	346 519	(53%)	295 788	(45%)
Current liabilities					
Liabilities from finance lease	238 424	73 183	226%	82 681	188%
Trade accounts payable	2 548 699	2 538 026	0%	3 187 182	(20%)
Other payables and accruals	1 415 075	1 310 553	8%	1 180 865	20%
Provisions for liabilities and charges	17 149	73 451	(77%)	95 256	(82%)
Interest-bearing loans and borrowings	257 067	-	-	-	-
Income tax payable	-	88 092	-	52 221	-
Total current liabilities	4 476 414	4 083 305	10%	4 598 205	(3%)
TOTAL LIABILITIES AND EQUITY	9 690 409	9 526 430	2%	10 117 548	(4%)

* non audited ** consolidated



The long- and short-term receivables arising from lease interests denote — in the form finance lease — the assets delivered to BKV since 2009. In understanding of the IFRS's, the delivered assets qualify for finance lease accounting because of their amortisation and right-of-use. An entry of minor value is the finance lease delivered by Infinity since 2008, in the frame of which HP equipment were sold.

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

The total of stocks increased due to the changes in the structure of the turnover and the ratio of assets and services. The slowly moving stock consists of the substitute appliances pertaining to the contracted levels of service and items received for purposes of presentation and review, with an average total value of 60-100 million HUF. The Company does not purchase stocks without customer orders; stock procurements satisfy concrete contracts only.

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

The deferred tax liability was accounted for by the SynergON System Integrator Ltd. based on the balance data o H1 2010.

We account for entries arising from IT tools and vehicle lease agreements under long- and short-term lease liabilities.

The provisions accumulated in the past years for the settlement of contentious, open affairs were used up eventually.

Consolidated Cash-Flow Statement

As of June 30, 2010, the cash and cash equivalents portfolio of the Company totalled 224 mHUF. In the reporting period the change was 177 mHUF, a decrease in cash and cash equivalents.

Cash Flow**	June 30th, 2010* Thousand HUF	June 30th, 2009* Thousand HUF
Cash Flow relating to operating activities:		
Net income before taxation	5 005	130 860
Non-cash items recognized in profit before taxes:		
Depreciation and amortization	248 267	210 833
Provisions (decrease) increase	(78 107)	(27 748)
Impairment (reversal) of property plant and equipment	-	5 655
Impairment (reversal) of trade receivables	44 254	(39 736)
Impairment of inventories	45 911	34 347
Share based payment expenses	-	98 726
Net financial interest (gains) expenses	(17 493)	(20 699)
	242 832	261 379
Proceeds from disposal of fixed assets	(4 507)	18 848
Changes in non controlling interest	968	2 526
Treasury shares futures contract (gains) losses	41 550	(113 100)
Changes in working capital:		
Changes of accounts receivable and other current assets	684 927	1 178 080
Changes of inventory	(94 228)	(37 170)
Changes in lease interest	(120 773)	(23 454)
Changes of Payables and accruals	(280 991)	(1 142 502)
	188 934	(25 047)
Interest received	34 850	32 801
Interest paid	(17 357)	(12 102)
Income taxes (paid) received	(53 899)	(8 797)
	(36 406)	11 902
Net cash flows from operating activities	438 376	287 368
Cash flow relating to investing activities		
Acquisition of intangible assets, property, plant and equipment	(275 000)	(353 551)
Proceeds from sale of fixed assets	8 198	78 421
Gains (Losses) from future deals	(41 550)	113 100
Increase (decrease) in the short term deposits	(18 460)	-
Increase (decrease) in finance lease liability	1 508	24 126
Net cash flow used in investing activities	(325 304)	(137 904)
Cash flow relating to financing		
Asset refund to shareholders	(1 275)	(94 551)
Proceeds from sale of treasury shares	-	61 676
Acquisition of treasury shares	(288 458)	(301 507)
Net cash flow used in financing activities	(289 733)	(334 382)
Increase in cash and cash equivalents	(176 661)	(184 917)
Cash and cash equivalents at the:		
Cash and cash equivalents at 1 January	400 513	687 454
Cash and cash equivalents at the end of the period	223 852	502 537

* non audited

The net cash flow from operating activities was 438 million HUF, which denoted 151 million HUF operating surplus in 2010. According to the earnings before taxes calculated with the adjustment of non-cash items, the income was 243 million HUF, which is a positive cash-flow similar to that of 2009. The positive cash flow generated by the change of the working capital was 188 million HUF.



The loss of the investment cash-flow was 325 million HUF. Fixed assets typically consist of developments that will be delivered to BKV in harmony with the contractual conditions in the next part of the year.

In Q2, the company purchased treasury shares in the worth of 288 million HUF.

Changes in the shareholder's equity of Synergon Group

We present the changes in shareholder's equity between the initial and closing cut-off dates of the base period and the reporting period.

Consolidated statement of changes in equity (Thousand HUF)	Attributable to equity holders of the parent						Total	Non controlling interest	Total equity
	Share Capital	Treasury Shares	Share	Capital Reserve	Retained Earnings	Cumulative Translation Adjustment			
Balance at January 1st 2010 (IFRS)	1 860 947	(1 195 841)	3 087 126	-	1 269 097	158 965	5 180 294	43 261	5 223 555
Transactions with the equity owners:									
Purchase of treasury shares	-	(288 458)	-	-	-	-	(288 458)	-	(288 458)
Dividend paid	-	-	-	-	-	-	-	(1 275)	(1 275)
Transactions with the equity owners:	-	(288 458)	-	-	-	-	(288 458)	(1 275)	(288 458)
Comprehensive income:									
Total comprehensive income for the period	-	-	-	-	37 750	76 359	114 108	1 912	116 020
Balance at June, 30th 2010 (IFRS)	1 860 947	(1 484 299)	3 087 126	-	1 306 847	235 324	5 005 944	43 898	5 051 117

Consolidated statement of changes in equity (Thousand HUF)	Attributable to equity holders of the parent						Total	Non controlling interest	Total equity
	Share Capital	Treasury Shares	Share	Capital Reserve	Retained Earnings	Cumulative Translation Adjustment			
Balance at January 1st 2009 (IFRS)	1 910 926	(1 057 784)	5 770 884	27 980	(1 597 441)	121 337	5 175 902	41 316	5 217 218
Reclassification of opening balances	-	(23 700)	23 700	(27 980)	27 980	-	-	-	-
Restated opening 1st January 2009	1 910 926	(1 081 484)	5 794 584	-	(1 569 461)	121 337	5 175 902	41 316	5 217 218
Transfer due to demerger transaction	-	-	(2 545 161)	-	2 545 161	-	-	-	-
Decrease of equity by the reason of foundation subsidiary	(10 000)	84 575	(32 473)	-	(42 102)	-	-	-	-
Decrease of equity by the reason of asset refund to shareholders	(39 979)	-	(129 824)	-	75 252	-	(94 551)	-	(94 551)
Sale of treasury shares (revenues) cost	-	127 398	-	-	(65 722)	-	61 676	-	61 676
Purchase of treasury shares	-	(301 507)	-	-	-	-	(301 507)	-	(301 507)
Total shareholder's transactions	(49 979)	(89 534)	(2 707 458)	-	2 512 589	-	(334 382)	-	(334 382)
Net income	-	-	-	-	40 243	72 275	112 518	2 526	115 044
Share based payment (IFRS 2)	-	-	-	-	98 726	-	98 726	-	98 726
Total comprehensive income for the period	-	-	-	-	138 969	72 275	211 244	2 526	213 770
Balance at June, 30th 2009 (IFRS)	1 860 947	(1 171 018)	3 087 126	-	1 082 097	193 612	5 052 764	43 842	5 096 606

Shareholders Equity value representing voting rights at June 30th, 2010.

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

Earnings per share at June 30th, 2010 calculated from Synergon Information Plc. consolidated earnings:

(Loss) Earning per share	2010 * H1 *	2009 * H1 *
	ezer forint	ezer forint
Net (loss) income attributable to ordinary shareholders for basic and diluted Earnings per share	37 750	40 243
Number of shares		
Weighted average number of ordinary shares in issue outstanding during the year for basic earnings per share	8 172 177	8 592 670
Weighter average number of treasury shares	1 132 556	712 063
Weighted average number of ordinary shares in issue outstanding during the year for diluted earnings per share	9 304 733	9 304 733
Earnings per share	forint	forint
diluted, profit (loss) for the year attributable to ordinary equity holders of the parent (HUF per share)	4	4
basic, profit (loss) for the year attributable to ordinary equity holders of the parent (HUF per share)	5	5

* non audited

Synergon Information Systems Plc. (mother company) stand alone financial statements for the period of 1st January to 30th June 2010 prepared according to the Hungarian accounting principles

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

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards	June 30th, 2010*	June 30th, 2009*	December 31st 2009
1st part			
Fixed assets	2 469 585	2 836 176	2 669 473
I. INTANGIBLE ASSETS	20 063	492 835	114 337
Capitalised value of foundation and restructuring costs	0	0	0
Capitalised value of research and development costs	0	0	0
Concessions and similar rights and assets	4 084	94 774	41 375
Intellectual property	15 979	398 061	72 962
Goodwill	0	0	0
Advance payments on intangible assets	0	0	0
Revaluation of intangible assets	0	0	0
II. TANGIBLE ASSETS	587 885	776 387	693 498
Land and buildings and related concessions and similar rights	501 807	526 132	524 557
Technical equipment, machinery and vehicles	0	0	0
Other equipment, fittings and vehicles	85 650	250 057	168 138
Breeding stock	0	0	0
Capital expenditure, renovations	428	198	803
Advance payments on Capital expenditure	0	0	0
Revaluation of tangible assets	0	0	0
III. FINANCIAL INVESTMENTS	1 861 637	1 566 954	1 861 637
Long term investments in related companies	1 858 943	1 564 260	1 858 943
Long term loans given to related companies	0	0	0
Other long term investments	2 694	2 694	2 694
Long term loans given to other investees	0	0	0
Other long term loans given	0	0	0
Securities representing long term loans	0	0	0
Revaluation of financial investments	0	0	0

2nd part

	3 828 894	4 136 647	4 524 573
B. Current assets			
I. INVENTORIES	28 821	84 551	221 149
Raw materials and consumables	0	77 124	0
Work in progress and semi-finished products	0	7 427	(0)
Animals	0	0	0
Finished goods	0	0	0
Goods	28 821	0	221 149
Advance payments on inventories	0	0	0
II. RECEIVABLES	2 972 544	3 204 309	3 458 160
Trade accounts receivable	401 651	2 305 972	1 843 199
Receivables from related companies	2 453 611	675 268	1 475 119
Receivables from other investees	0	0	0
Bills of exchange receivable	0	0	0
Other receivables	117 282	223 070	139 842
III. MARKETABLE SECURITIES	770 577	611 832	825 133
Investments in related companies	0	0	0
Other investments	0	0	0
Own shares, own quotas	770 577	611 832	825 133
Securities representing loans held for sale	0	0	0
IV. LIQUID ASSETS	56 952	235 955	20 130
Cash in hand, cheques	773	819	3 036
Bank deposits	56 179	235 136	17 094
C. Prepaid expenses and accrued income	170 537	460 782	396 013
Accrued income	31 181	1 268	149 547
Prepaid expenses	139 356	459 514	246 467
Deferred expenses	0	0	0
	0	0	0
TOTAL ASSETS	6 469 016	7 433 606	7 590 059

3rd part

	5 871 767	5 812 008	5 847 917
D. SHAREHOLDERS' EQUITY			
I. ISSUED CAPITAL	1 860 947	1 860 947	1 860 947
Treasury shares	0	0	0
II. ISSUED BUT NOT PAID CAPITAL (-)	0	0	0
III. CAPITAL RESERVES	3 497 832	3 497 832	3 497 832
IV. RETAINED EARNINGS FROM PREVIOUS YEARS	(281 438)	(498 636)	(711 937)
V. NON-DISTRIBUTABLE RESERVES	770 577	611 832	825 133
VI. REVALUATION RESERVE	0	0	0
VII. PROFIT PER BALANCE SHEET	23 849	340 034	375 943
E. Provisions	6 821	58 388	76 969
1. Provisions for expected liabilities	6 821	58 388	76 969
2. Provisions for future expenses	0	0	0
3. Other provision	0	0	0
F. Liabilities	450 530	1 149 868	1 384 007
I. SUBORDINATED LIABILITIES	0	0	0
1. Subordinated liabilities to related companies	0	0	0
2. Subordinated liabilities to other investees	0	0	0
3. Subordinated liabilities to other enterprises	0	0	0
I. LONG TERM LIABILITIES	1 410	122 713	72 118
Long term credits	0	0	0
Convertible bonds	0	0	0
Debts on the issue of bonds	0	0	0
Investment and development loans	0	0	0
Other long term loans	0	0	0
Long term liabilities to related companies	0	0	0
Long term liabilities to other investees	0	0	0
Long term financial lease liabilities	1 410	0	72 118
Other long term liabilities	0	122 713	0

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards 4th part	June 30th, 2010*	June 30th, 2009*	December 31st 2009
III. Short term liabilities	449 120	1 027 155	1 311 889
Short term credits	0	0	0
from which convertible bounds	0	0	0
Short term loans	0	0	0
Advance payments received from customers	0	0	0
Trade accounts payable	89 188	668 316	394 768
Bills of exchange payable	0	0	0
Short term liabilities to related companies	7 274	134 943	752 613
Short term liabilities to other investees	0	0	0
Other short term liabilities	352 658	223 895	164 508
G. Accrued expenses and deferred income	139 898	413 342	281 166
1. Deferred revenues	107 425	342 569	260 254
2. Accrued expenses and expenditure	32 473	65 155	20 912
3. Deferred income	0	5 617	0
TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY	6 469 016	7 433 606	7 590 059



5th Part

Net domestic sales revenues	1 362 600	5 426 986	8 249 146
Net export sales revenues	148	17 795	18 698
Net sales revenues	1 362 748	5 444 781	8 267 844
Change in self-manufactured inventories	0	(5 999)	(13 425)
Capitalised value of self-manufactured assets	0	57 100	992
Capitalised value of self-manufactured assets	0	51 101	(12 433)
Other revenues	301 076	424 901	1 209 690
of which: reversal of impairment loss provision	0	0	0
Cost of raw materials	29 655	48 179	82 972
Value of services used	570 925	2 625 821	3 974 370
Value of other services	17 606	32 902	58 306
Cost of goods sold	455 713	1 817 485	2 826 475
Value of recharged services	22 652	136 606	403 735
Material type expenditure	1 096 551	4 660 993	7 345 858
Wages	165 069	307 123	533 582
Other payments to personnel	26 449	66 355	104 584
Personnel related contributions	51 357	113 976	190 083
Payments to personnel	242 875	487 454	828 248
Depreciation charge	82 934	137 757	259 573
Other expenditure	232 212	339 910	1 203 397
-from which depretiation	0	0	11 711
Operating result	9 252	294 670	(171 975)

Synergon Information Systems Plc. Financial report according to the hungarian accounting standards	June 30th, 2010*	June 30th, 2009*	December 31st 2009
6ht part			
Dividend received	107 553	0	0
of which: received from related companies	0	0	0
Gain on sale of investment	0	0	0
of which: received from related companies	0	0	0
Interest received and gain on financial investments	0	0	0
of which: received from related companies	0	0	0
Other interest received	29 667	156 498	42 924
of which: received from related companies	0	0	0
Other revenues from financial transactions	49 250	226 738	342 470
Revenues from financial transactions	186 470	383 236	385 393
Loss on financial investments	20 460	0	0
of which: given to related companies	0	0	0
Interest paid	4 213	8 219	12 748
of which: given to related companies	0	0	0
Impairment loss of financial investment, securities and bank deposit	0	0	(179 609)
Other expenditures of financial transactions	101 840	316 574	298 320
Financial expenses	126 513	324 793	131 458
FINANCIAL PROFIT	59 957	58 443	253 935
PROFIT ON ORDINARY BUSINESS	69 209	353 113	81 960
Extraordinary revenues	0	0	364 165
Extraordinary expenditures	45 360	13 079	53 782
Profit on extraordinary events	(45 360)	(13 079)	310 383
Net profit before taxation	23 849	340 034	392 343
Tax	0	0	16 400
AFTER TAX PROFIT	23 849	340 034	375 943
Dividends paid out of retained earnings	0	0	0
Dividends paid (approved) out of current year profits	0	0	0
NET PROFIT PER BALANCE SHEET	23 849	340 034	375 943

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

Governmental and Public Administration Sector; Defense Sector

In Q2 2010, the governmental administration sector was dominated by the investment stop, the impact of which has been escalated by the uncertainty arising from the current structural and personal transformations in the governmental administrative authorities.

It can be stated that no new, major investments were launched in Q2. Consequently, the sector focused on the mainly EU-financed, priority projects that were already in progress.

These projects - tenders in the application stage - exert major influence over the sales revenue of the sector. Determining tenders in the application stage are: the passenger information tender of Kisalföld Volán (transport company), the BKV Futár project (transport company), and the electronic administration and document management tender of the National Directorate General for Disaster Management.

In the priority areas of focus, such as information technology and environment protection-related information technology solutions, the building and development of sector-specific expertise continued.

In addition to renewing a major software supply contract, the sector delivered its existing portfolio of agreements at a good pace in Q2, thus it could approximate the prescribed planned contribution.

One of the strategic directions adopted and declared at the beginning of 2010 was Defense. In Defense industry, which had been handled as part of the governmental and public administration sector, was transformed into a separate sector in order to reach the objectives.

At the same time, this sector could neither be exempt from the impacts prevailing in the governmental and public administration sector; thus the past period saw preparation and groundwork receiving emphasis instead of actual investments and developments.

As a consequence of the above, the newly established sector also focused on making preparations, specifying future opportunities of development and pinpointing the existing and necessary related competences. Apart from sector-specific applications and custom developments, there is major business potential in the field of information and data security and safety solutions in this sector.

Banking, Telecommunications and Media Sector

The sector closed a successful quarter, owing to which the results of Q2 all-in-all lived up to expectations.

The most important projects affecting the results proceeded as following.

At Vodafone Zrt, the high availability IP network support is continuous, in addition to which tool deliveries and implementation tasks related to network upgrades were also performed in Q2.

SynergON also continues to perform its other commission related to rolling out a data security solution and its project related to engineering the internal premium accounting system of Vodafone. The Company is working on cooperation opportunities related to various fields of application development, and it has also received another support task, which includes the systems support of VMware-based virtual environment.

Throughout the quarter, SynergON continuously performed its system support tasks related to the IP network and SUN server park of Invitel Zrt.

The network upgrade hopefully holds further investment opportunities for 2010. The company concluded an agreement as well for the modernisation of the network management solution of Invitel.

At the T-Group, the delivery of the comprehensive advanced-level network management support commission has been continuous and progressed according to plans in the current quarter as well. The company has also been performing several minor development projects in this field.

Deliveries related to the optical network engineering for cable television service providers also continued to progress during the quarter.

SynergON continuously performs systems support and network operation support for the SAP-based Economic and Financial System of the National Telecommunications Authority and these commissions exert significant influence on the revenue totals in 2010.

In the field of business solutions, the ongoing development projects at Hungarian banks are progressing as planned and follow-up projects are also in sight for this year. Delivery is also in progress in the various information technology operation projects.

During the quarter, we concluded an agreement with a major Hungarian insurance company for the system support of optical equipment.

Also in this period, we managed to extend the agreement for the delivery of various software infrastructure licenses and related services at a major Hungarian bank.

Apart from the above, SynergON closed several smaller projects successfully in the sector, which are accompanied by follow-up tasks.

SynergON is working continuously on the preparation of projects that would hopefully contribute to the results of the sector already during 2010.

Industry and Large Enterprise Sector

A growth in the post-crisis investment flow is beginning to show in the case of companies of non-governmental ownership; however they continue to launch projects that promise a characteristically short payback period. Moreover, there seems to be a kind of holding off, lying in watch for the business directions that the new political power would determine.

The personal changes following the parliamentary elections - especially in the case of companies related to the sector of industry - are not simple; they can only be implemented through the mediation of general assemblies. Consequently, these changes are expected to take place in the middle/at the end of August. The saplings of opportunities are already perceptible, however the new leadership needs to give the final push, thus the conclusion of projects might easily slip into the next financial year.

We performed information technology support for the store openings of several own and franchise partners of the Jeans Club (clothing company) network and other new store openings. This saw the conclusion of the sale of a great number of additional user licenses to the central module of our own brand SRS solution package.

The reconstruction works of Tigáz (gas supply company) sites progressed; the APC ISX optimisation project reached its end and we won the 2010 tool delivery tender of Cisco in close market competition.

One of the determining gas supplier companies of Hungary ordered the supplementation and expansion of the IDM solution that we had introduced earlier.

AGIP petrol stations introduced the fuel E85, and Synergon Retail Systems participated in the related transformation and information technology adjustments.

By the end of March 2010, we completed the network reconstruction at EDF Démász (power supply company). At the same time, the preparatory work for the network's security project has begun. Following a successful survey and professional presentation, the rolling out of the network security was ordered in Q2 of 2010, in the frame of which we will introduce Cisco MARS, CSM and ASA solutions as well.

At the end of the first half-year, we successfully completed the data warehouse project of the VPOP (Hungarian Customs and Finance Guard). Several tenders were announced by the MOL Natural Gas Transmission Company, where the compliance with the new EU directives hastens the earliest possible completion of investments, which are expected to take place in the third quarter.

Structured cabling works are continuous at ÉMÁSZ (power supply company), however projects on the territory of ÉMÁSZ are delayed by floods.

The last quarter proved to be successful for the industry sector in terms of both the ongoing projects and the search for new business opportunities. We look forward to the next half-year with optimism, expecting a difficult Q3 to be followed by a fair Q4.

Synergon System Integrator Ltd.

Q2 of 2010 progressed according to the expectations for Synergon System Integrator; the projects were implemented and completed as promised.

The company successfully completed numerous projects of reference value, which had begun in preceding quarters. Outstanding projects include the Identity Management solution rolled out at two large enterprises in the financial and industrial sectors; the information technology

warehouse management system designed for the National Telecommunications Authority; the data warehouse-based management information system delivered to the Hungarian Customs and Finance Guard and the SAP-EPM integration project implemented for one of the industrial enterprises.

The project completion of reference value in the field of infrastructure also took place in Q2: we engineered and delivered the broadband network infrastructure of the subregions Vásárosnamény and Nyírbátor, assigned by Magyar Telekom (telecommunications company).

The company attained major results in its long-standing, traditional fields of activity - like networking and infrastructure - as well: in the course of the transformation of a building, a structured network of nearly a thousand end-points was created; we played a key role in the project of transforming the hall of an industrial company; we performed a flawless conversion influencing more than a thousand users in the Unified Communications Upgrade Project at Vodafone, moreover we have been participating on several strands in the project of upgrading the data transmission devices of the branch network of one of the banks.

Our data security improvement projects that are closely connected to the networking field: we integrated our complex defence solution into the network security infrastructure of a manufacturing company; at EDF Démász we completed a successful firewall migration, while at Vodafone we took important steps in the data loss prevention project.

For the coming period, the company has been given major assignments in the field of data security solutions, networking solutions and cabling systems.

Beside the implementation of the projects, the renewal of existing certifications and the earning of new ones signal that our expertise is kept up-to-date and our competences are constantly improved. In harmony with this, we renewed our Microsoft Gold Partner, Reichle-De-Massari installer, and Microsoft Project and Portfolio Management certificates. Our co-workers passed exams successfully and gained fresh knowledge in several fields — such as CheckPoint specialisations and Cisco IP — and, in order to enhance the quality of our services, one of our co-workers contributed the ITIL v3 certificate to the competences of SRI.

Synergon Retail Systems Ltd. (Retail and Special Systems)

Synergon Retail Systems Ltd. operates in the retail and wholesale sector. It installs and operates sector-specific systems; it has a countrywide repair network in the field of services; and is a premium EDI service provider in Hungary. Synergon Retail Systems Ltd. closed Q2 2010 according to expectations.

Continuous, 24/7 repair service and support activity is performed around the entire country - for Agip Magyarország Kft. (fuel), MÁV Zrt. (transport), LukOil Magyarország Kft. (fuel), Auchan Magyarország Kft. (retail), Aldi Magyarország Bt. (retail), KIK Magyarország Bt (retail).

The company performs the high priority repair service of the Intelligent Post Office of the Hungarian Post.

The experts of SRS and Jeans Club are constantly searching for opportunities to implement the leading market trends into the retail system solution designed by Synergon Retail System, which facilitates and accelerates the work of employees in stores both within Hungary and

abroad. In Q2, several systems were delivered and installed in the regional network of Jeans Club.

Our ECOD – EDI service is used by several multinational FMCG companies. With our help, Auchan Magyarország Kft. has been operating as one of the leading retail companies in this field. In Q2, an outstanding number of suppliers converted to electronic invoicing in the frame of the ECOD service.

In spite of the fact that the macro-economic situation signalled a significant drop of revenues in the retail sector as well, SRS continues to search for new opportunities on the Hungarian and international market in 2010.

Infinity a.s (subsidiary, Czech Republic)

Market perspectives seem to show a moderate improvement in the Czech Republic — the market displayed careful optimism by the end of Q2.

The public sector continues to be characterised by the slow decision-making that follows the parliamentary election and the delay of investments. The turning point in the sector might arrive with the end of 2010/the beginning of 2011.

At the same time, in the Czech business environment, the reserves accumulated earlier were used up and the parallel and uneconomic activities were brought to light, due to which the operations of the companies have crystallised. A notably slower and more carefully premeditated course of growth is beginning to unfold. In this environment, a transparent, company of rapid reaction and economic operation, like Infinity, can be the right partner for clients.

In the last quarter, Infinity realised hardware and license sales characteristically, which denote a low contribution margin as opposed to services, however they lay down a highly important basis for the renewal of service projects. We regard the sales of these products as market-retaining and opportunity-creating sales. Parallel to deliveries, the company continuously performed its ongoing projects and undertakings.

We performed the largest hardware deliveries to the following clients:

- Česká národní banka
- Český úřad zeměměřický a katastrální
- Krajské zařízení pro další vzd. pedagogic. prac.
- HP Hlavní město Praha
- GTS NOVERA s.r.o.
- Egis Praha, spol. s r.o.
- NOVIKO s.r.o.

We performed the largest software and license deliveries to the following clients:

- VS ČR (Jails Czech republic)
- GEMO Olomouc
- Accace
- Kaufland Česká republika v.o.s.
- Kaufland Slovenská republika, v.o.s

- TŘINECKÉ ŽELEZÁRNY, a. s.
- Vojenská zdravotní pojišťovna ČR
- Vodovody a kanalizace Hodonín, a.s.
- GTS NOVERA s.r.o.
- TACOMA Business Services s.r.o.
- Zdravotní pojišťovna MÉDIA

Headcount figures for Synergion Group

Headcounts	2010 Q2 average	2009 Q2 average	Difference %	2010 Q2 closing	2009 Q2 closing	Difference %
Synergion and Hungarian controlled entities	253	283	(11%)	239	273	(12%)
Infinity	105	108	(3%)	103	108	(5%)
Total	358	391	(8%)	342	381	(10%)

The closing headcount of June 30, 2010 is 342 persons, of whom 67 persons are employed by the parent company. The change in the closing headcount is a decrease of 10% compared to the closing value of the corresponding period of 2009.

Companies belonging to the consolidated range of The Synergion Group

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

Corporate events

Board of Directors

In Q2 2010, the Board of Directors decided about adopting the annual report and the convocation of the annual General Assembly, the referrals of the General Assembly, the appointment of the new CEO from September 2010, treasury shares transactions and internal corporate questions.

Personal Changes

In accordance with the personal and corporate decision of the Board of Directors, Róbert Litauszki replaces Márk Lazarovits in the position of the CEO of Synergion Information Systems Plc. as of 1 September 2010. At the same time, two director's posts were eliminated — Dr Gábor Fóti Operative Director and Miklós Rajczi-Juhász HR Director left the company in the month of June. The tasks and responsibilities associated with these posts were re-distributed.

General Assembly

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

Ownership structure

Shareolders with higher than 5% ownership of Synergon Informations Plc.			Shareolders structure of Synergon Informations Plc.		
Shareholders	June 30th, 2010	December 31st, 2009	Shareholder arts	June 30th, 2010	December 31st, 2009
Cashline Befektetési Holding Zrt.	15,42%	15,42%	Domestic Company	52,56%	52,27%
Pannergy Műanyagipari Nyrt. with subsidiaries	12,52%	12,52%	Foreign Company	4,41%	4,48%
Investors below 5% ratio	60,09%	60,09%	Domestic Private person	25,18%	24,98%
Treasury shares	11,97%	11,97%	Foreign Private person	0,22%	0,16%
Total	100%	100%	Employee and Key management	0,21%	0,21%
			Treasury shares	11,97%	11,97%
			Governmental and public interest	0,00%	0,00%
			Other	5,45%	5,92%
			Total	100%	100%

Acceptance of Liability Declaration

The progress report of Synergon Information Systems Plc. shareholders' company (Synergon Information Systems Design and Building Plc) elaborated its present progress report presenting its business activities for the 9-month **period from January 1, to June 30, 2010** in compliance with Act CXX of 2001 on the capital markets and the regulation of the Budapest Stock Exchange Plc. on Introduction and Quotation Rules.

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

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

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

Budapest, 5th August 2010



Zsuzsanna IMRE
CFO

Márk LAZAROVITS
CEO

Synergon Information Systems Plc.

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