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FIRETECTOR INC
Form 10QSB
August 14, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal quarter ended _____ June 30, 2002 _____

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number _____ 0-17580 _____

SYNERGX SYSTEMS INC.

(Exact name of small business issuer as specified in its charter)

Delaware

11-2941299

(State or jurisdiction of incorporation or organization)

(IRS employer identification Number)

209 Lafayette Drive, Syosset, New York

11791

(Address of Principal Executive Offices)

(Zip code)

(516) 433-4700

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 11, 2002, 1,704,425 shares of Registrant's Common Stock were issued and outstanding.

Transitional Small Business Disclosure Format (check one) Yes No

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Part I - FINANCIAL INFORMATION

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2002

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$175,576
Accounts receivable, principally trade, less allowance for doubtful accounts of \$361,783	4,834,233
Inventories	2,477,022
Deferred taxes	328,000
Prepaid expenses and other current assets	450,706

TOTAL CURRENT ASSETS	8,265,537

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PROPERTY AND EQUIPMENT -at cost, less accumulated depreciation and amortization of \$1,226,942	303,150
OTHER ASSETS	157,842
DEFERRED TAXES	69,000
TOTAL ASSETS	\$8,795,529

See accompanying Notes to the Condensed Consolidated Financial Statements

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2002
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Other notes payable - principally to related party	\$82,435
Accounts payable and accrued expenses	2,490,097
Deferred revenue	466,164
Current portion of capital lease obligations	24,167
TOTAL CURRENT LIABILITIES	3,062,863
Note payable to bank	1,240,397
Notes payable - principally to related party, less current portion	50,562
Capital lease obligations, less current portion	48,240
TOTAL LIABILITIES	4,402,062
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY	
Preferred stock, 2,000,000 shares authorized- none issued and outstanding	
Common stock, 10,000,000 shares authorized, \$.001 par value; issued and outstanding 1,704,425 shares	1,704
Capital in excess of par	5,278,490
Accumulated Deficit	(886,727)
TOTAL STOCKHOLDERS' EQUITY	4,393,467
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$8,795,529

See accompanying Notes to the Condensed Consolidated Financial Statements

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SYNERGX SYSTEMS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	For the	Three Months Ended
	2002	June 30,
	-----	-----
Product sales	\$2,838,862	\$3,57
Subcontract sales	621,850	39
Service revenue	1,170,698	1,05
	-----	-----
Total revenues	4,631,410	5,02
	-----	-----
Cost of product sales	1,917,786	2,46
Cost of subcontract sales	506,063	28
Cost of service	772,148	76
Selling, general and administrative	1,349,167	1,25
Interest expense	23,621	3
Depreciation and amortization expense	44,143	4
	-----	-----
	4,612,928	4,84
	-----	-----
Income from operations before provision for income taxes	18,482	18
Provsion for income taxes:		
Current	18,300	7
Deferred	(11,300)	
	-----	-----
	7,000	8
	-----	-----
Net Income	\$ 11,482	\$ 10
	=====	=====
Earnings per common share		
Basic earnings per share	\$0.01	
	=====	=====
Diluted earnings per share	\$0.01	
	=====	=====
Weighted average number of common shares outstanding	1,704,425	1,70
Weighted average number of common and potential dilutive common shares outstanding	1,834,327	1,77

See accompanying Notes to the Condensed Consolidated Financial Statements

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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(Unaudited)

	For the Nine Months Ended June 30,	
	2002	2001
Product sales	\$7,121,896	\$9,611,896
Subcontract sales	1,257,252	77,252
Service revenue	3,439,830	3,211,830
Total revenues	<u>11,818,978</u>	<u>13,601,896</u>
Cost of product sales	4,941,528	6,451,528
Cost of subcontract sales	1,024,454	58,454
Cost of service	2,398,395	2,231,395
Selling, general and administrative	3,903,042	3,671,042
Interest expense	72,509	111,509
Depreciation and amortization expense	131,155	131,155
	<u>12,471,083</u>	<u>13,201,083</u>
(Loss) Income from operations before provision for (benefit from) income taxes	(652,105)	401,105
Provision for (benefit from) income taxes:		
Current	(176,700)	191,700
Deferred	(86,300)	(111,300)
	<u>(263,000)</u>	<u>170,400</u>
Net (Loss) Income	<u>\$ (389,105)</u>	<u>\$ 221,505</u>
Earnings Per Common Share		
Basic (Loss) Earnings Per Share	(\$0.23)	\$0.23
Diluted (Loss) Earnings Per Share	(\$0.23)	\$0.23
Weighted Average Number of Common Shares Outstanding	1,704,425	1,704,425
Weighted Average Number of Common and Potential Dilutive Common Shares Outstanding	1,704,425	1,771,425

See accompanying Notes to the Condensed Consolidated Financial Statements

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the Nine Months

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	2002	Ended June 30, 2001
	-----	-----
OPERATING ACTIVITIES		
Net (loss) income	\$ (389,105)	\$22,000
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	131,155	131,155
Deferred tax benefit	(86,000)	(86,000)
Provision for doubtful accounts	33,898	33,898
Changes in operating assets and liabilities:		
Accounts receivable	1,589,132	98,000
Inventories, prepaid expenses and other current assets	(398,645)	(398,645)
Other assets	(3,841)	(3,841)
Accounts payable and accrued expenses	(816,088)	(64,000)
Deferred revenue	12,265	12,265
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	72,771	48,000
	-----	-----
INVESTING ACTIVITIES		
Purchases of property and equipment	(35,808)	(14,000)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(35,808)	(14,000)
	-----	-----
FINANCING ACTIVITIES		
Principal payments on revolving line of credit, long-term debt, notes payable and capital lease obligations	(190,536)	(30,000)
Proceeds from revolving line of credit, notes payable and capital lease obligations	30,729	9,000
Notes payable to affiliated companies		(25,000)
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(159,807)	(46,000)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(122,844)	(12,000)
Cash and cash equivalents at beginning of period	298,420	23,000
Cash and cash equivalents at end of period	\$ 175,576	\$ 11,000
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	\$ 151,234	\$ 37,000
Interest	\$ 76,993	\$ 11,000

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During the nine months ended June 30, 2002 and 2001, the Company incurred no capital lease obligations for the acquisition of equipment.

See accompanying Notes to the Condensed Consolidated Financial Statements

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NINE MONTHS ENDED JUNE 30, 2002

(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the financial statements not misleading have been included. Results for the three and nine months ended June 30, 2002 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in Synergx Systems Inc. (formerly Firetector Inc.) ("the Company") and Subsidiaries' annual report on Form 10-KSB for the year ended September 30, 2001.

At the annual meeting of Firetector Inc stockholders held on May 22, 2002, stockholders voted to amend the Company's Certificate of Incorporation to change Firetector's name to SYNERGX SYSTEMS INC.

2. REVENUE RECOGNITION

Product revenues include sale of systems, which are similar in nature, that involve fire alarm, life safety and security (CCTV and card access), transit (on board systems) and communication (paging, announcement and audio/visual). Product sales represent sales of product along with the integration of technical services at a fixed price under a contract with an electrical contractor or end user customer (building owner or tenant), or customer agent. Product revenue is allocated using a constant gross profit percentage over the entire contract, and recognized, using the percentage-of-completion method of accounting. The Company utilizes a units-of-work performed method to measure progress towards completion of the contract. The effects of changes in contract terms are reflected in the accounting period in which they become known. Contract terms provide for billing schedules that differ from revenue recognition and give rise to costs and estimated profits in excess billings, and billings in excess of costs and estimated profits.

Subcontract revenues principally represents revenues related to electrical installation of wiring and piping performed by others for the Company when the Company acts as the prime contractor and sells its products along with electrical installation. Subcontract revenue is also recognized during the entire project using the percentage-of-completion method of accounting as electrical installation is performed at the job site.

Service revenue from separate maintenance contracts is recognized on a straight-line basis over the terms of the respective contract, which is generally one year. Non-contract service revenue is recognized when services are performed.

3. INVENTORY

Inventories are priced at the lower of cost (first-in, first-out) or market and consist primarily of raw materials.

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

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NINE MONTHS ENDED JUNE 30, 2002

(UNAUDITED)

4. LONG TERM DEBT

The Company has a revolving Credit Facility with Citizens Business Credit Company of Boston, Massachusetts, (the "Credit Facility"). The credit facility provides for a \$3,000,000 revolving line of credit which expires in December 2004. The Credit Facility provides for interest at prime rate (4.75% at June 30, 2002) plus 1/4% on outstanding balances. At June 30, 2002, \$1,240,397 was outstanding under this facility. Advances under the Credit Facility are measured against a borrowing base calculated on eligible receivables and inventory. The Credit Facility is secured by all of the assets of the Company and all of its operating subsidiaries.

The Credit Facility includes certain restrictive covenants, which among other things impose limitations on declaring or paying dividends, acquisitions and capital expenditures. The Company is also required to maintain certain financial ratios. Citizens Business Credit Company of Boston has modified the requirement of one of the ratios for the balance of fiscal 2002. At June 30, 2002, the Company was not in default of any of its covenants as a result of this modification.

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

NINE MONTHS ENDED JUNE 30, 2002

(UNAUDITED)

5. EARNINGS (LOSS) PER SHARE

The Financial Accounting Standards Board issued SFAS No. 128 "Earnings Per Shares" which requires companies to report basic and diluted earnings per share ("EPS") computations. Basic EPS excludes dilution and is based on the weighted-average common shares outstanding and diluted EPS gives effect to potential dilution of securities that could share in the earnings of the Company. Diluted EPS reflects the assumed issuance of shares with respect to the Company's employee stock options, non-employee stock options and warrants.

	Three Months ended June 30,		Nin
	-----		---
	2002	2001	
Basic EPS Computation			

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Net Income (Loss) available to common stockholders	\$ 11,482	\$103,919	\$ (
Weighted average outstanding shares	1,704,425	1,704,425	1,
Basic EPS (Loss)	\$.01	\$.06	
	====	====	
Diluted EPS Computation	Three Months ended June 30,		Nine
	-----		-----
	2002	2001	
	-----		-----
Net Income (Loss) available to common stockholders	\$ 11,482	\$103,919	\$ (3
	=====	=====	=====
Weighted-average shares	1,704,425	1,704,425	1,
	-----	-----	-----
Plus: Incremental shares from assumed conversions			
Employee Stock Options*	30,702	17,692	
Warrants*	99,200	57,040	
	-----	-----	
Dilutive potential common shares	129,902	74,732	
	-----	-----	
Adjusted weighted-average shares	1,834,327	1,779,157	1,7
	-----	-----	-----
Diluted EPS (Loss)	\$.01	\$.06	
	====	====	

*All warrants and options were antifilutive for the nine month period ended June 30, 2002 and therefore not included in the above calculation.

SYNERGX SYSTEMS INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

NINE MONTHS ENDED JUNE 30, 2002

(UNAUDITED)

6. SUBSEQUENT EVENTS

On July 20, 2002, the union representing hourly employees and the Company ratified a Collective Bargaining Agreement expiring July 9, 2005, providing for an increase in salaries and benefits averaging approximately 4 1/2 % per year over the life of the contract.

The Company entered into a lease for 4,800 square feet of office and warehouse space in New York City. The lease will become effective in August 2002 when the landlord completes renovations and will run thru December 31, 2009. The lease

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provides for yearly rental of \$84,000 during the first year plus expenses with yearly escalation of 2% each year thereafter. Total cost of space over the life of the lease will approximate \$631,000. The Company terminated its present lease for office and warehouse space in New York City by giving six months notice, which will be effective December 5, 2002.

On August 1, 2002 the Company has offered to sell 170,000 units ("Units") in a private placement to an unaffiliated investor for \$1.40 per Unit. Each Unit consists of one share of Common Stock and one warrant (the "Warrant") to purchase an additional share of Common Stock at \$1.40 for a period of 24 months from closing. The Units, Common Stock, Warrants and Common Stock issuable upon exercise of the Warrants will be restricted and may not be sold or transferred without registration under or an exemption from applicable securities laws. The purchaser will be granted one-time "piggy-back" registration rights. The transactions are expected to close within 30 days subject to any required regulatory and/or banking approval, however there is no assurance that this transaction will be completed.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company has a \$3 million credit facility with Citizens Business Credit Company of Boston, (the "Credit Facility") that expires in December, 2004. The Credit Facility has an interest rate of prime plus 1/4% on outstanding balances. Advances under the Credit Facility are measured against a borrowing base calculated on eligible receivables and inventory. The Credit Facility is secured by all assets of the Company and all of its operating subsidiaries. The Company owed \$1,240,397 under the Credit Facility at June 30, 2002.

The Credit Facility includes various covenants, which among other things, impose limitations on declaring or paying dividends, acquisitions and capital expenditures. The Company is also required to maintain certain financial ratios. Citizens Business Credit has modified the requirements for one of these ratios for the balance of fiscal 2002. At June 30, 2002, the Company was not in default with any of its financial covenants as a result of this modification.

Net cash provided by operations for the nine months ended June 30, 2002 amounted to \$72,779 as compared to \$487,731 for the comparable prior year period. The primary reason for the decrease in cash being provided by operations was due to a decrease of \$1,052,800 in operating profit before taxes (a \$652,105 operating loss in 2002 vs as \$400,695 profit in 2001). Offsetting this outflow was \$600,522 of higher collections of accounts receivable.

The ratio of the Company's current assets to current liabilities decreased to approximately 2.70 to 1 at June 30, 2002 compared to 2.93 to 1 at June 30, 2001. The decrease in the current ratio since June 30, 2001 is due to a \$246,000 reduction in working capital, which was caused by the need to fund the operating loss during the nine months ended June 30, 2002.

On August 1, 2002 the Company has offered to sell 170,000 units ("Units") in a private placement to an unaffiliated investor for \$1.40 per Unit. Each Unit consists of one share of Common Stock and one warrant (the "Warrant") to purchase an additional share of Common Stock at \$1.40 for a period of 24 months from closing. The Units, Common Stock, Warrants and Common Stock issuable upon exercise of the Warrants will be restricted and may not be sold or transferred without registration under or an exemption from applicable securities laws. The purchaser will be granted one-time "piggy-back" registration rights. The Company will use the proceeds (\$476,000 assuming the sale of the Units is completed and

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the exercise of all Warrants) for general corporate purposes with a particular focus on funding new products, markets, business ventures as a complement or supplement to existing operations. The Company believes that when and if the investors ultimately sell the restricted shares (after applicable holding periods or through registration) the addition of up to 340,000 shares of Common Stock (assuming exercise of the Warrants) to the public float may serve to increase liquidity of the Company's common stock. The transactions are expected to close within 30 days subject to any required regulatory and/or banking approval, however there is no assurance that this transaction will be completed.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Revenues and Gross Profit

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
	(In thousands of dollars)			
Product Revenue	\$2,839	\$3,574	\$7,122	\$9,811
Subcontract Revenue	622	396	1,257	1,257
Service Revenue	1,170	1,056	3,440	3,440
Total Revenue	4,631	5,026	11,819	13,508
Gross Profit Product	921	1,114	2,180	3,114
Gross Profit Subcontract	116	109	233	233
Gross Profit Service	398	289	1,042	1,042
Total Gross Profit	1,435	1,512	3,455	4,399
Gross Profit Product %	32%	31%	31%	31%
Gross Profit Subcontract %	19%	27%	19%	19%
Gross Profit Service %	34%	27%	30%	30%

Revenues

The Company's product revenues during the three and nine months ended June 30, 2002 decreased from the comparable prior year periods, representing decreases of 20% and 26% for the respective periods. These decreases in product revenues resulted from a general slowdown in economic activity in the Company's principal markets, New York City and Dallas. In addition, the events of September 11th delayed work on several projects involving New York City Transit Authority and reduced tenant revenue as tenants relocated out of New York City, consolidated into existing space uptown or moved into space in "move in" condition that had been abandoned or offered for sublease.

Subcontract revenue increased during the current three and nine month periods as the Company was responsible for electrical installation on several large fire

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alarm projects in 2002.

Service revenues increased during the current three and nine month periods. The increase reflects higher call-in maintenance service on fire systems as replacement parts and service were subsequently needed in certain buildings affected by contamination from the events of September 11th.

Gross Profit

Gross profit on product revenues for the three months and nine months ended June 30, 2002, decreased 17% and 31% for the respective prior year periods. The decrease in absolute gross profit during both periods is primarily related to lower sales (noted above) and related gross margin caused in part by the events of September 11th and from the slowdown in economic activity. However, the increase in gross profit percentage during the current three month period reflects a lower material component on project activity during the period. In contrast, the decrease in gross profit percentage in the current nine month period is due to certain labor cost overruns on several large projects and greater material component on products sold. In addition, during the nine month period of 2002, certain fixed overhead costs increased due to wage increases. Due to the relative fixed nature of these costs, gross profit as a percentage of sales declined from lower sales on which to absorb these costs. In contrast, during the 2001 nine month period, gross profit includes the revenue benefit from a non-recurring engineering and product management contract (professional service with no material content).

Gross profit related to subcontract revenues for the three and nine months ended June 30, 2002 increased in absolute terms as the Company was responsible for electrical installation on two large fire alarm projects in 2002. However, the gross profit percentage was lower during 2002 as one project was contracted for sale at a lower than normal mark up.

Gross profit on service revenues for the three and nine months ended June 30, 2002 increased due to the increase in call in service revenues. During the nine month period, the decline in gross profit percentage from service was due to certain wage increases to service technicians that could not be passed on to service contracts.

Income Before Tax

The decline in income before income taxes during the three and nine months ended June 30, 2002 is primarily due to a decrease in gross margin caused by the decline in product revenues (brought about by the general slowdown of economic activity and delays on certain projects caused by the events of September 11th) and from higher fixed overhead costs (noted above). In contrast, the nine month period of 2001 included the favorable effect of an engineering and product management contract. Also contributing to the decline in income before income taxes was an increase (8% during the three month period and 6% during the nine month period) in selling, general and administrative expenses to support higher product sales and expand product territory. This increase includes additional staffing to service the Company's railcar communication customers as it addresses a marketing opportunity for future business over the next several years. Favorably affecting income before income taxes were declines in interest expense (24% and 37%) due to lower interest rates for the three and nine months ending June 30, 2002, respectively.

Tax Provision

The Company's current income tax benefit represents federal, state and local income tax savings from the carryback of a portion of the 2002 operating loss. Deferred taxes represent the net increase in deferred tax assets as it relates

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to certain book provisions to be deducted in future tax returns as well as a carryforward of a portion of the 2002 operating loss.

Order Position

The Company's order position, excluding service, at June 30, 2002 amounted to \$14,700,000 as compared to \$8,900,000 at June 30, 2001 and \$7,800,000 at September 30, 2001. This is a record backlog and the increase in order position reflects large new orders received for several subway complexes. These new orders plus \$2.2 million of recent orders for communication and announcement systems from several transit car manufacturers will be shippable over the next 36 month period. While quotation activity is brisk, there is no assurance when orders will be received and whether the order position will increase. Due to the fact that the Company's products are sold and installed as part of larger construction on mass transit projects, there is typically a delay between the booking of the contract and its revenue realization. The Company expects to fulfill the majority of its backlog (exclusive of orders for transit cars) over the next twelve to twenty four months. The order position includes, and the Company continues to bid on projects that might include significant subcontractor labor, involving electrical installation by others at low margin but setting a platform for future product additions, tenant installations and service revenues.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings.

Not Applicable

Item 2. Changes in Securities.

Not applicable

Item 3. Defaults Upon Senior Securities.

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders.

The Registrant's Annual Meeting of Stockholders was held on May 22, 2002. At the meeting, Stockholders considered and voted upon (1) the election of seven (7) directors to Firetector's Board of Directors, the appointment of Marcum & Kliegman, LLP. as Firetector's Auditors for the fiscal year ending September 30, 2002, and to amend the Company's Certificate of Incorporation to change Firetector's name to SYNERGX SYSTEMS INC.

The seven nominees for director were unopposed and were, accordingly elected by the Stockholders. The following table details the votes cast for, against and abstained from voting on each matter considered by the Stockholders.

MATTER	FOR	AGAINST
Daniel Tamkin	1,579,014	4,656
John Poserina	1,579,014	4,656
Henry Schnurbach	1,579,014	4,656
Joseph Vitale	1,579,014	4,656
Dennis McConnell	1,579,014	4,656
J. Ian Dalrymple	1,579,014	4,656

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Mark I. Litwin	1,579,014	4,656
Auditors	1,579,555	3,257
SYNERGX SYSTEMS	1,579,103	7,388

Item 5. Other Information.

Item 6. Exhibits and Reports on form 8-K.

(a) Exhibits 10. Fourth Amendment to Credit Agreement, dated as of June 24, 2002, among Synergx Systems Inc., General Sound (Texas) Company, Casey Systems Inc. and Pyrotech Service Inc. as co-borrowers and Citizens Business Credit Company as lender.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNERGX SYSTEMS INC
(Registrant)

/s/ John A. Poserina

John A. Poserina,
Chief Financial Officer
(Principal Accounting and
Financial Officer), Secretary
and Director

Date: August 14, 2001