



13 March 2009

ELS078.2009

The Manager  
Company Announcements Office  
Australian Securities Exchange  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

***Via Electronic Lodgement*****FORECAST REVENUE EXPECTATION DOWNGRADE**

Further to Synergy Equities Group Limited's ("the Company", ASX : SYG) ASX announcement of 10 March 2009 withdrawing the previously announced pro-rata non-renounceable issue, the Company advises that in view of the current global financial situation the Company has noted:

- 1) the marketing of the Company's SMX secure registered email product (through its wholly owned subsidiary Data-inCrypt<sup>®</sup> Pty Ltd) is likely to take longer than previously forecast (simply as a result of apparent restrictions on IT expenditure by major Australian corporations with whom the Company has been negotiating); and
- 2) the level of transactional income receivable by the Company from sales of existing products (by the Company's wholly owned subsidiary Synergy Business Solutions Australia Pty Ltd) is likely to decrease. The full level of the anticipated decrease cannot accurately be estimated at this point in time.

**The Company's goal and response**

The Company remains firmly committed to SMX secure registered email and remains confident that the Company's goal will be achieved by becoming a powerhouse and market leader in secure email throughout the Far East / Asia Pacific region.

In order to deal with the matters identified above, the Board has taken steps to reduce operational costs as follows:

- in mid 2008 the Board started taking steps to significantly reduce overhead costs commencing with the disbanding of the sales team and absorbing of the sales function by the Executive Directors;
- in late 2008, the Executive Directors agreed to a voluntary 33% reduction in salary until such time as financial conditions sufficiently improve and as well to forgo Directors' fees;

- a number of staff have been made redundant by the Company;
- remaining staff have agreed to take a 20% reduction in salary until such time as financial conditions sufficiently improve;
- the Company's consultants have agreed to defer fees until such time as financial conditions sufficiently improve; and
- a recent review of the Company's telecommunications requirements (incurred through its wholly owned subsidiary Synergy Business Solutions Australia Pty Ltd) resulted in a cost saving of \$50,000 (ex GST) per annum as from April 2009 (the ASX announcement of 05 March 2009 refers).

The Company is not isolated from the current global financial situation. Nevertheless it is confident in moving forward with its products, staff and commitment.

As announced by the Company (the ASX announcement of 10 March 2009 refers) the Company expects to be in a position to lodge a new appendix 3B and a new prospectus in the week commencing 16 March 2009.

Yours faithfully

Ronald Moir  
**Managing Director**  
**SYNERGY EQUITIES GROUP LIMITED**

