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17 March 2009

ELS081.2009

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

Via Electronic Lodgement

PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE PROSPECTUS

Further to Synergy Equities Group Limited's ("the Company") earlier ASX announcement, please find attached the Company's rights issue prospectus dated 17 March 2009 (24 pages) as lodged with ASIC earlier today.

Yours faithfully

Ronald Moir
Managing Director
SYNERGY EQUITIES GROUP LIMITED

attach: – Prospectus (24 pages)





ABN 44 009 148 529

PROSPECTUS

The Offer is being made as a pro-rata non-renounceable offer to each Eligible Shareholder on the basis of four (4) New Options, exercisable at \$0.01 (1 cent) each with an expiry date being 06 May 2013, for every five (5) Shares held on the Record Date at an issue price of \$0.001 (0.1 cents) each, to raise up to approximately \$798,949.



This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

The New Options offered by this Prospectus should be considered as speculative.

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INVESTMENT HIGHLIGHTS

- the Company (through its wholly owned subsidiary Data-inCrypt[®] Pty Ltd) has the exclusive licensing rights to one of the world's leading secure email platforms for Australia, New Zealand, Singapore, Malaysia, Hong Kong, Taiwan and South Korea (Far East / Asia Pacific region);
- the Company has established beyond any doubt that email security is becoming one of the biggest single agenda items in Government agencies and Corporate organisations across the Australian nation;
- the SMX software platform is some 18 to 24 months ahead of its competition when taking into account its advanced features, flexibility, scalability and ease of use;
- potential sales value of SMX evaluations being undertaken by Australian corporate organisations is in excess of AU\$650,000 (ex GST);
- additional SMX evaluations carrying potential sales value of AU\$250,000 (ex GST) are scheduled to commence during the second quarter of calendar year 2009;
- sales and marketing activities during the second half of calendar year 2009 and first half of calendar year 2010 are expected to generate a significant number of new SMX evaluations, carrying a potential sales value of \$600,000-700,000 (ex GST); and
- experienced Board and team of world-class business professionals and technical specialists.

INVESTMENT RISKS

- Section 7 outlines the principal risks involved in investing in Synergy Equities Group Limited.

SECTION 1: IMPORTANT DATES AND NOTICES

IMPORTANT DATES

announce rights issue with Appendix 3B to ASX	Tuesday, 17 March 2009
lodge prospectus with ASIC and announce same to ASX simultaneously	Tuesday, 17 March 2009
send letter to shareholders & include timetable for non-renounceable rights issue	Thursday, 19 March 2009
shares quoted ex-Entitlements	Friday, 20 March 2009
Record Date	Thursday, 26 March 2009
complete dispatch of Prospectus & Entitlement and Acceptance forms - applications open	Wednesday, 01 April 2009
closing date for applications	Wednesday, 29 April 2009
notify ASX of any under subscriptions	Monday, 04 May 2009
Holding Statements dispatched to New Optionholders (anticipated)	Thursday, 07 May 2009

All dates, other than the date of announcement of the rights issue and the date of lodgement of the Prospectus with ASIC, are indicative only.

Synergy Equities Group Limited (“the Company”) reserves the right to amend any of the dates without prior notice but subject to compliance with the Corporations Act and the ASX Listing Rules.

IMPORTANT NOTICES

Shareholders should read this document in its entirety and, if in doubt, should consult their stockbroker, accountant or other professional adviser before deciding whether to accept their Entitlements.

This Prospectus is dated 17 March 2009 and a copy of this Prospectus was lodged with ASIC and the ASX on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 17 April 2010. No Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

option entitlements and shortfall offer

The Company has applied to ASX for official quotation by ASX of the New Options offered by this Prospectus. The New Options offered by this Prospectus should be considered speculative. Please refer to Section 7 for details relating to risk factors.

Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Entitlements and Acceptance Form which accompanies this Prospectus. The Entitlement and Acceptance Form sets out a person’s Entitlement to participate in the Offer. An electronic copy of this Prospectus without the Entitlement and Acceptance Form will be available on the Company’s website for information purposes only. The Company will not accept applications for New Options submitted using copies of the Entitlement and Acceptance Form.

Shareholders can also participate in the Shortfall Offer by completing the relevant section of the Entitlement and Acceptance Form as mentioned in section 4.8.

As this Offer is non-renounceable, the Entitlements cannot be traded and will lapse if they are not taken up in accordance with this Prospectus by the Closing Date for receipt of acceptances. Please refer to Section 4 for information on how to accept Entitlements.

SECTION 1: IMPORTANT DATES AND NOTICES (cont.)

option holders

The Company has a total of 105,000,000 unlisted Options currently on issue. The terms and conditions of these Options do not allow for the participation by those Option Holders in new issues of securities. Those Option Holders will, however, be entitled to exercise their Options in accordance with the terms and conditions of their Options in order to participate in the Offer. Accordingly, if Option Holders exercise their Options prior to the Record Date, the number of Options offered pursuant to this Prospectus will increase.

nature of Prospectus

No person is authorised to give information or to make any representation in connection with this Offer which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Some words in this Prospectus have defined meanings. The definitions appear in the Glossary at the end of this Prospectus. References to dollars are to Australian dollars unless otherwise indicated.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus issued pursuant to section 713 of the Corporations Act. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Please refer to Section 8 for further information concerning the nature of this Prospectus.

SECTION 2: CORPORATE DIRECTORY

DIRECTORS

Ronald G Moir
Managing Director

Mark H Popham FCPA GAICD
Executive Director

Martin JW Eade
Executive Director

COMPANY SECRETARY

Mark H Popham FCPA GAICD
Chief Financial Officer

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 1 Westcentre
1260 Hay Street
West Perth WA 6005
AUSTRALIA

Mailing Address Private Box 1288
West Perth WA 6872
AUSTRALIA

Telephone (08) 9415 2212
Facsimile (08) 9415 2221
Email info@synergylimited.com
Website www.synergylimited.com

AUDITORS *

Grant Thornton (WA) Partnership
Chartered Accountants
Level 1, 10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY *

Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

BANKERS *

Australia & New Zealand Banking Group Limited
Cnr Hay & Outram Streets
West Perth WA 6005

SOLICITORS & CORPORATE ADVISERS

Lavan Legal
Level 20 The Quadrant
1 William Street
Perth WA 6000

STRATEGY, FINANCIAL & TECHNOLOGY CONSULTANTS *

Deloitte
Management Solutions
Level 14 Woodside Plaza
240 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE

Listed on the Australian Securities Exchange
The Home Exchange is in Perth, Western Australia

ASX CODE

SYG – Fully Paid Ordinary Shares
The Company's New Options are proposed to be listed on the ASX with code: SYGO

* Denotes referred to for information purposes only. They have not been involved in the preparation of this Prospectus

SECTION 3: LETTER FROM THE BOARD

Dear Shareholder

On behalf of the Board I am pleased to present an opportunity to you to participate in the Company's current pro-rata non-renounceable rights issue, offering all Shareholders registered at 5.00pm WDST on Thursday 26 March 2009 the opportunity to participate in an issue of options on the basis of four (4) New Options for every five (5) shares held at an issue price of \$0.001 (0.1 cents) each. The New Options will have an exercise price of \$0.01 (1 cent) and will expire on 06 May 2013.

some of the arguments in favour of your participation are:

- 1) this attractive opportunity has been deliberately structured to provide a benefit to those eligible Shareholders who decide to support the Company at this very important time;
- 2) the issue provides Shareholders with the opportunity to invest at a low entry price to participate in future upside in the Company's performance. This issue is being offered to eligible Shareholders in preference to other investors;
- 3) the Company is debt free;
- 4) the Company (through its wholly owned subsidiary Data-inCrypt[®] Pty Ltd) formed a strategic alliance with DataMotion, Inc. (www.datamotion.com, formerly CertifiedMail.com, Inc) in January 2008 and as a result, has the exclusive licensing rights for ten years to one of the world's leading secure email platforms for Australia, New Zealand, Singapore, Malaysia, Hong Kong, Taiwan and South Korea (Far East / Asia Pacific region);
- 5) the Company has established beyond any doubt that email security is becoming one of the biggest single agenda items in Government agencies (the Company's primary target market) and corporate organisations (the Company's secondary target market) across the nation; and
- 6) the SMX secure registered email ("SMX") software platform (being DataMotion) is some 18 to 24 months ahead of its competition when taking into account its advanced features, flexibility, scalability and ease of use.

Background

Through this Prospectus the Company is seeking to raise up to approximately \$798,949. After deducting associated costs, funds from the Offer will be applied to the Company's SMX sales & marketing plan that includes the Common Criteria certification of SMX as well as working capital. The Common Criteria certification of SMX will immediately raise it alongside products from the likes of Microsoft, Cisco, Oracle, Sun and Citrix and can be marketed as meeting Government policy requirements in the 26 Common Criteria Recognition Arrangement (CCRA) participating nations (which include Australia, New Zealand, Singapore, Malaysia, South Korea and Japan).

Common Criteria certification

Once SMX is certified under the Common Criteria, Government agencies and Corporate organisations with similarly high-security requirements (e.g. engineering firms, security companies, financial institutions) throughout the 26 CCRA participating nations will be immediately assured that SMX offers an appropriate level of security and protection for their information networks without needing to conduct their own tests.

The certification of SMX will provide it with instant credibility in what the Company considers to be its primary target market of Government agencies and corporate organisations with similarly high-security requirements throughout the Asia Pacific region. In Australia, Federal Government departments are required to buy Common Criteria certified products whenever possible, as outlined in the Defence Signals Directorate's Australian Government Information and Communications Technology Manual.

SECTION 3: LETTER FROM THE BOARD (cont.)

Privacy Act 1988 (Cth)

The forthcoming overhaul of the Privacy Act will impact into all Australian organisations, be they small or large, private or Government. Whilst the Company's primary and secondary SMX target markets already have an undeniable need for SMX (the secondary target market being those organisations the Company is already dealing with, i.e. leading private and top 100 listed companies), the changes to the Privacy Act will have the greatest impact on the Company's tertiary SMX target market, being SME's (small-to-medium enterprises) and the lower-end of the Corporate market, where technology-related privacy issues (and ultimately SMX) will come to the fore.

Sales & Marketing

The potential sales value of SMX evaluations currently being undertaken by Australian corporate organisations is in excess of AU\$650,000 (ex GST). Additional SMX evaluations carrying potential sales value of AU\$250,000 (ex GST) are scheduled to commence during the second quarter of calendar year 2009.

Sales and marketing activities during the second half of calendar year 2009 and first half of calendar year 2010 are expected to generate a significant number of new evaluations, carrying further potential sales value of \$600,000-700,000 (ex GST).

Your Company's goal

The Directors are firmly committed to SMX secure registered email and remain confident that the Company's goal will be achieved by becoming a market leader in secure email throughout the Far East / Asia Pacific region. SMX is the product which your Board believes will enable the Company to achieve cash-flow neutrality and a maiden profit.

To that end, the Company retains an experienced team of world-class business professionals and technical specialists to drive SMX forward. Once the Company has achieved a foothold with SMX in Australia, it intends to commence its move into the Asia Pacific region, through the establishment of joint venture partners via the part sale of licensing rights in Singapore, Malaysia, Hong Kong, Taiwan, South Korea and New Zealand.

The Offer

I recommend that you read this Prospectus carefully. Details relating to your Entitlement under the Offer are set out in the Entitlement and Acceptance Form accompanying this Prospectus. Shareholders are also offered the opportunity to participate in the Shortfall Offer of any New Options by completing the relevant section of the Entitlement and Acceptance Form.

On behalf of the Board I recommend the Offer to you.

Yours sincerely



Ronald Moir
Managing Director
Synergy Equities Group Limited

SECTION 4: DETAILS OF THE OFFER

4.1 company overview

Synergy Equities Group Limited is a diversified Internet security, systems & services group based in Perth, Western Australia. The Company is focused on generating transaction, storage and licensing revenues through its world-class DataCentre and software, consisting of SMX secure registered email, an encrypted email and documents exchange technology; Data-inCrypt[®] online data backup & recovery; and the TradeCentre suite including payments gateway and supply chain management solutions.

4.2 Directors' details

Ronald G Moir, Managing Director

term of office: Managing Director of Synergy Equities Group Limited since May 2001.
skills and experience: more than 30 years corporate experience having established the highly successful Haiir International group of companies followed by corporate positions at Video Ezy and Cable Beach Club.

Mark H Popham FCPA GAICD, Executive Director (CFO & Company Secretary)

term of office: Executive Director of Synergy Equities Group Limited since July 2003.
skills and experience: extensive professional experience in banking, investment, accounting and corporate management. Mark has held senior positions in accounting firms Geers & Pusey Partners and RSM Bird Cameron.

Martin JW Eade, Executive Director (Chief Technical Officer (CTO))

term of office: Executive Director of Synergy Equities Group Limited since April 2004.
skills and experience: previously Network Manager at Police & Nurses Credit Society before joining the Group to lead the team who designed, constructed and successfully commissioned the DataCentre.

4.3 offer of securities

The Offer is being made as a pro rata non-renounceable entitlements issue to holders of Shares on the basis of four (4) new Options, exercisable at \$0.01 (1 cent) each with an expiry date of 06 May 2013 for every five (5) Shares held on the Record Date at an issue price of \$0.001 (0.1 cents) each, to raise up to approximately \$798,949. Based on the Company's current issued capital the Offer will result in up to 798,949,436 New Options being issued.

The number of New Options to which you are entitled is shown on the Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may take up their Entitlements either in whole or in part.

The terms and conditions of the Options which the Company has on issue do not allow for the participation by those Option Holders in new issues of Securities. Those Option Holders will, however, be entitled to exercise their Options in accordance with the terms and conditions of their Options in order to participate in the Offer. Accordingly, if Option Holders exercise their Options prior to the Record Date, the number of New Options offered pursuant to this Prospectus will increase.

In the calculation of any Entitlements, fractions will be rounded up to the nearest whole number.

SECTION 4: DETAILS OF THE OFFER (cont.)

4.4 opening and closing dates

The Offer will open for receipt of acceptances on 01 April 2009 and close at 5.00pm (WST) on Wednesday 29 April 2009 (unless extended). Completed Entitlement and Acceptance Forms must be received by the Company at:

Synergy Equities Group Limited
Private Box 1288
West Perth WA 6872
AUSTRALIA

by the Closing Date, together with a cheque or bank draft in Australian dollars made payable to "Synergy Equities Group Limited – Rights Issue" for the total application monies.

The Entitlement is non-renounceable which means that the Entitlements cannot be traded or sold. Any Entitlements not taken up in accordance with the Offer will lapse and have no value.

4.5 underwriting

This Offer is not underwritten, though the Company may seek to have the Offer underwritten during the Offer Period subject to the Corporations Act and the ASX Listing Rules.

4.6 how to accept the offer

a) *if you wish to take up all of your Entitlement*

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form. Forward your completed Entitlement and Acceptance Form, together with your cheque for the amount shown to reach the Company by 5.00pm (WST) on Wednesday 29 April 2009 or such later date as the Company advises.

b) *if you wish to take up part of your Entitlements*

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Options for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form).

You will need to ensure that the completed Entitlement and Acceptance Form, together with your cheque for the application monies reaches the Company no later than 5:00pm (WST) on Wednesday 29 April 2009 or such later date as the Company advises.

c) *Entitlements not taken up*

If you decide not to accept all or part of your Entitlement by taking no action, then your Entitlement will lapse.

If you do not wish to take up any part of your Entitlement you are not required to take any action.

d) *Lodgment and Payment*

Completed Entitlement and Acceptance Forms and cheques should be made payable to "Synergy Equities Group Limited – Rights Issue" and crossed "Not Negotiable" and forwarded to:

Synergy Equities Group Limited
Private Box 1288
West Perth WA 6872
AUSTRALIA

by 5.00pm (WST) on the Closing Date.

SECTION 4: DETAILS OF THE OFFER (cont.)

4.7 official quotation on ASX

Application for official quotation by the ASX of the New Options the subject of the Offer has been made. If approval is not obtained from the ASX before the expiration of 3 months after the date of issue of the Prospectus (or such later date as is varied by the ASIC), none of the New Options offered by this Prospectus will be allotted and issued and the Company will repay all application monies for New Options within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may grant official quotation to the New Options offered pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or the New Options now offered for subscription.

4.8 shortfall offer

The Shortfall Offer is a separate offer. Allotment of the Shortfall Options will take place at the discretion of the Directors. The Directors cannot guarantee that any application to participate in the Shortfall Offer will be successful. In relation to the Shortfall Offer, the Directors reserve the right to allot to an applicant a lesser number of Shortfall Options than the number for which the applicant applies.

If the number of New Options allotted is fewer than the number applied for, surplus application monies will be refunded in full. Interest will not be paid on monies refunded.

The Shortfall Offer is independent from the Entitlements Offer and will remain open after the Closing Date for a period of time as determined by the Company not exceeding 3 months.

4.9 allotment of new options

New Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date subject to approval for official quotation being granted. The Company will allot the New Options on the basis of a Shareholder's Entitlement. Where the number of New Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the issue and allotment of the New Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on such bank account and each applicant, by submitting payment to the Company for New Options to be issued in accordance with this Prospectus, waives the right to claim any such interest.

4.10 overseas shareholders

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Company considers that it is not reasonable or practicable for it to comply with the securities laws of overseas jurisdictions other than New Zealand having regard to the number of overseas Shareholders, the number and value of securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

4.11 taxation implications

The Directors do not consider that it is appropriate to give potential applicants advice regarding the taxation consequences of applying for New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential applicants. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to potential applicants. Potential applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

SECTION 4: DETAILS OF THE OFFER (cont.)

4.12 minimum subscriptions

There is no minimum subscription.

4.13 oversubscriptions

Oversubscriptions will not be accepted.

4.14 CHESSE

The Company will not be issuing option certificates. The Company will apply to the ASX to participate in CHESSE, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESSE will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

4.15 privacy act

If you complete an application for New Options, you will be providing personal information to the Company. The Company collects, holds, and will use that information to assess your application, service your needs as a Shareholder and Option Holder, facilitate distribution payments and corporate communications to you as a Shareholder and Option Holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules.

4.16 enquiries

Any questions concerning the Offer should be directed to:

Mr Ronald Moir
Managing Director
Synergy Equities Group Limited

Telephone	+61 (0)8 9415 2212
Facsimile	+61 (0)8 9415 2221
Email	info@synergylimited.com
Website	www.synergylimited.com

SECTION 5: PURPOSES AND EFFECT OF THE OFFER

5.1 purpose of the offer

The purpose of the Offer is to raise up to approximately \$798,949 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table outlined below:

proposed use	amount
Common Criteria certification of Data-inCrypt [®] SMX secure registered email	200,000
General working capital	551,949
Expenses of the Offer (legal, printing, postage, ASIC, ASX, Computershare)	47,000
Total proceeds of the offer	\$798,949

5.2 effect of the offer

The principal effect of the Offer will be to increase both the Company's cash holdings and to increase the number of options on issue, as set out in Sections 5.3 and 5.5.

5.3 consolidated balance sheet

Set out below is a pro forma balance sheet of the Company after taking account of the Offer and the share placement completed by the Company on 19 February 2009. It is based on the unaudited balance sheet of the Company as at 31 December 2008. The pro forma balance sheet illustrates the effect of the Offer as if the issue of New Options under this Prospectus had occurred on 31 March 2009, based on the following assumptions:

- the issue of 45,000,000 Shares at \$0.004 per Share pursuant to the share placement completed on 19 February 2009;
- the Company issues 798,949,436 Options at \$0.001 per New Option pursuant to this Prospectus, raising proceeds of approximately \$798,949;
- estimated costs of the Offer of \$47,000 have been recognised directly against Issued capital, as a reduction of the proceeds of the Offer; and
- the net cash adjustment to the pro forma statement of financial position is therefore an increase of \$751,949.

	31 Dec 08 (unaudited) \$	Share Placement 19 Feb 09 \$	Rights Issue Proceeds \$	31 Mar 09 (Pro forma) \$
Current Assets				
Cash and cash equivalents	92,843	180,000	751,949	1,024,792
Trade and other receivables	220,115			220,115
Available for sale financial assets	3,767			3,767
Other current assets	22,067			22,067
Total Current Assets	338,792	180,000	751,949	1,270,741
Non-Current Assets				
Property, plant & equipment	247,769			247,769
Intangible assets	348,840			348,840
Total Non-Current Assets	596,609			596,609
Total Assets	935,401	180,000	751,949	1,867,350

SECTION 5: PURPOSES AND EFFECT OF THE OFFER (cont.)

5.3 consolidated balance sheet (cont.)

	31 Dec 08 (unaudited) \$	Share Placement 19 Feb 09 \$	Rights Issue Proceeds \$	31 Mar 09 (Pro forma) \$
Current Liabilities				
Trade and other payables	199,820			199,820
Provisions	16,720			16,720
Total Current Liabilities	216,540			216,540
Total Liabilities	216,540			216,540
Net Assets	718,861	180,000	751,949	1,650,810
Equity				
Issued capital	36,735,066	180,000	751,949	37,667,015
Accumulated losses	(36,022,795)			(36,022,795)
Reserves	6,590			6,590
Total Equity	718,861	180,000	751,949	1,650,810

5.4 costs of the offer

It is estimated that approximately \$47,000 will be payable by the Company in respect of legal and other professional fees, printing & postage costs, ASIC and ASX fees and other costs arising from this Prospectus and the Offer.

5.5 effect on capital structure after completion of offer

At the date of this Prospectus the Company has 998,686,795 Shares on issue. The Company also has 105,000,000 unlisted Options on issue as at the date of this Prospectus. Based on the Company's current share price it is unlikely that any of these existing Options will be exercised prior to the Record Date.

The table below therefore sets out the effect on the Company's capital structure if no Options are exercised and the Offer is fully subscribed.

shares

	Number
Ordinary Shares currently on issue	998,686,795
Ordinary Shares offered pursuant to this Offer	Nil
Total Ordinary Shares on issue after completion of the Offer	998,686,795

SECTION 5: PURPOSES AND EFFECT OF THE OFFER (cont.)

5.5 effect on capital structure after completion of offer (cont.)

options

	Number
Unlisted Employee Option Incentive Scheme options exercisable at 2.5 cents on or before 8 December 2010	10,000,000
Unlisted Consultant Option Incentive Scheme options exercisable at 2.5 cents on or before 10 December 2012	5,000,000
Unlisted Employee Option Incentive Scheme options exercisable at 2.5 cents on or before 28 May 2013	2,500,000
Unlisted Employee Option Incentive Scheme options exercisable at 2.5 cents on or before 28 May 2013	2,500,000
Unlisted Consultant Option Incentive Scheme options exercisable at 2.5 cents on or before 3 July 2013	5,000,000
Unlisted Employee Option Incentive Scheme options exercisable at 2.5 cents on or before 7 December 2013	70,000,000
Unlisted Consultant Option Incentive Scheme options exercisable at 2.5 cents on or before 11 December 2013	10,000,000
New Options exercisable at 1 cent on or before 06 May 2013	798,949,436
Total options on issue at completion of the Offer	903,949,436

5.6 participation of Directors in the offer

It is the current intention of the Directors to fully participate in the Offer in accordance with the rights attaching to Shares in which they have an interest. Please refer to Section 8.2 for further details relating to the Entitlement of each of the Directors.

SECTION 6: RIGHTS ATTACHING TO NEW OPTIONS AND SHARES

6.1 terms and conditions of new options

The New Options forming part of the Offer have the following terms and conditions:

a) *exercise price*

The exercise price is \$0.01 (1 cent) per New Option.

b) *entitlement*

Each New Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

c) *new option period*

The New Options will expire at 5.00pm (WST) on 06 May 2013. Subject to clause (g), New Options may be exercised at any time prior to the expiry date and New Options not so exercised shall automatically expire on the expiry date.

d) *ranking of share allotted on exercise of new option*

Each Share allotted as a result of the exercise of any New Option will rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

e) *voting*

A registered owner of a New Option will not be entitled to attend or vote at any meeting of the members of the Company unless they are also a member of the Company.

f) *transfer of a new option*

New Options are transferable at any time prior to the expiry date.

g) *method of exercise of a new option*

i) The Company will provide a notice that is to be completed when exercising the New Options. New Options may be exercised by completing the notice and forwarding the same to the Company Secretary to be received prior to the expiry date accompanied by payment in full for the relevant number of shares being subscribed for.

ii) Within 14 days from the date of exercise of New Options the Company shall issue that number of Shares in the capital of the Company subscribed for.

iii) The Company will after issue and allotment of Shares pursuant to the exercise of a New Option, apply to the ASX for official quotation of all such Shares, in accordance with the Corporations Act and the ASX Listing Rules.

iv) The Company will generally comply with the requirements of the ASX Listing Rules in relation to the timetables imposed when quoted options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the options and the timetable outlined in the ASX Listing Rules, the timetable outlined in the ASX Listing Rules shall apply.

h) *ASX quotation*

Application for quotation of the New Options on the ASX has been made.

SECTION 6: RIGHTS ATTACHING TO NEW OPTIONS AND SHARES (cont.)

i) *reconstruction*

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the New Options will be reconstructed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

j) *participation in share issues*

There are no participating rights or entitlements inherent in the New Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the options are exercised.

k) *no change of new options' exercise price or number of underlying shares*

There are no rights to change the exercise price of the New Options or the number of underlying Shares if there is a bonus issue to holders of Shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment) the New Option exercise price shall be reduced according to the formula specified in the ASX Listing Rules.

6.2 terms and conditions of shares

The terms and conditions applicable to Shares issued on exercise of New Options are as follows:

a) *general meetings*

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

b) *voting rights*

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii) on a show of hands, every person present who is a Shareholder or a proxy or representative of a Shareholder has one vote in respect of each Share held by him; and
- iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

c) *dividend rights*

The Directors may from time to time declare a dividend to be paid to Shareholders entitled to the dividend. The dividend shall (subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

SECTION 6: RIGHTS ATTACHING TO NEW OPTIONS AND SHARES (cont.)

d) *winding-up*

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.

e) *transfer of shares*

Generally, Shares in the Company are freely transferable. Subject to formal requirements, a transfer will be registered by the Company if it does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer does not breach the Corporations Act and the ASX Listing Rules.

f) *variation of rights*

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

SECTION 7: RISKS

7.1 introduction

The New Options offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Company's Shares.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

7.2 specific risks

a) *key personnel*

The prospects of the Company depend in part on intellectual property, experience and business acumen of a small number of key personnel at this time. The loss of one or more key personnel without replacement by persons of similar skill may have an adverse effect on the business. To mitigate this risk, the Company has secured key personnel to service and consultancy agreements.

b) *regulatory risks*

The relevant government legislations and policies as well as their interpretation and administration can change from time to time. Such changes may affect some or all of the operations of the Company.

7.3 general risks

a) *share market conditions*

The price of Shares quoted for trading by the ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its Share price is subject to these numerous influences that may reflect both the trends in the share market and the share prices of individual companies.

The factors which may create fluctuations in the share market include inflation, economic conditions, commodity prices, interest rates and exchange rates.

The New Options to be issued carry no assurance about the Company's share price at the time that the holder may wish to exercise those options or immediately preceding the date those options expire.

b) *economic conditions*

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The Company's operations and share price can be affected by these factors, which are beyond the control of the Company and its Directors.

c) *competition*

There can be no assurance that the Company will be able to compete successfully against its current and future competitors. This may have an adverse effect on the financial performance and / or financial position of the Company.

SECTION 7: RISKS (cont.)

d) *Intellectual Property*

The Company can not be assured that every person who gains or gained access to confidential information of the Company will maintain its confidentiality or that the Company will have an adequate remedy for breach of confidentiality agreements. If this event occurs, it may have an adverse effect on the financial performance and / or financial position of the Company.

e) *Government policy or legislation*

The Company may be adversely affected by changes in government policy or legislation. These changes may require the Company to hold more capital or incur other costs and these events may have an adverse effect on the financial performance and / or financial position of the Company.

f) *Global Security Environment*

Outbreak of hostilities or a material escalation of hostilities including declaration of war in major countries of the world or terrorist acts perpetrated on any major countries or any diplomatic, military, commercial or political establishment of any major countries anywhere in the world may affect the global economic and commercial environment and in turn affect the Company's future revenues, operating costs and share prices.

g) *liquidity*

There is no guarantee that at the time a holder of Shares or New Options wishes to sell those securities that there will be a buyer willing to pay a price acceptable to the seller or at all.

h) *insurance*

The Company maintains insurance within the ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of the activities being conducted. The occurrence of an event not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

SECTION 8: ADDITIONAL INFORMATION

8.1 continuous disclosure and documents incorporated in prospectus

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The New Options which will be issued pursuant to this Prospectus are exercisable into Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a prospectus for “continuously quoted securities”. In general terms prospectuses for “continuously quoted securities” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been repeated in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- a) it is subject to regular reporting and disclosure obligations;
- b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - i) the annual report of the Company most recently lodged with the ASIC, being its 2008 Annual Report;
 - ii) the half-year financial report of the Company lodged with the ASIC for the half-year ended 31 December 2008;
 - iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the 2008 Annual Report referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act; and
 - iv) any continuous disclosure notices given by the Company after lodgment of the annual report with the ASIC.

SECTION 8: ADDITIONAL INFORMATION (cont.)

8.1 continuous disclosure and documents incorporated in prospectus (cont.)

Pursuant to section 712 of the Corporations Act the following documents have been released to the ASX and lodged with ASIC since the 2008 Annual Report was lodged and are incorporated in this Prospectus.

date	title of announcement
16 March 2009	International Mining House Commits to SMX
13 March 2009	Forecast Revenue Expectation Downgrade
10 March 2009	Pro-rata Non-renounceable Issue Withdrawn
10 March 2009	Appendix 3Y – Change of Director’s Interest Notice
09 March 2009	Revised Timetable – Pro-rata Non-renounceable Rights Issue
09 March 2009	SMX Update – Privacy Act Review
06 March 2009	Q&A – SMX & Common Criteria Certification
05 March 2009	2009 Telecommunications Review
04 March 2009	Appendix 3Y – Change of Director’s Interest Notice
27 February 2009	Appendix 4D – Half Year Report for the Half Year Ended 31 Dec 08
27 February 2009	Appendix 3Y – Change of Director’s Interest Notice
25 February 2009	Information letter to Australian & New Zealand Shareholders
25 February 2009	Information letter to Overseas Shareholders
24 February 2009	Information letter to Unlisted Option holders
23 February 2009	Pro-rata Non-renounceable Rights Issue Prospectus
20 February 2009	Pro-rata Non-renounceable Rights Issue
19 February 2009	A\$180K Share Placement
05 February 2009	Lapsing of Employee Option Incentive Scheme Options
04 February 2009	Data-inCrypt SMX meets with multinational
30 January 2009	2nd Quarter Cash Flow Report for the Period Ended 31 Dec 08
30 January 2009	2nd Quarter Activities Report for the Period Ended 31 Dec 08
28 January 2009	Appendix 3Y - Change of Director’s Interest Notice
23 January 2009	Resignation of Joint Company Secretary
22 January 2009	Appendix 3Y - Change of Director’s Interest Notice
19 January 2009	Appendix 3Y - Change of Director’s Interest Notice
15 January 2009	Appendix 3Y - Change of Director’s Interest Notice
12 December 2008	Appendix 3B - Issue of Consultant Incentive Scheme options
12 December 2008	Lapsing of Consultant Option Incentive Scheme Options
10 December 2008	December 2008 SMX Update
08 December 2008	Appendix 3B - Issue of Employee Incentive Scheme Options
08 December 2008	Lapsing of Employee Option Incentive Scheme Options
04 December 2008	SMX targets Iridium Satellite Network
28 November 2008	A\$150K Share Placement
28 November 2008	Results of 2008 Annual General Meeting
27 November 2008	AXA Australia to proceed with SMX Proof of Concept
26 November 2008	Brisbane SMX Workshops / Discovery Sessions
25 November 2008	Update - SMX presented to Security Professionals
18 November 2008	SMX presented to Security Professionals
13 November 2008	Update - SMX to be submitted for DSD Certification
11 November 2008	Brisbane Shareholder Presentation
05 November 2008	CertifiedMail changes name to DataMotion
31 October 2008	1st Quarter Cash Flow Report for the Period Ended 30 Sep 08
31 October 2008	1st Quarter Activities Report for the Period Ended 30 Sep 08
29 October 2008	Notice of 2008 Annual General Meeting

SECTION 8: ADDITIONAL INFORMATION (cont.)

8.1 continuous disclosure and documents incorporated in prospectus (cont.)

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

ASX maintains files containing publicly available information for all listed companies on its internet site (www.asx.com.au). The Company's announcements can be viewed at this site and the Company's website at www.synergylimited.com.

8.2 Directors' interests

No Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- i) the promotion or formation of the Company; or
- ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- iii) the offer of securities pursuant to this Prospectus, and
- iv) no amounts have been paid or agreed to be paid (in cash or securities or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or offer of securities pursuant to this Prospectus.

The Directors' interests in securities of the Company at the date of this Prospectus are:

<u>Name</u>	<u>Number of Shares</u>	<u>Number of Options</u>
Ronald Moir	28,000,000	30,000,000 ¹
Mark Popham	10,000,000	20,000,000 ²
Martin Eade	4,091,494	30,000,000 ³

1. Employee Option Incentive Scheme options exercisable at \$0.025 on or before 7/12/2013
2. Employee Option Incentive Scheme options exercisable at \$0.025 on or before 7/12/2013
3. 20,000,000 Employee Option Incentive Scheme options exercisable at \$0.025 on or before 7/12/2013 and 10,000,000 Employee Option Incentive Scheme options exercisable at \$0.025 on or before 8/12/2010.

Each of the Directors has confirmed that it is their intention to take up their full Entitlements under the Offer.

8.3 market price of Fully Paid Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgment of this Prospectus with the ASIC and the respective dates of those sales were:

Lowest: 0.4 cents per fully paid Share most recently on 16 March 2009.

Highest: 0.7 cents per fully paid Share most recently on 17 February 2009.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgment of this Prospectus with the ASIC was 0.5 cents per Share on 17 March 2009.

8.4 Directors' consent

Each Director of Synergy Equities Group Limited has given, and not withdrawn, their consent to the lodgment of this Prospectus with ASIC.

SECTION 8: ADDITIONAL INFORMATION (cont.)

Signed on behalf of the Directors pursuant to a resolution of the Board.



Ronald Moir
Managing Director
Synergy Equities Group Limited

SECTION 9: GLOSSARY

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange as appropriate.

ASX Listing Rules means the Listing Rules of the ASX.

ASTC Settlement Rules means the ASTC Settlement Rules issued by the ASX Settlement and Transfer Corporation Pty Limited.

Business Day means a day on which trading takes place on the stock market of ASX.

CHES means ASX Clearing House Electronic Sub-registry System.

Closing Date means the closing date for receipt of Entitlement and Acceptance Forms under this Prospectus being 5.00pm (WST) 29 April 2009 (unless extended).

Company means Synergy Equities Group Limited (ABN 44 009 148 529).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Data-inCrypt[®] means Data-inCrypt[®] Pty Ltd, the Company's wholly owned subsidiary;

Director means a director of the Company at the date of this Prospectus.

Dollar or **\$** means Australian dollars.

Eligible Shareholder means a Shareholder entered on the register of shareholders of the Company on the Record Date, but excludes a Non-Qualifying Foreign Holder.

Entitlement means the entitlement of an Eligible Shareholder who is eligible to participate in the Offer.

Entitlement offer means the offer pursuant to this Prospectus for four (4) New Options for every five (5) Shares held by the Shareholder at the Record Date.

Entitlement and Acceptance Form means the application form accompanying this Prospectus.

Expiry Date means 48 months from the date of issue of the New Options.

New Option means an option to subscribe for a Share the terms and conditions of which are set out in Section 6.1.

Non-Qualifying Foreign Holders means Shareholders with an address on the register of the Company which is outside Australia or New Zealand.

Offer means the offer of New Options to an Eligible Shareholder for their Entitlement referred to in the "Details of the Offer" (Section 4) of this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Opening Date means the date on which the Offer opens.

Option means an option to subscribe for a Share.

Option Holders means person who hold Options as at the date of the Prospectus.

Prospectus means this Prospectus.

Record Date means 5:00pm (WDST) on 26 March 2009.

Share means a fully paid ordinary share in the capital of the Company.

Shareholders mean shareholders of the Company.

Shortfall Offer means the number of New Options comprising the difference between the New Options the subject of the Offer and the number of New Options for which valid acceptances of the Offer have been received and accepted by the Company by the Closing Date.

Shortfall Options means those options that form part of the Shortfall Offer.

SMX means Data-inCrypt[®] SMX secure registered email.

SYG is the Company's ASX code.

SYNERGY means Synergy Equities Group Limited (ABN 44 009 148 529).

WDST means Western Daylight Saving Time.

WST means Western Standard Time.