



Appendix 4E

ELS014.2010

Preliminary Final Report

Name of entity

SYNERGY EQUITIES GROUP LIMITED (“the Company”)

ABN or
equivalent
company reference

44 009 148 529

Current reporting
period financial
year ended

30 June 2009

Previous corresponding
reporting period
financial year ended

30 June 2008

Results for announcement to the market

Extracts from this report for announcement to the market

\$A'000

Revenues from ordinary activities	down	47%	to	355
(Loss) after tax attributable to members	up	82%	to	(1,766) *
Net (loss) for the period attributable to members	up	82%	to	(1,766) *

* includes \$497,003 of non-cash share based payments during the year ended 30 June 2009

Dividends (distributions)

The Company has not paid, and does not propose to pay a dividend for the year ended 30 June 2009

The Company has provided a separate ASX announcement to the market with an overview of the financial results for the year ended 30 June 2009

Condensed consolidated income statement

	Note	Current period \$	Previous corresponding period \$
Sales revenue	2	333,965	599,486
Cost of sales		(28,487)	(47,979)
Gross profit		305,478	551,507
Other revenue	2	21,131	70,879
Administrative expenses		(534,608)	(432,749)
Consultants & legal fees		(220,570)	(52,821)
Depreciation and amortisation expenses	3	(112,840)	(120,325)
Impairment of financial assets		(56)	(29,776)
Employee benefit expenses	3	(1,222,107)	(955,455)
Other expenses		(2,923)	(3,263)
Profit / (Loss) from ordinary activities before income tax expense		(1,766,495)	(972,003)
Income tax expense		-	-
Loss attributable to members of the parent entity		(1,766,495)	(972,003)

Condensed consolidated balance sheet

	Note	Current period \$	Previous corresponding period \$
ASSETS			
Current assets			
Cash and cash equivalents	4	225,104	140,063
Trade and other receivables	5	56,494	149,633
Financial assets	6	13	60,068
Other current assets	7	8,867	5,702
Total current assets		290,478	355,466
Non-current assets			
Property, plant and equipment	8	210,846	284,102
Intangible assets	9	329,467	368,533
Total non-current assets		540,313	652,635
Total assets		830,791	1,008,101
LIABILITIES			
Current liabilities			
Trade and other payables	10	152,186	108,633
Provisions	11	33,760	20,128
Total current liabilities		185,946	128,761
Non-current liabilities			
Provisions	11	11,457	-
Total non-current liabilities		11,457	-
Total liabilities		197,403	128,761
Net assets		633,388	879,340
Equity			
Issued capital		36,911,527	36,284,545
Accumulated losses		(37,178,290)	(35,411,795)
Reserve		900,151	6,590
Total equity		633,388	879,340

Condensed consolidated cash flow statement

	Note	Current period \$	Previous corresponding period \$
Cash flows from operating activities			
Receipts from customers		421,516	661,383
Interest received		11,361	17,101
Payments to suppliers and employees		(1,426,378)	(1,534,762)
Net cash provided by (used in) operating activities	12	(993,501)	(856,278)
Cash flows from investing activities			
Proceeds from sale of equity investments		23,426	399,160
Proceeds from sale of property, plant and equipment		4,000	-
Payment for equity investments		-	(444,646)
Payment for intangibles		-	(342,720)
Payment for purchase of property, plant and equipment		(7,021)	(62,965)
Net cash provided by (used in) investing activities		20,405	(451,171)
Cash flows from financing activities			
Proceeds from issue of shares and options		1,069,878	900,000
Proceeds from borrowings		22,400	-
Repayment of borrowings		(22,400)	-
Capital raising costs		(11,741)	(28,187)
Net cash provided (used in) financing activities		1,058,137	871,813
Net increase / (decrease) in cash and cash equivalents		85,041	(435,636)
Cash and cash equivalents at the beginning of the financial year		140,063	575,699
Cash and cash equivalents at the end of financial year	4	225,104	140,063

Notes to the financial statements

1. Basis of preparation of the preliminary final report

The preliminary final report does not include all notes of the type normally included with the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing interesting activities of the consolidated entity as the full financial report.

The preliminary final report of Synergy Equities Group Limited was prepared based on Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS').

It is also recommended that the preliminary final report be considered together with any public announcements made by Synergy Equities Group Limited in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

The consolidated entity has incurred operating losses of \$1,766,495 (including \$497,003 of non-cash share-based payments) for the year ended 30 June 2009 [2008: (\$972,003)].

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties, the Directors consider this to be appropriate for the following reasons:

- the projected cashflows through the implementation of its current business plan;
- the ability to vary the consolidated entity's cost structure and in turn the levels of cash burn dependent on the level of achievement of certain milestones within the business plan; and
- the demonstrated ability to obtain funding through equity issues.

Whilst there has been a dependence on attracting a growth in new subscribers and investment in what are challenging capital markets, the Company continues to develop new markets for its products whilst sustaining operations under its existing funding resources.

Notes to the financial statements (continued)

	Current period \$	Previous corresponding period \$
2. Revenue		
Sales revenue		
Sales	333,965	599,486
Other revenue		
Interest from:		
Other unrelated persons	11,597	21,004
Total interest	11,597	21,004
Proceeds from sale of non-current assets	4,829	-
Proceeds from sale of financial assets	-	38,256
Other	4,705	11,619
Total other revenues	21,131	70,879
Total revenue	355,096	670,365
3. Expenses		
(a) Depreciation and amortisation of non current asset		
Depreciation of:		
- plant and equipment	70,147	93,328
- software	3,627	6,073
Amortisation of:		
- licences	2,938	2,946
- software	34,271	16,150
- trademarks	1,857	1,828
Total depreciation and amortisation	112,840	120,325
(b) Employee benefit expenses		
Wages and salaries	731,019	831,587
Defined contribution superannuation expense	64,615	95,022
Share-based payments expense	382,172	6,590
Other employee benefits expense	44,301	22,256
Total employee benefit expenses	1,222,107	955,455

Notes to the financial statements (continued)

	Current period \$	Previous corresponding period \$
4. Cash and cash equivalents		
Cash at bank and in hand	10,203	53,075
Short-term deposits	214,901	86,988
Total cash and cash equivalents	225,104	140,063
5. Trade and other receivables		
Trade receivables	8,613	52,130
Other receivables	51,144	100,766
Provision for impairment of receivables	(3,263)	(3,263)
Total trade and other receivables	56,494	149,633
6. Financial assets		
Current – Available for sale financial assets		
At fair value		
Shares – Australian listed	13	60,068
Total financial assets	13	60,068
7. Other current assets		
Prepayments	8,867	5,702
Total other current assets	8,867	5,702

Notes to the financial statements (continued)

	Current period \$	Previous corresponding period \$
8. Property, plant and equipment		
Computing plant and equipment – at cost	1,741,613	1,687,864
Additions	2,325	53,749
Disposals	(2,616)	-
Closing balance	1,741,322	1,741,613
Accumulated depreciation		
Opening balance	1,516,522	1,435,221
Depreciation for the year	60,498	81,301
Disposals	(809)	-
Closing balance – accumulated depreciation	1,576,211	1,516,522
Net book value – computing plant and equipment	165,111	225,091
Office, furniture and equipment – a cost	372,080	358,802
Additions	-	13,278
Disposals	-	-
Closing balance	372,080	372,080
Accumulated depreciation		
Opening balance	322,138	310,111
Depreciation for the year	9,649	12,027
Disposals	-	-
Closing balance – accumulated depreciation	331,787	322,138
Net book value – office, furniture and equipment	40,293	49,942
Software – at cost	377,745	377,745
Additions	-	-
Disposals	-	-
Closing balance	377,745	377,745
Accumulated depreciation		
Opening balance	368,676	362,603
Depreciation for the year	3,627	6,073
Disposals	-	-
Closing balance – accumulated depreciation	372,303	368,676
Net book value – software	5,442	9,069
Total property, plant and equipment, net	210,846	284,102

Notes to the financial statements (continued)

	Current period \$	Previous corresponding period \$
9. Intangible assets		
Formation costs		
Opening balance	6,965	6,965
Closing balance	6,965	6,965
Licences & Software		
Opening balance	348,517	24,893
Additions	-	342,720
Amortisation	(37,209)	(19,096)
Closing balance	311,308	348,517
Trade marks		
Opening balance	13,051	15,582
Additions	-	339
Disposals	-	(1,042)
Amortisations	(1,857)	(1,828)
Closing balance	11,194	13,051
Total intangibles assets	329,467	368,533
10. Trade and other payables		
Trade payables	94,310	76,236
Other payables and accruals	57,876	32,397
Total trade and other payables	152,186	108,633
11. Provisions		
Current		
Short-term employee benefits	4,703	20,128
Long-term employee benefits	29,057	-
Total provision - current	33,760	20,128
Non-current		
Long-term employee benefits	11,457	-
Total provision – non current	11,457	-

Notes to the financial statements (continued)

	Current period \$	Previous corresponding period \$
12. Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities		
Loss for the year	(1,766,495)	(972,003)
Non-cash flows in loss		
Amortisation	39,066	20,924
Bad debts	2,923	-
Consultant option	114,832	-
Depreciation	73,774	99,401
Discount given	490	1,405
Employee option	382,172	6,590
Impairment provisions – debtor	-	3,263
Loss on sale of shares	36,396	-
Unrealised gain on investment	56	29,776
Profit on sale of non-current assets	(4,829)	-
Profit on sale of shares	-	(38,225)
Other income	-	(8,842)
Changes in assets and liabilities		
(Increase) / decrease in trade & other receivables	68,139	2,311
(Increase) / decrease in prepayments	(3,165)	(4)
Increase / (decrease) in trade payables	18,074	(25,279)
Increase / (decrease) in other payables & accruals	11,235	10,409
Increase / (decrease) in prepaid revenue	8,742	-
Increase / (decrease) in provisions	25,089	13,996
Net cash flows from operating activities	(993,501)	(856,278)

Individual and total dividends

The Company has not paid, and does not propose to pay a dividend for the year ended 30 June 2009.

Dividend or distribution reinvestment plans

The Company has not entered into a dividend or dividend reinvestment plan with its shareholders.

Consolidated accumulated losses

	Current period \$	Previous corresponding period \$
Accumulated losses at the beginning of the financial period	(35,411,795)	(34,439,792)
Net profit (loss) attributable to members	(1,766,495)	(972,003)
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated losses at end of financial period	(37,178,290)	(35,411,795)

NTA backing

	Current period \$A'000	Previous corresponding period \$A'000
Net tangible asset backing per ordinary security	0.0003	0.001

Entities over which control has been gained or lost

During the period the Company has not gained or lost control over any entities.

Associates and joint venture entities

The Company has not entered into any arrangement with associate or joint venture entities.

Other significant information

In addition to the information contained in this Report the Company has provided an additional overview of its financial results as a separate ASX announcement with details of its financial performance and financial position.

Foreign entities

The Company is not a foreign entity.

Commentary on the results for the period

In addition to the information contained in this Report the Company has provided an additional overview of its financial results as a separate ASX announcement detailing its financial performance and financial position.

Earnings per security (EPS)

Basic EPS

- (a) the numerator in calculating basic EPS is a loss of \$1,766,495.
- (b) only fully paid ordinary shares have been used in determining basic EPS.
- (c) weighted average number of ordinary shares used as a denominator in calculating basic EPS is 950,419,160 shares.

Diluted EPS

- (a) the numerator in calculating basic EPS is a loss of \$1,766,495.
- (b) weighted average number of ordinary shares used as a denominator in calculating basic EPS is 950,419,160 shares.
- (c) there have been no converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted EPS.

Earnings per security (EPS)	Current period \$A'000	Previous corresponding period \$A'000
Basic EPS (cents per share)	(0.186)	(0.112)
Diluted EPS (cents per share)	(0.186)	(0.112)

Returns to shareholders

The Company has not paid, and does not propose to pay, a dividend for the year ended 30 June 2009. The Company has not entered into arrangements for a buy back of its securities.

Significant features of operating performance

In addition to the information contained in this Report the Company has provided an additional overview of its financial results as a separate ASX announcement with details of its financial performance and financial position.

Segment reporting

The principal activities of the Company during the year were technology and corporate investment in equities. All activities are undertaken in Australia.

	Technology		Corporate		Eliminations		Consolidated Group (Continuing Operations)	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Revenue								
Sales to external customers	333,965	599,486	-	-	-	-	333,965	599,486
Other revenue	8,964	54,061	12,167	16,818	-	-	21,131	70,879
Inter-segment sales	-	-	-	-	-	-	-	-
Total segment revenue	342,929	653,547	12,167	16,818	-	-	355,096	670,365
Result								
Segment result	(588,465)	(307,873)	(1,178,030)	(664,130)	-	-	(1,766,495)	(972,003)
Unallocated expense/income	-	-	-	-	-	-	-	-
Net profit/(loss) before income tax	(588,465)	(307,873)	(1,178,030)	(664,130)	-	-	(1,766,495)	(972,003)
Assets								
Segment assets	998,336	1,143,412	642,390	577,851	(809,935)	(713,162)	830,791	1,008,101
Unallocated assets	-	-	-	-	-	-	-	-
Total assets	998,336	1,143,412	642,390	577,851	(809,935)	(713,162)	830,791	1,008,101
Liabilities								
Segment liabilities	455,837	372,914	138,677	56,185	(397,111)	(300,338)	197,403	128,761
Unallocated liabilities	-	-	-	-	-	-	-	-
Total liabilities	455,837	372,914	138,677	56,185	(397,111)	(300,338)	197,403	128,761
Other								
Capital expenditure	2,325	67,028	-	-	-	-	2,325	67,028
Depreciation and amortisation	110,983	118,497	1,857	1,828	-	-	112,840	120,325

Trends in performance

The Company has provided an additional overview of its financial results as a separate ASX announcement including graphs showing its past operating performance.

Any other factors which have affected the results in the period

Please refer to the Company's overview of its financial results issued as a separate ASX announcement.

Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Ordinary securities	998,686,795	998,686,795	N/A	N/A
Changes during current period	(a) 38,000,000	(a) 38,000,000	0.8	0.8
(a) Increases through issues (<i>see below</i>)	30,000,000	30,000,000	0.5	0.5
(b) Decreases through returns of capital, buybacks	45,000,000	45,000,000	0.4	0.4
Listed options			Exercise price per security (cents)	Expiry date
(a) Issued during current period (<i>see below</i>)	(a) 400,577,991	(a) 400,577,991	1.0	06 May 2013
(b) Exercised during current period				
(c) Expired during current period				

1. Share Placement

In August 2008 the Company placed 38,000,000 of its fully paid ordinary shares at a price of 0.8 cent per share to sophisticated and private investors, raising a total of AUD\$304,000. The capital raised pursuant to the placement was used to fund the ongoing sales & marketing of SMX secure registered email throughout Australia and the Asia Pacific by the Company's wholly owned subsidiary Data-inCrypt® Pty Ltd (the ASX announcement of 13 August 08 refers).

2. Share Placement

In November 2008 the Company placed 30,000,000 of its fully paid ordinary shares at a price of 0.5 cent per share to sophisticated and private investors, raising a total of AUD\$150,000. The capital raised pursuant to the placement was used to fund the ongoing sales & marketing of SMX secure registered email throughout Australia and the Asia Pacific by the Company's wholly owned subsidiary Data-inCrypt® Pty Ltd (the ASX announcement of 28 November 08 refers).

3. Share Placement

In February 2009 the Company placed 45,000,000 of its fully paid ordinary shares at a price of 0.4 cent per share to sophisticated and private investors, raising a total of AUD\$180,000. The capital raised pursuant to the placement was used to fund the ongoing sales & marketing of SMX secure registered email throughout Australia and the Asia Pacific by the Company's wholly owned subsidiary Data-inCrypt® Pty Ltd (the ASX announcement of 19 February 09 refers).

4. Pro-rata Non-renounceable Rights Issue

In May 2009 the Company announced that its pro-rata non-renounceable rights issue closed on 29 May 2009. Application were received from eligible shareholders for 250,059,501 options, with applications also being received for an additional 150,518,490 shortfall options, making a total of 400,577,991 (50.14% of eligible options on offer) and leaving a shortfall of 398,371,445 options. The rights issue raised approximately \$400,578 before costs of the issue. The funds will be used to develop the Company's assets and for working capital, as described in the Prospectus (the ASX announcement of 03 June 09 refers).

Compliance statement

This report has been prepared in accordance with AASB Standards (including Australian Interpretations) and other standards acceptable to ASX. This report, and the financial reports upon which the report is based, use the same accounting policies. Notes to the financial report in accordance with AASB 101 will be disclosed in the audited financial statements for the year ended 30 June 2009.

The information contained in this Report is unaudited. The financial report for the year ended 30 June 2009 is in the process of being audited.

The Company is not aware of any matters associated with the financial report for the year ended 30 June 2009 that is likely to be the subject of dispute by the Company's auditors.

Sign here: Date: 31 August 2009
Company Secretary & CFO

Print name: Mark Popham