



# SYNERGY EQUITIES GROUP

THE NEW FORCE IN INTERNET SECURITY, SYSTEMS & SERVICES

## QUARTERLY ACTIVITIES REPORT for the period ended 31 December 2008

### HIGHLIGHTS

<b>Technology</b>	<ul style="list-style-type: none"><li>➤ potential sales value of SMX evaluations being undertaken by Australian corporate organisations at 10 December 2008 is in excess of AU\$650,000 (ex GST)</li><li>➤ additional SMX evaluations carrying potential sales value of AU\$250,000 (ex GST) are scheduled to commence during the first quarter (February) of calendar year 2009</li><li>➤ sales and marketing activities in the first half of calendar year 2009 are expected to generate a significant number of new SMX evaluations (within Australian corporate organisations), carrying potential sales value of \$600,000-700,000 (ex GST)</li><li>➤ SMX Presentations / Workshops / Discovery sessions held for entities / organisations included:<ul style="list-style-type: none"><li>- ASIS International, NSW Chapter;</li><li>- Australian Homeland Security Research Centre;</li><li>- Australian Red Cross;</li><li>- Citigroup;</li><li>- Clough Limited;</li><li>- Connell Wagner Group Pty Ltd;</li><li>- Dimension Data;</li><li>- First Quantum Minerals Ltd;</li><li>- Fortescue Metals Group Ltd;</li><li>- IMF (Australia) Ltd;</li><li>- McCall Security Australia;</li><li>- Security Advisory Pty Ltd;</li><li>- Sinclair Knight Merz (SKM);</li><li>- Visy Pty Ltd;</li><li>- Wilson Group; and</li><li>- Woodside Petroleum Ltd.</li></ul></li><li>➤ pilot SMX implementations completed at MCG</li><li>➤ AXA Australia to proceed with SMX Proof of Concept</li><li>➤ SMX targets Iridium satellite network</li></ul>
<b>Corporate</b>	<ul style="list-style-type: none"><li>➤ shareholder presentations held in Perth &amp; Brisbane</li><li>➤ 2008 Annual Report released</li><li>➤ 2008 Annual General Meeting held</li><li>➤ A\$150K share placement</li></ul>

## OVERVIEW

The Company's cash receipts from customers (being \$144,470) decreased by 2% in this quarter when compared to the same period of the previous financial year (the ASX announcement of 31 Jan 08 refers). As in the first quarter, the decrease in cash receipts was not unexpected given the Company's intense focus on the sales and marketing of Data-inCrypt® SMX secure registered email. The decrease is anticipated to be a short term occurrence as the Company transitions its business model to reflect its emphasis on SMX.

As at 31 December 08, the Company's cash position stood at \$192,843 and trade debtors totalled \$38,446. As at the date of this report, the Company is in the process of completing a small placement to sophisticated and private investors to raise capital and expects to announce the details next week.

The quarter saw the Company's wholly owned subsidiary Data-inCrypt® continue to move forward aggressively with the marketing of SMX, primarily on the Eastern seaboard. During the quarter, SMX Presentations / Workshops / Discovery sessions were held for entities / organisations that included:

- ASIS International, NSW Chapter;
- Australian Homeland Security Research Centre;
- Australian Red Cross;
- Citigroup;
- Clough Limited;
- Connell Wagner Group Pty Ltd;
- Dimension Data;
- Diversified Exhibitions Australia;
- First Quantum Minerals Ltd;
- Fortescue Metals Group Ltd;
- Hayball Pty Ltd;
- IMF (Australia) Ltd;
- McCall Security Australia;
- McGrathNicol;
- Security Advisory;
- Sinclair Knight Merz (SKM);
- Smartek;
- Visy Pty Ltd;
- Wilson Group;
- Woodside Petroleum Ltd; and
- Zero7 Consulting

Data-inCrypt® completed a number of pilot implementations of SMX secure registered email at the Melbourne Cricket Ground (MCG), further to its presentation to the Melbourne Cricket Club's (MCC) "security and venue support" division earlier this year (the ASX announcement of 02 Oct 08 refers).

AXA Australia has confirmed that it will proceed with a "proof of concept" to test the integration of Data-inCrypt®'s technical design with AXA's existing internal systems and business processes. This proof of concept is being undertaken with a view to implementing SMX for both AXA's Board of Directors and initially to some 500 of its external advisers (the ASX announcement of 27 Nov 08 refers).

Data-inCrypt® completed a company-wide implementation of SMX secure registered email at Fastwave Communications Pty Ltd ("Fastwave") ([www.fastwave.com.au](http://www.fastwave.com.au)), a Perth-based private organisation that has a focus on integrating satellite telemetry systems with sensors, process control equipment and terrestrial communication systems to provide global, real-time asset visibility (the ASX announcement of 04 Dec 08 refers). Fastwave is evaluating the SMX platform over the coming months prior to introducing it to Iridium ([www.iridium.com](http://www.iridium.com)) the only provider of truly global satellite voice and data communications solutions with complete coverage of the entire Earth including oceans, airways and even Polar Regions. Iridium is the largest commercial satellite constellation in the world, with over 200,000 subscribers.

As at 10 December 2008, the potential sales value of SMX evaluations currently being undertaken by Australian corporate organisations was in excess of AU\$650,000 (ex GST). Data-inCrypt® expects that at least 75% of these potential sales revenues will be realised during the first half of calendar year 2009.

Additional SMX evaluations carrying potential sales value of AU\$250,000 (ex GST) are scheduled to commence during the first quarter of calendar year 2009. Data-inCrypt® also expects that at least 75% of these potential sales revenues will be realised during the first half of calendar year 2009.

Going forward, sales and marketing activities in the first half of calendar year 2009 are expected to generate a significant number of new evaluations (within Australian corporate organisations), carrying potential sales value of \$600,000-700,000 (ex GST). Revenues from these evaluations are expected to be realised throughout calendar year 2009.

The majority of high-end organisations looking to implement SMX for their Board of Directors and / or in a high security environment will opt for an in-house implementation, which initially represents a larger, more immediate income stream to Data-inCrypt® than the hosted service option in many cases.

In these times of increased corporate governance, proactive corporate and Government organisations are making it an objective “to try to avoid risk rather than deal with it after it occurs”. SMX secure registered email mitigates the risk of email communications being compromised by empowering organisations to conduct secure electronic business with confidence in SMX’s military-grade, encrypted, keyless, secure messaging system. The threats to email security are ever-present and in times of economic downturn become more prevalent. **SMX meets an undeniable business need, a need that can only increase with time.**

The Company took the opportunity to hold Shareholder presentations in Perth and Brisbane to coincide with SMX presentations / workshops / discovery sessions being held in those locations.

In November the Company completed a small share placement of 30,000,000 Fully Paid Ordinary Shares at an issue price of 0.5 cents per share to sophisticated and private investors who are existing, long-term shareholders in the Company.

---

## Glossary in brief

<b>SYNERGY</b>	is Synergy Equities Group Limited
<b>the Company</b>	is Synergy Equities Group Limited
<b>SYNERGY Australia</b>	is Synergy Business Solutions Australia Pty Ltd, <b>SYNERGY’s</b> wholly owned subsidiary
<b>Data-inCrypt®</b>	is Data-inCrypt® Pty Ltd, <b>SYNERGY’s</b> wholly owned Subsidiary
<b>Data-inCrypt® SMX</b>	is Data-inCrypt® SMX secure registered email
<b>SYNERGY Group</b>	is <b>SYNERGY</b> , <b>SYNERGY Australia</b> and <b>Data-inCrypt®</b>
<b>ASX</b>	is Australian Securities Exchange
<b>SMX</b>	is Data-inCrypt® SMX
<b>SYG</b>	is SYNERGY’s ASX code

---

## REVIEW OF OPERATIONS:

### TECHNOLOGY

#### **SMX at the MCG**

The Company announced that Data-**inCrypt**<sup>®</sup> had completed a number of pilot implementations of SMX secure registered email at the Melbourne Cricket Ground (MCG), further to its presentation to the Melbourne Cricket Club's (MCC) "security and venue support" division earlier this year (the ASX Announcement of 02 Oct 08 refers).

The MCG ([www.mcg.org.au](http://www.mcg.org.au)) was built in 1853 when the then 15-year-old Melbourne Cricket Club was forced by the government to move from its former site because the route of Australia's first steam train was to pass through the oval. Since then the Melbourne Cricket Ground has established a history that compares favourably with any other in the world. The MCC ([www.mcc.org.au](http://www.mcc.org.au)) is a private club, incorporated under the Melbourne Cricket Club Act 1974 and boasting by far the biggest membership of any sporting club in Australia. It has the public responsibility of managing the MCG.

Places of mass gathering, such as the MCG, are an attractive target for terrorists. By their very nature, these places normally encourage access for the general public with a minimum of security controls – other examples include shopping centres, tourist attractions, hotels, convention centres, public transport hubs and major planned events. This presents terrorists with various potential opportunities for mass casualties, symbolism, high impact imagery and economic loss.

A successful pilot at the MCG will result in the immediate exposure of SMX to the organisations responsible for the security of mass gatherings, mass transport and precincts within Australia, and is anticipated to result in indirect sales of some 500 SMX "hosted service" licenses at \$400 each throughout these organisations over the ensuing period of six months.

#### **Perth SMX Workshops / Discovery Sessions**

The Company advised the entities / organisations that Data-**inCrypt**<sup>®</sup> held SMX workshops / discovery sessions for in Perth, Western Australia during the week commencing Monday 06 Oct 08 were (the ASX announcement of 15 Oct 08 refers):

##### **First Quantum Minerals Ltd**      [www.first-quantum.com](http://www.first-quantum.com)

First Quantum Minerals Ltd ("FQML") is a growing mining and metals company whose principal activities include mineral exploration, development and mining in Africa. The company produces LME grade "A" copper cathode, copper in concentrate, gold and sulphuric acid. FQML's shares are listed for trading on the Toronto Stock Exchange in Canada (symbol "FM") and the London Stock Exchange (symbol "FQM") in the United Kingdom. Data-**inCrypt**<sup>®</sup> held an SMX workshop / discovery session for FQML's Network Manager, and expects to be making a further presentation to FQML senior executives followed by the commencement of an SMX pilot shortly thereafter.

##### **Wilson**      [www.wilsongroupau.com](http://www.wilsongroupau.com)

The Wilson Group is a family owned business that is made up of the Wilson Parking, Wilson Security and Wilson Technology Solutions divisions. Wilson Parking is Australia's largest car park operator with more than 200 car parks and operations in New Zealand, Singapore, Hong Kong and Korea. The Wilson Security division provides strategic and alternative security service solutions throughout Australia. Wilson Technology Solutions is a leading provider of technologically advanced control equipment throughout Australia and New Zealand. Data-**inCrypt**<sup>®</sup> held an SMX workshop / discovery session for senior executives at Wilson's head office.

##### **Fortescue Metals Group Ltd**      [www.fmgl.com.au](http://www.fmgl.com.au)

Fortescue Metals Group Ltd ("FMG") is at the driving-edge of the current iron ore rush. Since the company was formed in 2003, its extraordinary growth has been unparalleled. With a market capitalisation of around \$20 billion and an ever-growing reputation for success, FMG is well-positioned to become the next Australian mineral export heavy-weight. Data-**inCrypt**<sup>®</sup> held an SMX workshop / discovery session for senior executives from FMG's IT, finance and legal divisions.

**Clough Limited**    [www.clough.com.au](http://www.clough.com.au)

Clough is a publicly listed Australian based engineering, construction and asset support contractor providing full project life cycle solutions primarily to the Upstream Oil and Gas sector. Its turnkey services range from complex front-end engineering design, construction, installation and commissioning to long-term operations and maintenance. Innovative technology and the flexibility to meet changing market conditions have assisted Clough to deliver world class solutions in the most remote and isolated regions of Australia, Asia, the South Pacific, the Middle East and the deepwater offshore provinces of the world. Data-inCrypt® held an SMX workshop / discovery session for Clough's Information Management team.

**IMF (Australia) Ltd**    [www.imf.com.au](http://www.imf.com.au)

IMF provides funding of legal claims and other related services where the claim size is over \$2 million. It is the largest litigation funder in Australia and the first to be listed on the Australian Securities Exchange with offices in Sydney, Perth and Brisbane. IMF provides funding for litigation and investigations preliminary to litigation, payment of adverse costs orders, strategic planning, monitoring and managing of litigation, factual investigation including asset tracing and assistance in facilitating settlements and maximizing the value of each claim. Data-inCrypt® held an SMX workshop / discovery session for IMF's Application Development Manager, who subsequently instructed Data-inCrypt® to submit a proposal for the supply and implementation of a 30 end-user SMX in-house license. This proposal was submitted to IMF.

**Woodside Petroleum Ltd**    [www.woodside.com.au](http://www.woodside.com.au)

Woodside is one of Australia's top ten companies by market capitalisation, and the nation's largest publicly-traded oil and gas exploration and production company. Based in Perth, Western Australia, Woodside has major operational assets and exploration and development interests in five continents including Australia and the United States. In 50 years Woodside has grown from a pioneer oil and gas explorer to Australia's largest independent producer of oil and gas and one of the world's largest producers of LNG. Woodside operates Australia's largest resources project, the North West Shelf Venture in Western Australia, which produces about 40 per cent of Australia's oil and gas. Data-inCrypt® held an SMX workshop / discovery session for Woodside's IT Security & Compliance Manager, who conveyed that Woodside intended to implement secure email during the 2009 calendar year and that Data-inCrypt® would be invited to hold a further SMX workshop / discovery session for Woodside technical personnel early in 2009 ahead of conducting a pilot.

**McGrathNicol**    [www.mcgrathnicol.com](http://www.mcgrathnicol.com)

McGrathNicol is an independent advisory firm specialising in corporate advisory, forensic, transaction services and corporate recovery. It has approximately 270 employees with offices in all major Australasian cities. McGrathNicol was established as an independent firm in 2004 and has enjoyed continued market success and leadership. Data-inCrypt® held an SMX workshop / discovery session for McGrathNicol Directors in Perth, further to the session held for McGrathNicol's Server and Network Management team in Melbourne in September 08 (the ASX announcement of 23 Sep 08 refers).

**Eastern Seaboard SMX Workshops / Discovery Sessions**

The Company advised the entities / organisations that Data-inCrypt® held SMX workshops / discovery sessions for on the Eastern seaboard during the week commencing Monday 20 Oct 08 were (the ASX announcement of 27 Oct 08 refers):

**An ASX top 20 listed resources company that has operations in over 20 countries**

Data-inCrypt® held an SMX workshop / discovery session for the company's Enterprise Service Delivery Manager and the Board's IT support manager. The session resulted in a number of SMX installations being completed at the time, thus allowing immediate evaluation by the company's security / enterprise support personnel to commence. Initially, the company is considering an in-house implementation of SMX for its Board.

**Australian Homeland Security Research Centre**    [www.homelandsecurity.org.au](http://www.homelandsecurity.org.au)

The Australian Homeland Security Research Centre ("AHSRC") undertakes independent, evidence-based analysis of domestic security issues as well as facilitating a range of security related professional development events. The primary aim of the Centre is to provide informed, balanced advice in order to enhance the quality of decisions at senior levels of the public and private sectors in Australia. Its core business is to provide strategic

level and practical research, analysis and education services to Australian domestic security and counter-terrorism stakeholders, including Government, industry, the community and the media. AHSRC and its Executive Director, Athol Yates, have a very high profile in the Australian security industry - Data-inCrypt® held a workshop / discovery session to raise Athol's awareness of SMX, who in turn is well positioned to make others in the industry aware of SMX and its benefits.

**Hayball Pty Ltd**      [www.hayball.com.au](http://www.hayball.com.au)

Hayball is a Melbourne based design practice offering architecture, interior design and urban design services. Established in 1983 as Hayball Leonard Stent and rebranded as Hayball in early 2008, the firm has 60 staff comprising architects, interior designers, urban designers, technicians, graphic designers, a research and knowledge team and a finance and practice management team. Hayball is an acknowledged leader in combining sound market-based solutions with architectural excellence. Data-inCrypt® held an SMX workshop / discovery session for Hayball's Systems Manager and a Director of its external information technology consultancy firm, Bergin CT Pty Ltd ([www.berginct.com](http://www.berginct.com)). At the conclusion of the session, Data-inCrypt® was asked to complete a number of SMX installations within Hayball and Bergin CT for their evaluation.

**Visy Pty Ltd**      [www.visy.com.au](http://www.visy.com.au)

Visy began manufacturing corrugated cardboard boxes in Melbourne, Australia, in 1948 and has grown to become Australia's largest privately owned company, employing over 5,300 people and operating from over 110 sites. Data-inCrypt® held an SMX workshop / discovery session for Visy's Systems Architect, Enterprise Operations Group. At the conclusion of the session, Data-inCrypt® was asked to complete a number of SMX installations within Visy for its evaluation.

**Zero7 Consulting**      [www.zero7.com.au](http://www.zero7.com.au)

Zero7 Consulting is a specialist organisational development consulting practice, supporting organisations to establish their own people management systems, processes and guiding frameworks. Zero7 Consulting applies expertise in Organisational Psychology in number of ways and aims to become the selected partner of medium to large Australian organisations that are serious about having the best people and enabling those people to thrive. Data-inCrypt® held an SMX workshop / discovery session for Zero7 Consulting's Managing Director. At the conclusion of the session, Data-inCrypt® was asked to complete a number of SMX installations within Zero7 Consulting for its evaluation.

**Connell Wagner Group Pty Ltd**      [www.conwag.com](http://www.conwag.com)

Connell Wagner is one of Asia Pacific's largest and most experienced multi-disciplinary consulting practices, with over 4,000 employees in the region. Providing planning, surveying, engineering, environmental, scientific, business advisory and project management services to transportation, buildings, urban development, water, environment, energy, industrial, defence and telecommunications. Data-inCrypt® held an SMX workshop / discovery session for Connell Wagner's Group Information Systems Manager, who is considering the inclusion of SMX in the Group's forthcoming new email architecture.

**CertifiedMail changes name to DataMotion**      [www.datamotion.com](http://www.datamotion.com)

The Company announced that Data-inCrypt®'s strategic alliance partner CertifiedMail.com Inc. ("CertifiedMail") had changed its name to DataMotion, Inc. ("DataMotion"). The name change comes as part of a re-branding initiative, which also includes the launch of DataMotion's "Intelligent Information Transport" (IIT) platform, an on-demand or on-site service offering that enhances business communications by enabling companies to move, track, filter, audit, manage and secure sensitive information (the ASX announcement of 05 Nov 08 refers).

**Update – SMX to be submitted for DSD Certification**

The Company provided an update on the submission of SMX for evaluation under the Australasian Information Security Evaluation Program (AISEP) (the ASX announcement of 13 Nov 08 refers). Data-inCrypt® had recently undertaken meetings with the three Australasian Information Security Evaluation Facilities (AISEFs) separately in Canberra, being:



**CSC Australia** ([www.csc.com.au](http://www.csc.com.au))

A leading global consulting, systems integration and outsourcing company, CSC's mission is to provide customers in industry and government with solutions crafted to meet their strategic goals and enable them to profit from the advanced use of technology. With approximately 90,000 employees globally, CSC achieved revenues of \$16.5 billion for the 12 months ended 28 Mar 08. In Australia, CSC has offices in all mainland capital cities, employs approximately 3,700 employees and in 2007, achieved revenues of over AUD\$1 billion.

**Logica** ([www.logica.com.au](http://www.logica.com.au))

Logica is a major international force in IT services, employing 30,000 people across 36 countries. Logica's focus is on enabling its customers to build and maintain leadership positions using Logica's deep industry knowledge and its track record for successful delivery. The company provides business consulting, systems integration and IT and business process outsourcing across diverse markets including telecoms, financial services, energy and utilities, industry, distribution and transport and the public sector. Headquartered in Europe, Logica is listed on both the London Stock Exchange and Euronext (Amsterdam)

**Stratsec** ([www.stratsec.com.au](http://www.stratsec.com.au))

Stratsec is a 100% Australian-owned specialist security engineering and information risk management services company. It has extensive experience in the successful delivery of large-scale information management, identity management, IT security, and evaluation services in both the public and private sectors. Stratsec has a team of leading security professionals, system engineers, system architects, program and project managers, and business analysts with significant experience in delivering successful projects.

**SMX presented to Security Professionals**

The Company advised the details of some eighteen entities including ASX listed mining and infrastructure fund organisations, one of the world's largest financial institutions and nine professionals from the upper echelons of the security industry that SMX was presented to during workshop and discovery sessions on the Eastern seaboard during the week commencing Monday 17 Nov 08 were (the ASX announcement of 25 Nov 08 refers):

**ASIS International, NSW Chapter** ([www.asisnsw.com.au](http://www.asisnsw.com.au))

Founded in 1955 as the American Society for Industrial Security (ASIS), the organisation officially changed its name in 2002 to ASIS International. ASIS International has more than 35,000 members around the world, covering a wide array of services and specialties within the security industry ([www.asisonline.org](http://www.asisonline.org)). ASIS International is dedicated to increasing the effectiveness and productivity of security professionals by developing educational programs and materials that address broad security interests, such as the ASIS Annual Seminar and Exhibits, as well as specific security topics. ASIS International also advocates the role and value of the security management profession to business, the media, governmental entities, and the public.

Data-inCrypt<sup>®</sup> held an SMX workshop / discovery session for the Chairman and Deputy Chairman of ASIS International's New South Wales (NSW) Chapter.

**Citigroup** ([www.citigroup.com.au](http://www.citigroup.com.au))

With more than 200 million customer accounts and 12,000 offices in 100 countries, Citigroup continues to be one of the world's largest financial institutions. Citi in Australia reflects the global Citi organisation structure with its three major business divisions - consumer group, markets & banking and wealth management. The respected brands of Citibank and Diners Club come together under the consumer group while Citi Smith Barney, Citi Investment Research and The Citi Private Bank form the wealth management arm. Citi Markets & Banking includes global banking, capital markets and transaction services.

Data-inCrypt<sup>®</sup> held an SMX workshop / discovery session for Citigroup's Security Manager Australia & New Zealand, who is also a member of ASIS International's NSW Chapter executive team.

**Sinclair Knight Merz (SKM)** ([www.skm.com.au](http://www.skm.com.au))

Sinclair Knight Merz (SKM) is a leading engineering, sciences and project delivery firm with offices across Australia, New Zealand, Europe, the Middle East, South America and Asia. SKM works in close partnership with key clients in the public and private sectors, providing independent technical, strategic and commercial

advice to deliver a wide range of projects. SKM's global workforce has been growing steadily and it now employs 6,500 people in 47 offices around the world.

Data-inCrypt® held an SMX workshop / discovery session for SKM's Global Security Manager who has over 20 years experience providing high level security advice including risk assessment, high level integration and design and strategic planning for clients in the UK, Asia, Australia and New Zealand.

**Security Advisory**     [www.securityadvisory.com.au](http://www.securityadvisory.com.au)

Security Advisory is a highly specialised security risk services consultancy providing advice and solutions to businesses, in order to create business resilience and maximise an organisation's ability to endure during difficult times. Security Advisory services the public and private industry sectors and is a leader in both strategic and technological security consultancy. It engages an elite range of people from a variety of backgrounds including intelligence, IT security, military, engineering, police, law and business consulting.

Data-inCrypt® held an SMX workshop / discovery session for Security Advisory's Managing Director, who is also the Chairman of ASIS International's Victorian Chapter. Furthermore, Data-inCrypt® has commenced discussions with Security Advisory regarding its potential provision of risk and security consulting services to the SYNERGY Group.

**McCall Security Australia**     [www.mccallsecurity.com.au](http://www.mccallsecurity.com.au)

As one of Australia's most successful privately owned security companies, McCall Security has sold more than four million security man-hours, employed in excess of 4,000 people and deployed some of the worlds most advanced technologies to ensure its clients receive effective, measurable, accountable and timely outcomes.

Data-inCrypt® held an SMX workshop / discovery session for McCall Security Australia's Managing Director, whose qualifications and skills in security operations, coupled with his longstanding involvement in numerous industry associations and committees make him one of the country's foremost experts in security and risk management.

**Brisbane SMX Workshops / Discovery Sessions**

The Company advised the entities / organisations that Data-inCrypt® held SMX workshops / discovery sessions for during the week commencing Monday 17 Nov 08 were (the ASX announcement of 26 Nov 08 refers):

**An ASX top 20 listed resources company that has operations in over 20 countries**

Data-inCrypt® held further discussions with the company's Enterprise Service Delivery Manager and the Board's IT support manager with regard an in-house implementation of SMX for its Board, and a further implementation to some 30,000 end-users. The company continues to evaluate SMX, with its next stage of evaluation to include internal non-IT / Executive personnel and the company's external IT service delivery organisation in Feb 09 (the ASX announcement of 27 Oct 08 refers).

**An ASX listed specialist infrastructure fund with a market capitalisation of around A\$1.8 billion**

Data-inCrypt® held an SMX workshop / discovery session for the company's General Counsel / Company Secretary. The session resulted in a request for SMX to be implemented prior to Christmas with a view to commencing evaluation at the Company Secretary / Board level early in the New Year. Initially, the company is considering an in-house implementation of SMX for its Board of Directors.

**Australian Red Cross**     [www.redcross.org.au](http://www.redcross.org.au)

Data-inCrypt® held an SMX workshop / discovery session for Australian Red Cross' Systems Manager in Brisbane, and subsequent to the session was invited to meet with Australian Red Cross' Security Manager in Sydney the following day.

Red Cross provides relief in times of crisis and care for the most vulnerable in Australia and around the world. With more than 100 million volunteers worldwide and 60,000 members and volunteers in Australia Red Cross can reach people and places like nobody else. Red Cross is committed to helping those in need in our community, from providing breakfast for hungry children every day to supporting the elderly and isolated in their



own homes. Australian Red Cross is part of the world's largest humanitarian organisation, with more than 100 million volunteers in 186 countries. It is independent of government and has no political, religious or cultural affiliation.

**Smartek**      [www.smartek.biz](http://www.smartek.biz)

Data-inCrypt® held an SMX workshop / discovery session for Smartek's Senior IT Manager and Barrington Group Australia's Executive Director. The session resulted in a request for SMX to be implemented forthwith for evaluation by the Senior IT Manager and for Data-inCrypt® to submit a proposal for the supply and implementation of both in-house and hosted 50 end-user (gold/full user) SMX licenses.

Smartek is part of the Barrington Group Australia ([www.barringtongroup.com.au](http://www.barringtongroup.com.au)), a diverse organisation which offers a wide range of consulting services to Government Departments and Corporate Australia including the Finance, Hospitality, Building and Retail Industries. Its core strengths lie in the areas of corporate risk, training / human resources and IT development. Smartek is a premium, cost effective, business intelligence system that helps manage day to day operations and protect a business brand. Whether it is monitoring specific details of employees, contractors, student groups, security networks or plant and equipment, Smartek provides an effective medium that will report automatically on any compliance issue or fact.

**Diversified Exhibitions Australia**      [www.divexhibitions.com.au](http://www.divexhibitions.com.au)

Data-inCrypt® held an SMX workshop / discovery session for Diversified Exhibitions Australia's Finance Manager and IT Manager. The company is considering the implementation of SMX for its CFO / finance department.

Diversified Exhibitions Australia was founded in 1982, under the name Australian Exhibitions Services (AES). AES established a proud record of more than 400 successful events, each specifically created to provide visitors with unique and exciting experiences while generating quality sales leads and a great return on investment for exhibitors. In 2000, Diversified was acquired by a US based company, Diversified Business Communications, and became part of a global exhibitions network. Since then, Diversified has experienced unprecedented revenue and profitability increases, achieved through new show launches, event acquisitions and solid organic growth. Diversified owns and runs more than 30 of the biggest industry-specific trade and consumer shows in Australia every year.

**Hayball**      [www.hayball.com.au](http://www.hayball.com.au)

Data-inCrypt® revisited Hayball subsequent to its SMX workshop / discovery session held in Oct 08 (the ASX announcement of 27 Oct 08 refers) to discuss with its Managing Director the progress of Hayball's SMX evaluation and pricing models ahead of formal implementation, early in the New Year at a date to be advised.

**Dimension Data**      [www.didata.com.au](http://www.didata.com.au)

Dimension Data is a potential strategic alliance partner with regard to the distribution of SMX in the Corporate and Government sectors throughout the Asia-Pacific region. Data-inCrypt® held an SMX workshop / discovery session for Dimension Data's National Solutions and Services Director and Security Services Product Manager.

Founded in 1983 at the inception of networked communications, Dimension Data is a specialist IT services and solutions provider that helps clients plan, build, support and manage their IT infrastructures. Dimension Data was founded in South Africa and today operates in nearly 40 countries on six continents. It is listed on the London Stock Exchange and the Johannesburg Securities Exchange Limited, had 2007 revenues of \$3.8 billion and has over 10,600 highly skilled employees and a client base that spans all industry sectors including financial services, telecommunications, healthcare, manufacturing, government and education.

**Visy Pty Ltd**      [www.visy.com.au](http://www.visy.com.au)

Subsequent to its SMX workshop / discovery session held in Oct 08 (the ASX announcement of 27 Oct 08 refers), Data-inCrypt® revisited Visy to complete several evaluation installations and further discuss the potential in-house implementation of SMX for Visy's Board in the New Year.

### **AXA Australia to proceed with SMX Proof of Concept**

The Company advised that AXA has confirmed that it will proceed with a “proof of concept” to test the integration of Data-inCrypt®’s technical design with AXA’s existing internal systems and business processes. This proof of concept is being undertaken with a view to implementing SMX for both AXA’s Board of Directors and initially to some 500 of its external advisers in the New Year, representing potential sales income to Data-inCrypt® of approximately \$180,000 (ex GST) in the first instance.

### **SMX targets Iridium satellite network**

The Company advised that Data-inCrypt® had completed a company-wide implementation of SMX secure registered email at Fastwave Communications Pty Ltd (“Fastwave”) a Perth-based private organisation that has a focus on integrating satellite telemetry systems with sensors, process control equipment and terrestrial communication systems to provide global, real-time asset visibility. Fastwave develops solutions used in the energy, utilities, mining, transport, environmental and defence sectors, with clients including Australian and international corporations, government agencies, research institutions and military organisations ([www.fastwave.com.au](http://www.fastwave.com.au)) (the ASX announcement of 04 Dec 08 refers).

In recognition of Fastwave's expertise as a satellite data systems integrator, it has been appointed a Value Added Manufacturer by Iridium Satellite LLC (“Iridium”) ([www.iridium.com](http://www.iridium.com)). Based in Bethesda, Maryland, U.S.A., Iridium is the only provider of truly global satellite voice and data communications solutions with complete coverage of the entire Earth including oceans, airways and even Polar Regions. It is the largest commercial satellite constellation in the world, with over 200,000 subscribers.

Much of Iridium’s satellite telemetry data is delivered to customers via plain text email, and it is with this in mind that Fastwave is evaluating the SMX platform over the coming months prior to introducing it to Iridium. Many of Fastwave’s solutions are used to enhance the productivity, efficiency and safety of remotely located personnel, assets, infrastructure and equipment, and as such the security and integrity of raw satellite telemetry data is paramount.

### **December 2008 SMX update**

#### **potential sales value of current SMX evaluations in excess of AU\$650,000**

The Company advised that the potential sales value of SMX evaluations currently being undertaken by Australian corporate organisations is in excess of AU\$650,000 (ex GST). Data-inCrypt® expects that at least 75% of these potential sales revenues will be realised during the first half of calendar year 2009 (the ASX announcement of 10 Dec 08 refers).

Additional SMX evaluations carrying potential sales value of AU\$250,000 (ex GST) are scheduled to commence during the first quarter of calendar year 2009. Data-inCrypt® also expects that at least 75% of these potential sales revenues will be realised during the first half of calendar year 2009.

Sales and marketing activities in the first half of calendar year 2009 are expected to generate a significant number of new evaluations (within Australian corporate organisations), carrying potential sales value of \$600,000-700,000 (ex GST). Revenues from these evaluations are expected to be realised throughout calendar year 2009.

The majority of high-end organisations looking to implement SMX for their Board of Directors and / or in a high security environment will opt for an in-house implementation, which initially represents a larger, more immediate income stream to Data-inCrypt® than the hosted service option in many cases.

#### **strong upside for SMX with limited exposure to an economic downturn**

*As the Global community becomes increasingly reliant on the Internet, protecting the confidentiality of email communications is an issue that can no longer be ignored. All Internet users need to be aware that standard email is as public as a postcard, and leaves a written record long after it has been erased.*

Through its discussions with Australian corporate organisations and security professionals, Data-inCrypt® has identified six main categories of individual / entity that represent a threat to the privacy, confidentiality & integrity of email communications (i.e. interception, eavesdropping & tampering). In order of threat represented from greatest to least, these are:

- 1) Governments;

- 2) organised crime;
- 3) terrorists;
- 4) competitors;
- 5) hackers; and
- 6) script kiddies - a derogatory term used for an inexperienced malicious hacker who uses programs developed by others to attack computer systems and deface websites.

A further insidious threat - often considered to be the most prevalent - is the trusted employee, who can fall into any of the six categories.

In these times of increased corporate governance, proactive corporate and Government organisations are making it an objective "to try to avoid risk rather than deal with it after it occurs". SMX secure registered email mitigates the risk of email communications being compromised by empowering organisations to conduct secure electronic business with confidence in SMX's military-grade, encrypted, keyless, secure messaging system.

The threats to email security described above are ever-present and in times of economic downturn become more prevalent. **SMX meets an undeniable business need, a need that can only increase with time.**

## **CORPORATE**

### **Lapsing of Employee Option Incentive Scheme Options**

The Company advised the lapsing of Employee Option Incentive Scheme Options (the ASX announcement of 01 Oct 08 refers).

### **Perth Shareholder Presentation**

The Company advised that it would be holding a Shareholder Presentation in Perth on Thursday 09 Oct 08 to coincide with SMX workshops / discovery sessions being undertaken in Perth by Data-inCrypt® (the ASX announcement of 06 Oct 08 refers).

### **Top 20 Shareholders**

The Company announced the names of the top 20 largest holders of its quoted equity securities (the ASX announcement of 29 Oct 08 refers).

### **2008 Annual Report**

The Company released its 2008 Annual Report (the ASX announcement of 29 Oct 08 refers).

### **Notice of 2008 Annual General Meeting**

The Company released its Notice of 2008 Annual General Meeting including Proxy Form (the ASX announcement of 29 Oct 08 refers).

### **1st Quarter Activities Report for the Period Ended 30 Sep 08**

The Company released its 1st Quarter Activities Report for the Period Ended 30 Sep 08 (the ASX announcement of 31 Oct 08 refers).

### **1st Quarter Cash Flow Report for the Period Ended 30 Sep 08**

The Company released its 1st Quarter Cash Flow Report for the Period Ended 30 Sep 08 (the ASX announcement of 31 Oct 08 refers).

### **Brisbane Shareholder Presentation**

The Company advised that it would be holding a Shareholder Presentation in Brisbane on Monday, 17 Nov 08 to coincide with SMX workshops / discovery sessions being undertaken on the Eastern Seaboard by Data-inCrypt® (the ASX announcement of 11 Nov 08 refers).

### **Results of 2008 Annual General Meeting**

The Company released the results of its 2008 Annual General Meeting (the ASX announcement of 28 Nov 08 refers).

### **Share Placement**

The Company completed a share placement comprising 30 million Fully Paid Ordinary Shares at an issue price of 0.5 cents per share to sophisticated investors. The share placement represented 3.1% of the Company's enlarged share capital, ranked pari passu in all respects with the existing ordinary shares and was within the limits set out in the ASX Listing Rules, being issued under the Company's 15% placement capacity (the ASX announcement of 28 Nov 08 refers).

### **Lapsing of Employee Option Incentive Scheme Options**

The Company advised the lapsing of Employee Option Incentive Scheme Options (the ASX announcement of 08 Dec 08 refers).

### **Appendix 3B – Issue of Options Pursuant to Employee Option Incentive Scheme**

The Company released an Appendix 3B – Issue of Options Pursuant to Employee Option Incentive Scheme (the ASX announcement of 08 Dec 08 refers).

### **Lapsing of Consultant Option Incentive Scheme Options**

The Company advised the lapsing of Consultant Option Incentive Scheme Options (the ASX announcement of 12 Dec 08 refers).

### **Appendix 3B – Issue of Options Pursuant to Consultant Option Incentive Scheme**

The Company released an Appendix 3B – Issue of Options Pursuant to Consultant Option Incentive Scheme (the ASX announcement of 12 Dec 08 refers).

## **DISPOSAL OF RESIDUAL MINING ASSETS**

### **Receivable from Meridian Mining Limited**

In April 2005 the Company disposed of its residual mining assets to Mr R Morellini and Meridian Mining Limited ("Meridian") (the ASX announcement of 18 April 2005 refers). The Company continues to be concerned at the failure of Meridian to proceed with its prospectus and IPO, this being an integral part of the transaction negotiated by the Company for the benefit of shareholders.

As reported to ASX on 31 Oct 07, the Company has no clear assessment as to when or if the Meridian IPO prospectus will continue, and as such continues to monitor its legal options to ensure shareholder interests are fully protected.

It is to be noted however that the Company has fully provided in its previous accounts for receipt of the final settlement sum from Meridian and accordingly the delay has no impact on the financial results of the Company (the ASX announcement of 26 Sep 07 refers).

## **TECHNOLOGY (matters subsequent to 31 December 2008)**

No matters subsequent.

**CORPORATE (matters subsequent to 31 December 2008)**

**Resignation of joint Company Secretary**

The Company advised that its Group Accountant Ms Vicky Oui had resigned from the position of joint Company Secretary (the ASX announcement of 23 Jan 09 refers).

Mr Mark Popham, a current Director & Chief Financial Officer, continues in the position of Company Secretary.

**DISPOSAL OF RESIDUAL MINING ASSETS (matters subsequent to 31 December 2008)**

No matters subsequent.

**EXPENDITURE**

The Proforma Statement of Consolidated Cash Flows is provided in a separate report.

Dated this 30th day of January 2009.

Signed on behalf of the Board of Synergy Equities Group Limited

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

---