Appendix 4D

Half Year Report to the Australian Stock Exchange

Name of Entity	ST Synergy Ltd
ABN	84 060 369 048
Half Year Ended	31 December 2004
Previous Corresponding Reporting Period	31 December 2003

Results for Announcement to the Market

	$'000	**Percentage increase /(decrease) over previous corresponding period**
Revenue from ordinary activities	121	16%
Profit / (loss) from ordinary activities after tax attributable to members	(331)	(635%)
Net profit / (loss) for the period attributable to members	(331)	(635%)

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	
Interim Dividend	Nil	

Record date for determining entitlements to the dividends (if any)	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	
Amount per security	
Total dividend	
Amount per security of foreign sourced dividend or distribution	
Details of any dividend reinvestment plans in operation	
The last date for receipt of an election notice for participation in any dividend reinvestment plans	

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.065	$0.0067

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
N/A				
Aggregate Share of Net Profits				

Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	√
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report
2	Review Report

Signed By (Director/Company Secretary)	
Print Name	John Richard Athans
Date	25 February 2005

ST SYNERGY LTD

ABN 84 060 369 048

HALF-YEAR REPORT – 31 DECEMBER 2004

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by ST SYNERGY LTD during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Your directors present their report on the consolidated entity consisting of ST SYNERGY LTD and the entity it controlled at the end of, and during, the half-year ended 31 December 2004.

Directors

The Directors in office at the date of this report are:

Mr John Athans - Executive Chairman and Managing Director, B.Com, FCA.

Mr John Athans is a Chartered Accountant who commenced public practice in 1980 under the practice name Athans and Meacock. The firm is now known as Athans and Taylor. Spanning twenty-eight years in the field of public accounting, John has developed the Athans and Taylor practice to become one of the leading suburban firms in Western Australia. Under his direction the firm has evolved into an organisation that not only provides accounting services to its clients, but also invests heavily in information technology.

Mr Gurmit Singh - (Director - Non-Executive), B. Bus (Dist), CPA, Affiliate ICAA.

Mr Gurmit Singh is a Certified Practicing Accountant with specialty in information technology. Gurmit has been specifically responsible for all the technical and engineering aspects of the firm's IT division, driving the technical development of the firm's custom business solutions and software development strategies.

Mr Rick W. Crabb (Director - Non-Executive)
B. Juris (Hons), LLB, MBA

Mr Crabb is a partner with the legal practice, Blakiston and Crabb and a Director of the investment bank, Chatsworth Stirling Pty Ltd. He has practised as a solicitor since 1980 and specialises in mining, corporate and commercial law. Mr Crabb is also a Director of Menzies Court Holdings Limited, Ashburton Minerals NL, Alcaston Mining NL and Paladin Resources Ltd.

Mr Leonard Alexander Taylor (Director - Non-Executive)

Mr Taylor is a Chartered Accountant with 34 years professional experience. He began his professional career with Touché Ross in 1969 and later gained broad experience with several international accounting firms. He commenced public practice in 1983 in the firm now known as Athans and Taylor. Len's extensive experience in financial management and taxation matters will provide added strength to the company's management team.

At the date of this report the Directors' and related parties share and option holdings and relevant interests therein were:

	Fully Paid Shares	Options Unlisted
J.R Athans	6,326,060	1,400,000*
G. Singh	2,203,050	1,100,000*
R.W Crabb	9,000	300,000*
L.A Taylor	4,082,920	375,000*

The particulars of Directors' and related parties interests in shares and options are as at the date of this report.

* Unlisted and exercisable at 65 cents on or before 31 March 2005.

ST SYNERGY LTD and controlled entity

Directors' Report (Cont'd)

Meetings of Directors

During the half-year ended 31 December 2004, the Directors held 7 meetings and the attendance of Directors at those meetings were:

	Meetings Attended
J. Athans	7
G. Singh	7
L. Taylor	6
R.Crabb	2

Principal Activity

The principal activity of the consolidated entity constituted by ST SYNERGY LTD and the entity it controlled during the financial period was the development and sale of its knowledge management software, ST Synergy.

Results of Operations

The consolidated entity's policy is to carry forward development costs and write them off over a five-year period from the date of commercialisation. To this extent an amount of $141,363 (December 2003: $125,192) was written off. Expenditure totalling $544,427 (December 2003: $671,726) has been carried forward. The consolidated results are as follows:

	2004	2003
	$	$
Operating loss after income tax	330,762	45,398

Review of Operations

In the six months to December 2004, the Company continued the sales and marketing of its flagship knowledge management product. This period of time saw a number of milestones reached, both in product sales and in software development.

There was a continued uptake in product sales over the six months, with the expansion of the products reach into the finance and time-based professionals' market space. In addition, there was an increase in the utilisation of the Company's training and support services, in tandem with the release of new functionality.

The Company continued in its evaluation of an internet-based offering, and further developed its time cost modules to provide additional improvements and functionality. In addition, the software's ability to communicate with third-party applications was strengthened as well as its ability to utilise emerging technologies such as bulk SMS messaging.

As before, the Company intends to further bolster its presence in market segments where it already has a foothold. In order to help achieve this result, it is intended that a number of marketing initiatives will be undertaken by the Company's Melbourne office as well as additional direct selling efforts from the Company's Perth office.

In relation to its capital raising initiatives, the Company issued 18,500,007 shares at an issue price of $0.15 each pursuant to its prospectus dated 28 May 2004 in order to raise $2,775,002. The shares were issued on 1 July 2004.

Over this period, the Company continued to monitor the opportunity afforded by its decision to invest in PanoramaFLAT Ltd ("PanoramaFLAT"). As disclosed to the market, the Company intends to further negotiations towards increasing its stake holding in PanoramaFLAT.

ST SYNERGY LTD and controlled entity

Directors' Report (Cont'd)

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the period not otherwise dealt with in this report.

Matters Subsequent to the end of the half-year

The Company put a resolution to the shareholders in accordance with a Notice of General Meeting and Explanatory Statement announced on 30 December 2004. This resolution was carried at the General Meeting of the Company held on 4 February 2005 and the resolution approved the granting of 35,000,000 options to Pine Valley Pty Ltd or its nominee or nominees for no issue price, exercisable at 20 cents each on or before 31 December 2006.

Internet Web Site

Copies of ASX announcements and details of ST Synergy's activities can be viewed at its Web site on www.stsynergy.com

Segment Reporting

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2004	2003	2004	2003
	$	$	$	$
Software licence sales and consulting revenue	121,272	101,352	(330,762)	(244,298)
	121,272	**101,352**	**(330,762)**	**(244,298)**
Less: Unallocated revenue less unallocated expenses			-	-
Loss from ordinary activities before income tax (revenue)			(330,762)	(244,298)
Income tax revenue			-	**198,900**
Loss from ordinary activities after income tax (revenue)			(330,762)	(45,398)
Net loss attributable to members of ST SYNERGY LTD			**(330,762)**	**(45,398)**

This report is made in accordance with a resolution of the directors.

John Athanasiou
Director

25 February 2005

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Auditor's Independence Declaration to the Directors of ST Synergy Limited

As lead engagement partner for the review of ST Synergy for the half-year ended 31 December 2004, I declare that, to the best of my knowledge and belief, there have been:

(I) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and

(II) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF
Chartered Accountants

NEIL G SMITH
Partner

Dated at Perth, Western Australia this 28th day of February 2005.

ST SYNERGY LTD and controlled entity
Consolidated statement of financial performance
For the half-year ended 31 December 2004

	Notes	31 December 2004 $	31 December 2003 $
Revenue from operating activities		121,272	101,352
Revenue from outside the operating activities		59,044	3,001
Total revenue from ordinary activities	1	**180,316**	**104,353**
Employee benefits expense		(189,711)	(78,475)
Depreciation and amortisation expenses		(143,215)	(127,822)
Other expenses from ordinary activities		(178,152)	(142,354)
Total expenses from ordinary activities		**(511,078)**	**(348,651)**
Loss from ordinary activities before income tax (revenue)		**(330,762)**	**(244,298)**
Income tax (revenue)		-	(198,900)
Loss from ordinary activities after income tax (revenue)		**(330,762)**	**(45,398)**
Net loss attributable to members of ST SYNERGY LTD		**(330,762)**	**(45,398)**
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		**(209,091)**	**-**
Total changes in equity other than those resulting from transactions with owners as owners		**(539,853)**	**(45,398)**
		Cents	**Cents**
Basic and diluted earnings per share	4	**(0.65)**	**(0.18)**

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

ST SYNERGY LTD and controlled entity
Consolidated statement of financial position
As at 31 December 2004

	Notes	31 December 2004 $	30 June 2004 $
Current assets			
Cash assets		1,460,200	2,898,173
Receivables		137,176	86,812
Loan receivable	5	852,000	-
Other		6,626	4,903
Total current assets		**2,456,002**	**2,989,888**
Non-current assets			
Property, plant and equipment		39,361	42,954
Other financial assets	6	990,000	800,000
Intangible assets		607,880	684,063
Total non-current assets		**1,637,241**	**1,527,017**
Total assets		**4,093,243**	**4,516,905**
Current liabilities			
Payables		72,180	25,934
Provisions		50,115	38,323
Deposits on unissued shares		-	2,735,002
Other		49,815	31,662
Total current liabilities		**172,110**	**2,830,921**
Total liabilities		**172,110**	**2,830,921**
Net assets		**3,921,133**	**1,685,984**
Equity			
Contributed equity		6,725,171	4,159,260
Accumulated losses		(2,804,038)	(2,473,276)
Total equity		**3,921,133**	**1,685,984**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

ST SYNERGY LTD and controlled entity
Consolidated statement of cash flows
For the half-year ended 31 December 2004

	31 December 2004 $	31 December 2003 $
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	106,490	130,376
Payments to suppliers and employees (inclusive of goods and services tax)	(299,089)	(241,570)
	(192,599)	(111,194)
Interest received	59,044	3,001
Interest paid	-	(304)
Research and development tax concession	-	198,900
Net cash (outflow)/inflow from operating activities	**(133,555)**	**90,403**
Cash flows from investing activities		
Payments for property, plant and equipment	(3,813)	-
Receipts from disposal of property, plant and equipment	-	522
Payment of research and development costs	(81,332)	(94,861)
Payments for shares in companies	(190,000)	-
Loan to Pine Valley Pty Ltd	(852,000)	-
Net cash (outflow) from investing activities	**(1,127,145)**	**(94,339)**
Cash flows from financing activities		
Share issue costs	(127,273)	-
Refund of deposit on shares	(50,000)	-
Net cash (outflow) from financing activities	**(177,273)**	**-**
Net (decrease) in cash held	**(1,437,973)**	**(3,936)**
Cash at the beginning of the reporting period	**2,898,173**	**128,631**
Cash at the end of the reporting period	**1,460,200**	**124,695**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standard AASB 1029: *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by ST SYNERGY LTD during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year.

Revenue

The consolidated entity experienced losses from ordinary activities after income tax for the half-year's ended 31 December 2004 and 31 December 2003 of $330,762 and $45,398 respectively. The consolidated entity experienced a net negative cash flow from operating activities of $141,737 in 2004 compared with a positive cash flow of $90,403 in 2003.

The consolidated entity generated revenues from operating activities of $121,272 consisting of:

- Consulting revenue of $39,533;
- Software licence sales revenue of $41,872;
- Other sales revenue of $39,867

Adoption of Australian equivalents to international financial reporting standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The directors are of the opinion that the key differences in the consolidated entity's accounting policies which will arise from the adoption of IFRS are:

Research and Development Expenditure

Pending standard AASB 138: Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Impairment of Assets

The consolidated entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Note 1: Basis of preparation of half-year financial report (cont'd)
Adoption of Australian equivalents to international financial reporting standards (cont'd)

Income Tax

Currently, the consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the consolidated entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

Share Based Payments

Under AASB2 Share Based Payments, the Company will be required to determine the fair value of shares/options issued to employees/directors as remuneration and recognise an expense in the Statement of Financial Performance.

Note 2. Dividends

The consolidated entity is a knowledge management software based entity and has not yet established a dividend policy. The board of directors will consider establishing a dividend policy upon achievement of profitable operations.

Note 3. Event occurring after reporting date

The Company put a resolution to the shareholders in accordance with a Notice of General Meeting and Explanatory Statement announced on 30 December 2004. This resolution was carried at the General Meeting of the Company held on 4 February 2005 and the resolution approved the granting of 35,000,000 options to Pine Valley Pty Ltd or its nominee or nominees for no issue price, exercisable at 20 cents each on or before 31 December 2006.

Note 4. Earnings per share

	Half-year	
	2004	**2003**
	Cents	**Cents**
Basic earnings per share – (loss)	**(0.65)**	**(0.18)**

Diluted earnings per share does not represent an inferior view of the Company's performance and is not disclosed for this reason.

	Consolidated	
	2004	**2003**
	Number	**Number**
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	**50,975,260**	**25,805,253**

	Consolidated	
	2004	**2003**
	$	**$**
Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share:		
Net loss	(330,762)	(45,398)
Earnings used in calculating basic earnings per share	**(330,762)**	**(45,398)**

Note 5. Loans Receivable

	31 December 2004 $	30 June 2004 $
Loan to Pinevalley Enterprises Pty Ltd	**852,000**	-

The loan is secured by a fixed and floating charge over the assets of Pinvevalley Enterprises Pty Ltd, and the Company holds Share Mortgages over shares listed on the Australian Stock Exchange.

Note 6. Other Financial Assets

	31 December 2004 $	30 June 2004 $
Investment in PanoramaFLAT Ltd	**990,000**	**800,000**

During the period, the Company invested a further $190,000 in PanoramaFLAT Ltd, resulting in a total holding of 4,488,000 shares representing approximately 7.48% of the issued shares of PanoramaFLAT. PanoramaFLAT specialises in the research, development and commercialisation of applications of microphotonic technology.

The directors believe it appropriate at this time to carry the investment at cost, for the following reasons:

- patents have been recently registered in the past six months
- the research and development will reach a critical stage (proof of concept) within twelve months
- success or failure to achieve a proof of concept will ultimately determine the directors view of the appropriate carrying amount of this investment.

Note 7. Segment Information

The consolidated entity operates in the knowledge management software industry in Australia.

Note 8. Contingent Liabilities

There are no contingent liabilities that have not been disclosed in the financial report.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 6 to 11:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(b) give a true and fair view of the consolidated entity's financial position as at 31 DECEMBER 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that ST SYNERGY LTD will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

John Athans
Director

25 February 2005

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INDEPENDENT REVIEW REPORT

To the Members of ST Synergy Limited

Scope

We have reviewed the financial report of ST Synergy Limited for the half-year ended 31 December 2004 as set out on pages 6 to 12. The financial report includes the financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of ST Synergy Limited is not in accordance with:

(a) the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the period ended on that date; and

   ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

PKF

PKF
Chartered Accountants

NEIL G SMITH
Partner
Dated at Perth, Western Australia this 28 day of February 2005.