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SYNERGY
EQUITIES GROUP LIMITED

ABN 44 009 148 529

Financial Statements

For The Year Ended

30 June 2003

30 September 2003

Information technology solutions for business

MISSION STATEMENT

To enable organisations globally to enhance their data and transaction management systems, by providing solutions that integrate and add value to their mission critical business applications and processes

to this end

SYNERGY has created a group of world-class business professionals and technical specialists to implement a range of world-class electronic business solutions to exceed customer expectations.

Glossary in brief

SYNERGY	is Synergy Equities Group Limited
the Company	is Synergy Equities Group Limited
SYNERGY Australia	is Synergy Business Solutions Australia Pty Ltd, **SYNERGY's** wholly owned subsidiary
SYNERGY Ticketing	is **SYNERGY** Ticketing Pty Ltd, **SYNERGY's** wholly owned Subsidiary
Data-**inCrypt**®	is Data-**inCrypt**® Pty Ltd, **SYNERGY's** wholly owned Subsidiary

Information technology solutions for business

DIRECTORS	**Ronald G Moir** Managing Director **Mark H Popham** Executive Director **Jeremy M Thew** Non-Executive Director
COMPANY SECRETARY	**Mark H Popham** Chief Financial Officer
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Level 1 Westcentre 1260 Hay Street West Perth WA 6005 AUSTRALIA
	Postal Address: PO Box 1288, West Perth WA 6872, AUSTRALIA Telephone: (08) 9415 2212 Facsimile: (08) 9415 2221 Email: info@synergylimited.com.au Website: www.synergylimited.com.au
AUDITORS	K Westaway & Associates Chartered Accountants 121 Colin Street 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	Bennett & Co Barristers and Solicitors Level 6 The Bennett Centre 89 St Georges Terrace Perth WA 6000
STRATEGY, FINANCIAL & TECHNOLOGY CONSULTANTS	Deloitte Touche Tohmatsu Management Solutions Level 16 Central Park 152-158 St Georges Terrace Perth WA 6000
STOCK EXCHANGE	Listed on the Australian Stock Exchange The Home Exchange is in Perth, Western Australia
ASX CODE	SYG – Fully Paid Ordinary Shares SYGO – Options expiring 30 June 2004

Your Directors present their report for the year ended 30 June 2003 for Synergy Equities Group Limited and its controlled entities pursuant to the Chapter 2M of the Corporations Act 2001.

DIRECTORS

The persons that hold office as Directors of Synergy Equities Group Limited at the date of this report are:

Ronald G Moir

Jeremy M Thew B.Econ; Dip.Ed; Aff. A.I.I.

Mark H Popham FCPA

PRINCIPAL ACTIVITIES

The principal activities of **SYNERGY** have focused on the commercialisation of **SYNERGY Australia's** DataCentre / TradeCentre and the development of **SYNERGY** Ticketing and Data-**inCrypt**®'s technology assets, as well as the ongoing process of separating **SYNERGY's** residual mining assets from its technology assets – leaving **SYNERGY** principally focussed on ***information technology solutions for business***.

REVIEW OF OPERATIONS

The 2003 financial year has seen **SYNERGY** progress through a period of consolidation. **SYNERGY** continues to progress towards the establishment of a viable and sustainable technology business built around the **SYNERGY** DataCentre, the **SYNERGY** TradeCentre, **SYNERGY** Ticketing and Data-**inCrypt**®.

SYNERGY is pleased to announce the following results for the 2003 financial year in comparison to the 2002 financial year:

➢ Cash receipts from customers increase of **252%**

➢ Cash outflow from operations decrease of **45%**

Equally significant, the last quarter of this financial year saw both the highest cash receipts and the lowest cash outflow from operations for the financial year, indicating strong progress towards the goal of reaching cash flow neutral as soon as possible.

In summary, cash receipts from trading operations by **SYNERGY's** wholly owned subsidiary **SYNERGY Australia**, for the quarter 01 April 2003 to 30 June 2003 increased by more than 110% on cash receipts for the third quarter, in the second quarter increased 59% on receipts in the first quarter and in the third quarter increased a further 19%.

(i) TECHNOLOGY

Overview

SYNERGY Australia

Has developed a suite of e-commerce software products branded the **SYNERGY** TradeCentre, based on open Internet e-business standards to allow companies to participate in electronic trading through demand, supply and payment cycles. Each component of the **SYNERGY** TradeCentre performs specific functions depending on the users' e-commerce requirements. The **SYNERGY** TradeCentre products have been developed to permit the software to integrate with an organisation's existing back-office system. The **SYNERGY** TradeCentre is

Information technology solutions for business

primarily communications software that enables client communication between businesses, customers and their respective computer systems;

Has developed a fully operational **SYNERGY** DataCentre (representing a capital investment of approximately A$1.5million – this "state-of-the-art" DataCentre is arguably one of Australia's finest computer facilities), the physical secure environment housing hardware and software that facilitates the application of the **SYNERGY** TradeCentre;

Has developed **SYNERGY** Ticketing – the online website ticketing and payment authorisation technology; and

Has developed **Data-inCrypt**® – a remote data backup and recovery facility utilising the internet.

Activities

- completed / published comprehensive "**SYNERGY Australia** website" upgrade - www.synergyaustralia.com;
- accepted into Microsoft® Certified Partner 2002 Program;
- undertook Data-**inCrypt**® corporate acceptance testing with the Corporate Pilot Participant Forum;
- provided a "Purchase Order Delivery Solution" for J. Blackwood & Son Limited;
- provided and currently hosting "www.nocustomerservice.com.au website";
- "call centres" intelligence gathering / research;
- established a Strategic Alliance with 360id Pty Ltd;
- provided and currently hosting the "KHG Extranet Solution" for Wesfarmers Kleenheat Gas Pty Ltd;
- developed **SYNERGY** Ticketing, the online website ticketing and payment authorisation solution;
- provided and currently hosting **SYNERGY** Ticketing for the Royal Perth Yacht Club of Western Australia Inc. ("RPYC");
- completed a formal Corporate Business & Marketing Plan for **SYNERGY** Ticketing;
- enhanced Data-**inCrypt**® functionality to suit a wider range of organizations;
- document management and compression technologies intelligence gathering / research;
- applied / received Research & Development Tax Concession ("R&D Tax Offset Rebate");
- currently providing professional "Information Technology" consulting services to Coca-Cola Amatil Limited;
- provided "Online Authorisation Solution" for the Sydney Theatre Company, a licensed BOCS Pty Ltd customer;
- provided "Payments Gateway Solution" for Wilson Parking Australia 1992 Pty Limited;
- currently negotiating with a number of potential national and international customer organisations for the provision of information technology solutions for their businesses; and
- currently completing a formal Corporate Business & Marketing Plan for Data-**inCrypt**®.

Matters subsequent to 30 June 2003

- appointment of Mr Jason Belci as the National Development Manager.

(ii) RESIDUAL MINING ASSETS

Overview

SYNERGY's mining assets comprise the various tenements listed below. The mining assets were to be transferred to Newco Mining NL as part of the Newco transaction. As a consequence of the termination of the Newco Transaction and consistent with **SYNERGY's** stated objective of disposing of its mining assets, **SYNERGY** engaged Continental Resource Management Pty Ltd to conduct a strategic review of its mining assets so a decision can be made by the Board as to the best way of disposing of the mining assets.

Plaints

Exploration activities on the projects were curtailed by the imposition of Plaints at Gecko and Tampia.

Projects

"Gecko" Gold Project M15 / 621, M15 / 1337, P15 / 3874 and L15 / 229

The Gecko Gold Project is situated 30km west of Coolgardie. The main focus of the project is the Gecko deposit which occurs in a small greenstone belt near the Ida fault on the western edge of the Bullabulling Domain. Gold mineralisation is present in mafic schists and ultramafic host rocks, with an upper weathered zone of saprolite and mottled laterite mineralisation. The weathered saprolite and laterite mineralisation is overlain in turn by a mineralised palaeochannel. The palaeochannel is the shallowest unit of the deposit and is approximately 15-20m below ground level. The whole gold deposit is approximately 50m wide with a strike length of 500m.

The resources for Gecko remain unchanged from those previously announced by **SYNERGY**.

Gecko Global Gold Resource (0.5 g/t Gold Lower Cut-Off)

Category	Tonnes (t)	Grade (Au g/t)	Contained Gold (oz)
Measured	2,210,000	1.40	100,000
Indicated	850,000	1.23	34,000
Inferred	420,000	0.89	11,000
Total	**3,480,000**	**1.30**	**145,000**

The resource estimate is based on an upper cut-off of 20g/t gold, except for the palaeochannel mineralization (15g/t gold). Densities of ore types were derived from diamond core and ranged from 1.5 to 2.8.

"Tampia" Gold Project M70 / 815, 816, E70 / 2132 (100%)

The Tampia Gold Deposit is situated 250km south-east of Perth some 12km to the south south-east of the township of Narembeen. The Tampia Gold Deposit lies on a 9km long shear zone and is hosted by granulite-facies mafic gneiss with the mineralisation characterised by disseminated fine gold and iron\arsenic sulphides. Three bodies of gold mineralisation are recognised within an 800 x 600m zone.

The resources at Tampia remain unchanged from previously announced estimates.

Tampia Hill inferred resource summary for different cut-offs

Cut-off (Au g/t)	Tonnes	Au cut (g/t)	Au uncut (g/t)	Contained Au (oz)
5.0	160,144	7.50	14.46	38,620
4.0	269,288	6.26	11.73	54,174
3.0	544,250	4.85	8.24	84,884
2.0	1,103,219	3.62	5.70	128,426
1.0	3,491,794	2.08	2.89	233,884
0.5	8,127,656	1.29	1.66	338,143

In accordance with Listing Rule 5.10 of the Australian Stock Exchange Limited, the geological information in this report which relates to mineral resources and ore reserves is based upon information compiled by Dr John Chisholm, Principal Geologist of Continental Resource Management Pty Ltd who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Chisholm has sufficient expertise and experience to qualify as Competent Person as defined in the 1999 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Lennard May Alluvial Diamond Project – E04 / 1148 (100%)

- In circumstances where there was a real prospect that no funds could be recouped by **SYNERGY** from the sale or joint venture of this tenement, the tenement was surrendered during the year.

Matters Subsequent to 30 June 2003

Plaint – "Gecko" Gold Project – M15 / 621, M15 / 1337, P15 / 3874 and L15 / 229

- The Warden resolved to recommend to the Honourable Minister that he refuse to grant a Certificate of Exemption to **SYNERGY** for the expenditure year ended 19 October 2001. He further resolved to recommend that M15 / 621 be forfeited.

- **SYNERGY** has commenced proceedings in the Supreme Court of Western Australia by Prerogative Writ seeking orders quashing the decisions made by Warden G N Calder SM on 25 July 2003, in respect of **SYNERGY's** Application for Exemption and an Objection and Forfeiture Plaint lodged by Mr Morellini in respect of M15 / 621.

Plaint – "Tampia" Gold Project M70 / 815

- **SYNERGY's** application to dismiss this Objection and Plaint was heard on 21 August 2003, at the conclusion of which the Warden reserved his decision.

Bullabulling – P15 / 4112 & P15 / 4113

- In circumstances where there was a real prospect that no funds could be recouped by **SYNERGY** from the sale or joint venture of these tenements, the tenements were surrendered.

Mining Plant & Equipment – Ex-Reedy's Gold Processing Plant

- For over twelve months the company sought expressions of interest for the sale of the ex-Reedy's Gold Processing plant (situated at six separate locations in the Goldfields / Perth metro area). The plant was subsequently sold off on an "as is, where is" basis by **SYNERGY**.

(iii) CORPORATE

Overview

During the financial year **SYNERGY** continued with a number of corporate actions (as a result of transactions undertaken by previous Directors) to restore value to **SYNERGY** and to position **SYNERGY** to enable it to exploit its core technology for the benefit of all shareholders.

Activities

- transfer of fully paid ordinary shares to **SYNERGY** from Floate and Mann;
- release from Escrow of 100,000,000 fully paid ordinary shares in **SYNERGY**;
- placement of 19,269,230 fully paid ordinary shares in **SYNERGY**;
- notice of Extraordinary General Meeting;
- Newco transaction – **SYNERGY** wins Supreme Court Litigation;
- **SYNERGY** received funds from stakeholder;
- release of Appendix 4B – Preliminary Final Report 30 June 2002;
- results of Extraordinary General Meeting;
- ASIC annual audited Financial Statements for the year ended 30 June 2002;
- IPT Systems Limited – change of Company name to Synergy Equities Group Limited;
- change of Company trading code and website address;
- sale of marketable securities;
- appointment of Chief Financial Officer / Company Secretary;
- release of 2002 Annual Report and Notice of 2002 Annual General Meeting;
- Newco transaction – **SYNERGY** received funds for costs of Supreme Court Action;
- results of 2002 Annual General Meeting;
- release of Half Yearly Financial Report 31 December 2002; and
- release of Appendix 4B – Half Yearly / Preliminary Final Report 31 December 2002.

Matters subsequent to 30 June 2003

- appointment of Mr Mark Popham as a Director;
- capital raising from the sale and transfer of all the 66,666,667 fully paid ordinary shares recovered by **SYNERGY** from Messrs Floate and Mann;
- release of Appendix 4E – Preliminary Final Report 30 June 2003; and
- resignation of Mr Russell Miln as a Director.

RESULTS OF OPERATIONS

The consolidated operating loss and extraordinary items of **SYNERGY** after providing for income tax and eliminating outside equity interests amounted to $2,348,850 (2002: $4,579,954).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of SYNERGY that occurred during the financial year were:

1. On **09 August 2002 SYNERGY** placed a total of 19,269,230 fully paid ordinary shares at an issue price of 1.3 cents per share to a number of private investors. The total funds raised by **SYNERGY** pursuant to the placement was $250,500.

2. On **09 September 2002 SYNERGY** was entirely successful in its Supreme Court action against Quadrant Management Pty Ltd, Plato Mining Pty Ltd and V (Roger) Nikolaenko, and consequently received the return of $846,343.08 previously held in trust by an independent stakeholder, and also is now free to dispose of its mining assets.

3. On **13 November 2002 SYNERGY** received the sum of $110,000 pursuant to the order of Justice Scott in the Supreme Court action whereby Quadrant Management Pty Ltd, Plato Mining Pty Ltd and V (Roger) Nikolaenko were ordered to pay **SYNERGY's** legal costs in relation to the action.

Matters Subsequent to 30 June 2003:

1. On **09 September 2003 SYNERGY** successfully completed the off market sale of 58,809,524 of its fully paid ordinary shares at a price of 0.7 cents per share to raise $411,666.67 and entered into a binding contract for the off market sale of a further 7,857,143 of its fully paid ordinary shares at the same price to raise a further $55,000. The total fully paid ordinary shares in question represent all of the 66,666,667 shares recovered by **SYNERGY** from Messrs Floate and Mann, former Directors of **SYNERGY's** wholly owned subsidiary **SYNERGY Australia** (formerly MTIC Corporate Pty Ltd). The sale / transfer of the shares represents the successful culmination of the actions taken by the current Board against the former **SYNERGY Australia** directors to recoup value for **SYNERGY's** shareholders.

2. As a consequence of the Plaint on the "Gecko" tenement at Bullabulling and the resultant Mining Warden's decision on **25 July 2003** to recommend to the Honourable Minister that he refuse to grant a Certificate of Exemption to **SYNERGY** for the expenditure year ended 19 October 2001, as well as to recommend M15 / 621 be forfeited, in relation to **SYNERGY's** Application for an Expenditury Exemption (179 / 012) and a Plaint for Forfeiture (9 / 012) lodged by Mr Morellini, **SYNERGY's** Board has taken the decision to write-down the current value of its Bullabulling tenements to zero pending the outcome of proceedings now commenced by **SYNERGY** in the Supreme Court of Western Australia by Prerogative Writ seeking orders quashing the decisions made by the Mining Warden.

Apart from the issues listed above, there were no significant changes to the state of affairs of **SYNERGY**.

Except for the matters discussed above, there is at the date of this report no other matter or circumstance which has arisen since 30 June 2002 that has significantly affected or may significantly affect: -

(a) **SYNERGY's** operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) **SYNERGY's** state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in **SYNERGY's** operations in future years and the expected results of these operations are the continuation of the exploitation of its core technology and the development of new technology in complementary areas.

ENVIRONMENTAL REGULATION

SYNERGY's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its exploration activities.

SYNERGY monitors compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this report.

DIVIDENDS OR DISTRIBUTIONS

(a) No dividends or distributions were paid to members during the year ended 30 June 2003.

(b) No dividends or distributions were recommended or declared for payment to members, but not paid, during the year ended 30 June 2003.

DIRECTORS

The name of each person who has been a Director of **SYNERGY** at any time during or since the end of the year and the period for which they were a Director are:

Director		Appointed	Resigned / Retired	Period of Directorship
RG Moir		04 May 2001	Current	29 months
RD Miln		04 May 2001	23 Sep 2003	29 months
JM Thew		22 Dec 2000	Current	33 months
MH Popham		03 Jul 2003	Current	3 months
ML Bennett	(alternate to JM Thew)	20 Sep 2002	20 Sep 2002	1 day
ML Bennett	(alternate to JM Thew)	28 Nov 2002	28 Nov 2002	1 day

The relevant interest of each current Director in the share capital of **SYNERGY** at the date of this report is:

Director	Qualifications / Experience Special Responsibilities	Fully Paid Ordinary Shares	2004 Options
RG Moir	Managing Director 29 months as Executive Director of **SYNERGY**	10,000,000	7,000,000
MH Popham	Company Secretary / Chief Financial Officer FCPA 3 months as Executive Director of **SYNERGY**	2,345,593	500,000
JM Thew	B.Econ; Dip.Ed; Aff. A.I.I. 33 months as Non-executive Director of **SYNERGY**	1,000,000	Nil

MEETINGS OF DIRECTORS

The following table sets out the number of meetings **SYNERGY's** Directors held during the year ended 30 June 2003 and the number of meetings attended by each Director. There were a total of 29 Directors' Meetings for the financial year.

Director	Number of Meetings Held While in Office	Meetings Attended
RG Moir	29	29
RD Miln	29	29
JM Thew	29	29
ML Bennett	0	0

DIRECTORS AND AUDITORS INDEMNIFICATION

SYNERGY has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of **SYNERGY** or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

DIRECTORS' EMOLUMENTS AND BENEFITS

Non-executive Directors may receive Directors' fees. **SYNERGY** does not have a Remuneration Committee as the size of the Company does not warrant the establishment of one at this time. However, the broad remuneration policy is to ensure the remuneration paid to Directors reflects generally what Directors in similar companies are being paid in the market place taking into account that the remuneration package properly reflects Directors' duties and responsibilities as well as being competitive in attracting, retaining and motivating people of the highest quality.

Emoluments received by each Director are outlined in Notes 17 and 22.

SYNERGY had one executive Director in its employ during the year ended 30 June 2003. The group had two non-executive Directors in its employ during the year ended 30 June 2003.

SHARE OPTIONS

At the date of this report there are 164,630,737 options on issue which are convertible into ordinary shares on or before 30 June 2004 at an exercise price of 20 cents each.

During the year ended 30 June 2003 no options were exercised apart from 30, 30 June 2004 Options. Since then, no 30 June 2004 options have been exercised. No person entitled to exercise any option above has or have, by virtue of the option, a right to participate in any share issue of any other body corporate.

MABO – NATIVE TITLE ACT

As a result of Native Title Claims over tenement holdings held by **SYNERGY** there is uncertainty over the future ability of **SYNERGY** to conduct suitable mining operations over any economic discovery that may be made on these tenements.

Tenements that currently fall within the areas of existing Native Title Claims are as follows:

Tenement	Tenement Number	Claim
Gecko	M15 / 621	95 / 27 Gubrun
	P15 / 3874	99 / 09 Muduwonga
	L15 / 229(A)	
	M15 / 1337 (A)	
Tampia Hill	M70 / 815	97 / 56 Ballardong
	M70 / 816	
	E70 / 2132(A)	

Pursuant to section 298(2) Corporations Act, this Directors' Report:

(a) is made in accordance with a resolution of the Directors; and

(b) is dated 30 September 2003; and

(c) is signed by Ronald Moir, a Director.

RG MOIR
Managing Director
Perth, Western Australia
30 September 2003

	Notes	Consolidated 2003 $	Consolidated 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Sales revenue	2	253,484	97,268	-	-
Cost of sales		(44,640)	(273)	-	-
Gross Profit		208,844	96,995	-	-
Other revenues	2	285,934	95,627	830,692	706,455
Administrative expenses		(377,214)	(231,231)	(144,911)	(263,944)
Bad debts		(913)	4,691	-	-
Borrowing costs	3	(893)	(1,046)	(4)	-
Consultants & legal fees		(147,122)	(732,864)	(68,295)	(448,436)
Depreciation	3	(389,860)	(575,261)	(688)	(5,520)
Provisions	3	(1,123,056)	(2,647,971)	(1,127,509)	(4,831,609)
Staff costs		(804,570)	(963,276)	(344,504)	(284,363)
Loss from ordinary activities before income tax expense		(2,348,850)	(4,954,336)	(855,219)	(5,127,417)
Income tax expense	4	-	-	-	-
Loss from ordinary activities after income tax expense		(2,348,850)	(4,954,336)	(855,219)	(5,127,417)
Loss from extraordinary items after related income tax expense	3	-	-	-	-
Net loss		(2,348,850)	(4,954,336)	(855,219)	(5,127,417)
Net loss attributable to outside equity interests		-	212,207	-	-
Acquisition of outside equity interests		-	162,175	-	-
Net loss attributable to members of the parent entity		(2,348,850)	(4,579,954)	(855,219)	(5,127,417)
Basic earning per share (cents)	23	(0.54)	(1.17)		
Diluted earnings per share (cents)	23	(0.54)	(1.17)		

The accompanying notes form an integral part of this Statement of Financial Performance.

	Notes	Consolidated 2003 $	Consolidated 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Current Assets					
Cash assets		310,657	1,336,320	258,231	1,256,965
Receivables	5	61,872	16,824	-	69
Other financial assets	6	138,007	228,861	138,007	228,861
Other assets	7	4,195	46,765	-	-
Total Current Assets		514,731	1,628,770	396,238	1,485,895
Non-Current Assets					
Property, plant and equipment	8	951,295	1,297,835	3,161	3,849
Investments	9	-	-	683,821	688,267
Receivables	5	-	-	8,406,632	7,000,023
Intangible assets	10	6,805,263	6,436,636	-	-
Other	11	798,467	1,820,000	798,467	1,820,000
Total Non-Current Assets		8,555,025	9,554,471	9,892,081	9,512,139
Total Assets		9,069,756	11,183,241	10,288,319	10,998,034
Current Liabilities					
Payables	12	344,664	331,573	95,890	193,180
Provisions	13	32,396	56,722	6,102	9,908
Total Current Liabilities		377,060	388,295	101,992	203,088
Total Non-Current Liabilities		-	-	-	-
Total Liabilities		377,060	388,295	101,992	203,088
Net Assets		8,692,696	10,794,946	10,186,327	10,794,946
Equity					
Contributed equity	14	31,680,156	31,433,556	31,680,156	31,433,556
Reserves	15	900,000	900,000	900,000	900,000
Accumulated losses	16	(23,887,460)	(21,538,610)	(22,393,829)	(21,538,610)
Total Equity		8,692,696	10,794,946	10,186,327	10,794,946

The accompanying notes form an integral part of this Statement of Financial Position.

	Notes	Consolidated 2003 $	Consolidated 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Cash Flows from Operating Activities					
Receipts from customers		238,495	88,796	4,010	-
Interest received		35,233	83,127	33,214	81,597
R&D tax offset		228,891	-	-	-
Payments to suppliers and employees		(1,363,786)	(1,866,467)	(649,351)	(974,399)
Interest paid		(893)	(1,046)	(4)	-
Payments for exploration		(70,364)	(89,704)	(70,364)	(89,704)
Net Cash Flows Provided by (Used in) Operating Activities	25	(932,424)	(1,785,294)	(682,495)	(982,506)
Cash Flows from Investing Activities					
Bank guarantee refunded (deposit)		-	250,000	-	-
Payment for intangibles		(358,649)	(513,726)	-	-
Payment for purchase of property, plant and equipment		(53,299)	(383,949)	-	(343)
Proceeds from sale of property, plant and equipment		-	12,428	-	9,455
Proceeds from sale of investments		146,800	3	146,800	3
Payments for the purchase of investments		(74,691)	(196,450)	(74,691)	(196,450)
Payments for the purchase of subsidiary		-	(150,000)	-	(150,000)
Net Cash Flows Provided by (Used in) Investing Activities		(339,839)	(981,694)	72,109	(337,335)
Cash Flows from Financing Activities					
Proceeds from borrowings		-	6,881	-	-
Repayment of borrowings		-	(7,396)	237,509	301,932
Cash on trust for Newco transaction		-	836,838	-	836,838
Loans to related entity		-	-	(872,457)	(1,634,586)
Proceeds from issue of shares		250,500	525,000	250,500	525,000
Proceeds from issue of options		-	6	-	6
Commissions on capital raising		(3,900)	-	(3,900)	-
Net Cash Flows Provided by (Used in) Financing Activities		246,600	1,361,329	(388,348)	29,190
Net (decrease)/increase in cash held		(1,025,663)	(1,405,659)	(998,734)	(1,290,651)
Cash balance at beginning of year		1,336,320	2,741,979	1,256,965	2,547,616
Cash Balance at end of Year	25	310,657	1,336,320	258,231	1,256,965

The accompanying notes form an integral part of this Statement of Cash Flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of **SYNERGY** and all of its controlled entities, and **SYNERGY** as an individual parent entity. **SYNERGY** is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

The consolidated accounts comprise the accounts of **SYNERGY** and all of its controlled entities. A controlled entity is any entity controlled by **SYNERGY**. Control exists where **SYNERGY** has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with **SYNERGY** to achieve the objectives of **SYNERGY**. A list of controlled entities is contained in Note 20 to the accounts.

All inter-company balances and transactions between entities in the Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the loss from ordinary activities before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting loss before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(c) Investments

Shares in listed companies held as current assets are valued by Directors at those shares' market value at each balance date. The gains or losses, whether realised or unrealised, are included in loss from ordinary activities before income tax.

Non-current investments are brought to account at cost or at Directors' valuation. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(d) Property, Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated using the diminishing value method commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of Fixed Assets	Depreciation Rate
Plant and equipment	5-40%
Software	40%
Motor vehicles	22.5%

(e) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

SYNERGY complies with all environmental requirements in accordance with mineral tenement clauses and conditions, the relevant mining acts and laws regarding environmental issues. The costs of site restoration are provided for in each phase of exploration and development or within 12 months of abandoning a site.

(f) Cash

For the purposes of the statement of cash flows, cash includes:

(i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and

(ii) investments in money market instruments with less than 14 days to maturity.

(g) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(h) Revenue Recognition

Sales Revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the Consolidated Entity. Sales revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable.

Interest income

Interest income is recognised as it accrues.

Asset sales

The gross proceeds of asset sales are included as revenue of the Consolidated Entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

(i) Research and Development Expenditure

Research and Development expenditure are charged to loss from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Research and Development costs include the costs associated with the staff involved with the software development projects as well as depreciation on assets purchased solely for the projects. Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

(j) Non-current Assets

The carrying amounts of non-current assets, other than exploration and evaluation expenditure carried forward are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(k) Employee Benefits

Provision is made for **SYNERGY's** liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(l) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

	Consolidated 2003 $	Consolidated 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
2. REVENUES				
Included in the operating loss are the following items of operating revenue:				
Sales revenues				
Sales	253,484	97,268	-	-
Other revenues				
Interest from:				
Wholly-owned subsidiary	-	-	771,526	605,331
Other unrelated persons	35,233	83,196	33,214	81,666
Total interest	35,233	83,196	804,740	686,997
Proceeds from sale of non current assets	-	12,428	-	9,455
Proceeds from sale of equity investments	146,800	3	146,800	3
Other	228,901	-	4,152	10,000
Total other revenues	410,934	95,627	955,692	706,455
Total revenues	664,418	192,895	955,692	706,455
3. LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax has been determined after:				
Expenses				
Depreciation of non-current assets				
Depreciation of:				
- geological plant and equipment	622	4,202	622	4,202
- motor vehicles	-	1,307	-	1,307
- plant and equipment	328,153	465,463	66	11
- software	61,085	104,289	-	-
Total depreciation	389,860	575,261	688	5,520
Borrowing costs				
Interest paid or payable to other unrelated parties	893	1,046	4	-
Other expense items				
Bad debts	913	(4,691)	-	-
Settlement with Director	-	80,000	-	80,000
Rationalisation of disputed office	-	57,254	-	57,254
Net loss on disposal of non current assets	-	7,783	-	3,028
Employee entitlements	(6,463)	56,282	6,102	9,908
Carrying amount of listed investments sold	125,000	-	125,000	-
Provisions				
Provision for diminution in value – controlled entities	-	-	4,453	2,183,638
Provision for diminution in value – equity investment	40,545	66,079	40,545	66,079
Provision for diminution in value – plant & equipment	-	1,280,000	-	1,280,000
Exploration expenditure written off	1,082,511	1,301,892	1,082,511	1,301,892
Total Provisions	1,123,056	2,647,971	1,127,509	4,831,609

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
Auditors remuneration				
- auditing or reviewing the financial report	5,800	23,100	5,800	17,562
- other services	5,550	3,370	3,610	1,450
Total	11,350	26,470	9,410	19,012

4. INCOME TAX EXPENSE

	Consolidated		Parent Entity	
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax (credit) on loss from ordinary activities before income tax at 30% (2002 - 30%)	(704,656)	(1,486,301)	(256,566)	(1,538,225)
Tax effect of permanent differences				
- non assessable income	(68,667)	-	-	-
- non allowable expenses	353,508	922,308	339,862	1,558,166
- capitalised expenditure	(18,293)	(190,629)	(18,293)	(30,571)
Future income tax benefit not brought to account	438,108	754,622	-	10,630
Recoup prior year losses not previously brought to account	-	-	(65,003)	-
Income tax expense	-	-	-	-

No income tax has been provided for or charged as an expense in the accounts as **SYNERGY** and its Controlled Entities either have an operating loss and a tax loss for the year ended 30 June 2003 or the availability of carry forward tax losses.

The Directors estimate that the future tax benefit from tax losses will be $412,226.

The future income tax benefit arising from taxation losses has not been recognised as an asset because recovery is not assured beyond all reasonable doubt. The benefit of these tax losses will only be obtained if:

i) **SYNERGY** derives a future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.

ii) **SYNERGY** continues to comply with the provisions of the income tax legislation relating to the deduction for losses for prior years.

No changes in tax legislation adversely affect **SYNERGY** in realising the benefit from the deduction for the losses.

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
5. RECEIVABLES				
Current				
Trade debtors	61,872	16,824	-	69
Non current				
Loans to controlled entities:				
- **SYNERGY Australia**	-	-	8,399,674	6,998,923
- Newco Mining NL	-	-	-	1,100
- Data-**inCrypt**® Pty Ltd	-	-	994	-
- **SYNERGY** Ticketing Pty Ltd	-	-	994	-
- Synergy Business Solutions Asia Pacific Pty Ltd	-	-	994	-
- Synergy Technology Group Pty Ltd	-	-	994	-
- Synergy Technology Australia Pty Ltd	-	-	994	-
- Synergy Technology Asia Pacific Pty Ltd	-	-	994	-
- Synergy Technology International Pty Ltd	-	-	994	-
Loans to controlled entities	-	-	8,406,632	7,000,023
(a) The loan to **SYNERGY Australia** is secured by a floating charge.				
(b) The interest rate on the loan to **SYNERGY Australia** is 9.5% per annum on $500,000 and 10% per annum on the balance.				
(c) The initial loan facility has been extended and is repayable upon request.				
6. OTHER FINANCIAL ASSETS				
Shares in corporations listed on the Australian Stock Exchange (at cost)	169,691	280,616	169,691	280,616
Provision for diminution	(31,684)	(51,755)	(31,684)	(51,755)
Market value at 30 June	138,007	228,861	138,007	228,861
Total other financial assets	138,007	228,861	138,007	228,861
7. OTHER ASSETS				
Pre-payments	4,195	46,765	-	-
8. PROPERTY, PLANT AND EQUIPMENT				
Geological plant and equipment – at cost	8,665	32,420	8,665	32,420
Additions	-	-	-	-
Disposals	-	(23,755)	-	(23,755)
Closing balance	8,665	8,665	8,665	8,665
Accumulated depreciation				
Opening balance	5,148	16,745	5,148	16,745
Depreciation for the year	622	4,202	622	4,202
Disposals	-	(15,799)	-	(15,799)
Closing balance – accumulated depreciation	5,770	5,148	5,770	5,148
Net book value – geological plant and equipment	2,895	3,517	2,895	3,517

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
Computing plant and equipment – at cost	1,558,532	1,348,622	-	-
Additions	35,459	276,263	-	-
Disposals	-	(66,353)	-	-
Closing balance	1,593,991	1,558,532	-	-
Accumulated depreciation				
Opening balance	621,294	254,606	-	-
Depreciation for the year	274,380	390,244	-	-
Disposals	-	(23,556)	-	-
Closing balance – accumulated depreciation	895,674	621,294	-	-
Net book value – computing plant and equipment	698,317	937,238	-	-
Motor vehicles – at cost	-	29,500	-	29,500
Additions	-	-	-	-
Disposals	-	(29,500)	-	(29,500)
Closing balance	-	-	-	-
Accumulated depreciation				
Opening balance	-	23,666	-	23,666
Depreciation for the year	-	1,307	-	1,307
Disposals	-	(24,973)	-	(24,973)
Closing balance – accumulated depreciation	-	-	-	-
Net book value – motor vehicles	-	-	-	-
Office furniture and equipment – at cost	334,826	338,489	343	-
Additions	14,517	4,581	-	343
Disposals	-	(6,674)	-	-
Assets written off	-	(1,570)	-	-
Closing balance	349,343	334,826	343	343
Accumulated depreciation				
Opening balance	151,438	78,827	11	-
Depreciation for the year	54,704	77,180	66	11
Disposals	-	(4,569)	-	-
Closing balance – accumulated depreciation	206,142	151,438	77	11
Net book value – office furniture and equipment	143,201	183,388	266	332
Software – at cost	370,547	426,975	-	-
Additions	3,322	3,960	-	-
Disposals	-	(60,388)	-	
Closing balance	373,869	370,547	-	-
Accumulated depreciation				
Opening balance	196,855	84,206	-	-
Depreciation for the year	70,132	122,128	-	-
Disposals	-	(9,479)	-	-
Closing balance – accumulated depreciation	266,987	196,855	-	-
Net book value – software	106,882	173,692	-	-
Total property, plant and equipment, net	951,295	1,297,835	3,161	3,849

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
9. INVESTMENTS – NON-CURRENT				
Shares – subsidiary companies at cost *(refer Note 20)*	-	-	9,964,066	9,964,059
Provision for diminution in value	-	-	(9,280,245)	(9,275,792)
	-	-	683,821	688,267
10. INTANGIBLE ASSETS				
Research and development				
Opening balance	6,436,636	5,903,110	-	-
Expenditure for year	361,662	533,526	-	-
Total research and development	6,798,298	6,436,636	-	-
Formation costs	6,965	-	-	-
Total intangibles	6,805,263	6,436,636	-	-
11. OTHER ASSETS - NON-CURRENT				
Exploration and development expenditure				
Balance at beginning of year	1,820,000	3,026,873	1,820,000	3,019,992
Direct expenditure for year	60,978	101,900	60,978	101,900
	1,880,978	3,128,733	1,880,978	3,121,892
Transfer of expenditure	-	(6,881)	-	-
Exploration expenditure written off, properties relinquished or sold	(1,082,511)	(1,301,892)	(1,082,511)	(1,301,892)
	798,467	1,820,000	798,467	1,820,000

The ultimate recoupment of the above exploration expenditure is dependant on the successful development and commercial exploitation or alternatively, the sale of the respective areas of interest for a consideration equating to book value.

	Consolidated 2003 $	Consolidated 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
12. PAYABLES – CURRENT				
Trade creditors - unsecured	344,664	331,573	95,890	193,180
13. PROVISIONS				
Employee entitlements	32,396	56,722	6,102	9,908
Number of employees at year end	8	10	2	1

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
14. CONTRIBUTED EQUITY				
a. Ordinary Shares				
433,186,795 fully paid ordinary shares (2002: 413,917,565)	31,680,156	31,433,556	31,680,156	31,433,556
b. Movements in contributed equity for the year				
Balance at the beginning of the financial year	31,433,556	30,908,550	31,433,556	30,908,550
Shares issued during the current financial year:				
- 19,269,230 on 9 August 2002	250,500	-	250,500	-
- Transaction cost relating to share issue	(3,900)	-	(3,900)	-
Shares issued during the previous financial year:				
- 30 on exercise of options	-	6	-	6
- 35,000,000 on 8 February 2002	-	525,000	-	525,000
Total contributed equity	31,680,156	31,433,556	31,680,156	31,433,556

c. Options

There are 164,630,737 unissued ordinary shares for which options were outstanding at 30 June 2003 exercisable at 20 cents on or before 30 June 2004.

Apart from as described above, there have been no conversions to, calls of, or subscriptions for ordinary shares of issued or potential ordinary shares since the reporting date and before the completion of these financial statements.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

	Consolidated 2003 $	Consolidated 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
15. RESERVES				
a. Option Premium Reserve	900,000	900,000	900,000	900,000
b. Movements in Option Premium Reserve				
Balance at the beginning of the financial year	900,000	900,000	900,000	900,000
Total option premium reserve	900,000	900,000	900,000	900,000
16. ACCUMULATED LOSSES				
Accumulated losses at beginning of year	21,538,610	16,958,656	21,538,610	16,411,193
Loss for year	2,348,850	4,579,954	855,219	5,127,417
Accumulated losses at end of year	23,887,460	21,538,610	22,393,829	21,538,610

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
17. DIRECTORS' REMUNERATION				
a. Directors' Remuneration				
Income paid or payable to all Directors of each entity in the economic entity by the entities of which they are Directors and any related parties	571,723	354,150	-	-
Income paid or payable to all Directors of the parent entity by the parent entity and any related parties	-	-	257,017	176,250
Number of parent entity Directors whose total remuneration from the economic entity was within the following bands:			*No.*	*No.*
$0 - $10,000			-	3
$150,001 - $160,000			1	1
$170,001 - $180,000			1	-
$210,001 - $220,000			-	-
$230,001 - $240,000			1	-
b. Executive Remuneration				
SYNERGY has no executive officers in its employ				
c. Retirement and Superannuation Payments				
Amounts of a prescribed benefit given during the year by the parent or a related party to a Director or prescribed superannuation fund in connection with the retirement from a prescribed office	46,784	26,283	23,254	12,500

Full particulars are not provided as the Directors believe this would be unreasonable.

18. CONTINGENT LIABILITIES

The Directors are not aware of any material contingent liability at the date of these financial statements.

19. EXPENDITURE COMMITMENTS

The Economic Entity is committed to prospecting expenditure under current authorities.

In order to maintain current rights to tenure of its mineral tenement leases, **SYNERGY** will be required to outlay amounts in respect of rent and to meet minimum expenditure requirements of the Department of Minerals and Energy. These obligations may be varied from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations by **SYNERGY**.

A royalty will be required to be paid to Newcrest Mining Ltd the vendor of the Tampia Hill Project being 2% of all gold produced.

20. CONTROLLED ENTITIES

Name	Country of Incorporation	Beneficial Percentage Interest Held By Economic Entity		Cost of Chief Entity's Investment		Contribution to Consolidated Operating Loss after Income Tax	
		2003 %	2002 %	2003 $	2002 $	2003 $	2002 $
Newco Mining NL	Australia	-	100	-	4,451	(4,453)	(62,463)
School of the Net Pty Ltd	Australia	100	100	2	2	-	-
Synergy Business Solutions Australia Pty Ltd	Australia	100	100	683,812	683,814	(722,105)	(1,332,762)
Data-**inCrypt**® Pty Ltd	Australia	100	-	1	-	-	-
Synergy Ticketing Pty Ltd	Australia	100	-	1	-	-	-
Synergy Business Solutions Asia Pacific Pty Ltd	Australia	100	-	1	-	-	-
Synergy Technology Group Pty Ltd	Australia	100	-	1	-	-	-
Synergy Technology Australia Pty Ltd	Australia	100	-	1	-	-	-
Synergy Technology Asia Pacific Pty Ltd	Australia	100	-	1	-	-	-
Synergy Technology International Pty Ltd	Australia	100	-	1	-	-	-
				683,821	688,267	(726,558)	(1,395,225)

21. SEGMENT REPORTING

The principal activities of **SYNERGY** during the year were technology, mineral exploration for gold and base metals, diamonds and corporate investment in equities. All activities are undertaken in Australia.

	Total Revenue		Operating Loss		Total Assets		Total Liabilities	
	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Technology								
External customers	253,484	97,268	722,105	1,323,762	7,864,923	7,846,779	275,067	203,522
Intersegment	-	-	-	-	-	-	-	-
Exploration								
External customers	-	-	1,115,659	1,301,892	798,467	1,820,000	25,156	20,730
Intersegment	-	-	-	-	-	-	-	-
Corporate	285,934	95,627	511,086	1,954,300	406,366	1,516,462	76,837	164,043
Total	539,418	192,895	2,348,850	4,579,954	9,069,756	11,183,241	377,060	388,295

22. RELATED PARTY TRANSACTIONS

a. Directors

The Directors of **SYNERGY** during the year were:

Continuing Directors	Previous Directors
RG Moir	ML Bennett (alternate to JM Thew)
JM Thew	
RD Miln	

b. Controlled entities

SYNERGY charged **SYNERGY Australia** interest of $771,526 (2002: $605,330) on outstanding loans. At balance date **SYNERGY Australia** owed **SYNERGY** $8,399,674.

c. Ultimate Holding Company

SYNERGY is the ultimate holding company in the economic entity.

23. EARNINGS PER SHARE

		2003	2002
a.	Basic earnings per share (cents per share)	(0.54)	(1.17)
b.	Diluted earnings per share (cents per share)	(0.54)	(1.17)
c.	Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	430,916,721	392,438,113
d.	Loss used in calculation of basic earnings per share	$2,348,850	$4,579,954
e.	There are 164,630,737 unissued ordinary shares for which options were outstanding at 30 June 2003 exercisable at 20 cents on or before 30 June 2004 that are considered not dilutive and are therefore not used in the calculation of diluted earnings per share.		

24. SUBSEQUENT EVENTS

a. Appointment of Director

On **04 July 2003** the Directors were pleased to announce that **SYNERGY** Chief Financial Officer & Company Secretary (the ASX announcement of 16 October 2002 refers), Mr Mark Popham was appointed a Director of **SYNERGY**, effective 03 July 2003.

b. Mining Plant & Equipment – Ex-Reedy's Gold Processing Plant

For over twelve months the company sought expressions of interest for the sale of the ex-Reedy's Gold Processing plant (situated at six separate locations in the Goldfields / Perth metro area). As no offers were received for the plant as a whole, the plant was subsequently sold off on **11 July 2003** on an "as is, where is" basis by **SYNERGY**.

c. Plaint – "Gecko" Gold Project – M15 / 621, M15 / 1337, P15 / 3874 and L15 / 229

On **25 July 2003** the Warden resolved to recommend to the Honourable Minister that he refuse to grant a Certificate of Exemption to **SYNERGY** for the expenditure year ended 19 October 2001. He further resolved to recommend that M15 / 621 be forfeited.

On **16 September 2003 SYNERGY** commenced proceedings in the Supreme Court of Western Australia by Prerogative Writ seeking orders quashing the decisions made by Warden G N Calder SM on 25 July 2003, in respect of **SYNERGY's** Application for Exemption and an Objection and Forfeiture Plaint lodged by Mr Morellini in respect of M15 / 621.

d. Plaint – "Tampia" Gold Project M70 / 815

SYNERGY's application to dismiss this Objection and Plaint was heard on **21 August 2003**, at the conclusion of which the Warden reserved his decision.

e. Bullabulling – P15 / 4112 & P15 / 4113

In circumstances where there was a real prospect that no funds could be recouped by **SYNERGY** from the sale or joint venture of these tenements, the Board resolved that these additional costs could not be justified and the tenements were surrendered on **22 August 2003**.

f. Capital Raising

On **09 September 2003 SYNERGY** was pleased to announce that it had successfully completed the off market sale of 58,809,524 of its fully paid ordinary shares at a price of 0.7 cents per share to raise $411,666.67 and had entered into a binding contract for the off market sale of a further 7,857,143 of its fully paid ordinary shares at the same price to raise a further $55,000.

The capital raising provided **SYNERGY** with additional working capital to enable it to exploit opportunities for the deployment of its products to a range of customers as it continues its progress towards a cash flow neutral and profitable position.

The total fully paid ordinary shares in question represent all of the 66,666,667 shares recovered by **SYNERGY** from Messrs Floate and Mann, former Directors of **SYNERGY's** wholly owned subsidiary **SYNERGY Australia** (formerly MTIC Corporate Pty Ltd). The sale and transfer of the shares represents the successful culmination of the actions taken by the current Board against the former **SYNERGY Australia** directors to recoup value for **SYNERGY's** shareholders.

g. Appointment of National Development Manager

On **11 September 2003 SYNERGY** on behalf of its wholly owned subsidiary, **SYNERGY Australia**, announced the appointment of **Mr Jason Belci B.Sc.** to the position of **National Development Manager** with immediate effect.

Jason is a graduate of the Curtin University of Technology in Western Australia, with a Bachelor of Science degree majoring in Geographic Information Systems.

Since joining **SYNERGY Australia** four and half years ago, Jason, who is well known to many **SYNERGY Australia** customer organisations / clients, has worked in the capacity of Senior Systems Engineer. He has been extensively involved with the research and development of the **SYNERGY** TradeCentre (suite of products / e-commerce software), **SYNERGY** Ticketing, Data-**inCrypt®** and every other of **SYNERGY Australia's** currently deployed clients' solutions. Additionally he was also involved in the planning, construction, commissioning and now in the administration of the **SYNERGY** DataCentre.

h. Appendix 4E – Preliminary Final Report 30 June 2003

Was released by **SYNERGY** on **12 September 2003**.

i. Resignation of Director

On **25 September 2003 SYNERGY** announced that Mr Russell Miln had tendered his resignation from the position of Director of **SYNERGY** and its associated companies, and as the Chief Technical Officer of **SYNERGY Australia**, the Company's wholly owned subsidiary, in order to focus on pursuing his individual career objectives.

Notwithstanding his resignation, Mr Miln agreed to remain available to **SYNERGY Australia** and its clients on an "as needs" basis providing consultative advice on various projects and on new commercial opportunities.

SYNERGY's announcement on Thursday 11 September 2003 of the appointment of a National Development Manager reflects that under Mr Miln's leadership, **SYNERGY** has developed a strong core of technical expertise that will be more than sufficient to carry on the additional research needed during the commercialisation of the Company's products.

In the short term **SYNERGY** has no immediate plans to replace the vacancy on the Board or fill the position of Chief Technical Officer – having confidence in the technical strength of the existing **SYNERGY Australia** staff – **SYNERGY** intends to utilise its financial resources to increase sales and marketing.

Except for the matters discussed above, there is at the date of this report no other matter or circumstance which has arisen since 30 June 2003 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2003, of the economic entity constituted by **SYNERGY** and the entities it controls from time to time;

(b) the results of those operations; or

(c) the state of affairs, in financial years subsequent to 30 June 2003 of the economic entity.

25. CASH FLOW INFORMATION

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
a. Reconciliation of Cash				
Cash balance comprises:				
Cash on hand and at bank	4,393	17,794	1,967	3,439
Short term call deposits	306,264	1,318,526	256,264	1,253,526
Closing cash balance	310,657	1,336,320	258,231	1,256,965
b. Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities				
Loss from Ordinary Activities after tax	(2,348,850)	(4,954,336)	(855,219)	(5,127,417)
Depreciation	389,860	575,261	688	5,520
Diminution – related entity loan	-	-	(142)	-
Diminution – investment	40,545	66,079	40,545	66,079
Diminution – plant & equipment	-	1,280,000	-	1,280,000
Diminution – controlled entity	-	-	4,453	2,183,638
Exploration expenditure written off	1,082,511	1,301,892	1,082,511	1,301,892
Exploration expenditure	(70,364)	(89,704)	(70,364)	(89,704)
(Profit) / loss on sale of non current assets	(21,800)	7,783	(21,800)	3,028
Changes in assets and liabilities				
Liabilities	(31,525)	(148,623)	(107,876)	(19,452)
Assets	27,199	176,354	(755,291)	(586,090)
Net Cash Flows from Operating Activities	(932,424)	(1,785,294)	(682,495)	(982,506)
c. Acquisition of entities				
During the year the final 20% of **SYNERGY Australia** was acquired. Details of this transaction are:				
Purchase (cash) consideration	-	150,000	-	-
Assets and liabilities held at acquisition date:				
Cash	-	14,542	-	-
Receivables	-	4,355	-	-
Other financial assets	-	15,693	-	-
Tax assets	-	1,132	-	-
Property, plant and equipment	-	327,759	-	-
Intangibles	-	1,180,623	-	-
Creditors and borrowings	-	(1,231,929)	-	-
	-	312,175	-	-
Acquisition of outside equity interest	-	(162,175)	-	-
	-	150,000	-	-

26. FINANCIAL INSTRUMENTS

a. Financial instruments and derivatives

SYNERGY is not exposed to significant financial risks from movements in foreign exchange rates as there are no financial assets and no liabilities denominated in foreign currencies, this is inclusive of both on and off balance sheet financial instruments. The economic entity does not participate in any type of hedging transactions or derivatives.

b. Accounting policies and methods adopted

The accounting policies and methods adopted in relation to each material class of financial asset and liability are disclosed in Note 1.

c. Interest rate risk

SYNERGY's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on those financial assets and liabilities are as follows:

	Notes	Floating Interest Rate $	Non-Interest Bearing $	Total $
2003 Financial Assets				
Cash		310,657	-	310,657
Receivables	5	-	61,872	61,872
Other	6	-	4,195	4,195
		310,657	66,067	376,724
Weighted Average Interest Rate		4.09%		
Financial liabilities				
Trade and other creditors		-	270,648	270,648
		-	270,648	270,648
Weighted Average Interest Rate		10.97%		
2002 Financial Assets				
Cash		1,336,320	-	1,336,320
Receivables	5	-	16,824	16,824
Other		-	275,626	275,626
		1,336,320	292,450	1,628,770
Weighted Average Interest Rate		4.33%		
Financial liabilities				
Trade and other creditors		-	373,634	373,634
		-	373,634	373,634
Weighted Average Interest Rate		12.72%		

d. Credit risk

At balance date the maximum exposure to credit risk to recognised financial assets, excluding the value of any collateral or other security, is the carrying amount net of any provisions for doubtful debts of these assets as disclosed in the statement of financial position and notes to the financial statements.

e. Net fair values

For the financial assets and liabilities disclosed in this note, the fair net value approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

In accordance with section 295(4) Corporations Act 2001 the Directors of **SYNERGY** declare:

(a) that the financial statements, and the notes to the financial statements comply with the accounting standards;

(b) that the financial statements and notes give a true and fair view;

(c) in the Directors' opinion, there are reasonable grounds to believe that **SYNERGY** will be able to pay its debts as and when they become due and payable; and

(d) in the Directors' opinion, the financial statements and notes are in accordance with this law, including:

   (i) section 296 (compliance with accounting standards); and

   (ii) section 297 (true and fair view).

In accordance with section 295(5) Corporations Act, this declaration:

(a) is made in accordance with a resolution of the Directors; and

(b) is dated 30 September 2003; and

(c) is signed by Ronald Moir, a Director.

RG MOIR
Managing Director
Perth, Western Australia
30 September 2003

AUDITOR'S REPORT

TO THE MEMBERS OF SYNERGY EQUITIES GROUP LIMITED

Scope

We have audited the financial report of Synergy Equities Group Limited and controlled entities comprising the Directors Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the financial statements for the year ended 30 June 2003. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards 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 Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Synergy Equities Group Limited and controlled entities is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

(b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Carrying Value of Non Current Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

Included in the financial report as non-current assets is the Company's investment in its wholly owned subsidiary – Synergy Business Solutions Australia Pty Ltd recorded at a cost of $683,812; a loan receivable from that subsidiary recorded at a cost of $8,399,674 and capitalised research and development expenditure relating to the economic entity's intellectual technology recorded at a cost of $6,805,263 (consolidated).

Synergy Business Solutions Australia Pty Ltd has experienced operating losses of $722,105 for the financial year ended 30 June 2003 (2002: $1,332,762). The Directors have not made provisions in the financial report for diminution (if any) in the carrying value of these non current assets. The ultimate recovery of the Company's investment, loan advances and research and development expenditure associated with the operating subsidiary is dependent upon the successful and profitable commercialisation of the subsidiary's technology products.

Included in the financial report as a non current asset is the Company's investment in deferred exploration expenditure totalling $798,467 relating to the Tampia Hill Mineral tenements. The ultimate recoupment of this expenditure is dependent upon the successful defence of the plaints currently being actioned on part of these tenements, and the successful development and commercial exploitation, or alternatively sale of the respective areas of interest for a consideration equating to book value

Dated at Perth this 30th day of September, 2003.

....

K. WESTAWAY
PRINCIPAL

K. WESTAWAY & ASSOCIATES
CHARTERED ACCOUNTANTS

In these Financial Statements unless contrary intention appears the following expressions shall have the following meanings:

SYNERGY	is Synergy Equities Group Limited.
the Company	is Synergy Equities Group Limited.
SYNERGY Australia	is Synergy Business Solutions Australia Pty Ltd, the Company's wholly owned subsidiary.
Data-inCrypt®	is Data-**inCrypt®** Pty Ltd, the Company's wholly owned subsidiary. Data-**inCrypt®** is a remote data backup and recovery facility utilising the internet.
SYNERGY Ticketing	is Synergy Ticketing Pty Ltd, the Company's wholly owned subsidiary.
School of the Net	is School of the Net Pty Ltd, the Company's wholly owned subsidiary.
the Group	is **SYNERGY**, **SYNERGY Australia**, **Data-inCrypt®**, **SYNERGY** Ticketing and School of the Net Pty Ltd.
ASX	is the Australian Stock Exchange Limited.
Blackwoods	is J. Blackwood & Son Limited.
360id	is 360id Pty Ltd.
KHG	is Wesfarmers Kleenheat Gas Pty Ltd.
RPYC	is the Royal Perth Yacht Club of Western Australia Inc.
CCA	is Coca-Cola Amatil Limited.
STC	is the Sydney Theatre Company.
BOCS	is BOCS Pty Ltd.
Wilson Parking	is Wilson Parking Australia 1992 Pty Limited.
SYNERGY TradeCentre	is the suite of products (e-commerce software) developed by **SYNERGY Australia**. The **SYNERGY** TradeCentre is primarily communications software that enables client communication between businesses, customers and their respective computer systems.
SYNERGY DataCentre	is the physical secure environment housing hardware and software that facilitates the application of the **SYNERGY** TradeCentre.
Net-EDI	is an Electronic Data Interchange gateway, being a component of the **SYNERGY** TradeCentre.
I-NetPOS	is a secure payment gateway, being a component of the **SYNERGY** TradeCentre.
E-REMIT	is an application that facilitates Electronic Remittance functionality with electronic payment, being a component of the **SYNERGY** TradeCentre.
SET	is Secure Electronic Transactions, an open technical standard for the commerce industry developed by Visa and MasterCard as a way to facilitate secure payment card transactions over the Internet.
Custom**Cart**	is a customisable generic shopping cart, being a component of the **SYNERGY** TradeCentre.

EBPP	is an Electronic Bill Presentment and Payment service, being a component of the **SYNERGY** TradeCentre.
BITS	is Bunnings Internet Trading System.
BOCS system	is electronic ticketing and box office management software.
E-Procurement	is the business-to-business purchase and sale of supplies and services over the Internet.
SYNERGY CRM	is **SYNERGY Australia** Customer Relationship Management.
ERP	Enterprise Resource Planning - An integrated information system that serves all departments within an enterprise.
XML	is Extensible Mark-up Language, a flexible way to create common information formats and share both the format and the data on the Internet and/or between applications.
Web Service	is software that makes itself available over the Internet and uses a standardized XML messaging system.
EAI	is Enterprise Application Integration, a business computing term for the plans, methods and tools aimed at modernizing, consolidating, and co-ordinating the computer applications in an enterprise.
ASP	is Application Service Provider, an entity that offers individuals or enterprises access over the Internet to applications and related services that would otherwise have to be located in their own personal or enterprise computers.
Internet	loosely speaking, the Internet is made up of computers in more than 100 countries covering commercial, academic and government endeavours. Originally developed for the US military, the Internet became widely used for academic and commercial research and latterly for trade and general public use.
Intranet	is the in-house web site that serves the employees of an enterprise. Although Intranet pages may link to the Internet, an Intranet is not a site accessed by the general public. Intranets use the same communications protocols and hypertext links as the web, thus providing a standard way of disseminating information internally and extending the application worldwide simultaneously.
Extranet	is a private network that uses the Internet protocol and the public telecommunication system to securely share part of a business' information or operations with suppliers, vendors, partners, customers, or other businesses.
Uptime	is the time during which a system is working without failure.
Availability	is the measurement of a system's uptime. Commonly represented as a percentage of uptime during the year i.e. 99.5% availability means the system is "up" for all but a maximum of 44 hours per year. 99.9% availability means the system is "up" for all but a maximum of 8 hours per year.
Backoffice	is software that does not interact directly with the customer. It provides functionality for internal operations such as enterprise resource planning (ERP), inventory control, manufacturing and all of the supply chain activities associated with procuring goods, services and raw materials.
LAN	is Local Area Network.
WAN	is Wide Area Network.

ATM	is Asynchronous Transfer Mode. An ATM connection is network technology for both local and wide area networks (LAN and WAN) that is designed for high quality of service.
UPS	is Uninterruptible Power Supply. A UPS supplies backup power, generally battery based, when electrical power fails or drops to an unacceptable voltage level.
ISO	is International Organisation for Standardisation.
EDI	is Electronic Data Interchange.
EDIFACT	is Electronic Data Interchange For Administration Commerce and Transport. EDIFACT is an ISO standard for EDI.
ANSI	is the American National Standards Institute.
X12	is a protocol from ANSI for EDI.
OBI	is "Open Buying on the Internet", a consortium of companies organised to drive adoption of purchasing on the Internet, by developing and promoting standards for streamlining data interchange and process flow.
Credit Payment solution	is a solution allowing payment for goods by credit card (e.g. AMEX, Diners, Visa, MasterCard etc).
Debit Payment solution	is a solution allowing payment for goods by debit card (e.g. savings or cheque account).
Supply Chain Management	is the overseeing of materials, information and finances as they move in the process from supplier to manufacturer to wholesaler to retailer to consumer. Supply Chain Management involves co-ordinating and integrating these flows both within and among companies
TCP/IP	is Transmission Control Protocol/Internet Protocol. This is a protocol of the Internet and has become the global standard for communications.
UNIX	Unix is a multi-user, multi-tasking operating system that is widely used as the master control program in workstations and especially servers.
FTP	is File Transfer Protocol. A protocol used to transfer files over a TCP/IP network (Internet, UNIX, etc.).
RSA	is (Rivest-Shamir-Adleman) a highly secure cryptography method by RSA Data Security, Inc., Redwood City, CA (www.rsa.com). It uses a two-part key, the owner keeps the private key and the public key is published.
RC6	A secret key cryptographic method developed by RSA Data Security, Inc., Redwood City, CA (www.rsa.com).
Encryption	is the conversion of data into a secret code for transmission.
SSL	is Secure Sockets Layer. A common method of passing information across the Internet securely and the most common security protocol on the Internet.

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