ABN 44 009 148 529

registered office
Level 1
Westcentre
1260 Hay Street
West Perth WA 6005
AUSTRALIA

mailing address
Private Box 1288
West Perth WA 6872
AUSTRALIA

telephone - national **08 9415 2212**
- international **+61 8 9415 2212**

facsimile - national **08 9415 2221**
- international **+61 8 9415 2221**

email - info@synergylimited.com
visit us at - www.synergylimited.com

SYNERGY
EQUITIES GROUP LIMITED

31 October 2006

ELS023.2007

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

Via Electronic Lodgement

SYNERGY EQUITIES GROUP LIMITED ("SYNERGY" or "the Company")

1st QUARTER ACTIVITIES REPORT & COMMITMENTS TEST ENTITY

for the period ended 30 September 2006

HIGHLIGHTS

- lower Data-**inCrypt**® online data backup & recovery customer costs following telecommunications review
- Data-**inCrypt**® forms strategic alliances with BDO in Western Australia and Remtech Australia
- the next version of Data-**inCrypt**®'s "online data backup" software completes beta testing
- Data-**inCrypt**® enters into a corporate partnership with Surf Life Saving Australia
- Data-**inCrypt**® SMX enters implementation phase

OVERVIEW

The Company's cash receipts from customers increased by 11% whilst cash outflow from operations decreased by 16% in this quarter, compared to the previous (the ASX announcement of 31 Jul 06 refers).

As at 30 Sep 06, the Company's cash position stood at $189,063 and trade debtors totalled $49,786. As at the date of this report, the Company is in the process of completing a placement to sophisticated and private investors to raise capital and expects to announce the details by week's end.

The Company lodged SYNERGY Australia's Research and Development Tax Concession application with AusIndustry to claim its "Research and Development Tax Offset" for the financial year ended 30 Jun 06 and anticipates receiving the amount of $58,515 during November 2006.

The quarter was one of significant progress for the Company. The lowering of Data-**inCrypt**® online data backup & recovery customer costs following an extensive telecommunications review (the ASX announcement of 05 Jul 06 refers) reinforced its position in the marketplace as one of the most cost effective "online data backup & recovery" services available worldwide.

The profile of Data-**inCrypt**®'s online data backup & recovery service in the corporate sector was significantly raised during the quarter through the forming of a strategic alliance with BDO Chartered Accountants & Advisers in Western Australia (the ASX announcement of 17 Jul 06 refers), and the entering into of a corporate partnership with Surf Life Saving Australia, a great Australian icon (the ASX announcement of 21 Aug 06 refers).

As at the date of this report the next version of Data-**inCrypt**®'s online data backup & recovery software has completed the final phase of beta testing and deployment into customer organisations has commenced. This version includes support for Microsoft SQL Server and Microsoft Exchange server, being applications commonly used in the top-end SME and corporate markets.

Data-**inCrypt**® is now in the final stages of negotiations with a major Australian-based healthcare provider for the installation of its online data backup & recovery service into over 50 sites nationwide.

Data-**inCrypt**® SMX is currently in the implementation phase at one of Australia's largest independently owned law firms as well as one of Australia's largest independently owned stockbrokers.

The Board believes that these developments will result in significantly increased revenues from Data-**inCrypt**® in the coming quarters.

SYNERGY Australia and Data-**inCrypt**® continue to engage in sales and strategic alliance discussions with a number of national and international organisations in regard to the Company's Internet technology systems. The Company looks forward to keeping the market informed.

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
Data-**inCrypt**®	is Data-**inCrypt**® Pty Ltd, **SYNERGY's** wholly owned Subsidiary
SYNERGY Group	is **SYNERGY**, **SYNERGY Australia** and Data-**inCrypt**®
ASX	is Australian Stock Exchange Limited
SYG	is SYNERGY's ASX code

REVIEW OF OPERATIONS:

TECHNOLOGY

Lower Data-inCrypt® customer costs following telecommunications review

The Company announced on behalf of its wholly owned subsidiary Data-**inCrypt**® Pty Ltd ("Data-**inCrypt**®") that Data-**inCrypt**®'s customers were now incurring lower "online data backup and recovery service" costs following an extensive telecommunications review (the ASX announcement of 05 Jul 06 refers).

Data-**inCrypt**® has reduced the cost of the data transmission component of its "online data backup and recovery service" from the rate of 4c per megabyte ("MB") (inc GST). Existing and new Data-**inCrypt**® customers now have the option to either halve (2c per MB inc GST) or waive completely (0c per MB) transmission costs by committing to either a 12 or 24 month contract term respectively.

Data-inCrypt® forms strategic alliance with Remtech Australia

The Company announced that its wholly owned subsidiary Data-**inCrypt**® had formed a strategic alliance with Remtech Australia Pty Ltd ("Remtech"), a privately owned software company based in Sydney, New South Wales (the ASX announcement of 12 Jul 06 refers).

Data-**inCrypt**® has appointed Remtech a distributor with licensing rights to resell its suite of online data backup and secure email products to the hospitality industry worldwide.

About Remtech

Remtech Australia Pty Ltd is a privately owned software company based in Sydney, New South Wales. Remtech's core products are "ReservIT" an advanced hospitality management system, and "InTouch Point of Sale" a suite of point of sale products for the retail industry. ReservIT is an advanced table reservations system that provides restaurateurs with the management tools to enhance customer care through improved service whilst maximising seating capacity, efficiency and revenues, and is found in restaurants and hotels around the world. InTouch Point of Sale is used at more than 1,400 sites in South Africa and is currently being rolled out to Gloria Jean's Coffees stores worldwide.

Please visit: www.reservit.com.au & www.intouchpos.co.za

Data-inCrypt® forms strategic alliance with BDO Chartered Accountants & Advisers in Western Australia

The Company announced that its wholly owned subsidiary Data-**inCrypt**® Pty Ltd ("Data-**inCrypt**®") had formally executed a memorandum of understanding to enter into a "Teaming Agreement" with BDO Chartered Accountants and Advisers in Western Australia ("BDO (WA)"), for the delivery of Data-**inCrypt**®'s online data backup and recovery service by BDO's IT consulting division to BDO (WA)'s clients (the ASX announcement of 17 Jul 06 refers).

BDO's IT consulting division identified Data-**inCrypt**® as a product that it intends to recommend to BDO (WA)'s clients. Data-**inCrypt**® and BDO (WA) will enter into a "Teaming Agreement" for an initial term of five years.

About BDO

BDO Chartered Accountants & Advisers is one of Australia's largest associations of independently owned accounting practices with offices in Adelaide, Brisbane, Darwin, Melbourne, Perth & Sydney, employing more than 900 people nationally including specialists from every major business discipline including taxation, audit and assurance services, corporate finance, IT and business recovery. The firm is a member of the BDO global network, BDO International. BDO International is the world's fifth largest international accounting and consulting organisation, with a total fee income of US$ 3 billion and a worldwide network of over 620 offices in 105 countries. Some 27,000 BDO partners and staff provide business advisory services throughout the world.

Please visit: www.bdo.com.au

Data-**inCrypt**® target market to rapidly expand

The Company announced on behalf of its wholly owned subsidiary Data-**inCrypt**® Pty Ltd ("Data-**inCrypt**®") that the next version of its "online data backup & recovery" software had entered the final phase of beta testing, with its release planned for late August / early September this year (the ASX announcement of 26 Jul 06 refers).

This significant Data-**inCrypt**® upgrade will represent a further milestone in the continuing evolution of Data-**inCrypt**®'s "online data backup & recovery" service, in that its small to medium enterprise ("SME") and corporate target markets are set to be substantially expanded. An example of this expansion is Data-**inCrypt**®'s recently announced strategic alliance with BDO Chartered Accountants & Advisers in Western Australia (the ASX announcement of 17 Jul 06 refers).

For the first time, Data-**inCrypt**® will include support for Microsoft SQL Server ("SQL") and Microsoft Exchange Server ("Exchange"), being applications commonly used in the top-end SME and corporate markets. SQL and Exchange are typically associated with large volumes of data which in turn translates to increased data storage revenues for SYNERGY.

Surf Life Saving Australia - Corporate Partnership with Data-inCrypt® / Saving Life Savers

The Company was delighted to announce that its wholly owned subsidiary Data-**inCrypt**® Pty Ltd ("Data-**inCrypt**®") had entered into a corporate partnership with Surf Life Saving Australia ("SLSA"), a great Australian icon (the ASX announcement of 21 Aug 06 refers).

Through the corporate partnership, Data-**inCrypt**® will provide its "online data backup and recovery service", which will form an integral component of SLSA's IT disaster recovery plans in each State and the Northern Territory. See www.data-incrypt.com/slsa

The Company considers the SLSA corporate partnership is an important community and business initiative which will generate additional brand awareness for SYNERGY and Data-**inCrypt**® and ultimately build value for its shareholders.

About Surf Life Saving Australia

SLSA is a volunteer organisation with more than 113,000 members spread across 304 affiliated surf life saving clubs in every Australian state and the Northern Territory. In 2007, SLSA will celebrate one hundred years since the formation of the Surf Bathing Association of NSW. In commemoration of this milestone, the Federal Government has declared that 2007 will be officially known as The Year of the Surf Lifesaver.

Please visit: www.slsa.com.au

REVIEW OF OPERATIONS: CORPORATE

Share Placement

The Company announced that it had placed a total of 40,000,000 Fully Paid Ordinary Shares at an issue price of 0.5 cents per share to sophisticated and private investors, raising a total of AUD$200,000. The placement represented 5.5% of the company's enlarged share capital and ranked pari passu in all respects with the existing ordinary shares (the ASX announcement of 31 Jul 06 refers).

4th Quarter Activities Report & Commitments Test Entity

The Company released its 4th Quarter Activities Report & Commitments Test Entity for the period ended 30 Jun 06 (the ASX announcement of 31 Jul 06 refers).

Latest Investor Presentation (August 2006)

The Company released its Latest Investor Presentation (the ASX announcement of 31 Aug 06 refers).

Appendix 4E – Preliminary Final Report for the year ended 30 June 2006

The Company released its Appendix 4E – Preliminary Final Report for the year ended 30 Jun 06 (the ASX announcement of 13 Sep 06 refers).

Overview of Financial Results

The Company referred to the Preliminary Final Report (Appendix 4E) for the year ended 30 Jun 06 and made a number of observations for the benefit of its Shareholders and the market (the ASX announcement of 13 Sep 2006 refers).

Letter to Shareholders / Notice of Extraordinary General Meeting 2006

The Company announced the holding of an Extraordinary General Meeting ("EGM") on Thursday, 26 Oct 06 (the ASX announcement of 25 Sep 06 refers).

The accompanying letter explained the Board's reasons for calling the EGM and how the EGM was significant within the overall strategy for the Company.

DISPOSAL OF RESIDUAL MINING ASSETS

As part of SYNERGY's Deed of Settlement dated 12 Apr 05 with Mr Morellini, SYNERGY is still to receive the equivalent of $275,000 in shares in Meridian Mining Limited upon its listing on the ASX, anticipated to occur by 31 Mar 07.

REVIEW OF OPERATIONS: MATTERS SUBSEQUENT TO 30 SEPTEMBER 2006

TECHNOLOGY

No matters subsequent.

CORPORATE

Suspension from Official Quotation

ASX announced that the Company's securities had been suspended from quotation owing to the Company's failure to lodge its full year accounts for the year ended 30 Jun 06 (the ASX announcement of 02 Oct 06 refers).

Suspension / Full Year Accounts

The Company announced that it was in the process of finalising its full year accounts for the year ended 30 Jun 06 (the ASX announcement of 03 Oct 06 refers).

ASIC Annual Audited Accounts for the Year ended 30 June 2006

The Company released its full year accounts for the year ended 30 Jun 06 (the ASX announcement of 04 Oct 06 refers).

Reinstatement to Official Quotation

ASX announced that the suspension of trading in the Company's securities had been lifted immediately following the release of its full year accounts for the year ended 30 Jun 06 (the ASX announcement of 05 Oct 06 refers).

Results of Extraordinary General Meeting

Pursuant to ASX Listing Rule 3.13.2, the Company announced that all resolutions considered at the Extraordinary General Meeting held on 26 Oct 06 were passed on a show of hands (the ASX announcement of 26 Oct 06 refers).

Top 20 Shareholders

The Company announced the names of the top 20 largest holders of its quoted equity securities (the ASX announcement of 30 Oct 06 refers).

The 2006 Annual Report

The Company released its 2006 Annual Report (the ASX announcement of 30 Oct 06 refers).

Notice of 2006 Annual General Meeting

The Company released its Notice of 2006 Annual General Meeting including Proxy Form (the ASX announcement of 30 Oct 06 refers).

Members please note:

Additional Proxy Forms can be downloaded from the Company's website at www.synergylimited.com.

Dated this 31st day of October 2006.
Signed on behalf of the Board of Synergy Equities Group Limited

Mark Popham
Company Secretary & CFO
SYNERGY EQUITIES GROUP LIMITED

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/05

Name of entity

SYNERGY EQUITIES GROUP LIMITED

ABN	Quarter ended ("current quarter")
44 009 148 529	**30 September 2006**

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (3 months) $A'000
	Cash flows related to operating activities			
1.1	Receipts from customers		136	136
1.2	Payments for	(a) staff costs	(148)	(148)
		(b) advertising and marketing	(3)	(3)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(123)	(123)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		2	2
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other		-	-
	Net operating cash flows		**(136)**	**(136)**

			Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)		**(136)**	**(136)**
	Cash flows related to investing activities			
1.9	Payment for acquisition of:	(a) businesses (item 5)	-	-
		(b) equity investments	-	-
		(c) intellectual property	-	-
		(d) physical non-current assets	-	-
		(e) other non-current assets	-	-
1.10	Proceeds from disposal of:	(a) businesses (item 5)	-	-
		(b) equity investments	-	-
		(c) intellectual property	-	-
		(d) physical non-current assets	-	-
		(e) other non-current assets	-	-
1.11	Loans to other entities		-	-
1.12	Loans repaid by other entities		-	-
1.13	Other (provide details if material)		-	-
	Net investing cash flows		-	-
1.14	**Total operating and investing cash flows**		**(136)**	**(136)**
	Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.		200	200
1.16	Proceeds from sale of forfeited shares		-	-
1.17	Proceeds from borrowings		-	-
1.18	Repayment of borrowings		-	-
1.19	Dividends paid		-	-
1.20	Other		(3)	(3)
	Net financing cash flows		**197**	**197**
	Net increase (decrease) in cash held		**61**	**61**
1.21	Cash at beginning of quarter/year to date		128	128
1.22	Exchange rate adjustments to item 1.20		-	-
1.23	**Cash at end of quarter**		**189**	**189**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	98,253
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Gross salary totalling $54,155 was paid by the Company to Mr Ronald Moir, a Director, in his capacity as Managing Director of the Company for the period commencing 1 July 2006 to 30 September 2006.

Gross salary totalling $24,925 was paid by the Company to Mr Mark Popham, a Director, in his capacity as Company Secretary and Chief Financial Officer of the Company for the period commencing 1 July 2006 to 30 September 2006.

Gross salary totalling $19,173 was paid by SYNERGY Australia to Mr Martin Eade, a Director, in his capacity as Relationship Manager / Infrastructure Architect of the SYNERGY Group for the period commencing 1 July 2006 to 30 September 2006.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	52	49
4.2	Deposits at call	137	79
4.3	Bank overdraft	-	-
4.4	Other	-	-
	Total: cash at end of quarter (item 1.23)	**189**	**128**

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	-	-
5.2	Place of incorporation or registration	-	-
5.3	Consideration for acquisition or disposal	-	-
5.4	Total net assets	-	-
5.5	Nature of business	-	-

Compliance statement

1. This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2. This statement does give a true and fair view of the matters disclosed.

Sign here: ______________________ Date: 31 October 2006
Company Secretary & CFO

Print name: Mark Popham

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

6.2	reconciliation of cash flows arising from operating activities to operating profit or loss
9.2	itemised disclosure relating to acquisitions
9.4	itemised disclosure relating to disposals
12.1(a)	policy for classification of cash items
12.3	disclosure of restrictions on use of cash
13.1	comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.