



Synergy Plus Limited

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Sydney NSW 2000

18 February 2010

## HALF YEAR RESULTS AND OUTLOOK

### HIGHLIGHTS:

- Change of company name and rebranding for the Synergy Plus group
  - Revenue of \$76.8 million (up 3% from the prior corresponding period) and EBITDA of \$2.8 million (up from \$65,000 for the prior corresponding period)
  - Acquisition of Leading Solutions business and key assets
  - Completion of acquisition of Synergy Plus business
  - Rights Issue completed raising approximately \$3.44 million
  - Appointment of Joint Company Secretary
-

## APPENDIX 4D

### RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2009:

<b>Income Statement</b>	<b>Half Year Ended 31 December 2009</b>	<b>Half Year Ended 31 December 2008</b>	<b>Movement</b>	<b>Movement</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>%</b>
Revenue from ordinary activities	76,853	74,549	2,304	3.1
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	2,830	65	2,765	N/A
Finance costs	(879)	(765)	(114)	14.9
Depreciation	(393)	(396)	3	N/A
Net profit before tax	1,558	(1,096)	2,654	N/A
Income tax benefit/(expense)	(734)	343	(1,077)	N/A
Net profit / (loss) after tax attributable to members	824	(753)	1,576	N/A
Net profit / (loss) for the period attributable to members	824	(753)	1,576	N/A

#### DIVIDENDS:

No dividends were paid or declared for payment during the half year period under review.

#### EARNINGS PER SHARE:

	<b>Half Year Ended 31 December 2009</b>	<b>Half Year Ended 31 December 2008</b>
<b>Overall operation</b>		
Basic earnings / (loss) per share (cents per share)	0.58	(0.81)
Diluted earnings / (loss) per share (cents per share)	0.56	(0.76)

Note: Earnings per share are based on a weighted average number of shares on issue of 141,414,920 ordinary shares, diluted to 147,414,920 ordinary shares.

#### NET TANGIBLE ASSET BACKING:

	<b>31 December 2009</b>	<b>31 December 2008</b>
Net tangible asset backing (cents per share)	(5.44)	(5.34)

#### REVIEW OF OPERATIONS:

A detailed review of operations is set out in the Director's Report to the Half Year Report attached.

#### ENTITIES ACQUIRED AND DISPOSED DURING THE PERIOD:

The Company's subsidiary, Synergy Plus Operations Pty Ltd, acquired the business and part of the assets of Leading Solutions Pty Ltd, Leading Solutions NSW Pty Ltd and Leading Solutions QLD Pty Ltd with final settlement taking place on 8 February 2010 subsequent to this period end. The Group has been operating the Leading Solutions business since 16 November 2009 and a formal business sale agreement was entered into on 25 November 2009 for consideration of approximately \$3.9m.



**SYNERGY PLUS LIMITED**  
**(FORMERLY KNOWN AS COMPUTERCORP LIMITED)**  
ABN 31 091 126 082

**HALF YEAR FINANCIAL REPORT**  
**31 DECEMBER 2009**

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2009 ANNUAL REPORT

# **SYNERGY PLUS LIMITED**

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# **SYNERGY PLUS LIMITED CORPORATE DIRECTORY**

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## **Directors**

DV Martino  
KA Dundo  
V Votsaris

## **Company Secretary**

J Tsaban  
S Caporn

## **Registered Office**

1 Puccini Court  
Stirling WA 6021  
Telephone +61 (0)8 9424 4444  
Facsimile +61 (0)8 9424 4526

## **Share Registry**

Security Transfer Registrars Pty Ltd  
PO Box 535  
APPLECROSS WA 6953

## **Auditor**

RSM Bird Cameron Partners  
Level 5  
8 St Georges Terrace  
Perth WA 6000

## **Stock Exchange**

Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

## **ASX Code**

SNR

## **SYNERGY PLUS LIMITED**

### **DIRECTORS' REPORT**

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The directors of Synergy Plus Limited ("the Company") submit the consolidated financial report for the half year ended 31 December 2009 for the Company and its subsidiaries ("the Group"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

#### **DIRECTORS:**

The names of the directors of the Company who held office during or since the end of the half year and up to the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr. DV Martino	Non-Executive Chairman
Mr. KA Dundo	Non-Executive Director
Mr. V Votsaris	Non-Executive Director

#### **REVIEW OF OPERATIONS:**

The principal activity of the Company and its subsidiaries during the financial year was the provision of information and communications technology infrastructure solutions to customers within Australia.

The following table represents highlights for the half year ended 31 December 2009 (H1 FY10).

	<b>31 December 2009</b>	<b>31 December 2008</b>
Revenues	\$76.8	\$74.5m
Earnings before interest and tax (EBIT)	\$2.83m	\$0.1m
Profit / (Loss) before tax	\$1.6m	(\$1.1m)

The Group returned to profitability during a period of significant transformational change within the organisation. The Group restructured its management team and rebranded its name to Synergy Plus in November 2009. The change of name and rebranding was in part a result of the acquisition of the existing Synergy Plus business but primarily to assist the new management team in refocusing the direction of the organisation into the enterprise solutions and services markets. The organisation also took over the operational management of the business of Leading Solutions Pty. Ltd. on 16 November 2009 following the execution of a memorandum of understanding and subsequent business sale agreement to acquire the assets and business of Leading Solutions.

Revenue of \$76.9 million was recorded for the period compared to \$74.5 million for the corresponding period in the previous financial year. This reflects an increase of 3.0% overall. The revenues for this period include the contributions from Leading Solutions Pty. Ltd (acquired with operational effect from 16 November 2009) The Leading Solutions business has now been fully integrated in the new Synergy Plus Group.

The Group's improved performance compared to the corresponding period last year reflects an increase in enterprise level data centre solutions supplied to customers during the period and also reflects a 23.1% increase in services revenue and the successful acquisition and integration of the Leading Solutions business assets.

Expenses increased to \$15.6 million during the half compared to \$14.4 million for the corresponding period last financial year. This increase included a number of non recurring expenses relating to the Leading Solutions acquisition (\$180,000), the aborted S Central acquisition (\$184,000) and the relocation of the Perth and Sydney offices (\$200,000).

During the reported period, the Company announced the termination of the S Central acquisition and the finalization of the Leading Solutions business acquisition. The Company announced five potential acquisitions pursued by the Company during the period of which three were successfully integrated (being the acquisitions of the Rodport t/a Coretech, Paragon and Synergy Plus businesses). The Company terminated the other opportunities following due diligence.

**SYNERGY PLUS LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

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During the period, the Company completed a Rights Issue pursuant to which the Company raised a total of \$3.44 million (\$3.2 million net), as announced on 22 October 2009.

**SUBSEQUENT EVENTS:**

The final settlement of the acquisition of the business assets of Leading Solutions occurred on 8 February 2010, following the execution of a formal business sale agreement on 25 November 2009. The Group has been operating the business of Leading Solutions since 16 November 2009 and the results have been incorporated in the Group's financial statements since that date.

Other than the above, there are no matters or circumstances not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

**ROUNDING OF AMOUNTS:**

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**AUDITOR'S INDEPENDENCE DECLARATION:**

Section 307C of the Corporations Act 2001 requires our auditors, RSM Bird Cameron, to provide the directors of the company with a declaration of independence in relation to the review of the half-year financial report. The auditors' independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.



**DV Martino**  
**Chairman**  
Sydney, New South Wales, 18 February 2010

# RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9101  
www.rsmi.com.au

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF

### SYNERGY PLUS LIMITED

#### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Synergy Plus Limited ("the consolidated entity") which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Synergy Plus Limited as the parent entity and the entities it controlled during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Synergy Plus Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

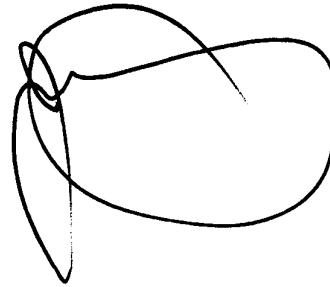
*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Synergy Plus Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'J A Komninos', with a large, stylized flourish extending to the right.

Perth, WA  
Dated: 18 February 2010

J A KOMNINOS  
Partner

# RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
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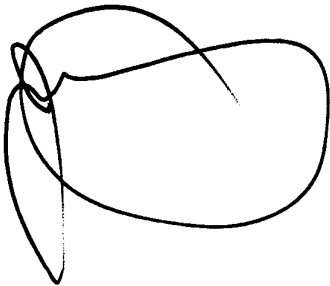
## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Synergy Plus Limited for the half year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants



J A KOMNINOS  
Partner

Perth, WA  
Dated: 18 February 2010

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**SYNERGY PLUS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the Half Year Ended 31 December 2009

	Half-Year Ended 31 December 2009	Half-Year Ended 31 December 2008
Notes	\$000's	\$000's
<b>Revenue</b>		
Revenues from sales and services	74,153	73,311
Other income	2,699	1,238
<b>Expenses</b>		
Changes in inventory	1,323	(531)
Purchase of goods	(61,339)	(60,680)
Employee expenses	(10,284)	(10,052)
Other expenses	(3,722)	(3,221)
Finance costs	(879)	(765)
Depreciation	(393)	(396)
<b>Profit / (Loss) before tax</b>	1,558	(1,096)
Income tax benefit / (expense)	(734)	343
<b>Profit / (Loss) for the period</b>	824	(753)
Other Comprehensive Income	-	-
<b>Profit / (Loss) attribute to members of the parent entity</b>	824	(753)
<b>EARNINGS / (LOSSES) PER SHARE</b>		
<b>Overall Operation</b>		
Basic (cents per share)	0.58	(0.81)
Diluted (cents per share)	0.56	(0.76)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**SYNERGY PLUS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2009

	31 December 2009	30 June 2009
Notes	\$000's	\$000's
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	694	2,123
Trade and other receivables	29,835	19,124
Inventories	3,954	2,531
<b>Total Current Assets</b>	<b>34,483</b>	<b>23,778</b>
<b>NON-CURRENT ASSETS</b>		
Financial assets	84	84
Trade and other receivables	295	182
Property, plant and equipment	3,383	3,011
Deferred tax asset	1,513	2,303
Intangible assets	2 17,551	15,467
<b>Total Non-Current Assets</b>	<b>22,826</b>	<b>21,047</b>
<b>Total Assets</b>	<b>57,309</b>	<b>44,825</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	19,928	17,974
Interest bearing liabilities	181	90
Amounts due to vendor	470	4,300
Provisions	1,535	1,532
<b>Total Current Liabilities</b>	<b>22,114</b>	<b>23,896</b>
<b>NON-CURRENT LIABILITIES</b>		
Convertible notes	4,830	4,780
Interest bearing liabilities	21,152	11,260
Amounts due to vendor	2,000	2,200
Provisions	322	324
<b>Total Non-Current Liabilities</b>	<b>28,304</b>	<b>18,564</b>
<b>Total Liabilities</b>	<b>50,418</b>	<b>42,460</b>
<b>Total Net Assets</b>	<b>6,891</b>	<b>2,365</b>
<b>EQUITY</b>		
Issued capital	30,578	26,978
Reserves	20	(82)
Accumulated losses	(23,707)	(24,531)
<b>Total Equity</b>	<b>6,891</b>	<b>2,365</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

**SYNERGY PLUS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Half Year Ended 31 December 2009

Notes	Share Capital \$000's	Retained Losses \$000's	Reserves \$000's	Total \$000's
<b>Balance at 1 July 2008</b>	26,505	(23,472)	(123)	2,910
Loss attributable to members of the parent entity	-	(753)	-	(753)
<b>Total comprehensive income for the period</b>	-	(753)	-	(753)
<b>Transactions with owners in their capacity as owners</b>				
Employees share options	-	-	41	41
Share based payments	473	-	-	473
	473	-	41	514
<b>Balance at 31 December 2008</b>	26,978	(24,225)	(82)	2,671
<b>Balance at 1 July 2009</b>	26,978	(24,531)	(82)	2,365
Profit attributable to members of the parent entity	-	824	-	824
<b>Total comprehensive income for the period</b>	-	824	-	824
<b>Transactions with owners in their capacity as owners</b>				
Contribution to Equity net of transaction cost	3,106	-	-	3,106
Employees share options	-	-	(33)	(33)
Share based payment	494	-	-	494
Share options for underwriting	-	-	135	135
	3,600	-	102	3,702
<b>Balance at 31 December 2009</b>	30,578	(23,707)	20	6,891

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

**SYNERGY PLUS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Half Year Ended 31 December 2009

	Notes	Half Year Ended 31 December 2009 \$000's	Half Year Ended 31 December 2008 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		65,837	79,554
Payments to suppliers and employees		(73,327)	(83,714)
Finance costs		(829)	(769)
Interest received		-	31
<b>Net cash flows provided by / (used in) operating activities</b>		<b>(8,319)</b>	<b>(4,898)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additional purchase consideration for the business acquired in prior period		(1,739)	-
Payments of amounts due to vendor		(4,030)	-
Purchase of plant and equipment		(515)	(213)
Proceeds from sale of plant and equipment		-	23
Payment for the acquisition of business	3	(50)	(100)
<b>Net cash flows provided by / (used in) investing activities</b>		<b>(6,334)</b>	<b>(290)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares (net)		3,241	-
Increase / (repayment) of borrowings		9,983	997
<b>Net cash flows provided by / (used in) financing activities</b>		<b>13,224</b>	<b>997</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,429)</b>	<b>(4,191)</b>
Cash and cash equivalents at the beginning of the period		2,123	5,010
<b>Cash and cash equivalents at the end of the period</b>		<b>694</b>	<b>819</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanied notes.

# SYNERGY PLUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2009

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### 1. Summary of significant accounting policies

The financial report covers the consolidated entity of Synergy Plus Limited and controlled entities. Synergy Plus Limited is a listed company and incorporated and domiciled in Australia.

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Synergy Plus Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under Corporations Act 2001.

The accounting policies applied by Synergy Plus Limited and its controlled entities in this financial report are the same as those applied by Synergy Plus and its controlled entities in the consolidated financial report as at and for the year ended 30 June 2009 except as stated below:

#### (a) Change in accounting policy

The company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

##### (i) Presentation of financial statements

The company has applied the revised *AASB 101 Presentation of Financial Statements* (2007) from 1 January 2009. The revision of this standard now requires the company to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. The company has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised AASB 101.

##### (ii) Segment reporting

The company has applied *AASB 8 Operating Segments* with effect from 1 July 2009.

Previously operating segments were reported in accordance with *AASB 114 Segment reporting*. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the company to allocate resources and assess performance. In the case of the company the chief operating decision maker is the Board of Directors. As a result of the adoption of AASB 8, the company's reportable segments have changed.

Operating segments now represent the basis on which the company reports its segment information to the Board on a monthly basis. Comparative segment information has been represented to comply with the requirements of AASB 8. The change in policy has resulted in a change to the disclosure presented and not the company's profit or earnings per share.

# SYNERGY PLUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2009

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(iii) Business combinations and consolidation procedures

Revised *AASB 3 Business Combinations* and *AASB 127 Consolidated and Separate Financial Statements* apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the company, include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation.
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree.
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability.
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

This consolidated half year financial report was approved by the Board of Directors on 18 February 2010.

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and director's report have been rounded off to the nearest \$1,000.

(b) Basis of Preparation

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

As disclosed in the financial statements, the Consolidated Group recorded for the six months ended 31 December 2009, a profit attributable to members of \$0.8m (31 December 2008: loss of \$0.7m), had net cash flows used in operating activities of \$8.32m (31 December 2008: \$4.89m) and at the balance sheet date recorded net current assets of \$12.4m (30 June 2009: net current liabilities of \$0.1m).

The directors believe that it is appropriate that the going concern basis of accounting be adopted in the preparation of the financial statements of the Consolidated Group for the six months ended 31 December 2009 based upon the following factors:

- During the reported period, the Consolidated Group has been operating within the terms of the principal financier agreement which currently expires 9 December 2011 for a facility of \$24 million;

**SYNERGY PLUS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Half Year Ended 31 December 2009

- During the year, the Company raised \$3.44m pursuant to capital raising activity by way of a rights issue;
- The Consolidated Group has net current assets of \$12.4m at balance date which reflects an improvement of \$12.5 million compared to 30 June 2009;
- The Consolidated Group has undertaken a cost reduction program in a number of areas of the business; and
- For the twelve month period from the date of this financial report, the Consolidated Group is budgeted to continue increasing its profitability and target positive cash flow trading, from operations.

*Critical accounting estimates and judgments*

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

*Key estimates and judgements*

Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the economic entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 2.

**2. Intangible Assets**

The Group performed an impairment test on goodwill as at 31 December 2009. As a result of the testing, the recoverable amount of the goodwill for the Group was determined to be higher than the carrying value, and consequently no impairment was necessary. The recoverable amount was based on cash flow projections extrapolated for 5 years using a growth rate commensurate with the industry, the market capital loan rate was used as the discount factor on the projected after tax cash flows.

	<b>Half-Year Ended 31 December 2009</b>	<b>Full Year Ended 30 June 2009</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Balance at the beginning of the period</b>	15,467	6,808
Acquisition through business combinations – Goodwill	-	8,565
Additional Goodwill from previous acquisitions	1,801	-
Acquisition through business combinations – Identified intangible assets	283	94
<b>Carrying value at the end of the period</b>	<b>17,551</b>	<b>15,467</b>

**SYNERGY PLUS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Half Year Ended 31 December 2009

**3. Acquisition of Business**

The Company's subsidiary, Synergy Plus Operations Pty Ltd acquired the business and some of the assets of Leading Solutions on 16 November 2009 and the acquisition have settled on 8 February 2010. The acquisition had the following effect on the company's consolidated assets and liabilities:

<b>Leading Solutions' acquired business, assets and liabilities</b>	<b>Recognised values on acquisition \$'000</b>
Plant and equipment	20
Inventories	100
Debtors *	4,794
Identified intangible assets	283
Deferred tax liability	(84)
Discount on acquisition	(737)
Employee costs	(421)
<b>Total purchase consideration</b>	<b>3,955</b>
Monies received from debtors withheld by vendor	(3,926)
Amount due from vendor	21
Net Cash outflow	<u>50</u>

Note: \* The fair value of debtors is based on management's estimate of recoverability.

**4. Contingent liabilities**

The Group has certain contingent liabilities resulting from litigation involving employment matters and which are incidental to the ordinary conduct of its business. The claim under the litigation is for approximately \$170,000. The Group is defending the claim.

**5. Dividends**

No dividends have been declared or paid during the half year ended 31 December 2009 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the half year ended 31 December 2009.

**6. Segment Reporting**

*Business Segment*

For management purposes the Company is organised into two major strategic units which operate in different industries and are managed separately:

- Procurement – provision of Information and Communication Technology ("ICT").
- Services - Managed Services based on annuity and installation services.

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the company reports its primary segment information to the Board on a monthly basis. Information provided by internal financial reporting includes two major reports which include the same type of quantitative information analysed by business unit and by state.

The operating segment analysis presented in these financial statements reflects the operation analysis by business. It best describes the way the Group is managed and provides a meaningful insight into the business activities of the Group. The following tables present details of revenue and

**SYNERGY PLUS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Half Year Ended 31 December 2009

operating profit by operating segment as well as a reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of its operating segments separately.

	<b>Procurement</b>	<b>Services</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2009</b>			
For the half year ended 31 December 2009			
Revenues from external customers	67,554	6,599	74,153
Reportable segment profit before income tax	5,208	1,061	6,269
Reportable segment assets at 31 December 2009	30,001	3,339	33,340

<b>2008</b>			
For the half year ended 31 December 2008			
Revenues from external customers	67,996	5,315	73,311
Reportable segment profit before income tax	3,773	1,147	4,920
Reportable segment assets at 30 June 2009	16,235	2,232	18,467

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of reportable segment profit or loss</b>		
Total profit or loss for reportable segments	6,269	4,920
Discount on acquisition of business	737	-
Finance costs	(879)	(765)
Depreciation	(393)	(396)
Unallocated employee costs	(2,180)	(2,062)
Unallocated overheads	(1,996)	(2,793)
<b>Profit before tax from continuing operations</b>	<b>1,558</b>	<b>(1,096)</b>

	<b>31 December 2009</b>	<b>30 June 2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of reportable segment assets</b>		
Reportable segment assets	33,340	18,467
Unallocated assets	23,969	26,358
<b>Total assets</b>	<b>57,309</b>	<b>44,825</b>

*Geographical Segment*

The consolidated group's operations are based in Australia.

**SYNERGY PLUS LIMITED**  
**DIRECTORS' DECLARATION**  
For the Half Year Ended 31 December 2009

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The directors of the Company declare that:

1. the attached financial statements and notes there to, as set out on pages 7 to 15 are in accordance with the Corporation Act 2001, and:
  - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the Company's financial position as at 31 December 2009 and of the performance as represented by the results of its operations and its cash flows, for the half year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



**DV Martino**  
**Chairman**  
18 February 2010