

DECEMBER 2016 QUARTERLY CASH FLOW REPORT

Panorama Synergy Limited (ASX: **PSY**) (**Panorama** or the **Company**) has today released its quarterly cash flow report for the period ended 31 December 2016 (the **Quarter**).

COMMENTARY

The Company confirms that as at the end of the Quarter it held a cash balance of A\$2.238 million.

During the Quarter, the Company achieved a technologically significant milestone advancing its prototype from a fixed filter micro-spectrometer that produced very good test results in the field, commencing the design and manufacture of a MEMS-based tunable IR filter micro-spectrometer on a chip. This breakthrough broadens the micro-spectrometers application and market scope, and the Company expects to finish building the instrument for field testing very shortly.

This breakthrough accelerated Panorama Synergy's technical progress, and provides potential to access further research grants and commercial application enquiries; the Company received research grants of A\$697,055 under the R&D tax incentive scheme during the quarter.

Finally, following on from the prioritisation to advance its spectrometer technologies, the Company incurred several non-recurring administration expenses including redundancies during the quarter.

– ENDS –

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About Panorama Synergy

Panorama Synergy is a technology company focused on the commercial and technological advancement of its LumiMEMS™ optical readout system and micro-spectrometer technology. These unique technologies have been pioneered by the Microelectronics Research Group (MRG) team at the University of Western Australia (UWA). MRG took the far-sighted decision to be a global centre of excellence in MEMS over a decade ago, creating the opportunity for these breakthroughs. UWA and Panorama Synergy have been partnering in research activities over much of this time.

Website: www.panoramasynergy.com

About MEMS

Micro Electro Mechanical Systems (MEMS) are very small machines built using computer chip technologies. MEMS are highly sensitive machines able to detect and measure chemical and biologic substances, movement and acceleration, gravity, diseases, explosives, food quality and authentication, mineral assessments and a wide range of other applications. Their small size allows them to be robust, draw little power, be lightweight and able to be incorporated into devices such as smart phones and numerous other devices. The Sensor industry, itself a subset of the Internet of Things market, is currently in excess of US\$100 billion, with significant growth rates. Products under development are based on various detection methods, including micro-spectroscopy.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Panorama Synergy Limited

ABN

84 060 369 048

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(389)	(856)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(41)	(41)
(d) leased assets	-	-
(e) staff costs	(328)	(473)
(f) administration and corporate costs	(404)	(786)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	697	697
1.8 Other (provide details if material)		
- Prepaid deposits refunded	-	6
1.9 Net cash from / (used in) operating activities	(461)	(1,443)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(8)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	(8)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,699	3,689
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(461)	(1,443)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(8)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,238	2,238

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,238	2,699
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,238	2,699

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

277

-

Includes payment of accrued fees, superannuation payments and expense reimbursements for all executive and non-executive directors as well as payments to companies associated with directors related to the provision of consulting services, on commercial terms. It also includes termination payments in regards to a contract services agreements with company associated with Dr Nigel Finch.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

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-

N/a

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	681
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	189
9.6 Administration and corporate costs	240
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,110

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	Digital Nervous Systems Pty Ltd
10.2 Place of incorporation or registration	-	Western Australia
10.3 Consideration for acquisition or disposal	-	Deregistration
10.4 Total net assets	-	Nil
10.5 Nature of business	-	Dormant

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
Company secretary

Date: 31 January 2017

Print name: Alyn Tai

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.