

Panorama Synergy Limited

ABN 84 060 369 048

**Appendix 4D and Half-Year Report
For the half year ended 31 December 2017**

Lodged with ASX under Listing Rule 4.2A

Panorama Synergy Limited ABN 84 060 369 048 (Panorama or the Company)

Results for Announcement to the Market

Current reporting period: 1 July 2017 to 31 December 2017

Previous corresponding period: 1 July 2016 to 31 December 2016

		% Change from previous corresponding period		Current reporting period \$A
Revenue from ordinary activities	Up	3,424%	to	1,414,777
Loss from ordinary activities after tax attributable to members	Down	26%	to	1,327,751
Net (loss) for the period attributable to members	Down	26%	to	1,327,751
Final and interim dividends	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend	N/A			

Net Tangible Asset Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share	(0.17 cents)	0.44 cents

Details of entities over which control has been gained or lost

Panorama incorporated a wholly-owned subsidiary Hydrix Pty Ltd on 1 September 2017, which acquired the assets of Hydrix Group on 12 November 2017.

Details of dividends or distribution payments, or dividend or distribution reinvestment plans

No dividends or distributions are payable. The Group does not currently operate a dividend reinvestment plan.

Details of associates and joint venture entities

The Group has no associates or joint venture entities.

Review opinion

This report is based on accounts which have been independently reviewed by the Company's external auditors. A copy of the directors' report and financial statements, together with the auditor's review report, is attached.

Please refer to the directors' report for a detailed explanation and analysis of the Group's performance for the six months ended 31 December 2017. The half-yearly report should be read in conjunction with the most recent annual financial report of the Company.

PANORAMA SYNERGY LIMITED
ACN 060 369 048

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This financial report covers Panorama Synergy Limited ("Panorama" or the "Company") and its subsidiary Hydrix Pty Ltd collectively referred to as "**Group**". The financial report is presented in Australian dollars.

Panorama Synergy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Panorama Synergy Limited
Level 1, 61 Spring Street
Melbourne VIC 3000

PANORAMA SYNERGY LIMITED
ACN 060 369 048

CORPORATE INFORMATION

Directors

Mr Gavin Coote
Chairman

Ms Joanne Bryant
Non-Executive Director

Ms Julie King
Non-Executive Director

Company Secretary

Ms Alyn Tai

Stock Exchange Listing

Panorama Synergy Limited's shares are listed on the Australian Securities Exchange (ASX: PSY)

Share Registry

Link Market Services
Tower 4, Collins Square
727 Collins Street
Melbourne VIC 3008

Registered Office

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Legal Advisers

Holding Redlich
Level 8, 555 Bourke Street,
Melbourne VIC 3000

Auditor

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

The Directors of Panorama Synergy Limited (**Panorama** or the **Company**) present the following report for the half-year ended 31 December 2017.

DIRECTORS

The names of the Company's directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Gavin Coote
Chairman

Ms Joanne Bryant
Non-Executive Director

Ms Julie King
Non-Executive Director

PRINCIPAL ACTIVITIES

The activities of the Group during the half-year were principally that of developing commercial technologies in the MEMS sensor industry.

The Group's principal activities expanded during the half-year ended 31 December 2017, with the acquisition of the business and assets of Hydrix Group, effective 12 November 2017.

Hydrix specialises in the design and development of high technology devices for a wide range of clients around the world including medical technology, safety critical systems and diversified industrial products. It offers a comprehensive range of software, electronics, and mechanical product design services ranging from applied research and initial concept definition and specification, through all stages of engineering, development, prototyping, manufacturer management and certification process management for global markets.

The Group's headquarters are located in the University and commercial technology hub of Mulgrave, Victoria. The Group currently has 60 employees.

REVIEW OF OPERATIONS

The Group achieved several key milestones during the half-year, which are further detailed below.

MEMS Spectrometry

During the half year, the Company successfully fabricated functional prototype chips targeted to suit the needs of the agriculture industry and developed a fully functional, commercially-styled prototype spectrometer, the 'P3'.

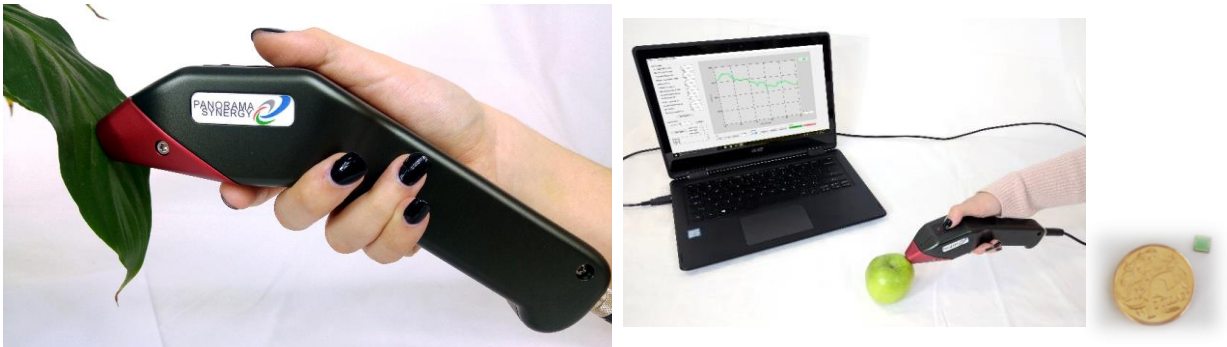
Led by the CEO and Chief Research Officer, and supported by an independent agricultural industry expert, the Company undertook in-the-field demonstrations with many agricultural and agricultural technology companies during the half year.

The Company continues discussions with several of these prospects towards developing bespoke and mainstream commercial applications.

The Company along with the University of Western Australia and Scientific Aerospace was successfully awarded the Defence Grand Challenge four-year project commencing in the first half of 2018. The project will generate grant revenues, drawing heavily on Panorama's know-how in developing a novel light-weight spectroscopy and imaging capability for an unmanned wirelessly controlled drone to be used in a Defence setting.

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Panorama's handheld spectrometer reading and plotting data in real-time for analysis and decision making (left & middle), and its proprietary sensor chip compared to a one-dollar coin (right).



LumiMEMS™

Early proof of concept LumiMEMS™ chips have been shown to function in the controlled laboratory environment at the University of Western Australia, however there continues to be enduring research and other challenges which are inhibiting the technology from being effectively translated to a real-world “in field” application, and efforts to date lack a clear path to robust commercial production.

The Company suspended its LumiMEMS™ research efforts during the half year to focus resources on its core MEMS spectrometry technologies which are closer to commercialisation.

Hydrix

During the half year (on 12 November 2017), the Group completed the acquisition of the business and assets of Hydrix.

The acquisition has provided the Group with core capabilities in technology design and engineering, and will facilitate the Group in achieving its strategic objective of moving beyond its nascent ‘research’ phase to becoming a global leader bringing to market positive life changing technology products, either developed in-house or on behalf of clients.

The key strategic and operating benefits to the Group of the acquisition include the following:

- Access to best of class technology engineers and seasoned business development and market specialists;
- Cross-pollination of innovative thought leading clients, contacts, opportunities and Intellectual Property (IP);
- Delivers increased control over proprietary technologies with the in-sourcing of critical design and engineering functions, reducing product development and commercialisation costs and associated risks inherent in the disclosure of intellectual property to third party contractors; and
- Creates a broad product platform across sensors and IoT product development.

The principal activities of the Hydrix business are described below.

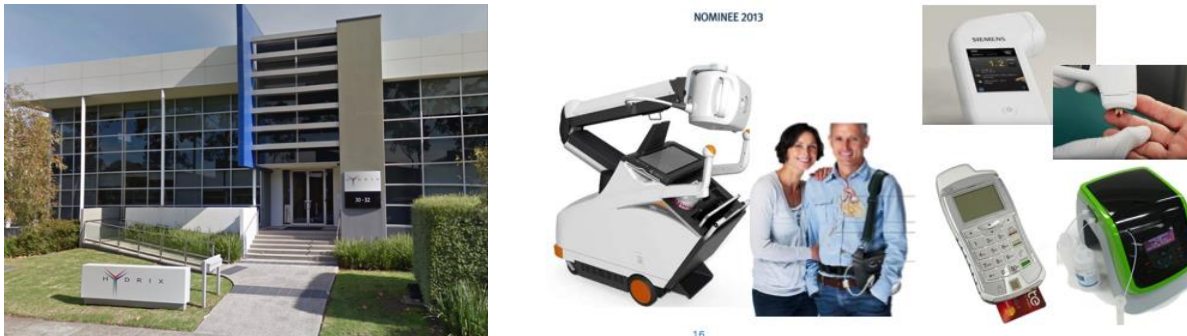
The Hydrix business has a long track record in creating commercial success for its clients by developing ‘first of type’ bespoke engineered products. Hydrix has successfully executed and delivered 300+ projects for more than 100 customers around the world.

Hydrix’s client list includes blue chip global companies such as Siemens, HP and Philips, and many start-ups, private and publicly traded companies and multinationals across Australia, the US and Europe. Hydrix was awarded the ‘Enabling Technology Company of the Year’ at the 2012 Victorian Manufacturing Hall of Fame Awards as well as numerous other Australian and international awards for product design excellence.

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Hydrix produces revenue from its engineering services projects ranging from small industrial design and feasibility projects through to large scale, multi-year, complex and highly specified engineering projects. Recent client wins include the development of a unique Alzheimer's Treatment device, a number of advance cardiac life support systems, vehicle collision avoidance systems and others.

Headquarters: 30-32 Compark Circuit, Mulgrave, Victoria (left), Hydrix client engineered products (right)



Hydrix brings quality control systems to the design and development of medical devices and instruments, including Class I to high risk Class III devices, with recent projects including:

- In-chest mounted cardiac assist device for sufferers of advanced heart disease (Class III);
- Productisation of a constipation treatment device (Class IIa);
- A class II incontinence management device;
- Software development of a Class I app for smartphones to assist in the treatment of tinnitus;
- Atomic Absorption Spectrophotometer redesign for obsolescence; and
- MEMS based RFID tracking - used to monitor the movement of medical supplies.

The Hydrix team has developed systems and devices for a wide range of mining and industrial uses including manufacturing, rail, automotive, communications, renewable energy, power generation and utilities. Recently completed client projects include:

- Machine to machine wireless data communication networks;
- Integration of a wireless modem, GPS and digital radio connectivity into a constrained form factor used in challenging environments with high levels of vibration and dust;
- Remote water monitoring network with wireless connectivity to display real time flow data on Google maps displays;
- Wireless call-centre monitoring and control communications hub;
- Transformer substation Scada control system;
- Systems architecture for an electric vehicle recharging platform;
- Advanced stepper motor control system for computer controlled cutting machines (CNCs) used by aerospace companies; and
- Technical specification for 'Project 25' secure wireless communications system

Hydrix has also developed many products for the business market including telecommunications devices & systems, and monitoring & control equipment. Many of the projects are characterised by:

- Integrated wireless systems used in both regulated and unregulated radio bands (e.g. Wi-Fi, Bluetooth, GSM etc);
- Low power and battery powered devices;
- Inbuilt GPS systems;
- Physical and electronic security; and
- Cutting edge industrial design.

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

GROUP OUTLOOK

Integration

The Group will continue to fully integrate and consolidate the Panorama and Hydrix businesses, in order to maximise operational efficiencies, optimise synergies, and leverage the combined expertise, know-how and customer base of the businesses.

Hydrix

Hydrix will continue to secure 'first of type' product development projects across a variety of its large addressable target markets. Its mandate will expand to support development and commercialisation efforts of Panorama's technologies, and support the drive of the Group's future "buy, build and license" strategies.

MEMS Spectrometry

The Group will continue with its product commercialisation objectives, initially by proving it can leverage its MEMS sensor technology into the large addressable agriculture market sector.

The Group will also continue growing its revenue pipeline of product and services offerings with commercial customers, government funded development grants and collaborative industry partnerships.

With the added engineering capability of the Hydrix business, the Group also intends to actively seek to 'buy, build and license' other platform technologies in a strategy to broaden product market opportunities within agriculture and to eventually expand into medical, safety critical and diversified industrial product systems.

LumiMEMS

As noted above, the Company intends to continue its focus on commercialising its core MEMS spectrometry technologies, initially in the agricultural market sector.

The Board is currently undertaking a holistic review of the Company's technology strategy and intellectual property portfolio, to determine its long-term strategy with respect to the non-core LumiMEMS™ technology.

Accordingly, the Company's LumiMEMS™ research efforts will remain on hold until such time that the strategic review is complete.

RESULTS OF OPERATIONS

For the six months to 31 December 2017 the revenue of the entity was \$1,414,777 (December 2016: \$40,149). The loss after providing for income tax amounted to \$1,327,751 (December 2016: \$1,802,715)

EVENTS AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company to affect significantly the operations of the Group, the results of its operations, or the state of affairs of the Group in the future financial year.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2017 has been received and can be found on page 7 of the Financial Report. This declaration forms part of the director's report.

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

On behalf of the Directors



Gavin Coote
Chairman
28 February 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Panorama Synergy Limited for the half year ended 31 December 2017, 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.

A handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "R B Miano".

R B MIANO
Partner

Dated: 28 February 2018
Melbourne, Victoria

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RSM Australia Partners ABN 36 965 185 036

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

	Note	Group 31 December 2017 \$	Company 31 December 2016 \$
Revenue from ordinary activities	2	1,414,777	40,149
Cost of sales		(148,766)	-
Gross profit		1,266,011	40,149
Other Income		81,249	-
Research and development tax offset		288,144	-
Employee benefits expense		(1,632,308)	(1,058,926)
Share based payment expenses	5(b)	(181,999)	(418,883)
Research and development expenses		(36,596)	(289,629)
Depreciation		(26,569)	(22,346)
Administration expenses		(1,144,856)	(750,134)
Professional fees		(25,483)	-
Loss before income tax		(1,412,407)	(2,499,769)
Income tax benefit		84,656	697,055
Loss for the period		(1,327,751)	(1,802,715)
Other comprehensive income:		-	-
Total comprehensive loss for the period		(1,327,751)	(1,802,715)
Loss attributable to:		(1,327,751)	(1,802,715)
Members of the parent entity		(1,327,751)	(1,802,715)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,327,751)	(1,802,715)
Earnings per share:			
Basic loss per share (cents)	3	(0.25)	(0.36)
Diluted loss per share (cents)		(0.25)	(0.36)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 31 December 2017 \$	Company 30 June 2017 \$
ASSETS			
Current Assets			
Cash & cash equivalents		796,026	913,049
Short term investments	6	444,177	51,225
Trade and other receivables	7	1,585,520	66,449
Work in progress		489,411	-
Prepayments		157,480	11,753
Deferred tax assets		539,141	-
Total Current Assets		4,011,755	1,042,476
Non-Current Assets			
Plant and equipment	8	545,033	283,537
Intangibles	9	5,060,069	-
Other receivables		111,515	-
Other financial assets – available for sale		78,965	92,975
Total Non-Current Assets		5,795,582	376,512
Total Assets		9,807,337	1,418,988
LIABILITIES			
Current Liabilities			
Trade and other payables	10	1,305,232	829,166
Provisions	11	924,495	31,709
Other liabilities		250,708	-
Borrowings	12	1,150,000	-
Total Current Liabilities		3,630,435	860,875
Non-Current Liabilities			
Provisions	11	2,053,829	-
Total Non-Current Liabilities		2,053,829	-
Total Liabilities		5,684,264	860,875
Net Assets		4,123,073	558,113
EQUITY			
Issued capital	5	74,919,543	70,208,830
Reserves		1,447,687	1,265,689
Available for sale financial asset reserve		42,975	42,975
Accumulated losses		(72,287,132)	(70,959,381)
Total Equity		4,123,073	558,113

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2017

	Issued Capital	Share based payment reserve	Available for sale financial asset reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	70,208,830	2,918,541	-	(69,600,301)	3,527,070
Comprehensive income					
Loss for the half-year	-	-	-	(1,802,715)	(1,802,715)
Other comprehensive loss for the half-year	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(1,802,715)	(1,802,715)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the half-year (net of costs)	-	-	-	-	-
Share based payments	-	418,883	-	-	418,883
Expired options	-	(2,542,000)	-	2,542,000	-
Balance at 31 December 2016	70,208,830	795,424	-	(68,861,016)	2,143,238
Balance at 1 July 2017	70,208,830	1,265,689	42,975	(70,959,381)	558,113
Comprehensive income					
Loss for the half-year	-	-	-	(1,327,751)	(1,327,751)
Other comprehensive loss for the half-year	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(1,327,751)	(1,327,751)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the half-year (net of costs)	4,710,713	-	-	-	4,710,713
Share based payments	-	181,999	-	-	181,999
Expired options	-	-	-	-	-
Balance at 31 December 2017	74,919,543	1,447,687	42,975	(72,287,132)	4,123,074

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2017

Note	Group 31 December 2017 \$	Company 31 December 2016 \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (including GST)	992,624	-
Interest received	2,062	9,903
Finance costs	(46,880)	-
Payments to suppliers & employees (including GST)	(2,512,636)	(2,150,037)
Research and development tax refund	288,144	697,055
Refund of deposit	30,000	-
Net cash used in operating activities	(1,246,686)	(1,443,078)
CASHFLOWS FROM INVESTING ACTIVITIES		
Consideration paid	(1,000,000)	-
Cash acquired under business combination	979,664	-
Purchase of plant and equipment	-	(8,130)
Investment in short term deposit	-	(50,000)
Net cash used in investing activities	(20,336)	(58,130)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Proceeds from borrowings	1,150,000	-
Share issue costs	-	-
Net cash provided in financing activities	1,150,000	-
Net (decrease) in cash held	(117,022)	(1,501,208)
Cash and cash equivalents at beginning of period	913,048	3,689,027
Cash and cash equivalents at end of period	796,026	2,187,819

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. Accounting standards applicable to 'for profit' entities have been applied.

This half-year financial report does not include full disclosures of the type normally in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Panorama Synergy Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as detailed below.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group recorded a net loss of \$1,327,751 for the half year ended 31 December 2017 (31 December 2016: net loss of \$1,802,715). The Group had operating cash outflows of \$1,246,686 for the half year ended 31 December 2017 (31 December 2016: operating cash outflows of \$1,443,078).

The Group's activities have changed during the period, as a result of the acquisition of Hydrix. Hydrix is an engineering services business, which is expected to generate profits and positive cashflow in the medium and long term. There is no certainty that Hydrix will generate a profit immediately and as a result could require some cash injections in the immediate term.

The ongoing Panorama enterprise is continuing its normal research and development activities and continues to require cash.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Hydrix business is expected to generate profitable cash flows in the medium to long term once integration efforts are complete;
- The Group has the following financial facilities available: (i) an undrawn amount of \$1.5 million of a \$2.5 million debt facility provided for acquisition purposes, and to support short term acquisition and working capital requirements, and in addition (ii) \$1.35 million remaining of the \$1.5 million shareholder loans which are available in the short term primarily to support the ongoing working capital requirements of Panorama's product development and commercialisation efforts; and
- The Directors may consider an equity capital raising to support its product development and commercialisation activities.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Preparation

The half-year report has been prepared on a historical cost basis, except for the revaluation of certain non-current assets, financial assets and financial liabilities. Cost is based on the fair value of the consideration given in exchange for assets. The Group is domiciled in Australia and all amounts are presented in Australian dollars.

For the purposes of preparing the half-year report, the half-year has been treated as a discrete reporting period.

(c) Adoption of new and revised Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(d) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2017.

(e) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 2: REVENUE AND OTHER INCOME

	Group 31 December 2017 \$	Company 31 December 2016 \$
Revenue	1,408,167	30,246
Interest received	6,610	9,903
Total revenue	1,414,777	40,149

NOTE 3: EARNINGS PER SHARE

	Group 31 December 2017 \$	Company 31 December 2016 \$
(a) Reconciliation of earnings to profit or loss		
Loss	(1,327,751)	(1,802,715)
Earnings used in the calculation of dilutive EPS	(1,327,751)	(1,802,715)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	533,377,478	506,190,788
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	533,377,478	506,190,788
Basic and diluted loss per share	(0.25)	(0.36)

NOTE 4: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		31 December 2017	30 June 2017
Hydrix Pty Ltd	Australia	100	-

*Percentage of voting power is in proportion to ownership

On 1 September 2017 the Company incorporated a subsidiary Hydrix Pty Ltd, which had nil net assets as at the date of incorporation. Subsequent to the incorporation, on 12 November, Hydrix Pty Ltd acquired the assets and assumed certain liabilities of the Hydrix Group.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 5: ISSUED CAPITAL

	Group 31 December 2017 \$	Company 30 June 2017 \$
Issued Capital		
Ordinary shares issued and fully paid (a)	74,919,543	70,208,830
Issued capital	74,919,543	70,208,830

	Date	Shares	Issue price	\$
(a) Ordinary Shares				
Balance	1 July 2017	506,190,788		70,208,830
Issue of shares to key management personnel				
Shares issued	9 October 2017	2,158,395	\$0.04694	101,315
Shares issued	13 November 2017	50,000,000	\$0.09000	4,500,000
Shares issued	12 December 2017	2,214,984	\$0.04939	109,398
Balance	31 December 2017	560,564,167		74,919,543

	Number	\$
(b) Options		
At 1 July 2017	27,600,000	1,265,688
-Share based payments	32,350,000	181,999
At 31 December 2017	59,950,000	1,447,687

Unissued ordinary shares under options

Exercise price	Expiry date	Grant date	31 December 2017	30 June 2017
70 cents options	30 September 2017	31 July 2017	-	5,000,000
20 cent options	5 September 2018	5 September 2017	16,175,000	-
40 cent options	5 September 2019	5 September 2018	6,175,000	-
			22,350,000	5,000,000

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 6: SHORT TERM INVESTMENTS

	Group 31 December 2017 \$	Company 30 June 2017 \$
Short-term bank deposits	444,177	51,225
Total short term investments	444,177	51,225

NOTE 7: TRADE AND OTHER RECEIVABLES

	Group 31 December 2017 \$	Company 30 June 2017 \$
Trade debtors	1,540,804	-
GST receivable	41,381	39,335
Other debtors	3,335	-
Security deposits receivable	-	27,114
Total trade and other receivables	1,585,520	66,449

NOTE 8: PLANT AND EQUIPMENT

	Group 31 December 2017 \$	Company 30 June 2017 \$
PLANT AND EQUIPMENT		
At cost	626,063	346,406
Less accumulated depreciation	(81,030)	(54,461)
Foreign exchange movement	-	(8,408)
Total plant and equipment	545,033	283,537

(a) Reconciliations

Carrying amount at beginning of half-year	283,537	311,962
Additions	-	3,021
Additions acquired via business combination	288,065	
Disposals	-	-
Foreign exchange movement	-	(8,408)
Depreciation expense	(26,569)	(23,037)
Total plant and equipment	545,033	283,537

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 9: INTANGIBLES

	Group 31 December 2017 \$	Company 30 June 2017 \$
Goodwill on acquisition of Hydrix	4,998,295	-
Software at cost	76,061	-
Less accumulated amortisation	(14,287)	-
Total intangibles	5,060,069	-

NOTE 10: TRADE AND OTHER PAYABLES

	Group 31 December 2017 \$	Company 30 June 2017 \$
Accruals	247,556	386,370
Trade creditors	772,529	404,971
Employee PAYGW payable	6,417	29,345
Superannuation liabilities	206,462	-
GST payable	70,573	-
Other payables	1,695	8,480
Total trade and other payables	1,305,232	829,166

NOTE 11: PROVISIONS

	Group 31 December 2017 \$	Company 30 June 2017 \$
CURRENT		
Annual leave	580,404	31,709
Long service leave	99,118	-
Straight line rent liability	244,973	-
Total current provisions	924,495	31,709
NON-CURRENT		
Long service leave	206,286	-
Contingent consideration	883,865	-
Straight line rent liability	963,678	-
Total non-current provisions	2,053,829	-
Total provisions	2,978,324	31,709

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 12: BORROWINGS

The fair value of borrowings is as follows:

	Group 31 December 2017 \$	Company 30 June 2017 \$
CURRENT		
Loans	1,150,000	-
Total borrowings	1,150,000	-

An unsecured \$1,500,000 loan facility with a 2% interest rate has been provided by a major shareholder. During the six months ended 31 December 2017 \$150,000 was drawn down on this facility. A separate 12-month loan facility of \$2,500,00 has been provided to the Company by a shareholder, in order to fund the Company's acquisition of the business assets of Hydrix. During the six months ended 31 December 2017 \$1,000,000 was drawn down on this facility. The remaining loan facility is available for potential earn-out consideration and working capital requirements as required. The loan is secured over the assets of the Hydrix subsidiary (ACN 621 448 299) and is guaranteed by Panorama Synergy Limited. The loan facility has an interest rate of 11%.

NOTE 13: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets

There are no contingent assets at reporting date.

Contingent Liabilities

The Company has royalty commitments in relation to its technology agreements with the University of Western Australia which are contingent on various future commercialisation outcomes of the technologies.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 14: OPERATING SEGMENTS

Segment Information

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that two separately identifiable segments exist.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the management. Management is responsible for the allocation of resources to operating segments and assessing their performance.

All the assets are located in Australia.

BUSINESS	Hydrix Pty Ltd Engineering Services 31 December 2017	Panorama Synergy Research and Development 31 December 2017	Total Operations 31 December 2017
REVENUE			
Other revenue	-	369,393	369,393
External sales	1,408,167	-	1,408,167
Interest revenue	4,820	1,790	6,610
Total segment revenue	1,412,987	371,183	1,784,170
Net profit/(loss) for the year	(243,822)	(1,083,929)	(1,327,751)
ASSETS			
Segment Assets	4,997,744	-	4,997,744
Assets Unallocated	4,166,426	643,167	4,809,593
Total assets	9,164,170	643,167	9,807,337
LIABILITIES			
Segment liabilities	-	-	-
Unallocated liabilities	(3,870,492)	(1,813,772)	(5,684,264)
Total liabilities	(3,870,492)	(1,813,772)	(5,684,264)
Other Segment Information			
Capital expenditure	288,066	-	288,066
Depreciation and amortisation	(9,239)	(17,330)	(26,569)

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company to affect significantly the operations of the Group, the results of its operations, or the state of affairs of the Group in the future financial year.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

NOTE 16: BUSINESS COMBINATIONS

Assets and liabilities acquired as a result of the business combination were:

Assets and liabilities acquired	Recognised on acquisition at fair value \$
Cash	1,017,655
Trade receivables	1,413,044
Work in progress	474,431
Deferred tax assets	454,485
Other assets	383,018
Plant and equipment	288,065
Trade and other creditors	(360,413)
Provisions	(1,983,871)
Other liabilities	(300,843)
Net identifiable assets acquired	<u>1,385,570</u>
Add: goodwill	<u>4,998,295</u>
Total purchase consideration	<u>6,383,866</u>

The goodwill on acquisition arises as a result of a premium being paid in excess of the fair value of the net assets acquired. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition.

Initial accounting incomplete

The accounting for the acquisition of Hydrix is provisional in relation to the determination of the fair value of identifiable intangible assets acquired, if any.

Contribution since acquisition

Since the acquisition date of 12 November 2017, the operations of Hydrix have contributed revenue of \$1,412,987 and a loss after tax of \$243,822.

Transaction costs

Transaction costs directly related to the acquisition have been expensed through the profit or loss and amount to \$108,265.

Consideration

The consideration consisted of an initial cash payment of \$1,000,000 as well as 50,000,000 ordinary shares in Panorama Synergy Limited. 25,000,000 shares are subject to an escrow period of 12 months and 25,000,000 shares are escrowed for 24 months. The contingent consideration is provisioned in the accounts in the amount of \$883,865 and becomes payable quarterly from 31 March 2018 calculated at 25 per cent of Hydrix Pty Ltd's quarterly earnings before interest and tax.

DIRECTORS' DECLARATION

In the opinion of the Directors of Panorama Synergy Limited (the **Company**):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half year then ended.
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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Board of the Company:



Gavin Coote
Chairman
28 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PANORAMA SYNERGY LIMITED

We have reviewed the accompanying half-year financial report of Panorama Synergy Limited ("the Company") which comprises the consolidated interim statement of financial position as at 31 December 2017, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year 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 2017 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 Panorama Synergy 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Panorama Synergy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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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 Panorama Synergy 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 2017 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 AUSTRALIA PARTNERS



R B MIANO
Partner

Dated: 28 February 2018
Melbourne, Victoria