

JUNE 2016 QUARTERLY CASH FLOW REPORT

Panorama Synergy Limited (ASX:PSY) (**Panorama** or the **Company**) today released its quarterly cash flow report for the period ending 30 June 2016.

COMMENTARY

During the period, the Company received a cash grant of \$386,726 under the Australian Taxation Office and AusIndustry's Research and Development Tax Incentive program. As previously announced, the Company will continue to participate in grant schemes in future years.

Cash payments during the period included a number of non-recurring costs to support the Company's continuing research and development activities. These costs include expenditure associated with the purchase of specialised microscope spectrometer test and optical characterisation equipment for use in spectroscopy, and the development of an automatic test bed to measure optical continuity for Panorama's LumiMEMS™ technology. Total non-recurring costs paid by the Company during the period was approximately \$332,000.

Additionally, during the quarter, the Company made a further cash contribution of \$182,000 pursuant to its funding obligations as a commercialisation partner of the University of Western Australia, under an ongoing ARC Linkage Grant on the LumiMEMS™ technology. The Company's funding obligations under the ARC Linkage Grant will expire at the end of 2016.

Net operating cash outflow for the June 2016 quarter was \$609,000, with a further \$140,000 in non-recurring cash outflow relating to investment in non-current assets. In reviewing the Company's liquidity and cash flow, the Directors note the Company holds a cash balance of \$3.689 million as at 30 June 2016.

DEVELOPMENT AND COMMERCIALISATION ACTIVITIES

During the quarter, the Company made a number of changes to the Board of Directors, including the appointment of Dr Nigel Finch as Executive Chairman. Dr Finch will work with the Company as it accelerates its efforts on commercialisation opportunities and initial revenue generation from its dual technology platforms; LumiMEMS™ and chip-based spectrometers.

The Company has recently undertaken a strategic and market review to prioritise the targeting of customer opportunities for its dual technology platforms in the Food & Agriculture, Defence and Industrial Process sectors (collectively, **Priority Markets**).

The Company is working with collaboration partners in these Priority Markets to incorporate specific customer needs that adapt one or both of the Company's dual technology platforms. Collaboration partners provide the Company with sector-specific knowledge, competitive intelligence and detailed customer requirements which are valuable inputs to the Company's proof-of-concept, demonstration and prototype units.

The collaboration partners will also assist in introducing, distributing or reselling the Company's technology to end-user customers whereby the Company could receive revenues in the form of: fee-for-service research; licencing fees; revenue from the sale of components or finished products; royalties; joint venture and profit sharing arrangements; and/or professional service and support fees.

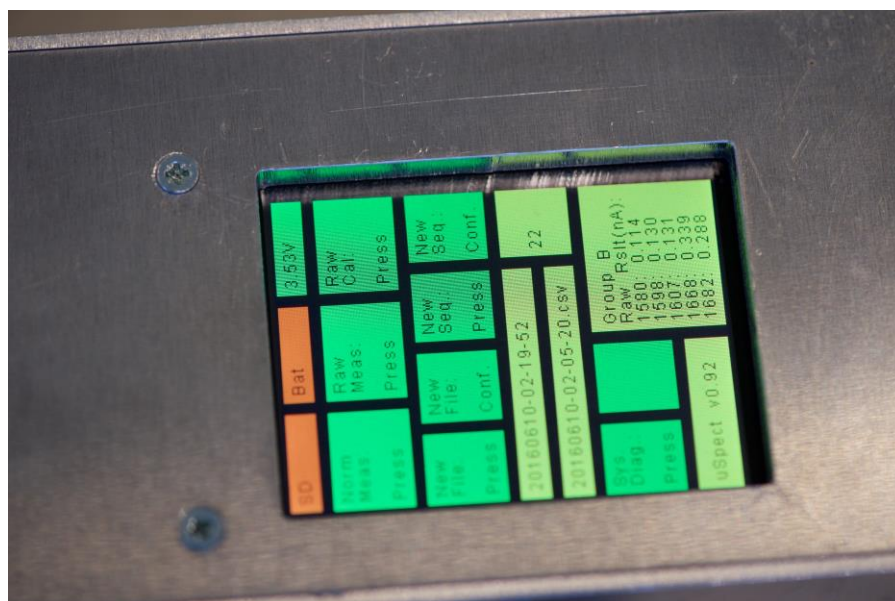
In May 2015, the Company announced that it had agreed to supply Quantify Technology Pty Ltd (**Quantify**), a private Perth-based company, with air quality sensors. Since the announcement, the Company has had a number of discussions with Quantify and has agreed to cease pursuing this early-stage opportunity. As stated above, the Company will focus on opportunities in the Priority Markets.

During the quarter, the Company continued to strengthen its portfolio of intellectual property assets. In particular, it has responded to examiners on several of the LumiMEMS patents, further updated the micro-spectroscopy patents; and had the "LumiMEMS" trademark accepted for the European Union.

The Company has completed the analysis of its small development batch runs. Whilst the build of the photonics components on the wafers was successful, the mechanical portion of the batch highlighted some deficiencies in the foundry's production process. The Company has subsequently modified the design of the mechanical portion of the device to be less susceptible to process variations and has commenced running test wafers at the University of Western Australia. This is an iterative process to ensure the design is optimised for operational performance and increased manufacturing yield of the LumiMEMS™ sensor.

In addition, the Company has completed its final review of the automated test bed for LumiMEMS which was fabricated by Hydrix, a Melbourne-based company that specialises in the design and development of high technology devices for a wide range of industries around the world. The completion of the automated test bed innovation shortens cycle time for testing sensor component designs.

The Company has built the first demonstration chip-based spectrometer utilising its technology that validates the ability to take spectroscopic measurements and showcase its attributes in limited field testing in front of prospective customers. This first device is enabling Panorama's transition from the laboratory into the real world. A photograph showing readings taken by a demonstration device is shown below.



Demonstration hand-held chip-based spectrometer incorporating Panorama's technology.

Following the production of the demonstration chip-based spectrometer, the Company is now developing small-sized highly sensitive “tunable” sensors for the Priority Markets. At the heart of the chip-based spectrometers is a tuneable Fabry-Perot MEMS chip. Developments so far have included prototype design, manufacture of the initial masks and componentry and the testing of a number of optical devices. Much of this activity is being undertaken at the *NanoScale Research Facility* at the University of Florida, USA (**Facility**).

The Facility was selected by the Company because of their demonstrated experience in microfabrication of similar MEMS devices. The modern facility has a new cleanroom and offers all the semiconductor processing equipment needed for fabrication of this micromachine. Initial testing on thin film material depositions and their optical properties has been completed. The device design modifications for this iteration are complete and processing of the first "full loop" wafer has commenced.

The Company will shortly be providing a further update to shareholders that outlines its research and development milestones and its strategy for commercialisation in the Priority Markets. It is expected the update will be despatched to shareholders during the current 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 the chip-based 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 an \$86 billion market with significant growth rates. Products under development are based on various detection methods, including micro-spectroscopy.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

PANORAMA SYNERGY LTD

ABN

84 060 369 048

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(108)	(551)
(b) advertising and marketing	-	-
(c) research and development	(667)	(1,816)
(d) leased assets	-	-
(e) other working capital	(240)	(981)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	98
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D Grant received	386	395
Net operating cash flows	(609)	(2,855)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(609)	(2,855)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(140)	(140)
(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 – Security Deposits	-	-
Net investing cash flows	(140)	(140)
1.14 Total operating and investing cash flows	(749)	(2,995)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(749)	(2,995)
1.21 Cash at beginning of quarter/year to date	4,438	6,684
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,689	3,689

+ See chapter 19 for defined terms.

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	103
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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 advisory services, on commercial terms.

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

N/A

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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	3,639	4,388
4.2 Deposits at call	50	50
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	3,689	4,438

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.



Dr Nigel Finch
 Executive Director
 29 July 2016

+ See chapter 19 for defined terms.

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 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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.