

Market Update

KEY POINTS

- PSY has undertaken significant restructuring of its Hydrix subsidiary over the last 4 months to improve and expand the Group's organisational capability
- PSY continues to transition from research to commercialisation of its core technologies
- Key market growth strategies are being finalised for presentation to investors in the near term

Panorama Synergy Limited (**PSY** or the **Company**) is pleased to provide shareholders with an update on the Group's activities, in conjunction with the Company's release of its Appendix 4C (Quarterly Cash Flow Report) for the quarter ending 31 March 2018.

Post Hydrix acquisition optimisation initiatives

Over the last four months, the Group has been focussed on executing a number of post-Hydrix acquisition optimisation initiatives, with a view to restructuring and streamlining the operations of the Hydrix business. Improvements to Hydrix's client focus, project management capabilities, processes and financial monitoring and control systems have been systematically implemented, and additional staff have been recruited to accelerate project delivery.

PSY update

With the assistance of senior Hydrix executives, the PSY team has developed a number of key product and service growth strategies targeting opportunities in fast growing market segments including Medical Technology, Critical Systems and Consumer & Industrial sectors.

PSY continues to transition from research stage to a phase of commercialisation of its key Microelectromechanical systems (MEMS) spectrometry technology. The addition of Hydrix's development capabilities to PSY's MEMS chips provides the Company with strong capability to develop complete spectrometry solutions for clients. To accelerate the design and fabrication to commercial levels of reliability, PSY has hired a number of experienced Melbourne-based MEMS design and test engineers and contractors.

PSY has entered into an agreement with the Melbourne Centre for Nanofabrication (**MCN**) to start MEMS chip test fabrication runs. Based less than a kilometre from PSY's headquarters, the MCN facility provides leading edge chip fabrication equipment and processes. PSY intends to continue its current fabrication at the University of Florida in order to ensure seamless supply of test chips, while MCN steadily ramps up its processes to suit PSY's chip needs.

PSY continues to advance commercial conversations with a number of agricultural clients and medical technology partners towards the development of custom spectrometry solutions. As with any unique and cutting-edge technology like PSY's, securing initial customers can be subject to extensive evaluation and discussions as customers satisfy themselves as to the technology's performance and the risk and return on investment.

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Cashflow and capital raising

In the absence of extraordinary items, the Group expects to report a negative cash flow for the current quarter ending 30 June 2018.

The Board is aware that the Company's current cash reserves are limited relative to the Company's current operating expenses. The Company continues to take steps to improve its cash flow position, and in particular is in the process of developing a capital raising strategy, the details of which will be announced to the market once the strategy is finalised. It is intended that funds raised from the capital raising will be applied towards the roll out of PSY's sectoral strategies; to fund short term working capital requirements of the Group; to aid the expansion of Hydrix's engineering capabilities into identified high growth specialist areas; and to accelerate MEMS product development activities. In addition, the Board continues to explore opportunities for growth through the acquisition of complementary businesses, and looks forward to providing shareholders with updates in this regard.

About Panorama Synergy Limited

Panorama Synergy (ASX: PSY) is a technology company focused on the commercialisation of its microelectromechanical systems (MEMS) spectrometry sensor technology. Combining the engineering design capability of its fully owned subsidiary Hydrix, the Company provides high end engineering product development services and products for its Clients in the medical, critical systems and consumer & industrial market sectors. Learn more at <http://www.panoramasynergy.com/> and <http://www.hydrix.com>.

– ENDS

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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 March 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,364	3,357
1.2	Payments for		
	(a) research and development	(295)	(658)
	(b) product manufacturing and operating costs	(171)	(513)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(2,487)	(3,388)
	(f) administration and corporate costs	(668)	(1,398)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	(28)	(75)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	21	267
1.8	Other (provide details if material)		
	- Prepaid deposits refunded	-	30
	- Transaction costs – Hydrix	(24)	(180)
1.9	Net cash from / (used in) operating activities	(1,287)	(2,534)

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2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(68)	(68)
	(b) businesses (see item 10)	-	(1,000)
	(c) investments	-	-
	(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) Cash assumed under Business Combination	-	980
2.6	Net cash from / (used in) investing activities	(68)	(88)
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	650	1,800
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	650	1,800

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4.	Net increase / (decrease) in cash and cash equivalents for the period	(704)	(821)
4.1	Cash and cash equivalents at beginning of quarter/year to date	796	913
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,287)	(2,534)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(88)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	650	1,800
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	92	92

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	92	796
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)	92	796

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(65)
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	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	4,000	1,800
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.		

The Company has combined shareholder loan facilities of \$4.0 million of which \$2.2 million was available at 31 March 2018 for working capital purposes and contingent acquisition related payments. There are two loan facilities:

- An unsecured \$1.5 million loan facility with a 2.0% interest rate provided by a major shareholder. During the 9 months ended 31 March 2018 \$0.75 million was drawn down on this facility, leaving available funds under this facility of \$0.75 million; and
- A secured 12-month loan facility of \$2.5 million provided to the Company by a separate shareholder. The loan is secured by the assets of the Hydrix subsidiary (ACN 621 448 299), is guaranteed by Panorama Synergy Limited and carries an interest rate of 11.0%. Of this facility, \$1.0 million was used to fund the Company's acquisition of the business assets of Hydrix announced on 13 November 2017. During the March 2018 quarter, \$50,000 was drawn down for working capital purposes. Funds remaining under this facility of \$1.45 million at 31 March 2018 are available for working capital purposes and contingent acquisition related payments.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	250
9.2	Product manufacturing and operating costs	103
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	2,529
9.6	Administration and corporate costs	638
9.7	Other (provide details if material)	10
9.8	Total estimated cash outflows	3,530

The estimated cash outflows set out above combine both Panorama and its controlled entity Hydrix. The estimated cash inflows for the next quarter from income generated by the combined businesses and not reflected in the above estimated cash outflows is \$2.0 million.

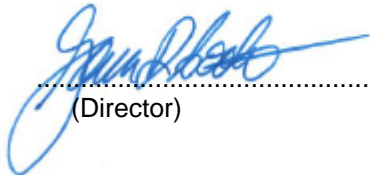
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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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:



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(Director)

Date: 30 April 2018

Print name: Gavin Coote

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.

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