

Market Update

KEY POINTS

- Transformation of Panorama Synergy (“PSY”) continues with the integration of Hydrix
- Hydrix and Memphasys (ASX: MEM) announce collaboration to build next generation equipment to assist the global IVF market
- Hydrix continues to win new multi-stage product development work for a variety of clients
- PSY continues to advance commercial discussions with a number of Agricultural partners

MARKET UPDATE

The transformation of PSY continues with the integration of the Hydrix operation. Hydrix group is an innovative specialist design and engineering services business developing sophisticated products for customers worldwide.

Leveraging the R&D strengths of PSY with Hydrix’s large group of development engineers has resulted in the acceleration of commercial projects as set out below:

- Memphasys (ASX: MEM) has signed an agreement with Hydrix to develop ‘Felix’ its lead product designed to prepare sperm for use in artificial insemination. MEM is a developer of cutting-edge proprietary technology to combat male infertility. Alison Coutts the Executive Chairman of MEM said that, “Memphasys is excited to work with Hydrix to develop our insemination device. Hydrix has an unparalleled track record in developing medical technology and the success of Felix will help many childless couples to be able to conceive’. Stage 1 of the project, to develop a prototype for clinical validation, is estimated at \$600,000. The entire project has an estimated value of \$1.6M over the next 18-24 months.
- In line with earlier customer announcements, Hydrix has secured orders for follow on stages of development work for Queensland Brain Institute’s novel Alzheimer’s treatment device, and Bivacor’s unique artificial heart and control device.

PSY continues to advance commercial conversations with a number of agricultural clients towards the development of custom spectrometry devices using the Company’s proprietary MEMS sensor technology.

Panorama Synergy (ASX: PSY) is a technology company focused on the commercialisation of its microelectromechanical systems (MEMS) sensor technology. Combining the engineering capability and experience of Hydrix, the Company provides valuable capability and exposure to the growing multi-billion-dollar MEMS spectroscopy, sensors and Internet of Things (IoT) markets

– ENDS

Contact Information:

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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 December 2017

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	993	993
1.2	Payments for		
	(a) research and development	(189)	(363)
	(b) product manufacturing and operating costs	(342)	(342)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(776)	(901)
	(f) administration and corporate costs	(525)	(730)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(47)	(47)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	267	267
1.8	Other (provide details if material)		
	- Prepaid deposits refunded	-	30
	- Transaction costs – Hydrix	(112)	(156)
1.9	Net cash from / (used in) operating activities	(730)	(1,247)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	(1,000)	(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	980
2.6	Net cash from / (used in) investing activities	(20)	(20)
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	1,150	1,150
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	1,150	1,150

4.	Net increase / (decrease) in cash and cash equivalents for the period	400	(117)
4.1	Cash and cash equivalents at beginning of quarter/year to date	396	913
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(730)	(1,247)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,150	1,150
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	796	796

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	796	396
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)	796	396

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	-
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	

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	1,150
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.		

An unsecured \$1,500,000 loan facility with a 2% interest rate has been provided by a major shareholder. During the current quarter ended 31 December 2017 \$150,000 was drawn down on this facility.

During the current quarter a separate 12-month loan facility of \$2,500,000 has been provided to the Company, in order to fund the Company's acquisition of the business assets of Hydrix, as announced to the market on 5 September 2017. During the current quarter \$1,000,000 was drawn down on this facility. The remaining loan facility is available for potential earn-out considerations of the acquisition 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%.


9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	226
9.2	Product manufacturing and operating costs	335
9.3	Advertising and marketing	10
9.4	Leased assets	-
9.5	Staff costs	2,644
9.6	Administration and corporate costs	560
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	3,775

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 \$2.75 million.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Acquisition of business assets of Hydrix Group by Hydrix Pty Ltd (subsidiary of Panorama Synergy Limited)	-
10.2 Place of incorporation or registration	Australia	-
10.3 Consideration for acquisition or disposal	Initial cash payment \$1,000,000 Issue of 50,000,000 ordinary shares in Panorama Synergy Limited on 12 November 2017. The shares are subject to an escrow period of 18 months. Contingent cash of \$883,865 payable quarterly from the quarter ending 31 March 2018 as per the asset sale agreement.	-
10.4 Total net assets	(\$ '000) Cash and equivalents - \$1,018 Receivables - \$1,413 Inventory - \$474 Plant and equipment - \$288 Other assets - \$383 Deferred tax asset - \$565 Intangibles – To be determined (currently subject to valuation) Other liabilities – (\$239) Payables – (\$360) Provisions – (\$1,984) The balance of net assets acquired relates to intangibles which are subject to provisional accounting.	-
10.5 Nature of business	Hydrix group is an innovative specialist design and engineering product development business specialising in the development of sophisticated products for customers worldwide.	-

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: 
(Director)

Date: 31 January 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.