



**PANORAMA SYNERGY LIMITED
AND CONTROLLED ENTITIES**

ABN: 84 060 369 048

**Financial Report For The Year Ended
30 June 2016**

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Financial Report For The Year Ended 30 June 2016

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PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

CORPORATE INFORMATION

DIRECTORS

Dr Nigel Finch (Executive Chairman)
Mr Terry Walsh (Managing Director and CEO)
Mr Glenn Ross (Non-Executive Director)

COMPANY SECRETARY

Ms Alyn Tai

REGISTERED OFFICE

Level 1, 61 Spring Street
Melbourne VIC 3000

PRINCIPAL PLACE OF BUSINESS

Level 1, 61 Spring Street
Melbourne VIC 3000

POSTAL ADDRESS

Level 1, 61 Spring Street
Melbourne VIC 3000

AUDITORS

Deloitte Touche Tohmatsu
Tower 2, Brookfield Plaza
123 St Georges Terrace
Perth WA 6000

LEGAL ADVISORS

Gadens
Level 25, 600 Bourke Street
Melbourne VIC 3000

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

COMPANY WEBSITE

www.panoramasynergy.com

ASX CODE

Shares: PSY

**COUNTRY OF INCORPORATION AND
DOMICILE**

Australia

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors of Panorama Synergy Limited (the "**Company**") I am pleased to present to you our 2016 Annual Report.

The Company's principal asset is a portfolio of Patents across two advanced technology sensor platforms, LumiMEMS™ and microspectroscopy. Throughout the year the microspectrometer development included the fabrication of the first proof-of-concept product. This achievement is a significant milestone for the Company as it begins to transition from a development to a commercialisation phase.

The future development iterations for the LumiMEMS™ platform include exploring differently designed active components as alternatives to the cantilever design. In addition, the combination of these innovations coupled with the Fabry-Perot cavity will open up some interesting product possibilities for our advanced sensors.

Critical to the commercial success of both MEMS sensor technology platforms is collaboration with partners with deep industry-specific knowledge in key target markets. Gaining data from in-field studies and similar user trial activities is necessary as the Company attunes the technologies to meet specific end-customer requirements.

It is expected that such collaboration will assist in rapidly advancing the development from proof-of-concept units to demonstration and prototype units which will ultimately lead to the Company earning its first revenue from the multi-billion-dollar global market for precision embedded sensors for detection, measurement and monitoring in an ever growing number of applications, especially in the Food & Agriculture, Defence and Industrial Process sectors (collectively, Priority Markets).

The coming year will see the Company undertake a number of exciting developments which we anticipate to include commercial arrangements with internationally recognisable organisations operating in Priority Markets and the incorporation of a US-based subsidiary. While the Company will continue its Australian domicile, the wholly owned subsidiary will have responsibility for undertaking specific aspects of the planned development activities whereby the Company's US presence will entitle it to, among other things; access to cutting-edge US-based prototyping and production facilities, access to a deeper pool of experienced scientific and commercialisation staff, and greater intimacy with potential US-based end-user customers and critical partners across the manufacturing supply chain partnerships.

The coming year will also see the Company continue its valuable research linkage with the University of Western Australia with research progressing in fields such as the application of LumiMEMS™ technology within liquid-filled environments and the detection of specific bacteria using the LumiMEMS™ technology. While this applied research is in its infancy, it nonetheless provides an important scientific foundation for the Company to identify future market opportunities and to extend the domain of its portfolio of Patented technologies.

In line with the Company's strategy to deliver returns to shareholders, the Board intends to, where appropriate, pursue opportunities for accelerating growth by way of acquisitions and strategic partnerships that complement the Company's intended commercialisation pathways and business operations.

I take this opportunity to thank all shareholders, our employees, my fellow Directors and all our stakeholders for their continued support.



Dr Nigel Finch
Executive Chairman
31 August 2016

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

DIRECTORS' REPORT

Your directors submit the Annual Financial Report together with the Consolidated Financial Statements of Panorama Synergy Limited (the **Company**) and its controlled entities (the **Group**) for the year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001* (Cth) (**Corporations Act**), the directors report as follows:

INFORMATION ON DIRECTORS

The names of 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.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Dr Nigel Finch

MCom LL.M MBA PhD CA CTA FCPA FTIA FAICD

Executive Chairman – Appointed 1 June 2016

Dr Nigel Finch is a company director and adviser with extensive experience in working with early-stage and emerging ASX-listed companies. He is Managing Director of Saki Partners, a transaction advisory firm assisting public and private sector clients with strategy execution and financial performance. He was formerly an Associate Dean at The University of Sydney Business School and a member of CPA Australia's International Advisory Committee. He holds degrees in accounting, business and law and PhD in business law. He is a Chartered Accountant, a Chartered Tax Adviser and a Fellow of the Taxation Institute of Australia, CPA Australia and the Australian Institute of Company Directors.

During the past three years he has served as a director on Mach7 Technologies Limited (ASX.M7T), Skydive The Beach Group Limited (ASX.SKB) and KNeoMedia Limited (ASX.KNM).

Mr Terry Walsh

B.Bus

Managing Director, Chief Executive Officer – Appointed as Managing Director 14 January 2011

Prior to joining Panorama Synergy four years ago, Mr Walsh had been with Cisco Systems Inc ("Cisco") for 15 years, the last 5 years as the Chief Executive Officer of Cisco Canada. He has more than 28 years' experience in the technology industry. He served in various capacities with Cisco during his time there, including leading Cisco Australia / New Zealand's Telecommunications business, serving as Cisco A&NZ's Managing Director for a number of years before transferring to Canada. During this tenure as Cisco Canada's CEO he more than tripled its revenues elevating Cisco Canada to one of Cisco's Top 5 performing countries.

Mr Walsh also served on The Hon Senator Richard Alston's Broadband Advisory Group in 2004/05 and was Co-Chair of the Canadian e-Business Initiative, providing recommendations to the Canadian Government. Mr Walsh also serves as a member of the Board of Governors of the Smith Family, an Australian organisation dedicated to improving the quality of life and education of our disadvantaged youth.

During the past three years he has not served as a director of any other ASX listed companies.

Mr Glenn Ross

Non-Executive Director – Appointed 18 October 2015

Mr Ross has broad industry experience working with multinational companies in both a technical and sales capacity including Mobil Oil, Cargill and Rio Tinto. Mr Ross is an investment manager with a focus on both private and public company investments.

During the past three years he has served as a director on Molopo Energy Limited (ASX.MPO).

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT (CONTINUED)

Mr Aidan Montague

Assoc.Civil Eng

Director, Executive Chairman – Resigned 26 June 2016

Mr Montague has more than 25 years' experience in sales and marketing operations, along with a strong technology and internet background. He has held a number of senior roles with Cisco Systems Inc, both locally and overseas. In his role as Director of Strategic Alliances (Asia Pacific) for Cisco, Aidan negotiated alliance agreements with many of the major telecommunication companies throughout China, Korea, Singapore, Australia and elsewhere. More recently his focus has been in the areas of Internet Marketing, New Media Applications and in particular, assisting businesses market their products and services over the internet.

Aidan is a Professional Engineer with a career in information technology, communications and online marketing. He graduated from the West Australian Institute of Technology (now Curtin University) in 1974.

During the past three years he has not served as a director of any other ASX listed companies.

Mr Jeff Braysich

MBA (Wisc) BCom

Director, Executive – Resigned 18 October 2015

Dr Jason Chaffey

BSc PhD

Director, Executive – Resigned 2 July 2015

COMPANY SECRETARY

Ms Alyn Tai

LLB (Hons)

Company Secretary – Appointed 26 June 2016

Ms Tai is a practising lawyer who specialises in the areas of corporate and commercial law, and the provision of company secretarial and legal counsel services to ASX-listed entities.

Mr Phillip Wingate

Appointed 18 October 2015 and resigned 26 June 2016

Mr Anthony Karam

Resigned 18 October 2015

INTEREST IN THE SHARES AND OPTIONS OF THE COMPANY

At the date of this report, the relevant interests of Directors in the Company's securities were:

Director	Note	Number of Ordinary Shares	Number of Options
Dr Nigel Finch	(i)	40,000	2,000,000
Mr Terry Walsh	(ii)	44,040,501	3,300,000
Mr Glenn Ross	(iii)	100,000	-

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT (CONTINUED)

The Directors' relevant interests in the Company's securities shown above are as follows:

- (i) Dr Nigel Finch has a relevant interest in 40,000 fully paid ordinary shares, which he holds jointly with Mrs Elizabeth Jane Finch. Under the terms of Dr Finch's appointment, the Company has agreed to issue Dr Finch with 2,000,000 options to acquire shares; the issue of these options is subject to shareholder approval, which the Company will seek at its 2016 Annual General Meeting.
- (ii) Terry Walsh has a relevant interest in 44,040,501 fully paid ordinary shares, which are held as follows:
 - a. 1,359,477 ordinary shares are held by Flet Investments Pty Ltd ATF Walsh Investment A/C;
 - b. 12,688,698 ordinary shares are held by Flet Investments Pty Ltd ATF The Walsh Investments A/C
 - c. 29,992,326 ordinary shares are held by Flet Superannuation Pty Ltd ATF Walsh Superannuation Fund

In addition, Terry Walsh has a relevant interest in 3,300,000 unlisted options, which comprise:

 - d. 1,100,000 options each exercisable at \$0.70, with a vesting date of 31 July 2017 and expiry date of 30 September 2017
 - e. 2,200,000 options each exercisable at \$1.20, with a vesting date of 31 July 2017 and expiry date of 30 September 2018
- (iii) Glenn Ross has a relevant interest in 100,000 ordinary shares, which he holds jointly with Mrs Susan Elizabeth Woolley ATF the Woolley Ross Superannuation Fund.

SHARE OPTIONS - UNISSUED SHARES

At the date of this report, there were 18,300,000 options to acquire ordinary shares of Panorama Synergy Limited as follows:

Unissued ordinary shares under options

Note	Class of Unlisted Options	Exercise Price	Vesting Date	Expiry Date	Grant date	Fair value at grant date	Balance at 30 June 2016	Balance at date of this report
(i)	Class 1 Options	\$0.14	30 Sep 2016	15 Dec 2016	27 Feb 2015	\$0.2542	10,000,000	10,000,000
(ii)	Class 2 Options	\$0.70	31 Jul 2017	30 Sept 2017	27 Feb 2015	\$0.1473	6,100,000	6,100,000
(iii)	Class 3 Options	\$1.20	31 Jul 2017	30 Sept 2018	27 Feb 2015	\$0.1422	2,200,000	2,200,000

- (i) 1,000,000 Class 1 Options were lapsed during the year due to vesting conditions not being met
- (ii) 4,900,000 Class 2 Options were lapsed during the year due to vesting conditions not being met
- (iii) 8,800,000 Class 3 Options were lapsed during the year due to vesting conditions not being met

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT (CONTINUED)

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or declared since the start of the period and the directors do not recommend the payment of a dividend in respect of the period.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The activities of the consolidated entity constituted by Company and the entities it controlled during the financial year was principally that of developing commercial applications to various technologies and concepts. The Company's significant areas of focus are the research, development and commercialisation of its LumiMEMS™ Reader optical readout system for Micro Electro Mechanical Systems, and the research, development and commercialisation of its spectroscopy sensors, and the development of technological deviations from this research.

There were no significant changes in the nature of the consolidated Group's principal activities during the financial year.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR OPERATING RESULTS

The consolidated statement of comprehensive income shows a net loss after tax attributable to members of \$4,880,714 (2015: \$4,020,406).

REVIEW OF OPERATIONS

The Company made a number of changes to the board of directors (**Board**), 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. It is expected the Company will make additional executive appointments as it builds out further experience across its team.

The Company has 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.

OUTLOOK

Panorama has an experienced scientific team and solid long-term partnerships which are essential for the business to continue to execute on developing its technology and executing on the long-term plan to be a global leader in the MEMS sensor, microspectroscopy and Internet of Things (IOT) markets. The Board would like to thank all shareholders for their continued support and invaluable contribution over the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year not otherwise dealt with in this reporting period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The management team and Board of the Company are continuing to review opportunities available to the Company, which includes the assessment of new opportunities.

ENVIRONMENTAL ISSUES

The Company's operations are subject to environmental regulations under the law of the Commonwealth and State. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

INDEMNIFYING OFFICERS OR AUDITOR

During the period, the Company paid a premium of \$18,000 in respect of a contract insuring the directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Deloitte Touche Tohmatsu, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Deloitte Touche Tohmatsu during or since the financial year.

The Company has not otherwise, during or since the period, agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability as such an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

MEETINGS OF DIRECTORS

During the financial year, 5 formal meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings

	Number eligible to attend	Director's meetings attended
Dr Nigel Finch	1	1
Mr Aidan Montague	5	5
Mr Terry Walsh	5	5
Mr Glenn Ross	4	4
Mr Jeff Braysich	0	0
Dr Jason Chaffey	0	0

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT (CONTINUED)

NON-AUDIT SERVICES

No non-audit services have been provided by the entity's auditor, Deloitte Touche Tohmatsu.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 21 of the Financial Report.

REMUNERATION REPORT (AUDITED)

Remuneration policy

The remuneration report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for key management personnel (**KMP**) who are defined as those persons having the authority and responsibility for planning and directing the major activities of the Company and the consolidated entity, directly and indirectly, including any director (whether executive or otherwise) of the parent Company.

Details of Key Management Personnel

(i) Specified directors

Dr Nigel Finch (Executive Chairman) (Appointed 1 June 2016)

Mr Aidan Montague (Executive Chairman and Non-Executive Director) (Resigned as Executive Chairman on 1 June 2016 and resigned as Non-Executive Director on 26 June 2016)

Mr Terry Walsh (Managing Director and Chief Executive Officer)

Mr Glenn Ross (Non-Executive Director) (Appointed 18 October 2015)

Mr Jeff Braysich (Executive Director) (Resigned 18 October 2015)

Dr Jason Chaffey (Executive Director) (Resigned 2 July 2015)

(ii) Specified executives

Mr Anthony Karam (Company Secretary) (Resigned 18 October 2015)

Remuneration Philosophy

The performance of the consolidated entity and its subsidiaries depends on the quality of the consolidated entity's directors, executives and employees and therefore the Company must attract, motivate and retain appropriately qualified industry personnel.

Remuneration policy

The remuneration policy of Panorama has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

-The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants where required.
-All KMP receive a base salary, superannuation, fringe benefits, options (subject to shareholder approval in the case of directors) and performance incentives.
-Performance incentives are only paid once predetermined key performance indicators (KPIs) have been met.
-Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
-The Board reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The Board has not established a formal remuneration committee, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the

REMUNERATION REPORT (AUDITED) (CONTINUED)

necessity of a formal remuneration committee, such a committee will operate under the Remuneration Committee Charter which has been approved and adopted by the Board.

The Board, in performing the function of the remuneration committee, reviews remuneration packages and practices applicable to the Managing Director and senior executives and the Board itself. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the progress related to developing and commercialising the technology. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Specified Director Remuneration

Dr Nigel Finch – Executive Chairman

Duration – three (3) years from the effective date of 1 June 2016.

Remuneration terms

- i. Fixed remuneration – The base remuneration is \$240,000 per annum (plus statutory superannuation to the maximum required by law).
- ii. Annual performance bonus – Dr Finch is entitled to receive an annual performance bonus subject to achieving the targets determined by the Board. The amount of the performance bonus may be revised annually and the performance bonus targets shall be determined by the Board annually (yet to be determined at the date of this report).
- iii. Expenses – Dr Finch is entitled to claim from the Company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of his duties and responsibilities (and upon production of satisfactory receipts).
- iv. Review – The Company will review Dr Finch's performance annually and may, following a review, elect at its discretion to increase his remuneration or vary his benefits (if any).
- v. Options – The Company has agreed to issue Dr Finch with 2,000,000 options to acquire shares; the issue of these options is subject to shareholder approval, which the Company will seek at its 2016 Annual General Meeting.

The expiry date of the options will be five (5) years from the date of issue, and the exercise price will be \$0.236 per option (being 190% of the 10-day volume weighted average price preceding the date of Dr Finch's appointment). The options will vest to Dr Finch (or his nominee) on the following basis: 50% on completion of 12 months continued services; and 50% on completion of 24 months continued services. Upon vesting, each option entitles Dr Finch to acquire one share upon payment of the exercise price.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Termination of agreement

- i. Dr Finch's engagement may be terminated at any time by the Company giving him 6 months' written notice of termination (or payment in lieu of such notice). The Company may terminate Dr Finch's engagement immediately in certain circumstances including serious misconduct and material breach of the Agreement. The Company may also terminate Dr Finch's engagement if he is incapacitated for an extended period.
- ii. Dr Finch may terminate his engagement at any time by giving the Company 6 months' written notice of termination.
- iii. Under certain termination condition Dr Finch shall be entitled to receive an additional month's Consultancy Fee for each full year of continuous service since the commencement date, plus a pro-rata consultancy fee for any part of a year of continuous service provided.

Non-competition and non-solicitation

Dr Finch must not, during his engagement, except with the written consent of the Company, engage in (directly or indirectly) any undertaking or business of a similar nature to, or in competition with, the business of the Company. In addition, certain restraints apply to Dr Finch after termination of his engagement with the Company for any reason, including that for a period of 12 months post termination, Dr Finch may not be involved in any business activities in Australia which are in competition with the Company's activities.

Mr Terry Walsh – Managing Director and Chief Executive Officer

Duration – three (3) years from the effective date of 26 June 2016.

Remuneration

- i. Fixed remuneration – Mr Walsh's base remuneration is \$400,000 per annum (Base Salary) plus statutory superannuation contributions at 9.5% per annum.
- ii. Short term incentives - Mr Walsh is eligible to receive a short term incentive from the Company (**STI**), which will be structured as a cash payment subject to achievement of relevant financial and non-financial performance measures, assessed after the end of each financial year on the basis of the Company's audited annual accounts. Mr Walsh's maximum entitlement to receive a STI for each financial year is 50% of his Base Salary (which will be apportioned pro-rata for any period which is less than one year).
- iii. Long term incentives – Mr Walsh will be invited to participate in the Company's long term incentive plan (**LTIP**) to be established by the Board, under which he will be entitled to receive performance rights to acquire ordinary shares in the Company (**Performance Rights**). The vesting of the Performance Rights will be subject to certain performance hurdles, including prescribed revenue targets and continuous employment.

Termination of employment

- i. Mr Walsh's employment may be terminated at any time by the Company giving him 6 months' written notice of termination (or payment in lieu of such notice). The Company may terminate Mr Walsh's employment immediately in certain circumstances including serious misconduct and material breach of the Agreement. The Company may also terminate Mr Walsh's employment if he is incapacitated for an extended period.
- ii. Mr Walsh may terminate his employment at any time by giving the Company 6 months' written notice of termination.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Non-competition and non-solicitation

Mr Walsh must not, during his employment, except with the written consent of the Company, engage in (directly or indirectly) any undertaking or business of a similar nature to, or in competition with, the business of the Company. In addition, certain restraints apply to Mr Walsh after termination of his employment with the Company for any reason, including that for a period of 12 months' post termination, Mr Walsh may not be involved in any business activities in Australia which are in competition with the Company's activities.

The terms for services agreement for Mr Walsh below relate to the period 1 July 2015 – 26 June 2016.

- Term of agreement – initially 3 years from April 2014
- Fringe Benefits – not applicable
- Termination period – 1 month by either party
- Termination benefits – a lump sum payment equal to twelve months of remuneration when early termination by the Company
- Termination benefits – one-month notice pay when employment contract early terminated by employee

During the period Mr Walsh had a Consultancy agreement with the Company. The fees for which can be seen in the remuneration table on page 14.

Mr Aidan Montague

- Term of agreement – initially 3 years from April 2014
- Fringe Benefits – not applicable
- Termination period – 1 month by either party
- Termination benefits – a lump sum payment equal to twelve months of remuneration when early termination by the Company
- Termination benefits – one-month notice pay when employment contract early terminated by employee

During the period Mr Montague had a Consultancy agreement with the Company. The fees for which can be seen in the remuneration table on page 14.

Mr Jeff Braysich

- Term of agreement – initially 3 years from April 2014
- Fringe Benefits – not applicable
- Termination period – 1 month by either party
- Termination benefits – a lump sum payment equal to twelve months of remuneration when early termination by the Company
- Termination benefits – one-month notice pay when employment contract early terminated by employee

Dr Jason Chaffey

- Term of agreement – initially 3 years from November 2014
- Fringe Benefits – not applicable
- Termination period – 1 month by either party
- Termination benefits – a lump sum payment equal to twelve months of remuneration when early termination by the Company
- Termination benefits – one-month notice pay when employment contract early terminated by employee

REMUNERATION REPORT (AUDITED) (CONTINUED)

Specified Executive Remuneration

Mr Anthony Karam

- Term of agreement – initially 3 years from April 2014
- Fringe Benefits – not applicable
- Termination period – 1 month by either party
- Termination benefits – a lump sum payment equal to twelve months of remuneration when early termination by the Company
- Termination benefits – one-month notice pay when employment contract early terminated by employee
- Mr Karam also provided company secretarial services

The employment terms and conditions of KMP are formalised in contracts of employment.

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting.

Further details of the Key Management Personnel remuneration for the year are detailed in Note 6.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of directors and otherwise in the execution of their duties as directors. A director may also be paid additional amounts as fees or as the directors determine where a director performs extra services or makes any special exertions, which in the opinion of the directors are outside the scope of the ordinary duties of a director.

Engagement of Remuneration Consultants

During the financial year, Mr Brian Thomas of B D Thomas and Associates was engaged by the Board to review the elements of KMP remuneration and provide recommendations. B D Thomas and Associates was paid \$5,000 (excluding GST) for the remuneration recommendations relating to the review of the elements of KMP.

The Board is satisfied that the remuneration recommendations were free from undue influence by members of KMP to whom the recommendations relate.

Remuneration Details for the Year Ended 30 June 2016

The following tables detail, in respect to the financial year, the components of remuneration for each member of KMP of the consolidated group:

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REMUNERATION REPORT (AUDITED) (CONTINUED)

Table of Benefits and Payments for the year ended 30 June 2016

	Short-term benefits			Post Employment Benefits	Equity-settled share-based Payments ⁶	Total
	Salary	Fees	Cash Bonus	Superannuation	Options	
2016	\$	\$	\$	\$	\$	\$
Directors						
Dr Nigel Finch	-	20,000	-	1,900	7,654 ⁷	29,554
Mr Terry Walsh	18,000	126,000	17,250	3,349	177,712	342,311
Mr Glenn Ross ¹	31,572	66,915	-	-	-	98,487
Mr Aidan Montague ²	12,000	123,130	11,500	2,233	(104,394)	44,469
Mr Jeff Braysich ³	3,581	21,614	111,581 ³	680	(104,394)	33,062
Dr Jason Chaffey ⁴	22,663	-	-	1,758	(201,672)	(177,251)
Total Directors	87,816	357,659	140,331	9,920	(225,094)	370,632
Specified Executives						
Mr Anthony Karam ⁵	3,581	21,614	111,581 ⁵	680	(104,394)	33,062
Total	91,397	379,273	251,912	10,600	(329,488)	403,694

¹ Glenn Ross appointed on 18 October 2015, previously part of the advisory board.

² Aidan Montague resigned as Non-Executive Director on 26 June 2016.

³ Jeff Braysich resigned 18 October 2015, Cash Bonus contains termination payments for employment and consulting agreements.

⁴ Jason Chaffey resigned 2 July 2015.

⁵ Anthony Karam resigned 18 October 2015, Cash Bonus contains termination payments for employment and consulting agreements.

⁶ The options issued to Aidan Montague, Jeff Braysich, Jason Chaffey and Anthony Karam lapsed during the year, due to their resignations during the year and subsequent non-satisfaction of vesting conditions of continued employment. The options issued to each of them were accordingly lapsed, cancelled and the expense reversed. For further information regarding the treatment of the share based payments, refer to Note 6 of the Notes to the Financial Statements.

⁷ Dr Nigel Finch has not yet received the options to which the Equity-settled share-based Payments relate; these options will be issued subject to shareholder approval being obtained at a General Meeting in accordance with the terms of Dr Finch's appointment.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

REMUNERATION REPORT (AUDITED) (CONTINUED)

Table of Benefits and Payments for the year ended 30 June 2015

	Short-term benefits			Post Employment Benefits	Equity- settled share-based payments	Total \$
	Salary \$	Fees \$	Cash Bonus \$	Superannuation \$	Options \$	
2015						
Directors						
Mr Aidan Montague	30,500	83,000	100,000	2,898	104,394	320,792
Mr Terry Walsh	45,750	121,000	150,000	18,596	104,394	439,740
Mr Jeff Braysich	30,500	83,000	100,000	12,398	104,394	330,292
Dr Jason Chaffey	139,367	-	50,000	17,990	201,673	409,030
Total Directors	246,117	287,000	400,000	51,882	514,855	1,499,854
Specified Executives						
Mr Anthony Karam	30,500	83,000	100,000	2,898	104,394	320,792
Total	276,617	370,000	500,000	54,780	619,249	1,820,646

KMP Shareholdings

The number of ordinary shares in Panorama Synergy Limited held by each KMP of the Group during the financial year is as follows:

2016	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Dr Nigel Finch	-	-	-	40,000 ⁵	40,000
Mr Terry Walsh	44,050,501	-	-	-	44,050,501
Mr Glenn Ross	-	-	-	100,000 ⁶	100,000
Mr Aidan Montague	10,500,000	-	-	(10,500,000) ¹	-
Mr Jeff Braysich	20,486,000	-	-	(20,486,000) ²	-
Mr Jason Chaffey	-	-	-	- ³	-
Mr Anthony Karam	10,948,695	-	-	(10,948,695) ⁴	-
	85,985,196	-	-	(41,794,695)	44,190,501

¹ Holding reflects the final interest on the date of resignation of Mr Aidan Montague on 26 June 2016

² Holding reflects the final interest on the date of resignation of Mr Jeff Braysich on 18 October 2015

³ Holding reflects the final interest on the date of resignation of Mr Jason Chaffey on 2 July 2015

⁴ Holding reflects the final interest on the date of resignation of Mr Anthony Karam on 18 October 2015

⁵ Holding reflects the initial interest on the date of appointment of Dr Nigel Finch on 1 June 2016

⁶ Holding reflects the initial interest on the date of appointment of Mr Glenn Ross on 18 October 2015

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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REMUNERATION REPORT (AUDITED) (CONTINUED)

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
2015					
Mr Aidan Montague	10,500,000	-	-	-	10,500,000
Mr Terry Walsh	44,040,501	-	12,786,990	(12,786,990)	44,040,501
Mr Jeff Braysich	20,486,000	-	-	-	20,486,000
Mr Jason Chaffey	-	-	-	-	-
Mr Anthony Karam	12,100,000	-	-	(1,151,305)	10,948,695
	87,126,501	-	12,786,990	(13,938,295)	85,975,196

KMP Options Holdings

	Balance at beginning of year	Granted during the year	Exercised during the year	Expired or cancelled during the year	Balance at end of the year	Vested during the year	Vested exercisable at year end	Vested and unexercised
2016								
		2,000,000 ¹						
Dr Nigel Finch	-	-	-	-	2,000,000	-	-	-
Mr Terry Walsh	3,300,000	-	-	-	3,300,000	-	-	-
Mr Glenn Ross	-	-	-	-	-	-	-	-
Mr Aidan Montague	3,300,000	-	-	(3,300,000)	-	-	-	-
Mr Jeff Braysich	3,300,000	-	-	(3,300,000)	-	-	-	-
Mr Jason Chaffey	4,800,000	-	-	(4,800,000)	-	-	-	-
Mr Anthony Karam	3,300,000	-	-	(3,300,000)	-	-	-	-
	18,000,000	2,000,000	-	(14,700,000)	5,300,000	-	-	-

¹ Under the terms of his appointment 2,000,000 Director Options will be issued to Dr Nigel Finch (or his nominee) subject to shareholder approval at a General Meeting. Under accounting standards the expense for the options must be allocated over the same period as services provided.

There have been no other transactions involving equity instruments other than those described in the tables above.

Loss includes expenses arising from transactions with key management personnel of the Group, specifically, a Company controlled by Mr Jeff Braysich held the lease at Level 7, 99 Macquarie Street, Sydney. Panorama Synergy Limited was provided with a rolling month to month lease until 18 October 2015 at market rates. The amount paid during the financial year was \$10,486.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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REMUNERATION REPORT (AUDITED) (CONTINUED)

Cash Bonuses, Performance-Related Bonuses and Share-based Payments

Options Granted as Part Remuneration

During the financial year, 2,000,000 options were proposed to be granted to Dr Nigel Finch (or his nominee) under the terms of his appointment, pursuant to shareholder approval to be obtained at a General Meeting.

As at 30 June 2016, the following share based payment arrangements were in existence that related to KMP (including the 2,000,000 options which are intended to be granted to Dr Finch pursuant to shareholder approval being obtained at a General Meeting). Each option converts into one ordinary share on the Company.

Note	Unlisted Options	Expiry Date	Grant date	Fair value at grant date	30 June 2016
	70 cents options	30 Sept 2017	27 Feb 2015	14.73	1,100,000
	120 cents options	30 Sept 2018	27 Feb 2015	14.22	2,200,000
(i)	23.6 cents options	3 years from grant date	Not yet granted	6.21	-

(i) Under the terms of his appointment 2,000,000 Director Options will be issued to Dr Nigel Finch (or his nominee) subject to shareholder approval at a General Meeting. Under accounting standards the expense for the options must be allocated over the same period as services provided.

Cash and Performance-Related Bonuses as Part of Remuneration

Cash and performance related bonuses were awarded as part of the Group's Consultancy and Executive Service Agreements for the retention of key executives. Where amounts vested during the period, such persons were deemed to have satisfied the prerequisites for the receipt of all of their awards based on satisfaction of predetermined KPI measures of market capitalisation of the Company.

(a) Cash Bonus and Monthly Salary Increase

As part of their Executive Service Agreements, KMP were eligible to receive one off non-recurring cash bonus and monthly salary increase based upon the following parameters:

Remuneration Bonus Table

The following bonus table applies to remuneration payable to Mr Aidan Montague, Mr Jeff Braysich and Mr Anthony Karam and was entered into on 2 April 2014 with a 3-year duration. These agreements were terminated 18 October 2015 for Mr Jeff Braysich and Mr Anthony Karam, and terminated on 26 June 2016 for Mr Aidan Montague.

Monthly Salary

Band	Market Capitalisation	Bonus (one off)	Increase
1	\$1 to \$39,999,999	\$NIL	\$NIL
2	\$40,000,000	\$10,000	\$500
3	\$60,000,000	\$10,000	\$500
4	\$80,000,000	\$10,000	\$NIL
5	\$100,000,000	\$20,000	\$1,000
6	\$150,000,000	\$50,000	\$2,000

The monthly salary increases/decreases with the movement in the Company's market capitalisation.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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REMUNERATION REPORT (AUDITED) (CONTINUED)

The following bonus table applies to remuneration payable to Mr Terry Walsh and was entered into on 2 April 2014 with a 3-year duration, this agreement was terminated on 26 June 2016.

Monthly Salary

Band	Market Capitalisation	Bonus (one off)	Increase
1	\$1 to \$39,999,999	\$NIL	\$NIL
2	\$40,000,000	\$15,000	\$750
3	\$60,000,000	\$15,000	\$750
4	\$80,000,000	\$15,000	\$NIL
5	\$100,000,000	\$30,000	\$1,500
6	\$150,000,000	\$75,000	\$3,000

The monthly salary increased/decreased with the movement in the Company's market capitalisation.

The following bonus table applies to remuneration payable to Dr Jason Chaffey and was entered into on 17 October 2014 with a 3 year, this agreement was terminated on 2 July 2015.

Monthly Salary

Band	Market Capitalisation	Increase
1	\$1 to \$39,999,999	\$NIL
2	\$40,000,000	\$1,500
3	\$60,000,000	\$1,500
4	\$80,000,000	\$1,500
5	\$100,000,000	\$2,000
6	\$150,000,000	\$3,500

The monthly salary increased/decreased with the movement in the Company's market capitalisation.

Bonuses are one off and paid cumulatively once each of the above market capitalisation bands were achieved.

(b) Annual Consultancy Fee Increase

As part of their Consultancy Agreements, KMP were eligible to receive an annual consultancy fee increase based upon a bonus table.

The bonus table (below) applies to remuneration payable to Mr Aidan Montague, Mr Jeff Braysich and Mr Anthony Karam and was entered into on 2 April 2014 with a 3-year duration, these agreements were terminated on 18 October 2015 for Mr Jeff Braysich and Mr Anthony Karam, and terminated on 26 June 2016 for Mr Aidan Montague.

Continuous Annual Consultancy

Band	Market Capitalisation	Trading Days	Fee Increased to
1	\$1 to \$39,999,999	20	\$48,000
2	\$40,000,000	20	\$60,000
3	\$60,000,000	20	\$72,000
4	\$80,000,000	20	\$84,000
5	\$100,000,000	20	\$96,000
6	\$150,000,000	20	\$120,000

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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REMUNERATION REPORT (AUDITED) (CONTINUED)

The annual consultancy fee increased/decreased with the movement in the Company's market capitalisation.

The following bonus table applies to remuneration payable to Mr Terry Walsh and was entered into on 2 April 2014 with a 3-year duration. This agreement was terminated on 26 June 2016.

Continuous Annual Consultancy

Band	Market Capitalisation	Trading Days	Fee Increased to
1	\$1 to \$39,999,999	20	\$72,000
2	\$40,000,000	20	\$90,000
3	\$60,000,000	20	\$108,000
4	\$80,000,000	20	\$126,000
5	\$100,000,000	20	\$144,000
6	\$150,000,000	20	\$180,000

The annual consultancy fee increased/decreased with the movement in the Company's market capitalisation.

Performance of Panorama Synergy Limited

The table below sets out summary information about the entity's earnings and movement in shareholder wealth.

	30/06/2016	30/06/2015	30/06/2014	30/06/2013	30/06/2012
	\$	\$	\$	\$	\$
Revenue	98,464	170,279	19,055	15,167	59,338
Net profit/(loss) before tax	(4,905,867)	(4,382,249)	(1,550,142)	(1,720,819)	(1,538,476)
Net profit/(loss) after tax	(4,880,714)	(4,020,406)	(1,419,513)	(1,671,383)	(1,466,408)
Share price at the start of year	0.13	0.05	0.00	0.05	0.03
Share price at the end of year	0.10	0.13	0.05	0.004	0.05
Dividends	-	-	-	-	-
Basic loss per share (cents per share)	(0.96)	(0.82)	(0.38)	(0.97)	(0.94)
Diluted loss per share (cents per share)	(0.96)	(0.82)	(0.38)	(0.97)	(0.94)

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Dr Nigel Finch
Executive Chairman
 31 August 2016

CORPORATE GOVERNANCE STATEMENT

The Company's directors and management are committed to conducting the business of the Group in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.panoramasynergy.com.au) (the **Website**), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters and policies are all available on the Website.

The Board of Directors
Panorama Synergy Limited
Level 1, 61 Spring Street
Melbourne VIC 3000

31 August 2016

Dear Board Members

Panorama Synergy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Panorama Synergy Limited.

As lead audit partner for the audit of the financial statements of Panorama Synergy Limited for the financial year ended 30 June 2016, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountants

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

Consolidated Group			
2016			
2015			
	Note	\$	\$
Revenue	3	98,464	170,279
Employee benefits expense		(1,179,598)	(1,231,660)
Research and development expense		(1,322,661)	(849,096)
Administration expense		(1,169,545)	(876,680)
Share based payment expenses	21	(1,326,509)	(1,592,032)
Depreciation and amortisation		(6,018)	(3,060)
Loss before income tax	4	(4,905,867)	(4,382,249)
Income tax benefit	5	25,152	361,843
Loss after tax		(4,880,714)	(4,020,406)
Other comprehensive income:			
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year		(4,880,714)	(4,020,406)
Loss attributable to:			
Members of the parent entity		(4,880,714)	(4,020,406)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(4,880,714)	(4,020,406)
Loss per share			
From continuing operations:			
Basic earnings per share (cents)	8	(0.96)	(0.82)
Diluted earnings per share (cents)	8	(0.96)	(0.82)

The accompanying notes form part of these financial statements.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		Consolidated Group	
	Note	2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	3,689,027	6,684,306
Trade and other receivables	10	80,480	96,458
Prepayments		8,553	20,431
Current tax asset		-	369,648
TOTAL CURRENT ASSETS		3,778,060	7,170,843
NON-CURRENT ASSETS			
Other financial assets - available for sale	11	50,000	50,000
Plant and equipment	13	326,179	14,535
TOTAL NON-CURRENT ASSETS		376,179	64,535
TOTAL ASSETS		4,154,239	7,235,378
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	586,336	138,936
Provisions	15	40,833	14,676
TOTAL CURRENT LIABILITIES		627,169	153,612
TOTAL LIABILITIES		627,169	153,612
NET ASSETS		3,527,070	7,081,766
EQUITY			
Issued capital	16	70,208,830	70,208,830
Reserves	25	2,918,541	4,537,117
Accumulated losses		(69,600,301)	(67,664,181)
TOTAL EQUITY		3,527,070	7,081,766

The accompanying notes form part of these financial statements.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

Consolidated	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	61,723,829	2,943,600	1,485	(63,643,775)	1,025,139
Comprehensive income					
Loss for the year	-	-	-	(4,020,406)	(4,020,406)
Total comprehensive loss for the year	-	-	-	(4,020,406)	(4,020,406)
Transactions with owners in their capacity as owners, and other transfers					
Shared issued during the year (net of costs)	6,694,822	-	-	-	6,694,822
Options exercised	1,790,179	-	-	-	1,790,179
Share based payments	-	1,592,032	-	-	1,592,032
Balance at 30 June 2015	70,208,830	4,535,632	1,485	(67,664,181)	7,081,766
Balance at 1 July 2015	70,208,830	4,535,632	1,485	(67,664,181)	7,081,766
Comprehensive income					
Dissolution of foreign subsidiary	-	-	(1,485)	994	(491)
Loss for the year	-	-	-	(4,880,714)	(4,880,714)
Total comprehensive loss for the year	-	-	-	(4,880,714)	(4,880,714)
Transactions with owners, in their capacity as owners, and other transfers					
Share based payments	-	1,326,509	-	-	1,326,509
Expired options	-	(2,943,599)	-	2,943,599	-
Balance at 30 June 2016	70,208,830	2,918,541	-	(69,600,301)	3,527,070

The accompanying notes form part of these financial statements.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		106,537	148,025
Income tax receipt (R&D Rebate)		386,725	104,079
Payments to suppliers and employees		(3,348,828)	(3,195,091)
Income tax paid		-	(7,805)
Net cash (used in) operating activities	20	(2,855,566)	(2,950,792)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(139,713)	(17,595)
Purchase of available-for-sale investments		-	(50,000)
Payment of security deposits		-	(17,615)
Net cash (used in) investing activities		(139,713)	(85,210)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	8,833,579
Share issue costs		-	(348,578)
Net cash provided by financing activities		-	8,485,001
Net increase in cash held		(2,995,279)	5,448,999
Cash and cash equivalents at beginning of financial year		6,684,306	1,235,307
Cash and cash equivalents at end of financial year		3,689,027	6,684,306

The accompanying notes form part of these financial statements.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

These consolidated financial statements and notes represent those of Panorama Synergy Limited and its controlled entities (the “consolidated group” or “group”). The separate financial statements of the parent entity, Panorama Synergy Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 31 August 2016 by the directors of the company.

Panorama Synergy Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The activities of the consolidated entity constituted by the Company and the entities it controlled during the financial year was principally that of developing commercial applications to various technologies and concepts. The Company’s significant areas of focus are the research, development and commercialisation of the Micro-Electro-Mechanical Systems and the development of technological deviations from this research.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements have been prepared under the historical cost convention.

Going Concern

The financial report has been prepared on the going concern basis, which assumes that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that the Company and Group will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

In arriving at this position, the directors have taken steps to ensure the Company and Group continue as going concerns and have reviewed the quantum and timing of all discretionary expenditures including research and development costs and wherever necessary these costs will be minimised or deferred to suit the Group’s cash flow forecast or that the funding shortfall can be met through traditional sources of equity or debt funding.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Panorama Synergy Limited at the end of the reporting period. A controlled entity is any entity over which Panorama Synergy Limited is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Income Tax

The income tax expense benefit for the year comprises current income tax expense benefit and deferred tax expense benefit. Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
ABN: 84 060 369 048

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(b) Income Tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The consolidated entity is entitled to a research and development rebate from the Australian Taxation Office for certain expenses incurred on research during the year. The consolidated entity recognises this rebate as an income tax benefit in the same year in which the relevant expense is incurred. A receivable will only be recorded when with inflow is considered probable.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment). The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	40%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(c) Plant and Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers - being the executive management team. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed separately as unallocated items.

(e) Investments

Investments in subsidiaries are accounted applying the "cost" method in the separate financial statements of the parent entity.

(f) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(f) Financial Instruments (continued)

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(f) Financial Instruments (continued)

(iv) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(g) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Share Based Payments

The cost of equity-settled transactions with employees / consultants / suppliers is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate pricing model, taking into account the terms and conditions upon which options were granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Panorama Synergy Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees / consultants / suppliers become fully entitled to the equity instrument ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of equity instrument that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for equity instrument that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the equity instrument is recognised immediately. However, if a new equity instrument is substituted for the cancelled equity instrument and designated as a replacement equity instrument on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original equity instrument, as described in the previous paragraph

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(h) Share Based Payments (continued)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(i) Foreign Currency Transactions and Balances

Both the functional and presentation currency of Panorama Synergy Limited and its subsidiary Digital Nervous Systems Pty Ltd is Australian dollars (\$AUD).

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

(j) Employee Benefits

Employee benefits such as salary and wages are measured at the rate at which the Company expects to settle the liability; and recognised during the period over which the employee services are being rendered.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(m) Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(n) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(r) Critical Accounting Estimates and Judgments (continued)

Key Estimates

(i) Impairment - General

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Share based payments

The Group assesses the fair value of options granted applying Black & Scholes valuation model. The use of this model requires management to make assumptions regarding key inputs such as risk free rate, share price volatility and time to maturity.

(iii) Fair value measurements - Valuation of Available for Sale investments

The Group has investments in unlisted shares that are not traded in an active market but that are classified as Available for Sale (AFS) financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 28. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses where the losses exceed prior revaluation increments, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(s) New Accounting Standards for Application in Future Periods

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period, resulting in no changes to accounting policy changes and no changes to recognition and measurement. Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations does not affect the Group's present policies and operations. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of the Group.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

(s) New Accounting Standards for Application in Future Periods (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 2 Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2016	2015
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	3,778,060	7,170,353
Non-current Assets	376,179	64,684
TOTAL ASSETS	4,154,239	7,235,037
LIABILITIES		
Current Liabilities	627,169	170,437
TOTAL LIABILITIES	627,169	170,437
NET ASSETS / (DEFICIENCY)	3,527,070	7,064,600
EQUITY		
Issued Capital	70,208,830	70,208,830
Accumulated losses	(69,600,301)	(67,679,862)
Reserves	2,918,541	4,535,632
TOTAL EQUITY	3,527,070	7,064,600
STATEMENT OF COMPREHENSIVE INCOME		
Total (loss) for the year	(4,880,714)	(4,020,406)
Other comprehensive income		-
Total comprehensive (loss)	(4,880,714)	(4,020,406)

Note 3 Revenue and Other Income

	Consolidated Group	
	2016	2015
	\$	\$
Revenue from continuing operations		
Finance Income - bank interest	98,464	170,279
Total revenue	98,464	170,279

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 4 Loss before Income Tax

	Consolidated Group	
	2016	2015
	\$	\$
(a) included in the loss before tax from continuing operations are:		
Legal costs	153,592	25,306
Consultancy charges	177,891	170,863
Travel	75,505	125,789
Finance costs	1,648	24,193
Employee benefits expense includes:		
Director's salaries, fees, and bonus	477,806	287,000
Termination payments	216,000	-
Superannuation expense	63,619	60,088

Note 5 Income Tax Benefit

	Consolidated Group	
	2016	2015
	\$	\$
(a) The components of tax benefit comprise:		
Current tax	25,152	361,843
Deferred tax	-	-
	25,152	361,843

(b) The prima facie tax on loss from continuing operations before income tax is reconciled to the income tax expense as follows:

Loss before income tax	4,905,867	4,382,249
Prima facie tax from continuing operations at 30% (2015: 30%)		
- consolidated group	1,471,760	1,314,675
Less:		
Tax effect of:		
- other non-allowable items	(767,000)	(663,628)
	704,760	651,047
Add:		
Tax effect of:		
— Effect of R&D Rebate @ 15% of eligible expenses	163,629	120,614
Deferred Tax Asset (DTA) on temporary differences and tax losses not brought to account	(843,237)	(409,818)
Income tax benefit attributable to entity	25,152	361,843

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 5 Income Tax Benefit (Continued)

	Consolidated Group	
	2016	2015
(c) Deferred tax assets not brought to account at reporting date	\$	\$
Accrued / Provision	-	22,986
Tax losses:		
— Operating losses (at 30%)	3,326,064	2,583,128
— Capital losses	-	-
	3,326,064	2,606,114
Deferred tax liabilities		
Accrued Interest	-	6,676
	-	6,676
Net deferred tax asset not brought to account	3,326,064	2,599,438

The deferred tax asset not brought to account will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) the company is able to meet the continuity of business and or continuity of ownership tests.

Note 6 Key Management Personnel Compensation

Details of key management

(i) Directors

Dr Nigel Finch	Executive Chairman	Appointed 1 June 2016
Mr Terry Walsh	Managing Director and CEO	Appointed as Director 14 January 2011
Mr Glenn Ross	Non-Executive Director	Appointed 18 October 2015
Mr Aidan Montague	(Executive Chairman to 1 June 2016 and Non-Executive from 1 June 2016 - 26 June 2016)	Resigned 26 June 2016
Mr Jeff Braysich	(Executive Director)	Resigned 18 October 2015
Dr Jason Chaffey	(Executive Director)	Resigned 2 July 2015

(ii) Executives

Mr Anthony Karam	(Company Secretary)	Resigned 18 October 2015
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PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 6 Key Management Personnel Compensation (Continued)

Remuneration of key management personnel

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2016	2015
	\$	\$
Short-term employee benefits	506,582	1,146,617
Post-employment benefits	10,600	43,780
Termination benefits	216,000	-
Share-based payments		
- Expensed during the period ¹	468,897	619,249
- Options cancelled and not vested ²	(798,385)	-
Total KMP compensation	403,694	1,809,646

¹ Options vesting over the period for requirement of continued employment.

² Subsequent to ceasing employment the options were cancelled and the expense has been reversed, this includes an adjustment for expense on these options in prior financial periods.

Short-term employee benefits

- these amounts include fees and benefits paid to the executive chair and executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

- these amounts are the current year's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Share-based payments

- these amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Note 7 Auditors' Remuneration

Consolidated Group

The auditor of Panorama Synergy Limited is Deloitte Touche Tohmatsu.

	2016	2015
	\$	\$
Remuneration of the auditor for:		
Auditing or reviewing the financial report of the entity and any other entity of the Group	28,000	34,600

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 8 Earnings per Share

Consolidated Group

	2016	2015
	\$	\$
Reconciliation of earnings to profit or loss		
(a) Earnings used to calculate basic EPS	(4,880,714)	(4,020,406)
Earnings used in the calculation of dilutive EPS	(4,880,714)	(4,020,406)
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	506,190,788	490,238,737
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	506,190,788	490,238,737
	Number	Number
(c) Anti-dilutive shares excluded from weighted average number of shares:		
Share options	18,300,000	33,000,000

Note 9 Cash and Cash Equivalents

	Consolidated Group	
	2016	2015
	\$	\$
Cash at bank and on hand	3,639,027	4,034,306
Short-term bank deposits	50,000	2,650,000
	3,689,027	6,684,306

Cash at bank earns interest at floating rates based on daily bank deposit rates.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 10 Trade and Other Receivables

	Consolidated Group	
	2016	2015
	\$	\$
CURRENT		
Other receivables (i)		
GST receivable	44,047	56,589
Accrued interest receivable	-	22,254
Security deposits receivable	36,433	17,615
Total current trade and other receivables	80,480	96,458

(i) Other receivables are non-interest bearing and expected to be received in 30 days.

Note 11 Other Financial Assets

	Consolidated Group	
	2016	2015
	\$	\$
NON-CURRENT		
Available-for-sale financial assets (i)	50,000	50,000
Total non-current financial assets	50,000	50,000

(i) On 6 June 2015 the Company acquired 1,250,000 shares in Quantify Technologies Pty Ltd and received 625,000 free attaching options which converts into one new fully paid ordinary share for each option upon exercising, with an exercise price of \$0.075 and expiring 31 May 2017

Available-for-sale financial assets

NON-CURRENT

Unlisted Investments, at fair value

Shares in other corporations¹

	50,000	50,000
Total available-for-sale financial assets	50,000	50,000

¹ The above investment is a level 3 financial instrument for fair value purposes, for fair value disclosure refer to note 26

Note 12 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)⁽¹⁾	
		2016	2015
Subsidiaries of Panorama Synergy Limited:			
Digital Nervous Systems Pty Limited	Australia	100	100
Panorama Synergy (Europe) Limited ⁽²⁾	United Kingdom	-	100

⁽¹⁾ Percentage of voting power is in proportion to ownership, the entity was dormant throughout the current year.

⁽²⁾ Panorama Synergy (Europe) Limited was deregistered during the financial year.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 13 Plant and Equipment

	Consolidated Group	
	2016	2015
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	36,916	17,595
Accumulated depreciation	(9,078)	(3,060)
Capital work in progress	298,341	-
Total plant and equipment	326,179	14,535

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Work in Progress	Plant and Equipment	Total
	\$	\$	\$
Consolidated Group:			
Balance at 1 July 2014	-	-	-
Additions	-	17,595	17,595
Depreciation expense	-	(3,060)	(3,060)
Balance at 30 June 2015	-	14,535	14,535
Balance at 1 July 2015	-	14,535	14,535
Additions	298,341	19,321	317,662
Depreciation expense	-	(6,018)	(6,018)
Balance at 30 June 2016	298,341	27,838	326,179

Impairment

There has been no impairment of Plant and Equipment \$NIL (2015: \$NIL).

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 14 Trade and Other Payables

	Consolidated Group	
	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables (i)	331,627	64,322
Other payables		
Accrued general expenses	232,950	61,943
Employee PAYG withholding	21,759	12,671
Total current trade and other payables	586,336	138,936

(i) Trade payable are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 3 months.

	Consolidated Group	
	2016	2015
	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
Total current	586,335	138,936
Financial liabilities as trade and other payables	586,335	138,936

Note 15 Provisions

	Consolidated Group	
	2016	2015
	\$	\$
CURRENT		
Employee entitlements	40,833	14,676
Total current Provisions	40,833	14,676

Note 16 Issued Capital

	Consolidated Group	
	2016	2015
	\$	\$
Ordinary shares issued and fully paid (a)	70,208,830	70,208,830
Options issued (b)	18,300,000	33,000,000

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 16 Issued Capital (continued)

	Consolidated Group	
	Number	\$
(a) Ordinary Shares		
At 1 July 2014	473,838,798	35,123,103
Options exercised/converted into shares in previous years	-	26,600,726
Shares issued during the year		
— Issued on 17 September 2014 for cash pursuant to placement	19,565,000	7,043,400
— Issued on 31 May 2015: 14 cents options exercised	12,786,990	1,790,179
— Share issue costs	-	(348,578)
As at 30 June 2015	506,190,788	70,208,830
At 1 July 2015	506,190,788	70,208,830
As at 30 June 2016	506,190,788	70,208,830

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	Consolidated Group
	Number
(b) Options Issued	
At 1 July 2014	20,000,000
Options exercised/converted into shares in previous years	-
Options issued during the year	
— Issued on 27 February 2015: 14 cents options expiring 15 December 2016	11,000,000
— Issued on 27 February 2015: 70 cents options expiring 30 September 2017	11,000,000
— Issued on 27 February 2015: 120 cents options expiring 30 September 2018	11,000,000
— Exercise of options 31 May 2015: 14 cents options	(12,786,990)
— Expiry of options 31 May 2015: 14 cents options	(7,213,010)
At the end of the reporting period - 30 June 2015	33,000,000
At 1 July 2015	33,000,000
- Options cancelled on failure to meet vesting conditions	(14,700,000)
At the end of the reporting period - 30 June 2016	18,300,000

Refer to Note 21 for share base payments in the current period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 16 Issued Capital (continued)

(c) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 17 Capital and other Commitments

Capital and other commitments

(a) Capital commitments

As part of the ongoing ARC Linkage research project with the University of Western Australia the Company has been advised that the balance of its contribution towards funding the research work will be a total of \$62,813 for the 2017 year.

(b) Other Commitments

	Consolidated Group	
	2016	2015
Operating Lease Commitments	\$	\$
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
not later than 12 months	46,494	23,138
between 12 months and 5 years	-	-
later than 5 years	-	-
	46,494	23,138

The company holds non-cancellable property leases in Melbourne & Perth. All leases expire within 12 months of the reporting date.

Other than the abovementioned, there are no capital or other commitments as at reporting date (2015: \$nil).

Note 18 Contingent Liabilities and Contingent Assets

Contingent Assets

There are no contingent assets at reporting date.

Contingent Liabilities

There are no contingent liabilities at reporting date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 19 Operating Segments

Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

During the year ended 30 June 2016 the consolidated entity operated in the MEMS/Micro photonic technology and spectroscopy sector in Australia (the group is in research phase).

Operating segments

The following table presents revenue and profit information and certain asset and liability information regarding the business segments for the years ended 30 June 2016 and 2015. The company operates in one geographic location, being Australia.

BUSINESS SEGMENT	MEMS/Micro Photonic Technology		Total Operations	
	2016	2015	2016	2015
	\$	\$	\$	\$
REVENUE				
External sales	-	-	-	-
Inter-segment sales	-	-	-	-
Interest revenue	-	-	98,464	170,279
Other revenue	-	-	-	-
Total segment revenue	-	-	98,464	170,279
Results				
Segment results	(1,982,870)	(849,096)	(1,982,870)	(849,096)
<i>Unallocated expenditure:</i>				
Share based payment (ii)	(1,454,324)	(972,783)	(1,326,509)	(1,592,032)
Other unallocated expenses	-	-	(1,694,952)	(1,941,121)
Loss before income tax	(3,437,194)	(1,821,879)	(4,905,867)	(4,382,249)
Income tax benefit	-	-	25,152	361,843
Net loss for the year	(3,437,194)	(1,821,879)	(4,880,714)	(4,020,406)
ASSETS				
Segment assets	298,341	-	298,341	-
Unallocated assets	-	-	3,855,898	7,235,378
Total assets	-	-	4,154,239	7,235,378
LIABILITIES				
Segment liabilities	(355,971)	(46,089)	(355,971)	(46,089)
Unallocated liabilities (i)	-	-	(271,198)	(107,523)
Total liabilities	(355,971)	(46,089)	(627,169)	(153,612)
(i) Unallocated liabilities comprise Trade and Other Payables and employee Provisions.				
(ii) Share based payments include the reversal of current and prior year expense due to failure of options to vest.				
Other Segment Information				
Capital expenditure	298,341	-	317,662	17,595
Depreciation and amortisation	-	-	(6,018)	(3,060)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 20 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Loss after

	Consolidated Group	
	2016	2015
	\$	\$
Income Tax		
(Loss) after income tax	(4,880,714)	(4,020,406)
Adjustments for:		
Depreciation of plant and equipment	6,018	3,060
Share based payment expenses	1,326,509	1,592,032
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	15,978	(63,075)
(increase)/decrease in current tax asset	369,648	(265,569)
(Increase)/decrease in prepayments	11,878	(3,557)
(decrease)/increase in trade payables and other payables	269,960	(193,766)
(decrease)/increase in interest bearing liabilities	-	(14,187)
(decrease)/increase in provisions	26,157	14,676
Cash flow used in operations	(2,854,566)	(2,950,792)

Note 21 Share-based Payments

The following share based payments were in existence as at 30 June 2016:

	Options Series	Number	Grant Date	Vesting Date	Expiry date	Issue price	Exercise price	Fair value at grant date
1	Issued 27 February 2015	10,000,000	27/02/2015	30/09/2016	15/12/2016	-	14 cents	25.42 cents
2	Issued 27 February 2015	6,100,000	27/02/2015	31/07/2017	30/09/2017	-	70 cents	14.73 cents
3	Issued 27 February 2015	2,200,000	27/02/2015	31/07/2017	30/09/2018	-	120 cents	14.22 cents

For the movements in share options during the current and prior year, refer to note 16.

The weighted average remaining contractual life of options outstanding at year end was 1.32 years (2014: 2.32 years).

Note 22 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 23 Related Party Transactions

(a) The Group's main related parties are as follows:

i. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 6: Interests of Key Management Personnel Compensation.

ii. Entities subject to significant influence by the Group:

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Purchases from related parties

i. Key Management Personnel

A Company controlled by Mr Jeff Braysich holds the lease at Level 7, 99 Macquarie Street, Sydney. Panorama Synergy Limited has been provided with a rolling month to month lease until May 2016 at market rates, which was terminated 18 October 2015.

The Company did not have its own credit card in prior periods, therefore directors pay appropriate expenses on their personal credit cards and are reimbursed. As part of the reimbursement to Terry Walsh, Mr Walsh also was reimbursed interest calculated at a rate of 10%

	Consolidated Group	
	2016	2015
	\$	\$
10,486	10,486	23,907
-	-	23,143
10,486	10,486	47,050

There are no outstanding amounts payable to related parties at the end of the reporting period (2015 \$NIL).

There were no transactions between the parent and its subsidiaries or between subsidiaries during the financial year (2015 \$NIL).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 24 Financial Risk Management

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and interest bearing liabilities. The Board of Directors is responsible for the monitoring and management of the financial risk exposures of the group.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2016	2015
		\$	\$
Financial Assets			
Cash and cash equivalents	9	3,689,027	6,684,306
Trade and other receivables	10	160,959	96,458
Available-for-sale financial assets at fair value unlisted investments	11	50,000	50,000
Total Financial Assets		3,899,986	6,830,764
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	14	586,335	138,936
Total Financial Liabilities		586,335	138,936

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

a. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions

The table below reflect an undiscounted contractual maturity analysis for financial liabilities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 24 Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	586,335	138,936		-	-		586,335	138,936
Total expected outflows	586,335	138,936	-	-	-		586,335	138,936
	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	3,689,027	6,684,306	-	-	-	-	3,689,027	6,684,306
Trade and other receivables	36,433	96,458	-	-	-	-	36,433	96,458
Total anticipated inflows	3,725,460	6,780,764	-	-	-	-	3,725,460	6,780,764
Net (outflow) / inflow on financial instruments	3,139,125	6,641,828	-	-	-	-	3,139,125	6,641,828

b. Market Risk

i. Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and short-term deposits. Since the Group does not have long-term debt obligations, the Group's exposure to this risk is nominal.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit	Equity
	\$	\$
	+/-	+/-
Year ended 30 June 2016		
+/- 1% in interest rates	+/- 36,890	+/- 36,890
Year ended 30 June 2015		
+/- 1% in interest rates	+/- 66,843	+/- 66,843

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 24 Financial Risk Management (continued)

Fair Values

Fair value estimation

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments recognised in the financial statement.

	Note	2016		2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	3,689,027	3,689,027	6,684,306	6,684,306
Trade and other receivables	(i)	80,480	80,480	96,458	96,458
Available-for-sale financial assets	(ii)	50,000	50,000	50,000	50,000
Total financial assets		3,819,507	3,819,507	6,830,764	6,830,764
Financial liabilities					
Trade and other payables	(i)	586,335	586,335	138,936	138,936
Total financial liabilities		586,335	586,335	138,936	138,936

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value.
- (ii) Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Note 25 Reserves

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary. The foreign subsidiary was disposed of during the year, resulting in the reversal of the Foreign Currency Translation Reserve.

b. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 25 Reserves (continued)

c. Analysis of Each Class of Reserves

		Consolidated Group	
		2016	2015
		\$	\$
Option Reserve			
Balance at beginning of year		4,535,632	2,943,600
Share based payments	23	2,124,895	1,592,032
Removing prior year expired options		(2,943,600)	-
Cancelled options failing vesting conditions		(798,385)	-
Balance at end of year		2,918,541	4,535,632
Foreign Currency Translation Reserve			
Balance at beginning of year		1,485	1,485
Translation movement during the year		(1,485)	-
Balance at end of year		-	1,485
Total Reserves		2,918,541	4,537,117

Note 26 Fair Value Measurements

The Group measures and recognises the following assets at fair value on a recurring basis after initial recognition: — available-for-sale financial assets;

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows: Level 1, Level 2, or Level 3

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 26 Fair Value Measurements (continued)

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- **Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- **Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- **Cost approach:** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

30 June 2016	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	\$	\$	\$	\$
Financial assets				
Available-for-sale financial assets				
— Shares in unlisted companies - unrelated parties	-	-	50,000	50,000
Total financial assets recognised at fair value on a recurring basis	-	-	50,000	50,000

30 June 2015	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	\$	\$	\$	\$
Financial assets				
Available-for-sale financial assets				
— Shares in unlisted companies - unrelated parties	-	-	50,000	50,000
Total financial assets recognised at fair value	-	-	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

Note 26 Fair Value Measurements (continued)

(b) Valuation techniques used to measure Level 3 fair values

Fair value methodology

On 6 June 2015 the Company participated in a seed capital raising and acquired 1,250,000 shares and received 625,000 free attaching options in Quantify Technologies Pty Ltd for the acquisition price of \$50,000. The options convert into one new fully paid ordinary share for each option exercised, with an exercise price of \$0.075 and expiring 31 May 2017

Shares in Quantify Technologies Pty Ltd are not publicly traded, at the time of the acquisition, the directors were aware of reliable information regarding independent third party share transactions in the same seed capital raising used to assess the fair value.

(c) Reconciliation of recurring Level 3 fair value measurement

	Consolidated Group	
	2016	2015
	\$	\$
Balance at the beginning of the year	50,000	-
Additions during the year	-	50,000
Balance at the end of the year	<u>50,000</u>	<u>50,000</u>

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Panorama Synergy Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 22 to 55, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and person performing the function of Chief Financial Officer.



Dr Nigel Finch
Executive Chairman
31 August 2016

Independent Auditor's Report to the members of Panorama Synergy Limited

Report on the Financial Report

We have audited the accompanying financial report of Panorama Synergy Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 56.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of Panorama Synergy Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 19 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Panorama Synergy Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountants
Perth, 31 August 2016

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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ADDITIONAL SECURITIES EXCHANGE INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 31 August 2016 (**Reporting Date**).

Substantial holders

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total issued securities capital in relevant class
John W King Nominees Pty Ltd	Ordinary shares	118,838,359	23.477
Flet Investments Pty Ltd <The Walsh Investments A/C>	Ordinary shares	44,040,501	8.70%

Less than marketable parcels of ordinary shares (UMP Shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
506,190,788	2,841,715	99	0.56

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders
Fully paid ordinary shares	3,528
Options exercisable at \$0.14 each, vesting on 30 September 2016, expiring on 15 December 2016	7
Options exercisable at \$0.70 each, vesting on 31 July 2017, expiring on 30 September 2017	8
Options exercisable at \$1.20 each, vesting on 31 July 2017, expiring on 30 September 2018	1

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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Voting rights of equity securities

The only class of equity securities on issue in the Company which carries voting rights is ordinary shares.

As at the Reporting Date, there were 3,528 holders of a total of 506,190,788 ordinary shares of the Company.

At a general meeting of The Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	180	75,021	0.01
1,001 – 5,000	787	2,624,587	0.52
5,001 – 10,000	603	5,027,927	0.99
10,001 – 100,000	1,502	57,070,094	11.27
100,001 – 999,999,999	456	441,393,159	87.20
Totals	3,528	506,190,788	100.00

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of holders in each such class, are as follows:

Class of Equity Securities	Number of unquoted Equity Securities	Number of holders
Options exercisable at \$0.14 each, vesting on 30 September 2016, expiring on 15 December 2016	10,000,000	7
Options exercisable at \$0.70 each, vesting on 31 July 2017, expiring on 30 September 2017	6,100,000	8
Options exercisable at \$1.20 each, vesting on 31 July 2017, expiring on 30 September 2018	2,200,000	1

No persons hold 20% or more of the equity securities in any unquoted class that were not issued or acquired under an employee incentive scheme.

PANORAMA SYNERGY LIMITED AND CONTROLLED ENTITIES
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Twenty largest shareholders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Holder Name	Balance as at Reporting Date	%
John W King Nominees Pty Ltd	118,838,359	23.477
Flet Superannuation Pty Ltd <Walsh Superannuation A/C>	15,292,326	3.021
Flet Superannuation Pty Ltd <Walsh Superannuation Fund>	14,700,000	2.904
Flet Investments Pty Ltd <The Walsh Investments A/C>	12,688,698	2.507
Storage & Warehousing Services Pty Ltd <Storage and WH SVS Unit A/C>	11,805,087	2.332
Goetzke Super Company Pty Ltd <H & P Goetzke S/F A/C>	11,356,520	2.244
Bestrawl Pty Ltd <JB Family A/C>	10,500,000	2.074
Mr Julian Kenneth Thomas & Mrs Lianne Margaret Thomas <Unme Super Fund A/C>	9,735,550	1.923
BDKM Investments Pty Ltd	6,718,420	1.327
C M Cook Superannuation Pty Ltd <CM Cook Super Fund A/C>	6,514,285	1.287
E L G Nominees Pty Ltd <The Gude Family No 2 A/C>	6,277,865	1.240
P A Meagher Pty Ltd <P M Super Fund A/C>	5,500,000	1.087
OSM Investments Pty Ltd	5,000,000	0.988
Performin Pty Limited	4,929,428	0.974
Jadison Pty Ltd <Karam A/C>	4,648,695	0.918
TJE Super Pty Ltd <TJ Evans Super Fund A/C>	4,300,000	0.849
Langley Holdings Pty Ltd <Shardlow Property A/C>	4,254,172	0.840
Bestrawl Pty Ltd <JB Family Fund A/C>	3,960,000	0.782
Carolyn Meagher Super Pty Ltd <Meagher S/F No 2 A/C>	3,168,816	0.626
P A Meagher Pty Ltd <P A Meagher Pty Ltd S/F A/C>	3,096,835	0.612
Total number of shares of Top 20 Holders	263,285,056	52.013
Total Remaining Holders Balance	242,905,732	47.987

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Escrow

There are no securities on issue in the Company that are restricted or subject to voluntary escrow.

Company Secretary

The Company's secretary is Ms Alyn Tai.

Registered Office

The address and telephone number of the Company's registered office is:

Level 1, 61 Spring Street
Melbourne VIC 3000

Telephone: +61 (0)3 9286 7500

Share Registry

The address and telephone number of the Company's share registry, Advanced Share Registry Services, are:

110 Stirling Highway
Nedlands WA 6009

Telephone: +61 (0)8 9389 8033

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (**ASX**) (ASX issuer code: PSY).

Other Information

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.