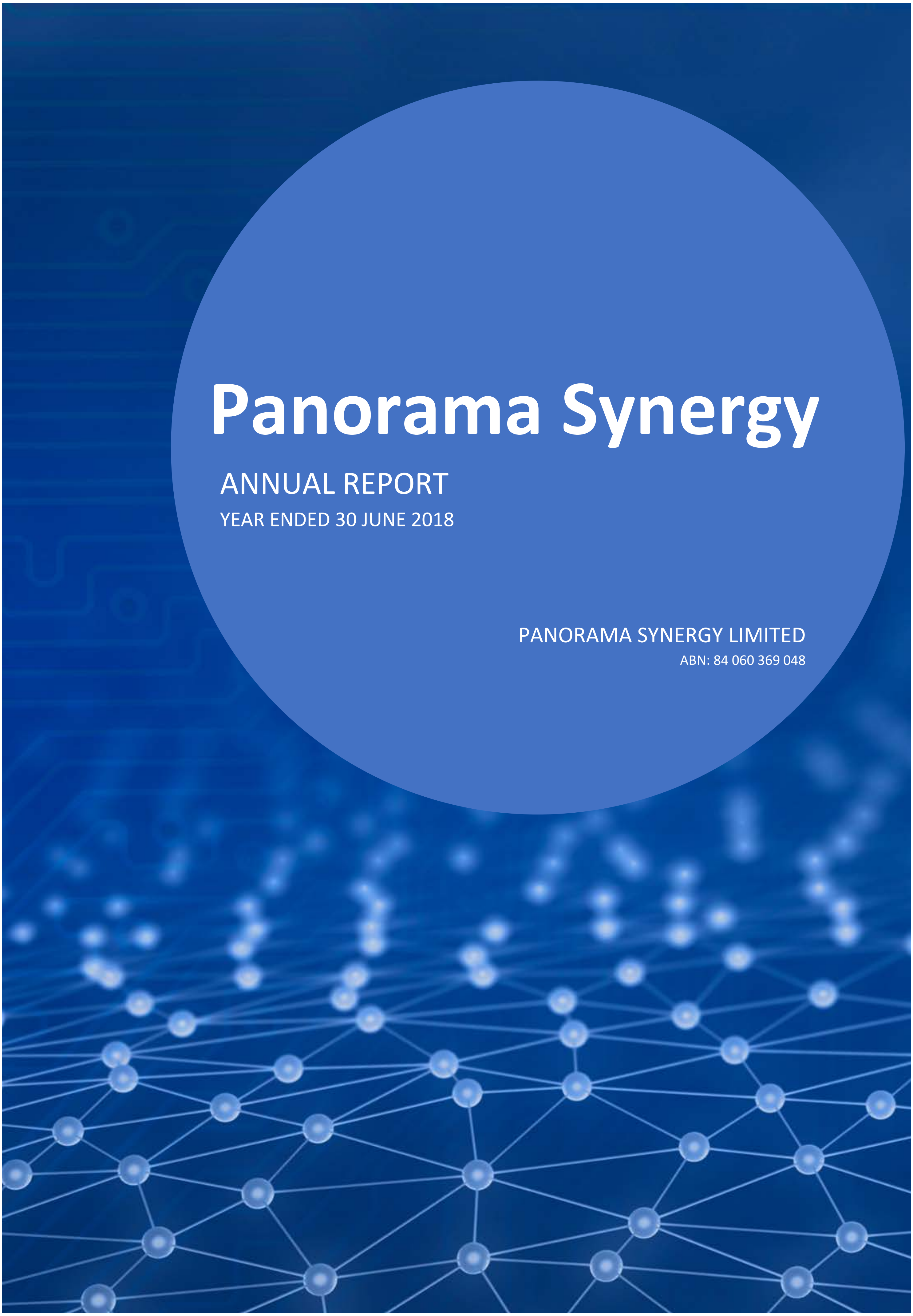


Panorama Synergy

ANNUAL REPORT

YEAR ENDED 30 JUNE 2018

PANORAMA SYNERGY LIMITED

ABN: 84 060 369 048

Contents

General information

The financial statements cover Panorama Synergy Limited as a consolidated entity consisting of Panorama Synergy Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Panorama Synergy Limited's functional and presentation currency.

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

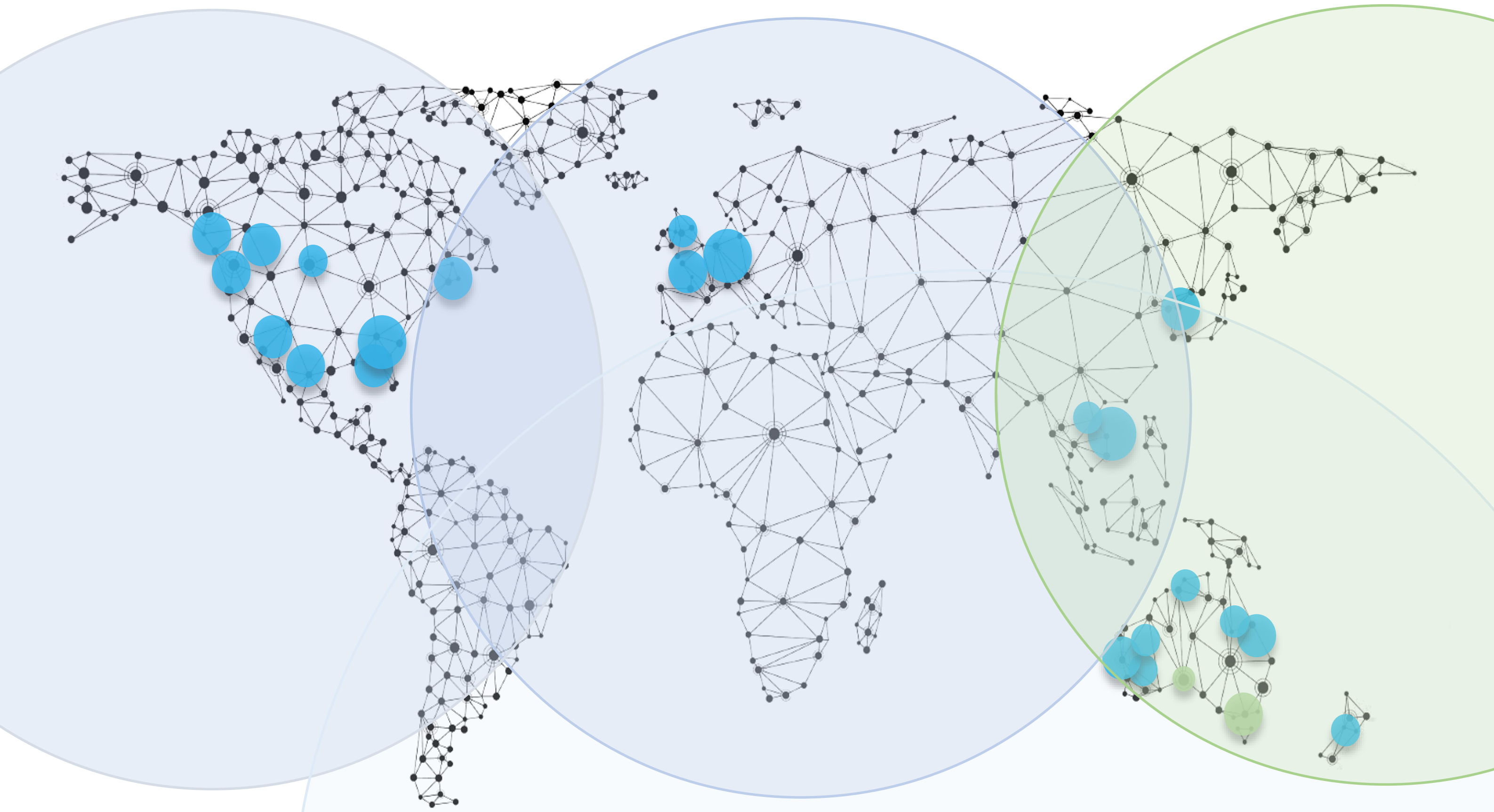
Registered office	Principal place of business
30-32 Compark Circuit Mulgrave VIC 3170	30-32 Compark Circuit Mulgrave VIC 3170

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2018.

The directors have the power to amend and reissue the financial statements.

Panorama Synergy & Hydrix



hydrix PANORAMA SYNERGY

"We are no longer a one-product company. We are now able to build and acquire a portfolio of technologies".

Gavin Coote, Chairman
Panorama Synergy Ltd

CHAIRMAN'S LETTER

GAVIN COOTE

Dear fellow shareholders,

During the past year, we successfully transformed Panorama from a pure research business to one that develops and commercializes technology products, underpinned by IP, for a broad range of industries.

FY18 has been a transformative year and the milestones achieved, including the positive revenue contribution from Hydrix, demonstrate that the Hydrix acquisition will prove to be the catalyst for significant growth and value creation.

In the 12 months to 30 June 2018, we reported record revenues of $5.7 million, the majority derived from seven months ownership of Hydrix which was acquired in November 2017.

During the first half, in addition to completing the Hydrix acquisition, we released and demonstrated a first prototype chip-based spectrometer for use in agriculture. During the second half, we completed post-acquisition integration, and continued market-based assessments of our MEMS technology research and development.

Several important milestones have been achieved and include the following:

- an opportunity pipeline of over $50 million across more than 30 technology commercialisation projects
- 26 new projects for both new and existing clients representing potential total contract revenue in excess of $15 million
- reduction of annual operating costs by $0.5 million
- revised commercial rates and tiered services pricing to capture more value and improve operating margins by 10%
- programs to increase billable engineering capacity by 30% to meet demand
- a "buy, build and invest" business strategy to develop our own product portfolio further expanding our growth prospects
- new services-based commercial arrangements to position the business for growth beyond historical fee-for-service only contracts
- subsequent to year end, a capital raising to strengthen the balance sheet and provide a platform for growth

These major milestones demonstrate significant progress and importantly, position Panorama to become a leading Australian technology commercialisation company. Our world class team of 55 employees is creating unique value for our clients and new diversified revenue streams for our business.

Business strategy

Our “buy, build, invest” strategy to develop a portfolio of product IP broadens our business growth opportunities. This strategy represents a natural extension to Hydrix’s highly successful track record of engineering and commercialising products for its clients. The strategy provides an excellent pathway to capture a greater share of the value created from Hydrix’s commercialisation know-how.

Our reshaped business model broadens our revenue streams and will create scale through organic growth, investments and acquisitions. The focus on large addressable product and services markets in medical, defence, mining, agriculture and critical infrastructure significantly improves near-term growth opportunities and potential returns for shareholders.

Spectrometer technology

During the year, we continued the research, design and fabrication of our microelectromechanical systems (“MEMS”) technologies and continued our evaluation of chip-based spectroscopy applications. There is potential market demand to use portable, field-based spectrometers for real-time data capture, analysis and decision making, as alternatives to large, expensive benchtop spectrometers and other chemical analysis processes conducted in laboratories. The current demand and market availability of various MEMS technologies suitable for use in field-based spectroscopy is in various stages of maturity.

Our priority is to align the best uses of our MEMS spectroscopy technologies with our near-term financial and shareholder value creation objectives. We are actively exploring the most compelling MEMS spectroscopy product commercialisation opportunities which will best support the company to achieving self-sustaining profitability, including third-party spectroscopy collaboration applications in medical, defence and agriculture. We will continue to update the market with progress on these projects.

Hydrix business

Following the acquisition of Hydrix, the implementation of new business initiatives has improved the business performance and financial outlook.

Investment in business development capabilities grew the potential total revenue pipeline to in excess of $50 million. We will continue to invest in business development, and sales and marketing conversion programs to increase the quality, size and number of pipeline opportunities. We improved the pipeline conversion and engineering project management processes and controls and will continue to develop these organisational capabilities further to support a larger and more profitable business.

Hydrix was a development partner on the Micro-X DRX Revolution Nano lightweight x-ray machine

During the June quarter, annual operating costs were lowered by $0.5 million and the business will continue to reshape its operating costs and management infrastructure.

We foresee opportunity to improve operating margins by 10% by implementing a tiered pricing structure and adjusting commercial rates. We implemented systems to monitor and improve engineering productivity and expect to significantly expand capacity and capability to meet demand.

Opportunities exist to develop higher value commercial arrangements with certain types of clients. Our know-how, background IP, and global distributor relationship networks create faster pathways to clinical trials for medical devices, de-risk regulatory approval processes and accelerate product commercialisation. These opportunities present a variety of revenue and earnings streams including equity in-kind, direct investment, and royalty and license fee arrangements.

Our medical technology clients in Australia, the USA and Europe are at the forefront of advancing personalised point-of-care medicine designed to improve patient outcomes and lower healthcare costs. Hydrix will continue to establish itself as a global leader in cardiac assistance and wearable technologies, neurostimulation treatments, and hearing and eye sensory technologies.

Hydrix business cont.

In addition to the hundreds of millions of dollars of investment in medical technology annually by the Australian government and private enterprise, there are billions of dollars being outsourced annually by large US medical technology companies to develop next generation of existing products and to create new products. The combination of favourable exchange rates and Australian government research & development tax incentives create comparatively advantageous investment arrangements for foreign companies to engage Australian product engineering businesses including Hydrix.

Hydrix's medical clients are a mix of start-up and global Bluechip companies. ASX-listed medical technology clients include Nanosonics, Cochlear, ResMed, Micro-X, Universal Biosensors, LBT Innovations, dorsaVI and others. Private client projects include engineering control devices for artificial hearts and emerging heart pump technologies. Numerous non-cardiac related projects include ultrasound technology applications for treating Alzheimer's, infusion pump devices for use in oncology, devices for infant hearing diagnosis and invitro-fertilisation.

Universal Biosensors - Xprecia Stride™ Coagulation Analyzer for Siemens

Hydrix was recently appointed to the Australian Department of Defence's highly selective Defence Support Services Panel ('DSS'). Hydrix has highly relevant engineering skills in software design, mechanical design, electronics and systems engineering. Inclusion on the DSS panel provides a pathway for Hydrix to submit exclusive design and supply tenders to access the Australian Government's committed $250 billion defence and cybersecurity spending over the next 10 years aimed at refitting and upgrading the Australian Defence Force. Other government departments can also access this panel to acquire services and equipment from Hydrix.

Our focus on the technology driven changes across the Consumer and Industrial sectors is also seeing early interest from local mining, agriculture and infrastructure companies who seek to access our specialist design and engineering capabilities.

In summary, our proven track record of developing a wide and unique range of technology products for global clients and the stated objective of "buy, build, invest" to develop our own product IP portfolio, makes the company a compelling growth opportunity.

Capital structure

Subsequent to year end, we successfully completed a capital raise and restructured the company's debt facilities.

On the 31 July 2018, we completed a $2.87 million capital raise via a Placement and Share Purchase Plan of fully paid ordinary shares at $0.04. The capital raise was well supported by the major shareholder and two Directors subscribing for $0.7 million, which is subject to shareholder approval at the company's AGM to be held on 25 October 2018.

In addition, we have restructured the company's $4.0 million drawn debt facilities (comprised of two shareholder loans). The lenders each agreed to convert $0.5 million into fully paid ordinary shares at the Placement price of $0.04. Of the $1.0 million total loan conversion, $0.5 million pertains to a related party shareholder and is subject to shareholder approval at the AGM to be held on 25 October 2018. The facility term for both loans has been extended to 31 December 2019.

FY19 performance milestones

We will continue to take steps to improve the company's cash flows and strengthen its balance sheet. Our financial targets for the first half of fiscal 2019 include:

- Minimum 15% revenue growth compared to second half revenues of fiscal 2018;
- 15% increase in engineering services capacity;
- Secure three new significant and high-dollar value projects; and
- 20% reduction in cash used in operating activities in the December quarter against the September quarter.

The business is well positioned to take advantage of significant growth prospects and meeting the above first half targets will bring the company closer to operating profitability by the end of fiscal 2019.

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

Gavin Coote, Chairman

BA Economics & Politics (Accounting), MBA, GAICD

A MESSAGE FROM THE CEO

PETER R LEWIS AM

2017/18 was a transformative year for Panorama. With our Hydrix acquisition in late 2017, we have moved Panorama from being research-focussed business to a unique company that develops and commercializes technology for a broad range of industries.

Our new business model provides investors with access and exposure to a wide range of disruptive technologies and products, with relatively low risk.

Hydrix introduces:

- an experienced team of 40+ engineers across hardware, software, mechanical, systems — with a track record of some 200 products developed, and deep skills in the growing technologies of Internet of Things ('IoT'), automation and robotics, and advanced health and wellness.
- a proven ability to take technology and products from 'concept to commercialisation' for a global client base
- a focus on high value fast-growth markets: Medical Technology ('MedTech'), Defence, Agricultural Technology ('AgTech'), Mining & diversified Industrials

This outcome has positioned us to generate multiple revenue streams through design fees, product sales, royalties, annuities & equity holdings.

We are poised for growth via strategic acquisitions to accelerate access to capability, customers & products, and are backed by a board and executive leadership team with a successful track record of building businesses.

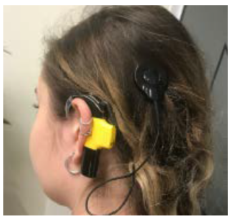
Our mission: Improving one billion lives

We are here to build technology that makes people's lives better. By our estimation, prior to acquisition Hydrix had already improved the lives of some 30M+ people due to the 200+ world-first products they had previously developed including those shown below.

We have therefore set ourselves the goal of improving 'One Billion Lives'. This call-to-action is a great way to state and benchmark our own ambitions for the company.

Cochlear

Living a normal day



Helping the deaf regain control of their hearing by designing a wireless audio controller

SIEMENS

Getting to work safely

Helping commuters by designing essential train communications systems

PANORAMA SYNERGY

Real-time decision making

Out of the lab and into the field with localised sample analysis by designing the world's first portable MEMs based spectrometer

MICRO-X

Improving access to healthcare

Helping patients & doctors by designing the world's-first low power, low cost, fully portable x-ray system

SUNSHINE HEART

Improving in-home healthcare

Helping patients with cardiac failure by designing multiple heart assist systems

New business model

By adjusting the business model and adding products, IP generation and equity participation to the past services-only approach, we are creating opportunities for diversified revenue and earning streams through industry mega-trends. Our target sources of revenue include:

- Engineering design services
- Capturing and licensing internally generated IP
- Developing in-house products in MedTech, MEMS sensors and other markets
- Providing additional R&D commercialisation services
- Seeking equity stakes in high potential customer businesses
- Provision of IoT connectivity solutions in multiple markets
- Provision of outsource manufacturing services to emerging customers

"We see that Hydrix has created $100's of millions for clients in the past. By changing the business model, we can capture that value for our shareholders."

Peter Russell,
Chief Operating Officer
Panorama Synergy Ltd

Industry themes and target sectors

To provide the business with the greatest opportunity for growth, the Executive has analysed and identified markets where there is significant demand for new technology solutions.

As a result, we have determined the following target sectors for focus to actively generate new business:

- Medical technology (MedTech)
- Critical systems (Defense, Mining, other)
- Consumer and industrial products

These sectors align with our experience and they are consistent with our capabilities.

Building a global MedTech business

"The cost of healthcare globally is rising steeply, and the industry is eager to adopt technology that saves costs and improves care. That is our opportunity, buoyed by the Australian Government's $1.3 billion in MedTech funding over the next 10 years".

Peter R. Lewis AM, CEO
Panorama Synergy Ltd

Hydrix is highly regarded for its track record in MedTech. Our successes in developing devices, connectivity and data analytics technology are reflected in our diverse client list, and markets including cardiac support, neuro-stimulation, hearing and home-health care.

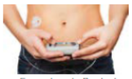
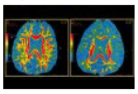
Hydrix is already acknowledged as providing excellence in design, engineering speed-to-market and achieving regulatory approval for the MedTech market. The company enjoys significant brand reputation in:

- Proven delivery of medical devices to global clients
- Globally recognized reputation for cardiac support and other FDA Class III devices
- Providing a platform for Australian MedTech innovators to reach global markets
- Developing innovations that have created extraordinary value for our clients

Our go-to-market strategy includes:

- Distribution through our current strong design relationships with global MedTech companies
- Strong business development team with combined 100+ years of international medical products & services sales and relationships across Europe, Asia, USA
- Providing an 'end-to-end" service for our clients, transforming their IP into market ready products ready for commercial manufacture
- Developing value-add technologies to enable the mega-trends, such as portable devices, wireless connectivity and data analysis.

Hydrix's MedTech experience is globally recognised

LIFE SUSTAINING, BESPOKE WORLD FIRST PRODUCTS			OUR ROLE
	BiVACOR	Total artificial heart designed to take over the complete function of a patient's failing heart	Design of external controller system: software – electronics - mechanical
	CorWave	Unique blood pump based on a patented wave membrane pumping technology	Development of external membrane pump controller: software – electronics – mechanical
	Bionics Institute	Diagnosis and management of profound hearing loss for infants (+ other emerging technologies)	Development of commercial prototypes industrial design: software - electronics - mechanical
 Example only. Product yet to be released.	CPIE Pharmacy Services	Wearable home-based self-medicating infusion pump to improve out of hospital care	Applied R&D and prototyping: sensors - fluidics – electronics - software
	QBI Queensland Brain Institute	Neuro-stimulation device to reverse the symptoms of Alzheimer's Disease	Complete commercial product development: systems design – electronics – software – mechanical – industrial design – regulatory

Critical systems and industrial mega trends

The Australian government has announced spending of $250Bn over the next 10 years to upgrade the defence services. The government has mandated that the Defence Department keep design & development of critical technologies onshore, and to actively promote and seek Australian company and workforce participation in large contracts. Additionally, the government has sought a significant upgrade to Australia's cybersecurity capability over the same period and sees industry as key to this enhanced know-how.

Australia is seeing many large infrastructure programmes planned or underway, ranging from extensive new railway networks and new roads and tunnels, to the roll out of advanced communications networks such as the NBN, to increasing investment in large scale security technologies such as at airports and other public gathering spaces.

Hydrix is well positioned to take advantage of these changes given our key defence industry experience, our deep critical systems skills and a business development network throughout the industry.

More broadly, many of these large, traditional industries are being rapidly transformed by disruptive and emerging technologies in areas where Hydrix already has a proven track record and established networks.

MEMS Spectrometry

We have one of the world's smallest near-infrared filter (NIR) technologies.

Over the past two years, we have advanced our patented Micro Electro Mechanical Systems ('MEMS') sensor technology licensed from the University of Western Australia. The first application of the sensor was the Panorama P3 Spectrometer, a hand-held prototype device demonstrated to the Australian agriculture industry. Based on market-testing and feedback in Australia and overseas over FY18, the next-generation P4 device is being developed for further testing in 1H19. Future applications in MedTech, Defence, Mining are being investigated.

We have four patents granted in AUS and US and another three patents under application in Australia, the US and Europe.

In conclusion

The addition of the Hydrix business to Panorama is the next step in our strategic plan to develop and grow the business. Hydrix's proven technical expertise, design & development track record, wide customer base and global market insights have added immense capability and credibility to Panorama's technology know-how.

With a strategy focused on providing professional design, development and commercialisation services to the fast-growing MedTech, Critical Systems and Industrial sectors, combined with growing our own IP and developing products in-house, as well as seeking equity stakes in high potential customer businesses, Panorama is embarking on an exciting growth phase to maximise shareholder wealth.

Yours Sincerely

Peter R. Lewis AM

B.Eng. (Elec), MBA

Corporate directory

Directors	Mr Gavin Coote (Chairman) Ms Julie King (Non-Executive Director) Ms Joanne Bryant (Non-Executive Director) Mr Paul Wright (Non-Executive Director - appointed 8 August 2018)
Company Secretary	Ms Alyn Tai
Registered Office	30-32 Compark Circuit Mulgrave VIC 3170 Phone: (03) 9550 8100
Principal place of business	30-32 Compark Circuit Mulgrave VIC 3170
Share register	Link Market Services Tower 4, Collins Square 727 Collins Street Melbourne VIC 3000
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000
Solicitors	Holding Redlich Level 8, 555 Bourke Street Melbourne VIC 3000
Stock Exchange Listing	Panorama Synergy Limited's shares are listed on the Australian Securities Exchange (ASX code: PSY)
Websites	Panorama Synergy Limited www.panoramasynergy.com Hydrix Pty Ltd www.hydrix.com
Country of incorporation and domicile	Australia

Directors' Report

Year ended 30 June 2018

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Panorama Synergy Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were Directors of Panorama Synergy Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Gavin Coote

Chairman
Appointed as Non-Executive Director 12 January 2017
Appointed as Non-Executive Chairman on 28 March 2017

Mr Coote brings significant executive leadership and business building experience across broad industry sectors. This experience includes 5 years with PricewaterhouseCoopers, a decade in technology mergers & acquisitions, corporate development, and venture investing in the United States, and fifteen years in Australian-based SME private equity at Imperium Capital Group across healthcare, industrial and residential construction materials, leisure and hospitality, and sports and entertainment.

He has played significant roles in several turnaround and acquisition-led growth strategies culminating in successful trade sales. These include NASDAQ-listed Platinum Technology Inc., where revenues grew from $100 million to over $1 billion in 4 years driven by organic revenue growth and 40+ acquisitions, and eventually sold to CA Technologies for $3.5 billion, and several SME private-equity exits at EBITDA multiples above 7.0x, equity cash multiples 5.0x to 20.0x and IRR above 25%.

Gavin has a Bachelor of Economics & Politics (Accounting) from Monash University, a Master of Business Administration from University of Michigan, and is a Graduate of the Australian Institute of Company Directors.

Ms Julie King

Non-Executive Director
Appointed 28 March 2017

Ms King holds a Bachelor of Commerce degree from the University of Melbourne. With 40 years' experience in various industries including utilities, maritime, airline, banking and FMCG, she is a specialist in commercial negotiations. Ms King currently operates a successful storage business.

Ms Joanne Bryant

Non-Executive Director
Appointed 29 November 2016

Ms Bryant brings more than 40 years of experience in the health sciences as an occupational therapist, trainer and vocational specialist. Currently, she is using this expertise to provide forensic opinion as a vocational specialist to the Victorian court system in addition to running a small clinical practice. She has worked for many years as an approved Rehabilitation Provider, providing injury management services to both Commonwealth and State organisations. Ms Bryant is a Member of the Australian Association of Occupational Therapists and a member of the GriefLine Board. She also manages a small privately-owned investment company.

Directors continued

Mr Paul Wright

Non-Executive Director
Appointed 8 August 2018

Mr Wright has spent the last 18 years as CEO of three of Australia's leading international technology companies.

At ASX-listed Universal Biosensors ("UBI"), Paul built long term partnerships with global diagnostics leaders Siemens Healthcare and Johnson & Johnson, and led the company through a period of strong growth and new product development.

Before UBI, Paul was CEO of Invetech (1999-2007), an internationally renowned product design and development company, and Vision BioSystems (2007-2008), the major subsidiary of ASX-listed Vision Systems Limited that developed, manufactured and marketed diagnostic instruments and consumables to pathology laboratories worldwide.

Prior to this, Paul spent over 8 years working in Europe, North America and Asia with corporate strategy consultants Bain & Company, advising multi-national clients on growth strategy, mergers and acquisitions, and manufacturing improvement. As General Manager of Corporate Development at TNT Logistics, Paul played a key role in the development of a major contract logistics business in Asia establishing Joint Venture businesses in China, Malaysia, and Indonesia.

Paul has a Masters Degree in Engineering from the University of Cambridge, has studied corporate finance at the London Business School, and is a Fellow of the Australian Institute of Company Directors.

Ms Alyn Tai

Company secretary

Ms Alyn Tai LLB (Hons) has held the role of Company Secretary since June 2016. She 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.

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Board of Directors' Meetings	
Director	**Attended**	**Held**
Mr Gavin Coote	9	9
Ms Julie King	9	9
Ms Joanne Bryant	9	9

Held: represents the number of meetings held during the time the Director held office.

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	No. of Ordinary Shares	No. of Performance Rights
Mr Gavin Coote (i)	2,214,984	10,000,000
Ms Julie King (ii)	118,838,359	-
Ms Joanne Bryant (iii)	8,862,865	-

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

(i) Mr Gavin Coote has a relevant interest in 2,214,984 fully paid ordinary shares, held by Beachridge Advisory Services Pty Ltd as Trustee for the Coote Family Discretionary Trust.
In addition, Gavin Coote has a relevant interest in 10,000,000 performance rights.

(ii) Ms Julie King has a relevant interest in 118,838,359 fully paid ordinary shares, held by John W King Nominees Pty Ltd; and

(iii) Ms Joanne Bryant has a relevant interest in 8,8862,865 fully paid ordinary shares, which are held as follows:
a. 6,127,865 fully paid ordinary shares are held by ELG Nominees Pty Ltd as trustee for The Gude Family No. 2 A/C
b. 2,560,000 fully paid ordinary shares are held by ELG Nominees Pty Ltd
c. 175,000 fully paid ordinary shares are held by JBB Superannuation Pty Ltd as trustee for the JBB Super Fund A/C

Principal activities

During the financial year the principal continuing activities of the parent entity consisted of the development of commercial technologies in the MEMS sensor industry. The consolidated entity's principal activities expanded during the year ended 30 June 2018, with the acquisition of the business and assets of Hydrix Group, effective 12 November 2017. Hydrix specialises in the design and development of high technology devices for a wide range of clients around the world including medical technology, safety critical systems and diversified industrial products. It offers a comprehensive range of software, electronics, and mechanical product design services ranging from applied research and initial concept definition and specification, through all stages of engineering, development, prototyping, manufacturer management and certification process management for global markets. The consolidated entity's headquarters are located in the university and commercial technology hub of Mulgrave, Victoria. The consolidated entity currently has 60 employees.

Dividends

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.

Review of operations

The operating loss for the consolidated entity after providing for income tax amounted to a net loss of $5,080,967 (30 June 2017: $4,375,949).

In 2018 we successfully transformed the consolidated entity from a research organisation to a business that develops, commercialises and owns IP and products. We delivered record revenues of $5.7 million which only includes seven months of revenue contribution from Hydrix acquired in November 2017.

In the first half, we undertook due diligence and associated activities to close the acquisition of Hydrix. We also released and demonstrated a first prototype chip-based spectrometer for use in agriculture. In the second half, we completed the post-acquisition integration of Hydrix, and continued market-based assessments of our MEMS technology research and development.

Hydrix is a platform for significant growth and value creation. Hydrix's proven track record of developing a wide and unique range of technology products for global clients will drive Panorama's "buy, build, invest" strategy to develop our own high value, high growth product IP portfolio.

We were also very pleased to announce the appointment of Mr Paul Wright as Non-executive Director in August 2018. Mr Wright brings significant high technology product and services experience to the Board building on a stable Board and leadership team.

Outlook

Meeting or exceeding our first half milestones will bring the company closer to operating profitability by the end of fiscal 2019 and improve the company's cash flows and strengthen its balance sheet. The business is well positioned to take advantage of significant growth prospects.

Significant changes in the state of affairs

On the 12th of November 2017 Hydrix Pty Ltd, a subsidiary of Panorama Synergy Limited, acquired the assets of Hydrix Group for the total consideration of $5,500,000. There were no other significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in these accounts.

Matters subsequent to the end of the financial year

The consolidated entity at 30 June 2018 had two shareholder loan facilities, one of $1.5 million and a second of $2.5 million. In addition to the $2.5 million capital raised via a Placement of shares to sophisticated and institutional investors, $0.5 million of the second loan is proposed to be converted into 12.5 million fully paid ordinary shares at $0.04 post issuance of these financial statements. Subject to shareholder approval at the 2018 AGM, $0.5 million of the first loan will also be converted into fully paid ordinary shares at $0.04 cents and issued to a related party.

During July 2018, the consolidated entity received additional funding of $525,000 through drawdowns on the existing two shareholder loan facilities.

Currently, the consolidated entity has two shareholder loans, one fully drawn facility of $1.5 million and a second with a facility limit of $2.5 million and remaining headroom of $225,000. As part of the debt restructure, both loan facility terms have been extended to 31 December 2019. The first loan charges interest at 10.0% (increasing from 2.0% on 1 August 2018) and the second loan charges interest at 11.0%.

On the 28th of August 2018, the consolidated entity received $372,500 in applications for 9,312,500 fully paid ordinary shares associated with the Share Purchase Plan to existing shareholders announced on the 9th of August 2018. These shares will be issued at the Placement price of $0.04.

Likely developments and expected results of operations
During FY 2019, the consolidated entity intends to pursue its “buy, build, invest” strategy to develop its own portfolio of product IP to broaden business growth opportunities. The business is well positioned to take advantage of significant growth prospects and to bring the consolidated entity closer to self-sustaining profitability by the end of fiscal 2019.

Environmental regulation
The consolidated entity's operations are subject to environmental regulations under the law of the Commonwealth and State. The Board believes that the consolidated entity 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 consolidated entity.

REMUNERATION REPORT (Audited)

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Details of key management personnel

- Remuneration philosophy

- Details of remuneration

- Share-based compensation

Details of Key Management Personnel

(i) Specified Directors

Mr Gavin Coote
Non-Executive Chairman - Appointed 12 January 2017

Ms Julie King

Non-Executive Director - Appointed 28 March 2017

Ms Joanne Bryant

Non-Executive Director - Appointed 29 November 2016

Mr Paul Wright

Non-Executive Director - Appointed 8 August 2018

(ii) Specified Executives
Mr Peter Lewis AM

Chief Executive Officer - Appointed 17 May 2017

Mr Peter Russell

Chief Commercial Officer - Appointed 28 March 2017

REMUNERATION REPORT (Audited) (Continued)

Remuneration Philosophy

The performance of the company depends on the quality of the company's Directors, executives and employees and therefore the company must attract, motivate and retain appropriately qualified industry personnel.

The remuneration policy of the company 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 company'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 company, 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 company 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 entity'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 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 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.

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

In accordance with the company's Constitution, the aggregate remuneration that can be paid to the company's Non-Executive Directors is $500,000 per annum, and the Board determines how this aggregate amount should be divided among individual Directors and in what proportions.

Further details of the Key Management Personnel remuneration for the year are detailed in Note 22.

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.

Details of remuneration

(i) Specified Director Remuneration

Mr Gavin Coote - Non-Executive Chairman

i. Fixed remuneration – The base remuneration is $60,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Mr Coote 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).

Ms Julie King - Non-Executive Director

i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

REMUNERATION REPORT (Audited) (Continued)

ii. Expenses – Ms King is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of her duties and responsibilities (and upon production of satisfactory receipts).

Ms Joanne Bryant - Non-Executive Director

i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

iii. Expenses – Ms Bryant is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of her duties and responsibilities (and upon production of satisfactory receipts).

(ii) Specified Executive Remuneration

Mr Peter Lewis AM - Chief Executive Officer

Remuneration

i. Fixed remuneration – The base remuneration is $273,973 per annum plus statutory superannuation contributions at 9.5% per annum.

ii. Long term incentives – Mr Lewis will be invited to participate in the company's long term incentive plan, 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.

iii. Mr Lewis will be issued 4,000,000 Performance Rights on the terms and conditions noted below:

a. Tranche 1: 2,000,000 Performance Rights to be issued after the Commencement Date, which will relate to the performance period between the Commencement Date and 30 June 2019 (FY19 Performance Period);

b. Tranche 2: 1,000,000 Performance Rights to be issued after 30 June 2019, which will relate to the performance period between 1 July 2019 and 30 June 2020 (FY20 Performance Period); and

c. Tranche 3: 1,000,000 Performance Rights to be issued after 30 June 2020, which will relate to the performance period between 1 July 2020 and 30 June 2021 (FY21 Performance Period).

The vesting of Performance Rights will be subject to fulfilment of certain conditions which will be tested over the relevant Performance Period (Vesting Conditions), and are expected to include:

- The Executive's achievement of financial and non-financial performance measures (which will be determined by the Board) over the relevant Performance Period. It is expected that financial performance measures will be based on revenue or other financial metric targets determined by the Board in respect of each Performance Period, and non-financial measures will be based on key performance indicators determined by the Board in respect of each Performance Period; and

- The Executive remains in the employ of the company in his role of Chief Executive Officer, or other eligible role as determined by the Board, as at the end of the relevant Performance Period.

The Board will assess the achievement of the Vesting Conditions after the end of Performance Period on the basis of the company's audited annual accounts. Where the Board determines that the Vesting Conditions have not been met, the relevant tranche of Performance Rights will lapse.

Termination of employment

i. Mr Lewis' employment may be terminated at any time by the company giving him 3 months' written notice of termination (or payment in lieu of such notice). The company may terminate Mr Lewis' employment immediately in certain circumstances including serious misconduct and material breach of the Agreement. The company may also terminate Mr Lewis' employment if he is incapacitated for an extended period.

ii. Mr Lewis may terminate his employment at any time by giving the company 3 months' written notice of termination.

Non-competition and non-solicitation

Mr Lewis 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 Mr Lewis after termination of his engagement with the company for any reason, including that for a period of 12 months post termination, Mr Lewis may not be involved in any business activities in Australia which are in competition with the company's activities.

REMUNERATION REPORT (Audited) (Continued)

(ii) Specified Executive Remuneration

Mr Peter Russell - Chief Commercial Officer

Remuneration
Fixed remuneration – The base remuneration is $250,000 per annum plus statutory superannuation contributions at 9.5% per annum.

Termination of employment
Mr Russell's employment may be terminated at any time by either party, by giving 14 days written notice of termination (or payment in lieu of such notice). The company may terminate Mr Russell's employment immediately in certain circumstances including serious misconduct and material breach of the Agreement. The company may also terminate Mr Russell's employment if he is incapacitated for an extended period.

Non-competition and non-solicitation
Mr Russell 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 Mr Russell after termination of his engagement with the company for any reason, including that for a period of 12 months post termination, Mr Russell may not be involved in any business activities in Australia which are in competition with the company's activities.

Engagement of remuneration consultants
During the financial year no external consultants were engaged to review the remuneration and provide recommendations relating to KMP.

Remuneration details for the year ended 30 June 2018

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

Table of benefits and payments for the year ended 30 June 2018

	Short-term benefits				Share-based payments		
	Salary	Fees	Post-employment benefits Super-annuation	Long-term benefits Long Service Leave	Equity-settled shares	Equity-settled	Total
	$	$	$	$	$	$	$
Directors							
Mr Gavin Coote[1]	60,000	139,955	-	-	480,664	-	680,619
Ms Julie King[2]	-	-	-	-	-	-	-
Ms Joanne Bryant[3]	-	-	-	-	-	-	-
Other KMP							
Mr Peter Lewis AM	273,973	-	26,027	2,538	-	-	302,538
Mr Peter Russell	240,000	-	-	-	-	-	240,000
Total	573,973	139,955	26,027	2,538	480,664	-	1,223,157

[1]Non-salary short-term benefits relate to professional fees payable to Mr Gavin Coote for consultancy and advisory work performed by him outside the scope of his role as Director; the fees are at arm's length rates agreed by the Board.

[2]Directors' fees were waived during the year ended 30 June 2018.

[3]Directors' fees were waived during the year ended 30 June 2018.

REMUNERATION REPORT (Audited) (Continued)

Table of benefits and payments for the year ended 30 June 2017

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Salary $	Fees $	Super-annuation $	Long Service Leave $	Equity-settled shares $	Equity-settled $	Total $
Directors - Current							
Mr Gavin Coote[1, 11]	25,184	96,221	-	-	-	-	121,405
Ms Julie King[2]	12,362	-	-	-	-	-	12,362
Ms Joanne Bryant[3]	28,011	-	-	-	-	-	28,011
Directors - Previous							
Mr Terrence Walsh[4, 9]	325,000	-	28,674	-	-	192,764	546,438
Mr Glenn Ross[5]	50,250	-	-	-	-	-	50,250
Dr Nigel Finch[6, 10]	230,000	-	8,550	-	-	(7,654)	230,896
Other KMP							
Mr Peter Lewis AM[7]	34,422	-	3,270	-	-	-	37,692
Mr Peter Russell[8]	60,000	-	-	-	-	-	60,000
Total	765,229	96,221	40,494	-	-	185,110	1,087,054

[1] Mr Coote was appointed to the board on 12 January 2017

[2] Ms Julie King was appointed to the board on 28 March 2017

[3] Mr Joanne Bryant was appointed to the board on 29 November 2017

[4] Mr Terry Walsh resigned from the board effective 28 March 2017

[5] Mr Glenn Ross resigned from the board effective 21 February 2017

[6] Dr Nigel Finch resigned from the board effective 16 November 2017

[7] Mr Peter Lewis was appointed as Chief Executive Officer effective from 17 May 2017

[8] Mr Peter Russell was appointed as General Manger, Commercial effective form 28 March 2017

[9] The options issued to Mr Walsh were voluntarily cancelled during the year prior to the options vesting. The options issued to Mr Walsh were accordingly cancelled and the expense accelerated for the remaining vesting period before being remove from the share-based payments reserve. For further information regarding the treatment of the share-based payments, refer to Note 29 of the Notes to the Financial Statements.

[10] Dr Nigel Finch was not issued with the options to which the Equity-settled share-based Payments in the previous financial year relate; these options were to be issued subject to shareholder approval being obtained at a General Meeting in accordance with the terms of Dr Finch's appointment. The options were not issued due to his resignation prior to the General Meeting. Accordingly, the previous year's expense was written back in the current financial year. For further information regarding the treatment of the share-based payments, refer to Note 29 of the Notes to the Financial Statements.

[11] Relates to professional fees payable to Mr Gavin Coote for consultancy and advisory work performed by him outside the scope of his role as Director, the fees are at arm's length rates and agreed by the Board.

REMUNERATION REPORT (Audited) (Continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Directors						
Mr Gavin Coote	11%	100%	-	-	89%	-
Ms Julie King	N/A	100%	-	-	-	-
Ms Joanne Bryant	N/A	100%	-	-	-	-
Other KMP						
Mr Peter Lewis AM	100%	100%	-	-	-	-
Mr Peter Russell	100%	100%	-	-	-	-

Share-based compensation

Issue of shares

Details of shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2018 are set out below:

Name	Date	Shares	Issue Price	$
Mr Peter Russell	9-Oct-17	2,158,395	$0.04694	$101,315
Mr Gavin Coote	12-Dec-17	2,214,984	$0.04939	$109,398
Mr Peter Russell	22-Jun-18	1,633,531	$0.08570	$140,000

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of performance rights granted	Grant date	Vesting date & exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr Gavin Coote	5,000,000	12-Dec-17	30-Jun-18	30-Jun-19	$0.00	$0.071
Mr Gavin Coote	5,000,000	12-Dec-17	30-Jun-19	30-Jun-20	$0.00	$0.071

Performance rights granted carry no dividend or voting rights.

REMUNERATION REPORT (Audited) (Continued)

Additional information

The earnings of the consolidated entity for the five years ended 30 June 2018 are summarised below:

	2018 $	2017 $	2016 $	2015 $	2014 $
Revenue	5,715,182	793,258	98,464	170,279	19,055
(Loss) before tax	(5,539,445)	(4,375,949)	(4,880,714)	(4,382,249)	(1,550,142)
(Loss) after tax	(5,080,967)	(4,375,949)	(4,880,714)	(4,020,406)	(1,419,513)

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year end ($)	$0.047	$0.038	$0.100	$0.130	$0.050
Total dividends declared (cents per share)	$0.00	$0.00	$0.00	$0.00	$0.00
Basic loss per share (cents per share)	(0.94)	(0.86)	(0.96)	(0.82)	(0.38)
Diluted loss per share (cents per share)	(0.94)	(0.86)	(0.96)	(0.82)	(0.38)

Additional disclosures relating to KMP

Shareholding

The number of shares in the company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / Other	Balance at the end of the year
Mr Gavin Coote	-	2,214,984	-	-	2,214,984
Ms Julie King	118,838,359	-	-	-	118,838,359
Ms Joanne Bryant	8,862,865	-	-	-	8,862,865
Mr Peter Lewis AM	-	-	-	-	-
Mr Peter Russell	-	3,791,926	-	-	3,791,926
	127,701,224	**6,006,910**	**-**	**-**	**133,708,134**

REMUNERATION REPORT (Audited) (Continued)

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties is set out below:

	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
Mr Gavin Coote	-	10,000,000	-	-	10,000,000
Ms Julie King	-	-	-	-	-
Ms Joanne Bryant	-	-	-	-	-
Mr Peter Lewis AM	-	-	-	-	-
Mr Peter Russell	-	-	-	-	-
	-	10,000,000	-	-	10,000,000

This concludes the remuneration report, which has been audited.

Shares under option / performance rights

At the date of this report, there were 22,350,000 options and 10,225,000 performance rights to acquire ordinary shares of the company as follows:

Class of Unlisted Options	Note	Exercise Price	Vesting Date	Expiry Date	Grant Date	Fair Value at Grant Date	Balance at 30 June 2018	Balance at Date of this Report
Class 2 options	**(i)**	$0.20	5-Sep-18	5-Sep-18	5-Sep-16	$0.04	16,175,000	16,175,000
Class 3 options	**(ii)**	$0.40	5-Sep-18	5-Sep-19	5-Sep-16	$0.03	6,175,000	6,175,000
Performance rights	**(iii)**	$0.00	30-Jun-18	30-Jun-19	12-Dec-17	$0.07	5,000,000	5,000,000
Performance rights	**(iv)**	$0.00	30-Jun-19	30-Jun-20	12-Dec-17	$0.07	5,000,000	5,000,000
Performance rights	**(v)**	$0.00	9-Mar-19	9-Mar-20	22-Jun-18	$0.05	225,000	225,000

(i) On 5 September 2016, 16,800,000 Class 2 Options were issued under the Employee Stock Ownership Plan (ESOP), and subsequently 625,000 were forfeited due to the failure to meet vesting conditions.

(ii) On 5 September 2016, 6,800,000 Class 3 Options were issued under the ESOP, and subsequently 625,000 were forfeited due to failure to meet vesting conditions.

(iii) & (iv) On 12 December 2017, two tranches of 5,000,000 Performance Rights were issued under the LTIP.

(v) On 22 June 2018, 250,000 Performance Rights were issued under the LTIP, and subsequently 25,000 were forfeited due to failure to meet vesting conditions.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related entity 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.

Indemnity and insurance of officers

The company has indemnified the Directors and executives of the consolidated entity for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company or to 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 part of those proceedings.

Non-audit services

No non-audit services have been provided by the consolidated entity's auditor, RSM Australia Partners.

Rounding of amounts

The company is of a kind referred to in *Corporations Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the Directors

Mr Gavin Coote

Chairman

31 August 2018

Melbourne

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Panorama Synergy Limited for the year ended 30 June 2018, 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.

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 31 August 2018
Melbourne, Victoria

Panorama Synergy Limited
Consolidated Statement of Profit & Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018	2017
		$	$
Revenue			
Revenue from ordinary activities	4	5,351,182	-
Other income	4	364,000	793,258
		5,715,182	**793,258**
Operating expenses			
Employee benefits expense	5	(6,259,760)	(888,681)
Depreciation and amortisation expense	5	(445,896)	(45,383)
Selling, advertising and distribution expenses		(37,018)	-
Rental expense		(552,993)	-
Share based payment expenses	29	(714,847)	(1,364,017)
Research and development expenses		(197,922)	(786,870)
Project material expenses		(419,718)	-
Finance costs	5	(130,972)	-
Other expenses	5	(2,495,501)	(2,084,256)
		(11,254,627)	**(5,169,207)**
Loss before income tax expense		**(5,539,445)**	**(4,375,949)**
Income tax (expense)/ benefit	6	458,478	-
Loss after income tax expense		**(5,080,967)**	**(4,375,949)**
Other comprehensive income	17	(56,750)	42,975
Total comprehensive loss for year attributable to the Owners of Panorama Synergy Limited		**(5,137,717)**	**(4,332,974)**
Loss per share			
Basic and diluted earnings per share (cents per share)	28	$ (0.94)	$ (0.86)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Panorama Synergy Limited
Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	7	160,148	913,049
Trade and other receivables	8	1,976,706	66,449
Other financial assets		25,000	51,225
Prepayments		131,012	11,753
Total current assets		**2,292,866**	**1,042,476**
Non-current assets			
Available-for-sale financial assets		34,262	92,975
Deferred tax assets	6	35,996	-
Plant and equipment	9	699,531	283,537
Intangible assets	10	4,835,406	-
Security deposits		419,177	-
Total non-current assets		**6,024,372**	**376,512**
Total Assets		**8,317,238**	**1,418,988**
Current liabilities			
Trade and other payables	11	1,277,434	829,166
Borrowings	15	3,250,000	-
Employee benefits	13	582,062	31,709
Other liabilities	12	475,878	-
Total current Liabilities		**5,585,374**	**860,875**
Non-current liabilities			
Employee benefits	13	218,126	-
Provisions	14	161,632	-
Other liabilities	12	1,396,227	-
Total non-Current Liabilities		**1,775,985**	**-**
Total Liabilities		**7,361,359**	**860,875**
Net Assets		**955,879**	**558,113**
Equity			
Issued capital	16	75,029,466	70,208,830
Available-for-sale financial asset reserve	17	(13,775)	42,975
Share based payments reserves	17	1,244,036	1,265,689
Accumulated losses	18	(75,303,848)	(70,959,381)
Total Equity		**955,879**	**558,113**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Panorama Synergy Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2016	70,208,830	2,918,542	(69,600,302)	3,527,070
Loss after income tax expense for the year	-	-	(4,375,949)	(4,375,949)
Other comprehensive income, net of tax	-	42,975	-	42,975
Total comprehensive income for the year	-	42,975	(4,375,949)	(4,332,974)
Transactions with owners in their capacity as owners:				
Share based payments		1,364,017		1,364,017
Expired options		(3,016,870)	3,016,870	-
Balance at 30 June 2017	**70,208,830**	**1,308,664**	**(70,959,381)**	**558,113**

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2017	70,208,830	1,308,664	(70,959,381)	558,113
Loss after income tax expense for the year	-	-	(5,080,967)	(5,080,967)
Other comprehensive income, net of tax	-	(56,750)	-	(56,750)
Total comprehensive income for the year	-	(56,750)	(5,080,967)	(5,137,717)
Transactions with owners in their capacity as owners:				
Share based payments		714,847		714,847
Expired options		(736,500)	736,500	-
Contributions of equity, net of transaction costs	4,820,636	-	-	4,820,636
Balance at 30 June 2018	**75,029,466**	**1,230,261**	**(75,303,848)**	**955,879**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Panorama Synergy Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash Flows from operating activities			
Receipts from customers (including GST)		5,394,106	-
Payments to suppliers and employees (including GST)		(9,446,457)	(3,582,335)
Interest received		2,481	15,581
Interest and other finance costs paid		(120,921)	-
Other income		73,375	104,871
Income tax receipt (R&D tax incentive)		288,144	697,055
Net cash used in operating activities	**20**	**(3,809,272)**	**(2,764,828)**
Cash Flows from Investing Activities			
Payments for purchase of business, net of cash acquired		(20,335)	-
Payments for plant and equipment		(177,194)	(11,150)
Proceeds from sale of investments		1,700	-
Proceeds from sale of plant and equipment		2,200	-
Net cash used in investing activities		**(193,629)**	**(11,150)**
Cash Flows from financing activities			
Proceeds from borrowings		3,250,000	-
Net cash flow from financing activities		**3,250,000**	**-**
Net decrease in cash and cash equivalents		(752,901)	(2,775,978)
Cash and cash equivalents at start of year		913,049	3,689,027
Cash and cash equivalents at end of year	**7**	**160,148**	**913,049**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

1 General Information

The financial statements cover Panorama Synergy Limited as a consolidated entity consisting of Panorama Synergy Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Panorama Synergy Limited's functional and presentation currency.

Panorama Synergy Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the Directors of the company on 31 August 2018

a) 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 Company 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.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed in note 2.

Going concern

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

As disclosed in the financial statements, the consolidated entity:
- recorded a net loss after tax of $5.06 Million for the year ended 30 June 2018 (30 June 2017: net loss of $4.38 Million)
- had a cash balance of $0.16 Million;
- had negative operating cash flows of $3.80 Million for the year ended 30 June 2018 (30 June 2017: $2.76 Million); and
- had negative working capital at 30 June 2018 of $3.27 Million (30 June 2017: positive working capital of $0.18 Million)

Despite this financial position, in the Directors opinion there are reasonable grounds to believe that it is reasonably foreseeable that the consolidated entity will be able to continue as a going concern and it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- In July 2018, the consolidated entity received additional loan funds of $525,000 from shareholders;

- On 31 July 2018, the consolidated entity completed a capital raising by the placement of 62,500,000 new fully paid ordinary shares at an issue price of $0.04 per share raising $2,500,000 before costs;

- On 28 August 2018, the consolidated entity received $372,500 in applications for 9,312,500 fully paid ordinary shares associated with the Share Purchase Plan to existing shareholders announced on 9 August 2018. These shares will be issued at the placement price of $0.04; and

- As at the date of signing these financial statements, the total loans with shareholders are $3.775 Million. The consolidated entity has renegotiated the terms of the loans with the shareholders. It was agreed that the repayment date for $2.775 Million would be extended to 31 December 2019 and $1 Million of the loan balance would be converted to shares post the issuance of these financial statements.

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b) Parent entity information

In accordance with the *Corporations Act 2001,* these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Panorama Synergy Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Panorama Synergy and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

d) Foreign currency translation

The financial statements are presented in Australian dollars, which is Panorama Synergy Limited's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

f) Impairment of assets

At the end of each reporting period, the consolidated entity 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 consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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g) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

h) New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.
The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
The consolidated entity has adopted AASB 2016-1 from 1 July 2017. The amendments to AASB 112 'Income Taxes' clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
The consolidated entity has adopted AASB 2016-2 from 1 July 2017. The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle
The consolidated entity has adopted AASB 2017-2 from 1 July 2017. The amendments to AASB 12 'Disclosure of Interests in Other Entities' clarify that the disclosure requirements of AASB 12 (other than the requirements for summarised information for subsidiaries, joint ventures and associates) apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners, or discontinued operations in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'.

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i) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Standard/Interpretation	Summary	Effective date	Impact
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the consolidated entity given they have limited financial assets.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.	1 January 2018	The assessment has identified that the changes in revenue recognition requirements in AASB 15 will not result in any material changes to the timing and amount of revenue recorded in the financial statements.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends as follows: a) Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. b) Dividends are recognised in the profit and loss only when: o the entity's right to receive payment of the dividend is established; o it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably.	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the entity.

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i) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

Standard/Interpretation	Summary	Effective date	Impact
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: a) A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; b) For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and c) For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1-Jan-18	The assessment has indicated that there will be no significant impact for the entity.
AASB 16 *Leases*	The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).	1 Jan 2019	As at 30 June 2018, the consolidated entity had $7,751,448 of operating lease commitments, which is anticipated to be brought onto the statement of financial position through the recognition of a right to use asset and associated lease liability. The operating lease expense in the statement of profit and loss will be replaced by depreciation expense of the asset and an interest charge.

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2 Critical Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Share-based payment transactions
The consolidated entity assesses the fair value of options granted applying the 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.

(ii) Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(iii) Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(iv) Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(v) Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(vi) Business combinations
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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3 Operating Segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments based on the internal reports that are reviewed and used by the Board of Directors [who are identified as the Chief Operating Decision Makers ('CODM')] in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

All the assets are located in Australia and all revenues are generated in Australia.

Operating Segment Information

Consolidated - 2018	Hydrix Engineering Services $	Panorama Synergy Research & Development $	Total Operations $
Revenue			
Sales to external customers	5,351,182	-	5,351,182
Other revenue	4,863	359,137	364,000
Total Segment Revenue	5,356,045	359,137	5,715,182
EBITDA	(2,274,106)	(2,688,471)	(4,962,577)
Depreciation and amortisation	(412,379)	(33,517)	(445,896)
Interest revenue	-	-	-
Finance costs	(39,117)	(91,855)	(130,972)
(Loss) before income tax expense	(2,725,602)	(2,813,843)	(5,539,445)
Income tax expense	-	-	458,478
(Loss) after income tax expense	(2,725,602)	(2,813,843)	(5,080,967)
Assets			
Segment assets	7,701,089	385,744	8,086,832
Unallocated assets:			
Cash and cash equivalents			160,148
Ordinary shares			34,262
Deferred tax assets			35,996
Total assets	-	-	8,317,238
Liabilities			
Segment liabilities	3,391,609	719,751	4,111,359
Unallocated liabilities:			
Shareholder loans			3,250,000
Total liabilities	3,391,609	719,751	7,361,359

During the prior year, Panorama Synergy Limited was considered to be a single operating segment.

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4 Revenue

	2018	2017
	$	$
Sales revenue		
Rendering of services	5,351,182	-
Other revenue:		
Research and development tax incentive	288,144	697,055
Grant funding	54,583	50,376
Interest income	7,019	15,581
Other income	14,253	30,246
	364,000	793,258
	5,715,182	**793,258**

Accounting Policy - Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

(i) *Rendering of services*
Rendering of services revenue is recognised by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

(ii) *Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) *Government grants*
R&D tax - incentives receivable will be recognised in the statement of profit and loss during the period in which they are received from the Australian Taxation Office.

(iv) *Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

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5 Expenses

(Loss) before income tax includes the following specific expenses:	**2018**	**2017**
	$	**$**
Employee benefits expenses		
Salaries, wages and leave entitlements	5,378,604	776,474
Defined contribution superannuation expense	511,269	112,721
Employee on-costs	323,117	2,712
Employee training and development	46,769	-
Total employee benefits expenses	**6,259,760**	**891,908**
Depreciation		
Plant and equipment	45,528	45,383
Computer equipment	31,281	-
Furniture and fixtures	23,904	-
	100,713	45,383
Amortisation		
Software - CHEF Framework	279,819	-
Customer Contracts & Relationships	42,036	-
Software - Other	23,328	-
	345,183	-
Total depreciation and amortisation expense	**445,896**	**45,383**
Finance costs		
Interest and finance charges paid/payable	93,472	-
Unwinding of discount on borrowings	37,500	-
Total finance costs	**130,972**	-
Other expenses		
Consultancy charges	880,960	411,287
Directors' fees	46,622	768,200
IT related expenses	225,286	26,435
Legal and professional charges	270,931	367,519
Contract labour	373,852	-
Travelling costs	182,162	152,464
Bad debts written off	165,852	-
Insurance	47,149	32,623
Administration expenses	302,688	325,726
Total other expenses	**2,495,501**	**2,084,256**

Accounting Policy - expenses

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Finance costs
All finance costs are expensed in the period in which they are incurred.

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6 Income Taxes

		2018	2017
(a)	***Income tax (expense)/ benefit***	**$**	**$**
	Current income tax	-	-
	Deferred tax - origination and reversal of temporary differences	458,478	-
	Adjustment recognised for prior periods	-	-
		458,478	**-**
	Deferred tax included in income tax expense comprises:		
	Increase / (decrease) in deferred tax assets	921,677	-
	Increase/(decrease) in deferred tax liabilities	(885,681)	-
	Add / (Less) : Deferred taxes recognised on business combinations	422,482	-
	Deferred tax - origination and reversal of temporary differences	**458,478**	**-**
	Numerical reconciliation of income tax benefit and tax at the statutory rate		
	Loss before income tax expense	5,539,445	4,375,949
	Tax at the statutory tax rate of 27.50% (Previous year 30%)	1,523,347	1,312,785
	Tax effect amounts which are not (deductible) /taxable in calculating taxable income:		
	Share based payments	(196,583)	(409,205)
	Other non allowable items	-	(419,866)
	Effect of R&D Rebate @ 43.5% of eligible expenses	(96,152)	157,053
	R&D tax incentive income - non assessable	79,240	-
	Deferred Tax Asset (DTA) on tax losses not brought to account	(851,374)	(640,767)
		458,478	**-**
(b)	***Deferred tax assets***		
	The balance comprises temporary differences attributable to:		
	Provision for annual leave	131,314	-
	Provision for long service leave	88,738	-
	Lease incentive liability	514,829	-
	Accruals	51,299	-
	Unearned income	91,048	-
	Lease make-good provision	44,449	-
	Total deferred tax assets	**921,677**	**-**
(c)	***Deferred tax liabilities***		
	The balance comprises temporary differences attributable to:		
	Work-in-progress	69,166	-
	Intangible assets	816,515	
		885,681	**-**
	Net deferred tax assets	**35,996**	**-**
(d)	**Movement in deferred tax assets**		
	Opening balance	-	-
	Additions through business combinations	(422,482)	-
	Credited to profit and loss	458,478	-
	Credited to equity	**-**	-
	Closing Balance	**35,996**	**-**
(e)	**Deferred tax assets not brought to account at reporting date**		
	Operating losses	4,385,016	3,308,865
	Capital losses	78,300	-

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

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6 Income Taxes (continued)

Accounting Policy - Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- *When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or*
- *When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.*

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Panorama Synergy Limited (the 'head entity') and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the tax consolidation regime. The head entity and the subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

7 Cash and cash equivalents

	2018	2017
	$	$
Cash at bank	159,620	912,704
Cash on hand	528	345
	160,148	**913,049**

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2018	2017
Balances as above	160,148	913,049
Balance as per statement of cash flows	160,148	913,049

Accounting policy - Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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8 Trade and other receivables

	2018	2017
Current	**$**	**$**
Trade receivables	1,697,175	-
Less: Provision for impairment of receivables	-	-
	1,697,175	-
Work in progress	251,512	-
GST receivable	27,515	39,335
Other receivables	505	27,114
	1,976,706	**66,449**

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $350,666 as at 30 June 2018 (30 June 2017: NIL).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The aging of the past due but not impaired receivables provided for the above are as follows:

	Consolidated	
	2018	**2017**
	$	**$**
0 to 3 months overdue	350,666	-
3 to 6 months overdue	-	-
Over 6 months overdue	-	-
	350,666	**-**

Accounting policy - Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Work-in-progress represents service revenues which are yet to be invoiced to the customer in accordance with the payment terms pursuant to the customer contract. Work-in-progress is initially recognised at fair value with amounts which are known to be unbillable written off by reducing the carrying amount directly.

Other receivables are recognised at amortised cost, less any provision for impairment.

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9 Plant and Equipment

	2018 $	2017 $
Plant and equipment		
At cost	409,366	337,997
Less accumulated depreciation	(84,261)	(54,461)
	325,105	283,537
Computer equipment		
At cost	115,359	-
Less accumulated depreciation	(31,281)	-
	84,078	-
Furniture and fixtures		
At cost	314,252	-
Less accumulated depreciation	(23,904)	-
	290,348	-
	699,531	**283,537**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Work in Progress $	Plant & Equipment $	Computer Equipment $	Furniture & Fixtures $	Total $
Balance as at 1 July 2016	298,341	27,838	-	-	326,179
Additions	-	11,149	-	-	11,149
Transfers	(298,341)	298,341	-	-	-
Foreign exchange movement	-	(8,408)	-	-	(8,408)
Disposals	-	-	-	-	-
Depreciation expense	-	(45,383)	-	-	(45,383)
Balance as at 30 June 2017	**-**	**283,537**	**-**	**-**	**283,537**
Balance as at 1 July 2017	-	283,537	-	-	283,537
Additions through business combinations (note 26)	-	58,587	75,241	314,252	448,080 -
Additions	-	38,301	40,118	-	78,419
Disposals	-	(9,792)	-	-	(9,792)
Depreciation expense	-	(45,528)	(31,281)	(23,904)	(100,713)
Balance as at 30 June 2018	**-**	**325,105**	**84,078**	**290,348**	**699,531**

Accounting Policy - Plant and equipment

The useful lives adopted for each class of depreciable assets are:

Class of Fixed Asset	*Useful lives*
Plant and equipment	*2 to 5 years*
Computer equipment	*3 to 4 years*
Furniture and fixtures	*10 to 15 years*
Leasehold improvements	*Over the initial period of the lease*

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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(l) 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.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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10 Intangible assets

	2018 $	2017 $
Goodwill	1,805,700	-
Less: Impairment	-	-
	1,805,700	-
Software - at cost	83,889	-
Less: Accumulated amortisation	(23,328)	-
	60,561	-
Brand Name	525,000	-
Less: Impairment	-	-
	525,000	-
Customer Contracts & Relationships	536,000	-
Less: Accumulated amortisation	(42,036)	-
	493,964	-
Software - CHEF Framework	2,230,000	-
Less: Accumulated amortisation	(279,819)	-
	1,950,181	-
	4,835,406	**-**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Software $	Brand Name $	Customer contracts and relationships $	Software - CHEF Framework $	Total $
Balance as at 1 July 2016	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Impairment expense	-	-	-	-	-	-
Amortisation expense	-	-	-	-	-	-
Balance as at 30 June 2017	-	-	-	-	-	-
Balance as at 1 July 2017	-	-	-	-	-	-
Additions through business combinations (note 26)	1,805,700	-	525,000	536,000	2,230,000	5,096,700
Additions		83,889				83,889
Impairment expense	-	-	-			-
Amortisation expense	-	(23,328)	-	(42,036)	(279,819)	(345,183)
Balance as at 30 June 2018	**1,805,700**	**60,561**	**525,000**	**493,964**	**1,950,181**	**4,835,406**

Impairment testing

Brand Name and Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	2018 $	2017 $
Engineering Services - Hydrix Pty Ltd	2,330,700	-

The recoverable amount of the consolidated entity's goodwill and indefinite life intangible asset (Brand) has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

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10 Intangible assets (continued)

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the engineering services division:

Item	Assumption	Rationale
Revenue Growth Rates – FY 2019	Per Budget	Based on existing contracts and proposals in various stages of negotiation
Revenue Growth Rates – FY 2020 onwards	10% p.a annual average growth	Turnaround strategies are in place to return the business to historical revenue levels in the short-term.
Expenditure Growth Rates – FY 2019	Per approved budget	In line with expected margins
Expenditure Growth Rates – FY 2020 onwards	5% p.a annual average growth	The business has existing capacity to deliver increased revenues without adding significant costs. Managements estimate also takes into account the prevailing interest rate and efforts to contain costs.
Years forecasted	5 years	5 years as per recommended length of time per AASB136
Tax Rate	27.50%	Base rate entity company tax rate
Working Capital	15% of revenues	Average working capital required
Discount Rate	16% post-tax	Management's estimate of the Group's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur, the resulting goodwill carrying amount may decrease. The sensitivities are as follows: (a) Revenue would need to decrease by more than 4% for the engineering services division before goodwill would need to be impaired, with all other assumptions remaining constant. (b) The discount rate would be required to increase by 16% for the engineering services division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of engineering services division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of engineering services division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Accounting Policy - Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8 years.

Brand Name
The Hydrix brand name is thought to have an infinite life and is not amortised. Instead, the brand is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on the brand are taken to profit or loss are are not subsequently reversed.

Software (including CHEF)
Significant costs associated with the Common Hydrix Embedded Framework (CHEF) software are deferred and amortised on a straight-line basis over a period of 5 years given its assumed amortisation rate of 20%. Other software costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 years.

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11 Trade and other payables

	2018 $	2017 $
Trade payables	726,085	404,971
Other payables	361,896	37,825
Accrued liabilities	189,453	386,370
	1,277,434	**829,166**

Accounting policy - Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

12 Other liabilities

	2018 $	2017 $
Current		
Customer deposits	30,000	-
Unearned income	331,084	-
Lease incentive liability	114,794	-
	475,878	**-**
Non - Current		
Lease incentive liability	1,396,227	-
	1,396,227	**-**

Accounting Policy - other liabilities

Unearned income
Unearned income is recognised as a liability when the customer pays in advance but the services have not yet been provided to the customer. When the services are provided to the customer, the unearned revenue balance is reduced and the revenue is brought to account.

Lease incentive liability
The aggregate benefits of lease incentives receivable under the agreement for lease of premises is recognised as reduction of rental expense over the lease term, on a straight-line basis. The liability as at reporting date represents lease incentives pertaining to the unexpired period of lease.

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13 Employee benefits

	2018 $	2017 $
Current		
Annual leave	477,506	31,709
Long service leave	104,556	-
	582,062	**31,709**
Non - current		
Long service leave	218,126	-
	218,126	**-**

Accounting Policy - Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, annual leave and long service leave which are expected to be settled within 12 months of the reporting date and which the entity does not have a conditional right to defer settlement beyond 12 months, are recognised as part of provisions in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

14 Provisions

	2018 $	2017 $
Non - current		
Lease make-good provision	161,632	-
	161,632	**-**

Lease make good provision
The provision represents the present value of the estimated costs to make good the Mulgrave premises leased by the consolidated entity expiring in the year 2025 with options to extend to two further terms of four years each.

Movements in provisions
Movements in the lease make-good provision during the current financial year, other than employee benefits, are set out below:

Consolidated	2018 $	2017 $
Carrying amount at the start of the year	-	-
Additions through business combinations	160,015	-
Additional provisions recognised	1,617	-
Unused amounts reversed	-	-
Carrying amount at the end of the year	**161,632**	**-**

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15 Borrowings

	2018	2017
Current	**$**	**$**
Shareholder loans	3,250,000	-
	3,250,000	**-**

Refer to note 21 for further information on financial instruments.

Total secured liabilities including assets pledged as security

An unsecured loan facility of $1,500,000 with a 2%p.a interest rate has been provided by a major shareholder. During the year ended 30 June 2018, $1,250,000 was drawn down on this facility. The loan was originally repayable on 15 November 2018.

A separate 12-month loan facility of $2,500,000 has been provided to the company by a shareholder, in order to fund the company's acquisition of the business assets of Hydrix Pty Ltd. During the year ended 30 June 2018, $2,000,000 was drawn down on this facility. The remaining loan facility is available for potential earn-out consideration and working capital requirements as required. The loan is secured over the assets of the Hydrix subsidiary and is guaranteed by Panorama Synergy Limited. The loan facility has an interest rate of 11% p.a., The loan was originally repayable on the 30 June 2018 or such later date as agreed by the parties.

Subsequent to the end of the financial year the maturity date of both loan facilities were extended to 31 December 2019. The interest rate on the unsecured loan facility was increased to 10% on 1 August 2018.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2018	2017
	$	**$**
Total facilities		
Shareholder loans	4,000,000	1,500,000
Used at the reporting date		
Shareholder loans	3,250,000	-
Unused at the reporting date		
Shareholder loans	750,000	1,500,000

Accounting Policy - Borrowings

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after balance date. Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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16 Equity - issued capital

	Consolidated			
	2018	**2017**	**2018**	**2017**
	Shares	**Shares**	**$**	**$**
a) Ordinary shares - fully paid	562,197,698	506,190,788	75,029,466	70,208,830

Movements in ordinary share capital

	Date	**Shares**	**Issue price**	**$**
Balance	1-Jul-16	506,190,788		70,208,830
Issue of shares		-		-
Balance	30-Jun-17	506,190,788		70,208,830
Issue of shares to KMP	9-Oct-17	2,158,395	$0.047	101,315
Issue of shares towards Business Combination	13-Nov-17	50,000,000	$0.090	4,500,000
Issue of shares to KMP	12-Dec-17	2,214,984	$0.049	109,398
Issue of shares to KMP	22-Jun-18	1,633,531	$0.086	140,000
Share issue transaction costs, net of tax				(30,077)
Balance	30-Jun-18	**562,197,698**		**75,029,466**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options issued

	Options
At 1 July 2016	18,300,000
- Options which expired unexercised	(10,000,000)
- Options voluntarily forfeited	(3,300,000)
- Options issued under the Employee Stock Ownership Plan (ESOP)	23,600,000
- Options cancelled on failure to meet vesting conditions	(1,250,000)
At the end of the reporting period - 30 June 2017	**27,350,000**
At 1 July 2017	27,350,000
- Options which expired unexercised	(5,000,000)
At the end of the reporting period - 30 June 2018	**22,350,000**

c) Performance rights issued

	Performance rights
At 1 July 2017	-
- Performance rights issued	10,250,000
- Performance rights cancelled on failure to meet vesting conditions	25,000
At the end of the reporting period - 30 June 2018	**10,275,000**

Refer to note 29 for share based payments in the current period.

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16 Equity - issued capital (continued)

Capital risk management

The Board controls the capital of the consolidated entity in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity'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 consolidated entity's capital by assessing the consolidated entity'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 consolidated entity since the prior year.

Accounting Policy - Issued Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

17 Equity - reserves

	Consolidated	
	2018	**2017**
	$	**$**
Share based payments reserve	1,244,036	1,265,688
Available-for-sale reserve	(13,775)	42,975
	1,230,261	**1,308,663**

Share based payments reserve

The reserve records items recognised as expenses on valuation of employee share options and performance rights.

Available-for-sale reserve

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Movement in reserves

Movement in each class of reserve during the current and previous financial year are set out below:

	Share based payments Reserve	**Available-for-sale Reserve**	**Total**
	$	**$**	**$**
Balance at 1 July 2016	2,918,541	-	2,918,541
Share based payments	1,371,671	-	1,371,671
Removing prior year expired options	(2,542,000)	-	(2,542,000)
Options voluntarily cancelled	(474,869)	-	(474,869)
Cancelled options failing vesting conditions	(7,654)		(7,654)
Revaluation of available for sale financial assets	-	42,975	42,975
Balance at 30 June 2017	1,265,689	42,975	1,308,664
Share based payments	714,847	-	714,847
Loss on sale of investments recognised to profit and loss		(263)	(263)
Removing prior year expired options	(736,500)	-	(736,500)
Revaluation of available for sale financial assets	-	(56,487)	(56,487)
Balance at 30 June 2018	**1,244,036**	**(13,775)**	**1,230,261**

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18 Equity - accumulated losses

	2018 $	2017 $
Accumulated losses at the beginning of the financial year	(70,959,381)	(69,600,302)
Loss after income tax expense for the year	(5,080,967)	(4,375,949)
Transfer from options reserve to account for expired options	736,500	3,016,870
Accumulated losses at the end of the financial year	**(75,303,848)**	**(70,959,381)**

19 Commitments

	2018 $	2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	922,286	22,618
One to five years	4,023,440	-
More than five years	2,805,722	-
	7,751,448	**22,618**

The consolidated entity holds a non-cancellable property lease in Mulgrave, Victoria expiring in the year 2025 with options to extend to two further terms of four years each.

Other than the above mentioned, there are no capital or other commitments as at reporting date (2017: NIL).

Accounting Policy - Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

20 Reconciliation of loss after income tax to net cash from operating activities

	2018 $	2017 $
(Loss) after income tax expense for the year	(5,080,967)	(4,375,949)
Adjustments for:		
Income tax expense / (benefit)	(458,478)	-
Depreciation and amortisation	445,896	45,383
Net loss on disposal of non-current assets	8,055	-
Net loss on disposal of investments	263	-
Share based payments	714,847	1,364,017
Unwinding of the discount on provisions	1,617	-
Directors and consultant fees paid by issue of ordinary shares	350,713	-
Foreign exchange differences	-	8,409
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	(22,232)	(37,195)
Decrease/(increase) in prepayments	263,759	(3,200)
Decrease/(increase) in other assets	(392,952)	-
Increase/(decrease) in trade and other payables	(52,038)	242,830
Increase/(decrease) in provisions	412,245	(9,123)
Net cash from operating activities	**(3,809,272)**	**(2,764,828)**

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21 Financial Instruments

Financial risk management objectives
The entity's activities expose it to a variety of financial risks: market risk (consisting of interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. Receivables balances are in general unsecured and non-interest-bearing. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Market risk
Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. As at 30 June 2018 all borrowings were at fixed rates.

The consolidated entity's shareholder loans outstanding, totalling $3,250,000 (2017: NIL), are interest only loans. Monthly cash outlays of $28,750 (2017: NIL) are required to service the interest payments. No repayments on the loans are due until 31 December 2019.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2018	**2017**
	$	**$**
Shareholder loans	750,000	1,500,000
	750,000	**1,500,000**

The shareholder facilities may be drawn at any time and have been extended to 31 December 2019.

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21 Financial Instruments (continued)

2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables		726,085	-	-	-	726,085
Other payables		361,896	-	-	-	361,896
Accrued liabilities		189,453	-	-	-	189,453
Interest-bearing - fixed rate						
Shareholder loans	7.54%	-	3,250,000	-	-	3,250,000
Lease liability		-	-	-	-	-
Total non-derivatives		**1,277,434**	**3,250,000**	**-**	**-**	**4,527,434**
Derivatives						
Foreign exchange contracts		-	-	-	-	-
Total derivatives		**-**	**-**	**-**	**-**	**-**

2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables		404,971	-	-	-	404,971
Other payables		37,825	-	-	-	37,825
Accrued liabilities		386,370	-	-	-	386,370
Interest-bearing - fixed rate						
Shareholder loans	NA	-	-	-	-	-
Lease liability	NA	-	-	-	-	-
Total non-derivatives		**829,166**	**-**	**-**	**-**	**829,166**
Derivatives						
Foreign exchange contracts		-	-	-	-	-
Total derivatives		-	-	-	-	-

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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21 Financial Instruments (continued)

Accounting Policy - Financial instruments

Recognition and Initial Measurement
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity 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. 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 consolidated entity 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 company 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.

(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 consolidated entity 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.

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

22 Key Management Personnel

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018	**2017**
	$	**$**
Short-term employee benefits	573,973	645,229
Fees paid to director	139,955	96,221
Post-employment benefits	26,027	40,494
Long-term benefits	2,538	-
Termination payments	-	120,000
Share-based payments:		
- Expensed during the year	480,664	192,764
- Options cancelled and not vested	-	(7,654)
	1,223,157	**1,087,054**

Further information in relation to remuneration paid or payable to each member of the consolidated entity's KMP can be found in the Director's Remuneration Report.

23 Auditors remuneration

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2018	**2017**
	$	**$**
Audit services - RSM Australia Partners		
Audit and review of the financial statements	63,000	22,438
	63,000	**22,438**

24 Related parties transactions

Parent entity
Panorama Synergy Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the director's report.

Transactions with related parties
The following transactions occurred with related parties:

	2018	**2017**
	$	**$**
Loans received from shareholders	3,250,000	-
Interest expenses on loans from shareholders	91,758	-

Receivable from and payable to related parties
There were no receivables from / payables to related parties as at reporting date (30 June 2017: Nil)

Loans to/from related parties

Loans from shareholders	3,250,000	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates. Terms of the loans are disclosed in note 15.

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

25 Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	**2017**
	$	**$**
(Loss) after income tax	(2,813,843)	(4,375,949)
Total comprehensive income	(2,870,593)	(4,332,974)

Statement of financial position

	$	**$**
Total current assets	147,753	1,042,476
Total assets	7,192,742	1,418,988
Total current liabilities	704,641	860,875
Total liabilities	3,969,751	860,875
Equity		
Issued Capital	75,029,466	70,208,830
Available-for-sale financial asset reserve	(13,775)	42,975
Share based payments reserves	1,244,036	1,265,689
Accumulated losses	(73,036,736)	(70,959,381)
Total Equity	**3,222,991**	**558,113**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity, and the subsidiary are not a party to a deed of cross guarantee.

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

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

26 Business combinations

On 12 November 2017 Hydrix Pty Ltd, a subsidiary of Panorama Synergy Limited, acquired the business and assets of Hydrix Group for the total consideration of $5,500,000 being $1,000,000 cash and $4,500,000 in ordinary shares of Panorama Synergy Limited. Up to a further $1,000,000 cash is payable as contingent consideration dependant upon the performance of the business post acquisition. This contingent consideration has been deemed to be non-payable based on information obtained after the date of acquisition.

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

The goodwill of $1,805,700 represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition. The acquired business contributed revenues of $5,356,045 and a loss before tax of $2,725,602. The values identified in relation to the acquisition of Hydrix Group are final as at 30 June 2018.

Details of the acquisition are as follows:

	Fair value
	$
Cash and cash equivalents	979,665
Trade receivables	1,413,594
Work in progress	474,431
Prepayments	383,018
Plant and equipment	448,080
Trade and other payables	(484,652)
Provisions	(2,143,886)
Other liabilities	(244,468)
Deferred tax liabilities	(422,482)
Net assets acquired	403,300
Brand Name	525,000
Customer Contracts & Relationships	536,000
Software - CHEF Framework	2,230,000
Goodwill	1,805,700
Total purchase consideration	**5,500,000**
Representing:	
Cash paid to the vendor	1,000,000
50,000,000 ordinary shares in Panorama Synergy Limited	4,500,000
	5,500,000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,000,000
Less: cash and cash equivalents	(979,665)
Net cash used	**20,335**

The fair value of trade receivables is $1,413,594. The gross contractual amount for trade receivables due is $1,413,594, of which NIL is doubtful of recovery.

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

26 Business combinations (continued)

Accounting Policy - Business Combination

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

27 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2018 %	2017 %
Hydrix Pty Ltd	Australia	100%	-

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

28 Earnings per share

	Consolidated 2018	Consolidated 2017
	$	$
Loss after income tax attributable to the owners of Panorama Synergy Limited	(5,080,967)	(4,375,949)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	540,524,728	506,190,788
Anti-dilutive shares excluded from weighted average number of ordinary shares:		
Options over ordinary shares	22,350,000	27,350,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	540,524,728	506,190,788
	Cents	**Cents**
Basic and diluted loss per share	(0.94)	(0.86)

Accounting Policy - Earnings per Share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Panorama Synergy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

29 Share-based payments

During the year 6,006,910 shares were issued to key management personnel in lieu of cash payments for salaries and fees at an average issue price of $0.05838 per share and a total transactional value of $350,713 as identified in the equity - issued capital disclosure (note 16) and the remuneration report in the directors' report.

Recognised share-based payment expenses
The expense recognised from employee services received during the year is shown in the table below:

	Consolidated 2018	Consolidated 2017
	$	$
Expenses arising from equity-settled share-based payment transactions	714,847	1,364,017

Types of share-based payment plan
Employee Share Option Plan, 'ESOP'
A Long Term Incentive Plan (LTIP) has been established and approved by shareholders where the Company may, at the discretion of the Board, grant options over the ordinary shares of Panorama Synergy Limited to Directors, Executives, contractors and employees of the consolidated entity. The options, issued for nil consideration, are exercisable any time two to three years after the issue date and expire four to five years after the issue date.

The exercise of the options is not subject to any performance conditions other than the employee remaining in the employ of the Company at the date of exercise. The options cannot be transferred and will not be quoted on the ASX.

The following options were in existence during the 2018 financial year.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
27-Feb-15	30-Sep-17	$0.70	5,000,000	-	-	(5,000,000)	-
5-Sep-16	5-Sep-18	$0.20	16,175,000	-	-	-	16,175,000
5-Sep-16	5-Sep-19	$0.40	6,175,000	-	-	-	6,175,000
			27,350,000	**-**	**-**	**- 5,000,000**	**22,350,000**

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

29 Share-based payments (continued)

Weighted average remaining contractual life - share options
The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 6 months (2017: 3.61 years)

Range of exercise price - share options
The range of exercise prices for options outstanding at end of the year was $0.20 - $0.40 (2017: $0.20 - $0.70).

The following performance rights were in existence during the 2018 financial year.

Grant date	Vesting date	Exercise price	Balance at the start of the year	Performance rights granted	Performance rights exercised	Performance rights expired/ lapsed	Balance at the end of the year
12-Dec-17	30-Jun-18	$0.00	-	5,000,000	-	-	5,000,000
12-Dec-17	30-Jun-19	$0.00	-	5,000,000	-	-	5,000,000
22-Jun-18	9-Mar-19	$0.00	-	250,000	-	(25,000)	225,000
			-	**10,250,000**	**-**	**- 25,000**	**10,225,000**

Weighted average remaining contractual life - performance rights
The weighted average remaining contractual life for the performance outstanding as at 30 June 2018 is 1 year and one month (2017: NA)

Weighted average fair value - performance rights
The weighted average fair value of performance rights granted during the year was $0.071 (2017: NA).

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

For the performance rights granted during the current financial year, the fair value at the grant date was equal to the share price.

Accounting Policy - Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Panorama Synergy Limited
Notes accompanying the financial statements
For the year ended 30 June 2018

30 Contingent liabilities

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

31 Events after the reporting period

In July 2018, the consolidated entity received additional loan funds of $525,000 from shareholders.

On 31 July 2018, the consolidated entity completed a capital raising by the placement of 62,500,000 new fully paid ordinary shares at an issue price of $0.04 per share raising $2,500,000 before costs.

On 28 August 2018, the consolidated entity received $372,500 in applications for 9,312,500 fully paid ordinary shares associated with the Share Purchase Plan to existing shareholders announced on 9 August 2018. These shares will be issued at the placement price of $0.04.

As at the date of signing these financial statements, the total loans with shareholders are $3.775 Million. The consolidated entity has renegotiated the terms of the loans with the shareholders. It was agreed that the repayment date for $2.775 Million would be extended to 31 December 2019 and $1 Million of the loan balance would be converted to shares post the issuance of these financial statements.

Panorama Synergy Limited
Directors' Declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001,* the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001.*

Mr Gavin Coote
Chairman
31 August 2018
Melbourne

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Panorama Synergy Limited

Opinion

We have audited the financial report of Panorama Synergy Limited (the Company), and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matters (Continued.)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Going concern
Refer to Note 1 in the financial statements</td></tr>
<tr><td>We identified going concern as a Key Audit Matter due to the Group's history of operating losses, the decreasing cash balance held at 30 June 2018 as well as the negative cash outflows of Hydrix Pty Ltd from the period since acquisition.
For the year ended 30 June 2018 management have performed an assessment on the Group's ability to continue as a going concern. The following procedures were performed as part of this assessment;
• Preparing cash flow projections up to December 2019;
• Obtaining amendments of existing borrowings for both related party loans to defer repayment terms to December 2019; and
• Obtaining further funding through a capital raise for a total of $2.5m.</td><td>Our audit procedures in relation to going concern included:
• Reviewing the current financial position of the Group;
• Reviewing managements' forecasts for the expected results for the 12 months from the date of signing the financial statements, including assessing the accuracy and the assumptions used;
• Performing sensitivities of the assumptions;
• Reviewing amended contracts from related party loans for the repayment extension to December 2019; and
• Assessing amounts received post year end in relation to the capital raise that occurred subsequent to year end.</td></tr>
<tr><td>Business Combinations
Refer to Note 26 in the financial statements</td><td></td></tr>
<tr><td>In November 2017 the Company completed the acquisition of Hydrix Pty Ltd with the accounting for acquisitions being described in Note 26 of the financial statements.
The Company determined this acquisition to be a business combination for which the purchase price, including contingent consideration, is to be allocated between acquired assets and liabilities, identified intangible assets and contingent liabilities, and leading to the resultant recognition of goodwill at their respective fair values. The accounting for the business combinations was conducted on a provisional basis.
In August 2018 an independent valuation of the identifiable intangible assets was obtained which resulted in management recognising a value of these in total of $3.2m.
This was considered a key audit matter due to the number and size of the acquisitions (total purchase price of $6.3m) and complexities inherent in business acquisitions. This includes judgement in applying the accounting standards such as the recognition and valuation of consideration paid, including contingent consideration, the identification and valuation of intangible assets, and the determination of the fair value of the tangible assets acquired.
Management also assessed the recoverability of the contingent consideration recognised on acquisition which is based on a multiple of the cumulative EBITDA for the first 24 months.</td><td>Our procedures to assess the accounting treatment of the acquisition included:
• Obtaining the business purchase agreements to understand the key terms and conditions, and ensuing that the transaction had been accounted for in compliance with AASB 3 Business Combinations;
• Tested the initial consideration, through cash, shares and contingent consideration, to the signed purchase agreement and to bank statements and assessed the appropriateness of the fair value of the total;
• Testing included evaluating the recognition and determination of fair value of the contingent consideration included in the purchase price;
• Assessing the forecasts used for determining the contingent consideration and comparing these against recent actual performance; and
• Reviewing the independent identifiable intangible report as support for the valuation of the intangible assets identified as part of the acquisition including assessing reasonableness of the assumptions used.</td></tr>
</table>

RSM

Key Audit Matters (Continued.)

Key Audit Matter	How our audit addressed this matter
Impairment of goodwill Refer to Note 10 in the financial statements	
Panorama recognised goodwill of $4.99m (pre the indefinable intangible asset position) relating to its acquisition of Hydrix in November 2017. We identified this area as a Key Audit Matter due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them. For the year ended 30 June 2018 management have performed an impairment assessment over the goodwill balance by: • calculating the value in use of Hydrix using a discounted cash flow model. This model used cash flows (revenues, expenses and capital expenditure) for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • comparing the resulting value in use of Hydrix to its respective book value.	Our audit procedures in relation to management's impairment assessment involved: • Assessing management's determination of the allocation of goodwill to various CGU's based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions including cash flow projections, discount rates, and sensitivities used; • Checking the mathematical accuracy of the impairment calculations and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and • Reviewing management's sensitivity analysis on the key assumptions in the impairment model, including the consideration of the available headroom and assessing whether the assumptions had been applied on a consistent basis across each scenario.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Panorama Synergy Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

RSM

RSM AUSTRALIA PARTNERS

Miano

R B MIANO
Partner

Dated: 31 August 2018
Melbourne, Victoria

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 24 September 2018 (**Reporting Date**).

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies 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 (http://www.panoramasynergy.com/corporate-governance.html), 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 particularise 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 are all available on its website at http://www.panoramasynergy.com/corporate-governance.html

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	141,826,489	22.72
Allora Trading Pty Ltd	Ordinary shares	50,000,000	8.01
Flet Superannuation Pty Ltd*	Ordinary shares	40,638,849	6.51

*Combined holdings

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	3,722
Options exercisable at $0.40 each, vesting on 5 September 2018, expiring on 5 September 2019	9
Performance rights vesting subject to performance hurdles tested over the FY19 performance period	1
Performance rights vesting 9 March 2019	45

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 3,722 holders of a total of 624,123,459 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	187	70,733	0.01
1,001 – 5,000	715	2,472,045	0.40
5,001 – 10,000	687	5,575,251	0.89
10,001 – 100,000	1,578	60,501,757	9.69
100,001 and over	555	555,503,673	89.01
Totals	**3,722**	**624,123,459**	**100.00**

Distribution of option holders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 – 999,999,999	9	5,175,00	100.00
Totals	**9**	**5,175,000**	**100.00**

Distribution of performance rights holders

Holdings Ranges	Holders of performance rights vesting at end of FY19	Holders of performance rights vesting 9 March 2019
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	45

10,001 – 100,000	-	-
100,001 – 999,999,999	1	-
Totals	**1**	**45**

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
624,123,459	10,359,457	1,781	1.83

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	119,213,359	19.10
ALLORA TRADING PTY LTD	50,000,000	8.01
FLET SUPERANNUATION PTY LTD <WALSH SUPERANNUATION FUND>	14,700,000	2.36
FLET SUPERANNUATION PTY LTD <WALSH SUPERANNUATION A/C>	14,597,726	2.34
GOETZKE SUPER COMPANY PTY LTD <H & P GOETZKE S/F A/C>	14,570,805	2.33
STORAGE & WAREHOUSING SERVICES PTY LTD <STORAGE AND WH SVS UNIT A/C>	12,180,087	1.95
FLET INVESTMENTS PTY LTD <THE WALSH INVESTMENTS A/C>	11,341,123	1.82
BESTRAWL PTY LTD <JB FAMILY A/C>	10,625,000	1.70
MR JULIAN KENNETH THOMAS & MRS LIANNE MARGARET THOMAS <UNME SUPER FUND A/C>	9,234,582	1.48
BDKM INVESTMENTS PTY LTD	7,428,385	1.19
BEACHRIDGE ADVISORY SERVICES PTY LTD AS TRUSTEE FOR THE COOTE FAMILY DISCRETIONARY TRUST	7,214,984	1.16
C M COOK SUPERANNUATION PTY LTD <CM COOK SUPER FUND A/C>	6,889,285	1.10
E L G NOMINEES PTY LTD <THE GUDE FAMILY NO 2 A/C>	6,127,865	0.98
P A MEAGHER PTY LTD <P M SUPER FUND A/C>	5,500,000	0.88
KURRAWONGA PTY LTD	4,405,187	0.71
BESTRAWL PTY LTD <JB FAMILY FUND A/C>	4,335,000	0.69
LANGLEY HOLDINGS PTY LTD <SHARDLOW PROPERTY A/C>	4,254,172	0.68
TJE SUPER PTY LTD <TJ EVANS SUPER FUND A/C>	4,175,000	0.67
PENHOP PTY LTD <R & H MCDOWELL S/FUND A/C>	4,140,060	0.66
BAYWICK PTY LTD THE RETAIL DISCRETIONARY	3,750,000	0.60
Total number of shares of Top 20 Holders	**312,467,636**	**50.42**
Total Remaining Holders Balance	**311,655,823**	**49.58**

Company Secretary

The Company's secretary is Ms Alyn Tai.

Registered Office

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

30 – 32 Compark Circuit
Mulgrave Victoria 3170

Telephone: +61 (0)3 9550 8100

Share Registry

The address and telephone number of the Company's share registry, Link Market Services Limited, are:

Level 13, Tower 4
727 Collins Street
Melbourne Victoria 3000

Telephone: 1300 554 474 / +61 (0)3 9067 2005

Stock Exchange Listing

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

Escrow

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary shares	Voluntary escrow	25,000,000	13 November 2018
Ordinary shares	Voluntary escrow	25,000,000	13 November 2019

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 $0.40 each, vesting on 5 September 2018, expiring on 5 September 2019	5,175,000	9
Performance rights vesting subject to performance hurdles tested over the FY19 performance period	5,000,000	1
Performance rights vesting 9 March 2019	225,000	45

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.

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.

PANORAMA SYNERGY LIMITED

ABN: 84 060 369 048

30 - 32 Compark Circuit
Mulgrave VIC 3170
AUSTRALIA