



ASX Release

31 January 2011

Letter from the Managing Director

Fellow Shareholders

I take this opportunity to provide an update on Panorama Synergy's current strategy for the development of our breakthrough magneto-photon crystal (MPC) switch. I will also describe a new initiative which we are calling our Integrated Online Sales Platform, which has near-term positive cashflow potential. However, given that our prime objective is to commercialise the MPC chip as soon as possible, let me first review the status of its development.

Path to MPC Chip Commercialisation

Our focus is on achieving switching and filtering of blue light, having successfully achieved outstanding outcomes at red and green wavelengths last year. We remain confident of our ability to accomplish this goal. The scientific processes that we must follow can be long but such is the nature of bringing breakthrough technology to fruition. The applications for our solid-state switch are vast, based on its potential to displace the 20-year old legacy DLP technology in many markets, as well as enabling totally new applications. As you are aware, we have identified 3D as an initial niche that would be advantaged by the improvements that would be enabled by our MPC chip. Further information on the market scope will be provided in an upcoming newsletter.

What is the current state of play? The development process for blue wavelengths involves an iterative program of producing and testing samples to achieve the optimal result. We rely on overseas facilities for sample production due to lack of the specialist equipment here in Australia and the turn around time has taken months for each incremental step. So while the development is proceeding to plan, the timeframe is not entirely within our control.

You can appreciate our excitement when University of Western Australia was recently awarded a grant from the Australian Research Council (ARC) Linkage Infrastructure, Equipment and Facilities (LIEF) scheme. The funds will be used to purchase equipment unique in Australia and valued at approximately \$700,000 that will enable the fabrication of state-of-the-art thin film structures with nanometer scale deposition control. As the industry partner in the funded project, Panorama Synergy will for the first time be able to undertake our own sample production here in Australia rather than being dependent on overseas facilities. Once the specialized equipment is installed later this year, turnaround of samples can be expected to be cut from months down to weeks and days.

The next step after solving blue will be to approach the major industry players. It would be advantageous for Panorama Synergy to be in the strongest possible bargaining position when we sit at the negotiation tables in order to maximize value to shareholders.

Integrated Online Sales Platform

We have identified an opportunity which also has huge market potential and is within our existing capability set, that we can address without losing any focus on the MPC Project. Strategically, they are very different. While both have enormous market potential, the difference is that the online sales platform has near-term, very profitable cash generative potential, requires minimal working capital and is highly scalable. While we continue to drive the MPC development that represents Panorama Synergy's core opportunity, we have decided to implement this Platform to capture immediate value for our shareholders.



Overview of the Platform

Businesses need knowledge more than any other resource to survive. PSY will provide businesses with the knowledge to do business on the internet. We are intending to provide SMEs with the necessary knowledge and skills to take control of their online marketing strategy. We achieve this by means of a combination of our own digital products and software services that make use of traditional sales/marketing expertise as well as the latest online strategies. The execution of this plan is largely done in a series of outsource and partnership models.

We expect this program to be launched as early as February and begin to deliver results in the first quarter of operation.

The Benefits to Panorama Synergy Shareholders

We are confident that our business strategy is the right blend. It will deliver near-term profit and cashflow. This in turn should improve our company profile and market liquidity while we proceed through the development phase of our MPC technology and decrease the need to keep asking our shareholders for support.

I look forward to implementing our exciting plans with your support and encourage you to participate in the current Panorama Synergy Share Purchase Plan, already taken up by many shareholders, which closes on 15 February 2011.

Terry Walsh,
Managing Director

For additional information please dial in to the Investor Conference Call we are hosting on Thursday 3 February 2011 at 2pm Eastern Daylight Savings Time (11am WST).

To access the conference call within Australia dial (toll free) 1800 153 721 and enter Participant PIN Code: 131744#

To access the conference call from outside of Australia dial +61 2 8212 8333 and enter Participant PIN Code: 131744#

A Q&A session will be included in the event. Questions to Terry Walsh may be submitted before and during the conference by email to info@panoramasynergy.com