



NORWOOD SYSTEMS LIMITED

ACN 062 959 540

PROSPECTUS

This Prospectus contains:

- a placement to investors for the offer of 100,000,000 Shares in the capital of the Company at an issue price of \$0.035 per Share to raise \$3,500,000 (before costs), together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued (**Placement Offer**); and
 - an offer to Eligible Shareholders to subscribe for a minimum of 28,571,428 Shares at an issue price of \$0.035 per Share in order to raise \$1,000,000 (before costs), together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued (**Priority Offer**). Oversubscriptions of up to a further \$500,000 may be accepted under the Priority Offer,
- (together, the **Offers**).

This Prospectus also includes an additional offer of twenty (20) Shares at an issue price of \$0.035 per Share for the purpose of removing any trading restrictions on the sale of the Consideration Shares to be issued by the Company to Azure pursuant to the Corporate Advisory Mandate (**Cleansing Offer**). Further details of the Cleansing Offer are set out in Section 4.2 of this Prospectus.

Azure Capital Limited (**Azure**) is acting as lead manager to the Offers.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Michael Edwards
Non-Executive Chairman

Mr Paul Ostergaard
Managing Director

Mr Amit Pau
Non-Executive Director

Mr Giles Everist
Non-Executive Director

Company Secretary

Mr Brett Tucker

Registered Office

Ground Floor, 16 Ord Street,
West Perth WA 6005

Telephone: +61 8 9482 0560
Facsimile: +61 8 9482 0505

Website: www.norwoodsystems.com

Email: info@norwoodsystems.com

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Share Registry*

Link Market Services Limited
Level 4, Central Park
152 St Georges Terrace
PERTH WA 6000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

Lead Manager and Corporate Advisor

Azure Capital Limited
Level 34, Exchange Plaza
2 The Esplanade
PERTH WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. They have been included for information purposes only.

2. IMPORTANT NOTES

This Prospectus is dated 15 June 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

2.2 Website

A copy of this Prospectus can be downloaded from the website of the Company at www.norwoodsystems.com/investor/. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.3 Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

3. INDICATIVE TIMETABLE*

Lodgement of Prospectus with the ASIC and ASX	15 June 2016
Lodgement of Appendix 3B in relation to the Placement Offer	15 June 2016
Placement Offer Opening Date	15 June 2016
Placement Offer Closing Date*	17 June 2016
Expected date of issue of holding statements in relation to the Placement Offer	21 June 2016
Expected date of Official Quotation of the Securities offered pursuant to the Placement*	22 June 2016
Priority Offer Record Date	5.00pm (WST) 24 June 2016
Priority Offer Opening Date	29 June 2016
Priority Offer Closing Date*	11 July 2016
Expected date of issue of holding statements in relation to the Priority Offer	13 July 2016
Expected date of Official Quotation of the Securities issued pursuant to the Priority Offer*	14 July 2016

* The Directors reserve the right to bring forward or extend the Closing Date of the Placement Offer or Priority Offer at any time after the Offer Opening Date of the Placement Offer and Priority Offer respectively without notice. As such, the date the Securities offered under this Prospectus are expected to commence trading on ASX may vary with any change in the Closing Date of the Placement Offer or Priority Offer.

4. DETAILS OF THE OFFERS

4.1 Offers

(a) Placement Offer

By this Prospectus, the Company invites investors to apply for a total of 100,000,000 Shares at an issue price of \$0.035 per Share to raise \$3,500,000 (before costs), together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued.

(b) Priority Offer

Under this Prospectus, the Company also invites Eligible Shareholders to apply for a minimum of 28,571,428 Shares at an issue price of \$0.035 per Share in order to raise \$1,000,000 (before costs), together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued.

The Company may accept oversubscriptions of up to a further \$500,000 (before costs) through the issue of up to a further 14,285,714 Shares at an issue price of \$0.035 per Share, together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued. Therefore the maximum amount which may be raised under the Priority Offer is \$1,500,000.

Eligible Shareholders are entitled to apply for up to \$15,000 worth of Shares (428,571 Shares) which may be applied for in parcels of \$2,000, \$5,000, \$10,000 or \$15,000 worth of Shares. In addition, Eligible Shareholders may subscribe for more than \$15,000 (in increments of \$1,000). Such additional subscriptions shall not be considered an entitlement for the purpose of determining the Shareholder allocation. No Eligible Shareholder shall be issued less than \$2,000 of the Shares offered under the Priority Offer.

Applications under the Priority Offer will allocated on a 'first in first served basis' and the final allocation decision will be at the sole discretion of the Board.

All of the Shares offered under the Offers will rank equally with Shares on issue at the date of this Prospectus. Please refer to Section 6.1 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares offered pursuant to the Offers.

The free attaching New Options offered pursuant to the Offers will be issued on the terms and conditions set out in Section 6.2. All Shares issued on conversion of the New Options offered pursuant to Offers will rank equally with the Shares on issue at the date of this Prospectus.

The Company will apply to the ASX for the Shares and New Options offered pursuant to the Offers to be granted Official Quotation on ASX.

The purpose of the Offers and the intended use of funds raised are set out in Section 5 of this Prospectus.

The Company proposes to issue the Securities under the Offers without Shareholder approval pursuant to its existing placement capacity under ASX Listing Rules 7.1 and 7.1A.Cleansing Offer.

4.2 Cleansing Offer

This Prospectus also contains an offer of up to 20 Shares in the capital of the Company at an issue price of \$0.035 per Share (**Cleansing Offer**).

The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The Cleansing Offer is included for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Priority Offer Closing Date.

Background to the Cleansing Offer

The Company has entered into a mandate letter with Azure Capital Limited (**Azure**) dated 6 April 2016 pursuant to which Azure have agreed to provide corporate advisory services to the Company (**Corporate Advisory Mandate**).

Pursuant to the Corporate Advisory Mandate, the Company will pay Azure a fee comprising 1,170,000 Shares in consideration for their services (**Consideration Shares**). The Company proposes to issue the Consideration Shares to Azure on the date of issue of the Securities under the Offers.

The purpose of the Cleansing Offer is to 'cleanse' and remove any trading restrictions that may attach to the Consideration Shares.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

4.3 Opening and Closing Dates of the Offers

The Opening Date of the Placement Offer will be 15 June 2016 and the Closing Date will be 17 June 2016 at 5:00pm WST.

The Opening Date of the Priority Offer will be 29 June 2016 and the Closing Date will be 11 July 2016 at 5:00pm WST.

The Directors reserve the right to close the Placement Offer or Priority Offer early or extend the Closing Date of the Placement Offer or Priority Offer (as the case may be) in their absolute discretion, should it be considered by them necessary to do so.

4.4 Minimum Subscription

The minimum subscription to be raised pursuant to the Placement Offer is \$3,500,000.

The minimum subscription to be raised pursuant to the Priority Offer is \$1,000,000.

Therefore, the minimum amount to be raised pursuant to this Prospectus through both Offers is \$4,500,000 (**Minimum Subscription**).

In the event the minimum subscription for the Placement or Priority Offer (as the case may be) is not achieved within four (4) months of the date of lodgement of the Prospectus with the ASIC, no Securities will be issued to any of the Applicants, all application monies in relation to the respective Offer will be returned and all applications will otherwise be dealt with in accordance with the Corporations Act.

4.5 Oversubscriptions

Under the Priority Offer the Company may accept oversubscriptions of up to a further \$500,000 worth of Shares above the minimum subscription of \$1,000,000 (for a total of \$1,500,000).

Therefore, the maximum amount to be raised pursuant to this Prospectus through both Offers is \$5,000,000 (**Full Oversubscription**).

4.6 Application for Securities

(a) Placement Offer

Applications for Securities under the Placement Offer must be made by investors using the Placement Offer Application Form accompanying this Prospectus. By completing a Placement Offer Application Form, applicants will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Placement Offer Application Form together with a complete and unaltered copy of the Prospectus.

Completed Placement Offer Application Forms must be mailed or delivered to the address set out on the Placement Offer Application Form, with sufficient time to be received by or on behalf of the Company by no later than 5.00pm (WST) on the Placement Offer Closing Date, which is currently scheduled to occur on 17 June 2016.

Applications under the Placement Offer must be accompanied by payment in full at the issue price of \$0.035 per Share in Australian currency by cheque or direct debit in accordance with the instructions set out in the Placement Offer Application Form.

(b) Priority Offer

Applications for Securities under the Priority Offer may be made:

- (i) on the personalised Priority Offer Application Form which will be mailed to Eligible Shareholders, together with this Prospectus; or

- (ii) on the Priority Offer Application Form available for download in accordance with instructions below; or
- (iii) by completing a BPAY® payment,

in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Should you wish to make an application via the Priority Offer Application Form, please complete the Application Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Priority Offer Application Form. By completing a Priority Offer Application Form, applicants will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Priority Offer Application Form together with a complete and unaltered copy of the Prospectus. Completed Priority Offer Application Forms must be mailed or delivered to the address set out on the Priority Offer Application Form, with sufficient time to be received by or on behalf of the Company by no later than 5.00pm (WST) on the Priority Offer Closing Date, which is currently scheduled to occur on 11 July 2016.

If you wish to pay via BPAY you must follow the instructions in the Priority Offer Application Form and quote your personalised reference number that has been provided on the personalised Application Form. You will be deemed to have applied for Shares upon receipt of the BPAY payment by the Company. Eligible Shareholders who elect to pay via BPAY do not need to return their completed Priority Offer Application Form. If you elect to pay via BPAY then your payment must be made before 2.00pm (WST) on the Closing Date. Please read the instructions carefully.

Due to the Priority Offer being on a first come first served basis Eligible Shareholders who would like to download their Priority Offer Application Form for faster acceptance will be able to login to Link Market Service's Investor Centre on or around 29 June 2016. A link to Link Market Service's Investor Centre can be located at www.norwoodsystems.com/investor/.

Applications under the Priority Offer must be accompanied by payment in full at the issue price of \$0.035 per Share in Australian currency by cheque or BPAY in accordance with the instructions set out in the Priority Offer Application Form.

The Company reserves the right to close the Offers early.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

If you require assistance in completing an Application Form, please contact the Share Registry on 1300 551 242 or the Company on +61 8 9482 0560.

4.7 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Norwood Systems Offer Account**" and crossed "**Not Negotiable**".

Your completed Application Form and cheque must reach the Company's share registry no later than 5:00pm WST on the applicable Offer Closing Date.

4.8 Implications on acceptance

By returning an Application Form or by making the BPAY payment you are deemed to have given the Company the certifications in the Application Form.

4.9 Lead Manager and Corporate Advisor

Azure Capital Limited has been appointed as corporate advisor to the Company and lead manager to the Offers. The terms of this appointment are summarised in Section 8.4 of this Prospectus.

4.10 Issue

The Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and the timetable set out at the commencement of this Prospectus. Holding statements for the Securities issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

In the case of the Placement Offer, the Directors will determine the recipients of the issued Securities in their sole discretion. The Board reserves the right to reject any Placement Offer Application or to allocate any Placement Offer Applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus Placement Offer Application monies will be refunded (without interest) to the Placement Offer Applicant as soon as practicable after the Placement Offer Closing Date.

In the case of the Priority Offer, applications under the Priority Offer will be allocated on a 'first in first served basis' and the final allocation decision will be at the sole discretion of the Board. The Board reserves the right to reject any Priority Offer Application or to allocate any Priority Offer Applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus Priority Offer Application monies will be refunded (without interest) to the Priority Offer Applicant as soon as practicable after the Priority Offer Closing Date.

If an Application Form (in relation to the Placement Offer or Priority Offer as the case may be) is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

4.11 ASX Listing

The Company will apply for Official Quotation of all Shares and Options issued under this Prospectus within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.12 Overseas shareholders

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia.

Applicants resident outside of Australia are responsible for ensuring that taking up the Offers do not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Securities can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

4.14 Enquiries

Any questions concerning the Offers should be directed to the Company Secretary, Mr Brett Tucker, on +61 8 9482 0560.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The primary purpose of the Offers is to raise up to \$4,500,000 (assuming Minimum Subscription and before costs) or \$5,000,000 (assuming Full Oversubscription and before costs) to be applied in accordance with the table set out below:

Item	Proceeds of the Offers	Minimum Subscription (\$)	%	Full Oversubscription (\$)	%
1.	Expenses of the Offers ¹	271,744	6.0%	279,963	5.3%
2.	Research and development ²	1,200,000	26.7%	1,320,000	26.4%
3.	Marketing and sales ³	2,500,000	55.6%	2,700,000	54.0%
4.	Working capital ⁴	528,256	11.7%	700,037	14.3%
	Total	\$4,500,000	100%	\$5,000,000	100%

Notes:

1. Refer to Section 8.8 for details in respect of the estimated expenses of the Offers.
2. This is intended to be allocated towards research and development of new product offerings, World Wi-Fi and World Message, as well as for continued development of existing products, World Phone, EUROPA and CORONA.
3. This is intended to be allocated towards sales and marketing efforts across all Company products, including costs of sales personnel focused on selling Company products and solutions to mobile network operators.
4. This is intended to be allocated towards general costs associated with the management and operation of the business, including administration expenses, salaries, directors' fees and other associated costs.

On completion of the Offers, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

In the event that more than the Minimum Subscription is raised, but less than the Full Oversubscription, the additional funds raised (after adjustment of expenses of the Offers) will be applied in priority towards research and development, marketing and sales and general costs associated with the management and operation of the business, including administration expenses, salaries, directors' fees and other associated costs.

5.2 Effect of the Offers

The principal effect of the Offers (and Cleansing Offer) and assuming no Options on issue at the date of this Prospectus have been exercised, no Performance Rights or Performance Shares vest and no further Shares are issued will be to:

- (a) increase the cash reserves by \$4,228,256 (assuming Minimum Subscription) or \$4,720,037 (assuming Full Oversubscription), after

deducting the estimated expenses of the Offers, immediately after completion of the Offers;

- (b) increase the number of Shares on issue from 867,609,556 as at the date of this Prospectus to 997,351,004 Shares (assuming Minimum Subscription and the issue of Consideration Shares and Cleansing Offer Shares) or 1,011,636,719 Shares (assuming Full Oversubscription and the issue of Consideration Shares and Cleansing Offer Shares); and
- (c) increase the number of Options on issue from 95,974,485 as at the date of this Prospectus to 138,831,627 Options (assuming Minimum Subscription) or 143,593,532 Options (assuming Full Oversubscription).

5.3 Financial effect

The unaudited balance sheet as at 31 March 2016 and the unaudited pro-forma balance sheet as at 31 March 2016 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming:

- (a) Two scenarios showing Minimum Subscription and Full Oversubscription of the Offers under the Prospectus; and
- (b) no Options are exercised, Performance Shares or Performance Rights vest or further Shares are issue prior to the Record Date.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 31 December 2015	UNAUDITED 31 March 2016	PRO FORMA Minimum Subscription 31 March 2016	PRO FORMA Full Oversubscription 31 March 2016
CURRENT ASSETS				
Cash	6,443,242	2,991,262	7,219,521	7,711,299
Other current assets	590,387	317,486	317,486	317,486
TOTAL CURRENT ASSETS	7,033,926	3,308,748	7,537,007	8,028,785
NON-CURRENT ASSETS				
Property, plant and equipment	43,745	55,448	55,448	55,448
TOTAL NON-CURRENT ASSETS	43,745	55,448	55,448	55,448
TOTAL ASSETS	7,077,374	3,364,196	7,592,455	8,084,233
CURRENT LIABILITIES				
Trade and other payables	1,389,424	1,150,174	1,150,174	1,150,174

	AUDITED 31 December 2015	UNAUDITED 31 March 2016	PRO FORMA Minimum Subscription 31 March 2016	PRO FORMA Full Oversubscription 31 March 2016
Provisions	121,073	140,504	140,504	140,504
Other liabilities	55,225	-	-	-
TOTAL CURRENT LIABILITIES	1,565,722	1,290,678	1,290,678	1,290,678
NON-CURRENT LIABILITIES				
Provisions	36,703	41,456	41,456	41,456
TOTAL NON-CURRENT LIABILITIES	36,703	41,456	41,456	41,456
TOTAL LIABILITIES	1,602,425	1,332,134	1,332,134	1,332,134
NET ASSETS	5,474,949	2,032,062	6,260,321	6,752,099
EQUITY				
Share capital	18,947,757	18,609,082	21,791,627	21,818,643
Share based payment reserve	4,515,897	7,129,404	8,175,118	8,639,880
Retained loss	(17,988,705)	(23,706,424)	(23,706,424)	(23,706,424)
TOTAL EQUITY	5,474,949	2,032,062	6,230,321	6,752,099

5.4 Effect on capital structure

The principal effect of the Offers on the capital structure of the Company, assuming all Shares offered under the Prospectus are issued, no existing Options are exercised and no existing Performance Rights or Performance Shares are converted is set out below.

Shares

	Number	Number
	Minimum Subscription	Full Oversubscription
Shares on issue as at the date of this Prospectus ¹	867,609,556	867,609,556
Issued under the Placement Offer ²	100,000,000	100,000,000
Issued under the Priority Offer ²	28,571,428	42,857,143
Issued under the Cleansing Offer	20	20
Issued to Azure pursuant to the Corporate Advisory Mandate	1,170,000	1,170,000
Total Shares on completion of the Offers	997,351,004	1,011,636,719

Options

	Number	Number
	Minimum Subscription	Full Oversubscription
Options currently on issue:		
Unquoted exercisable at \$0.02 each on or before 9 June 2018	16,970,401	16,970,401
Unquoted exercisable at \$0.25 each on or before 30 November 2016	5,000,000	5,000,000
Unquoted exercisable at \$0.40 each on or before 8 October 2016	1,000,000	1,000,000
Unquoted exercisable at \$0.198 each on or before 27 November 2020	9,500,000	9,500,000
Unquoted exercisable at \$0.297 each on or before 27 November 2020	9,500,000	9,500,000
Unquoted exercisable at \$0.173 each on or before 27 November 2018	6,000,000	6,000,000
Unquoted exercisable at \$0.135 each on or before 27 November 2020	10,000,000	10,000,000
Unquoted exercisable at \$0.02 each on or before 27 November 2018 and vesting on 16 June 2017	25,336,111	25,336,111
Unquoted exercisable at \$0.02 each on or before 27 November 2018	10,167,973	10,167,973
Unquoted exercisable at \$0.02 each on or before 27 November 2018	500,000	500,000
Unquoted exercisable at \$0.107 each on or before 29 December 2018	2,000,000	2,000,000
Issued under the Placement Offer – quoted exercisable at \$0.055 each on or before 24 months from the date of issue	33,333,333	33,333,333
Issued under the Priority Offer - quoted exercisable at \$0.055 each on or before 24 months from the date of issue	9,523,809	14,285,714
Total Options on issue after completion of the Offer	138,831,627	143,593,532

Performance Shares

	Number
Class A Performance Shares on issue as at the date of this Prospectus ³	78,869,761
Class B Performance Shares on issue as at the date of this Prospectus ⁴	78,869,761
Performance Shares ⁵	2,000,000
Issued under the Offers	Nil
Total Performance Shares on completion of the Offers	159,739,522

Performance Rights

	Number
Class A Performance Rights on issue as at the date of this Prospectus ⁶	3,927,774
Class B Performance Rights on issue as at the date of this Prospectus ⁷	3,927,774
Issued under the Offers	Nil
Total Performance Rights on completion of the Offers	7,855,548

Notes

- Consisting of:
 - 648,954,878 Shares; and
 - 218,654,678 Shares escrowed to 16 June 2017.
- Refer to Sections 4.1 for details.
- Consisting of 52,521,180 Class A Performance Shares escrowed until 16 June 2017 and 26,348,581 Class A Performance Shares, all expiring on 8 December 2017. The Class A Performance Shares convert (1 for 1) to ordinary Shares upon the Company generating gross revenue of at least \$200,000 from two separate third party contracts in any 12 month period (which may be the same 12 month period or different 12 month periods for each contract) on or before 8 December 2017.
- Consisting of 52,521,180 Class B Performance Shares escrowed until 16 June 2017 and 26,348,581 Class B Performance Shares, all expiring on 8 June 2018. The Class B Performance Shares convert (1 for 1) to ordinary Shares upon the Company generating gross revenue for any 12 month consecutive period of at least \$3,000,000 on or before 8 June 2018.
- Consisting of 1,000,000 Class A Performance Shares and 1,000,000 Class B Performance Shares expiring on 8 October 2017.
- Consisting of 3,927,774 Class A Performance Rights expiring 13 December 2017. The Class A Performance Rights convert (1 for 1) to ordinary Shares upon the same conditions as the Class A Performance Shares detailed above.
- Consisting of 3,927,774 Class B Performance Rights expiring 13 December 2017. The Class B Performance Rights convert (1 for 1) to ordinary Shares upon the same conditions as the Class B Performance Shares detailed above.

5.5 Details of substantial holders

Based on publically available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Paul Ostergaard ¹	198,023,477	22.82

Following completion of the Offers, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Paul Ostergaard ¹	198,023,477	19.85 ²

Notes

- Consisting of:
 - 166,548,681 Shares held indirectly by Paul Ostergaard as trustee for Ostergaard Family Trust;
 - 26,474,796 Shares held indirectly by Ocean Broadband Ltd, an entity controlled by Mr Ostergaard; and
 - 5,000,000 Shares held indirectly through Chillcast Pty Ltd, an controlled by Mr Ostergaard.
- Assumes Minimum Subscription under the Offers as well as the issue of the Consideration Shares and Cleansing Shares. The percentage holding if Full Oversubscription reached would be 19.57%.

Furthermore, no persons (together with their associates) will be permitted to subscribe for Shares that will result in their holding exceeding 20% of the voting Shares in the Company.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(g) **Dividend reinvestment and Share plans**

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company).

(h) **Capitalisation of profits**

Subject to the Listing Rules and any rights or restrictions attaching to any class of shares, the Company may capitalise profits. Members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(i) **Winding-up**

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(j) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(k) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 New Options

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.055 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on the date that is two years from the date of issue of the New Options (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and

- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under g(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Quotation**

The Company will apply for quotation of the New Options on ASX.

(m) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 General

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Offer specific – dilution risk

Upon implementation of the Offers, assuming the Offers are Fully Oversubscribed, and no Options are exercised or Performance Shares or Performance Rights are vested, the number of Shares in the Company will increase from 867,609,556 currently on issue to a maximum of 1,011,636,719 (assuming the Consideration Shares and Cleansing Shares have been issued). This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.039 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

7.3 Company specific

(a) Limited trading history

The Company has limited trading history. The Company is in the commercialisation phase of the business cycle and as such carries the normal risks of a start-up business. Given the limited trading history of the Company, no assurance can be given that the Company will achieve commercial viability through the implementation of its business plan. Whilst the Company is now in a position to earn revenue through customers paying to use its CORONA & World Phone services, there is no certainty around the number of customers (if any) that will use the services. Accordingly the Company is not in a position to give any guidance around likely future revenue or profitability.

(b) Going concern

The Company's financial report for the half-year ended 31 December 2015 includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the half-year financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern.

(c) **Uncertainty of future profitability**

The Company is in the commercialisation stage for its CORONA and World Phone services. Regarding CORONA, the Company is in discussions with a number of potential customers, however there is no guarantee these discussions will lead to commercial sales. Regarding CORONA and World Phone, the Company's future profitability will be impacted by its ability to successfully deliver a high level of service to any future potential customers, its ability to execute its development and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.

(d) **Regulation of the Global Voice Roaming Market**

The Company's short term objective is to develop and supply high-quality, low-cost global voice roaming solutions to travellers to exploit the business opportunity that exists as a result of the gross overcharging on roaming by the incumbent telecommunications providers. There is a risk that governments and/or regulatory bodies may seek to increase the regulation of the global voice roaming market or force structural changes to drive down the rates charged by pushing for bilateral agreements between countries and/or carriers.

Any increased regulation that reduced global voice roaming charges may adversely impact the profitability of the Company by reducing the attractiveness of the Company's service offerings.

(e) **New product development and technology risk**

The Company is reliant upon certain technologies and upon the successful commercialisation of these technologies. There is a risk that as marketable technologies continue to develop in the communications industry there may be certain product developments that supersede, and render obsolete, the products and services of the Company. This would adversely affect the profitability of the Company and likely value of its Shares.

(f) **Dependence on third party servers and products**

Part of the business model of the Company will be reliant upon leased third party servers and the performance of those servers. If servers upon which the technology of the Company depends do not operate as

expected then the services that the Company provides may be adversely affected.

The majority of the products of the Company require the use of a smart phone or other similar device and as such the business model of the Company will be dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not be replaced by alternative devices upon which the Company's technology will not function.

(g) **Security breaches and hacker attacks**

The Company is reliant upon leased third party servers and the performance of those servers, and its CORONA and World Phone service platforms rely on integration with certain capabilities of wholesale telecommunications service providers using publicly available application programming interfaces (**APIs**).

Those servers and APIs may be subject to cyber-attacks by hackers, which could render those servers or APIs unavailable through a disrupted denial of service or other disruptive attacks. Unavailability of those servers or APIs could lead to a loss of revenues for the Company. Further, it could hinder the Company's ability to retain existing customers and attract new customers, particularly if the Company's products were perceived to be less secure or reliable than its competitors, which would have a material adverse impact on the Company's growth.

(g) **Competition**

There is significant competition in the telecommunications industry generally. There is no assurance that the Company will succeed in the strategy of developing and supplying high-quality, low-cost global voice roaming solutions. Competitors' products may render CORONA, World Phone or other related products developed by the Company obsolete and/or otherwise uncompetitive.

Existing competitors to the Company's current suite of service offerings include callback services, calling cards, pre-paid mobile cards, VOIP and APP services, local SIM Cards and VPN services.

The Company may be unable to compete successfully against these or future competitors where aggressive policies are employed to capture market share and the quality of the service offered is comparable. Furthermore advancements in ancillary services such as an increased availability of "Wi-Fi" may also impact the Company by increasing the quality of, and/or customer access to, the Company's competitors.

If the Company is successful in developing global roaming products, which may never occur, such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's potential future business, operating results and financial position.

(h) **Development and commercialisation of CORONA & World Phone**

The Company's business model is reliant on its ability to develop and commercialise its CORONA and World Phone services. A failure to develop and commercialise its CORONA and World Phone services

successfully would lead to a loss of opportunities and adversely impact on the operating results and financial position of the Company. Furthermore, any third party developing superior technology or with greater commercial appeal in the fields in which the Company operates may harm the future prospects of the Company.

(i) **The Company's sales cycle can be lengthy and unpredictable, which makes it difficult to forecast the amount of its sales and operating expenses in any particular period**

The Company's sales cycle can be lengthy and unpredictable. Part of its strategy is to increasingly target its sales efforts on larger enterprises. Because the sales cycle for large enterprises is generally longer than for smaller enterprises, the Company's sales cycle in the future may be very long. As a result, it may have limited ability to forecast whether or in which period a sale will occur. The success of its product sales process is subject to many factors, some of which it has little or no control over, including:

- (i) the timing of enterprise customers' budget cycles and approval processes;
- (ii) a technical evaluation or trial by potential enterprise customers;
- (iii) the Company's ability to introduce new products, features or functionality in a manner that suits the needs of a particular enterprise customer;
- (iv) inertia or resistance to change or adopt new products within the IT or procurement functions of potential enterprise customers;
- (v) the announcement or introduction of competing products; and
- (vi) the strength of existing relationships between the Company's competitors and potential enterprise customers.

The Company may expend substantial time, effort and money educating its current and prospective enterprise customers as to the value of, and benefits delivered by, its products and services, and ultimately fail to produce a sale. If it is unsuccessful in closing sales after expending significant resources, its operating results will be adversely affected. Furthermore, if future sales for a particular period do not occur in such period, its operating results for that period could be substantially lower than anticipated and the market price of the Company's shares could decline.

(j) **The gross margins on the Company's services may decrease due to competitive pressures or otherwise, which could negatively impact the Company's profitability**

It is possible that the gross margins on the Company's services will decrease in the future in response to competitive pricing pressures, new service introductions by the Company or its competitors, changes in the costs of inputs or other factors. If the Company experiences decreased gross margins and is unable to respond in a timely manner by introducing and selling new, higher-margin services successfully and continually reducing the cost of delivering such services, its gross margins may decline, which will harm its business and results of operations.

(k) **Customer service risk**

The Company's business model is based on recurring revenue arising from usage. Poor customer service experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenues.

(l) **If the Company is unable to a) maintain good relationship with its wholesale telecommunications service providers or b) develop and grow its relationships with additional providers, its business will suffer**

The Company's CORONA and World Phone service platforms rely on integration with certain capabilities of wholesale telecommunications service providers using publicly available application programming interfaces (**APIs**). In general, the Company relies on the fact that such providers continue to allow the Company access to their APIs to enable these service platform integrations. To date, the Company has not relied on long-term written contracts to govern its relationship with such wholesale providers. Instead, the Company is subject to the standard terms and conditions for application developers who are using such APIs, which govern generally the terms of use of access to, and use of, the wholesale telecommunications service providers' platforms, and which are subject to change by these providers from time to time. Any deterioration in the Company's relationship with any such wholesale service provider could harm its business and adversely affect its operating results.

The Company's business may be harmed if any wholesale telecommunications service provider:

- (i) discontinues or limits access to its APIs and/or services by the Company;
- (ii) terminates or does not allow the Company to renew or replace its contractual relationship;
- (iii) modifies its terms of service or other policies, including fees charged to, or other restrictions on, the Company, other application developers, or changes how customer information is accessed by the Company or its customers;
- (iv) establishes more favorable relationships with one or more of the Company's competitors, or acquires one or more of the Company's competitors and offers competing services to the Company; or
- (v) otherwise develops its own competitive offerings.

(m) **Brand and reputation risks**

The reputation and brand of the Company and its individual products are important in attracting potential corporate customers. Any reputational damage or negative publicity around the Company or its World Phone or CORONA service could adversely impact on the Company's business.

(n) **New Technology risk**

The CORONA and World Phone services are new technologies, which the Company has recently launched. As with any new technology there may be unexpected issues, which arise with the commercial roll out of the service which may affect the operation of the CORONA and World Phone services and any future potential revenues which may be generated from the CORONA and World Phone services. Further the adoption and success of such new technology is reliant on acceptance of such technology by relevant stakeholders including corporate organisations (as the party contracting with the Company) and the end user of the service (the employee of a corporate organisation). If the CORONA or World Phone systems are not accepted by such stakeholders it may have an adverse consequence on the Company's ability to successfully achieve its business objectives regarding the CORONA and World Phone systems with resulting effects on revenue and financial performance.

(o) **Retention and recruitment of key personnel**

The emergence of the Company and development of its CORONA and World Phone systems has been in large part due to the talent, effort, experience and leadership of its management team, including its CEO and founder Paul Ostergaard. The Company is substantially dependent on the continued service of its existing management team due to the complexity of its services and products. There is no assurance that the Company will be able to retain the services of such persons

Furthermore the Company expects to continue to grow its sales and marketing teams in both Australia and internationally. An inability to attract quality sales and marketing personnel may adversely impact on The Company's growth plans and any first mover advantage.

(p) **Additional requirements for capital**

The funds raised under the Offers are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(q) **Protection of intellectual property rights**

The Company is the applicant of pending patent applications and also holds a granted patent. The prospect of attaining patent protection for products and the technology such as those proposed to be used in the

Company business is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect the Company's ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by the Company. As a result, the Company's patent application may not proceed to an issued patent and, if issued, may not be of commercial benefit to the Company, or may not afford the Company adequate protection from competing products. In particular, objections have been raised in relation to the Company's international patent application in the Mobility patent application family based on the novelty and inventive step requirements, citing an existing patent owned by a third party. If the Company is not able to overcome these objections, there is a risk that the patent will not be awarded to it. Alternatively, in modifying the relevant claims to address the objections, there is a risk that the scope of protection in the issued patent being significantly less than the scope of protection sought by the Company.

In addition since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, the Company cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent application for its invention was the first to be filed.

Even if the Company succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.

The Company may also be forced to litigate to enforce or defend its intellectual property rights, including any granted patents, against infringement and unauthorised use by competitors, and to protect its trade secrets. In so doing, the Company may place its intellectual property at risk of being invalidated, unenforceable, limited or narrowed in scope.

(r) **Infringement of third party intellectual property rights**

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts

to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent the Company from commercialising available products and could cause it to incur substantial expenditure.

(s) **Liquidity risks**

A significant portion of the Company's Shares on issue are subject to escrow restrictions imposed by the Listing Rules. Investors may consider that there is an increased liquidity risk as a large portion of the issued capital may not be able to be traded freely for varying periods.

(t) **Trade marks**

The Company is the applicant of pending trade mark applications. Objections have been raised by the relevant examiner in all cases to the wording of the services claimed and, in the case of the Company marks only, on the basis of allegedly similar trade marks on the Trade Marks register. There is a risk that these objections may not be able to be overcome, and accordingly a risk that the trade mark application may not be accepted, and subsequently registered. While this may not prevent the Company from continuing to trade under the relevant brands, it may limit the Company's ability to prevent a competing product from being made available by another party using the same or similar branding.

(u) **User experience risk**

The Company's business model is based on recurring revenue arising from usage. Poor user experience may affect customer take-up, retention and level of usage of the Company's products. Factors which may contribute to poor customer experience include:

- (i) ease of setting up and commencing use of the products offered;
- (ii) simplicity and reliability of customer usage;
- (iii) quality of call services provided; or
- (iv) level of customer support provided.

In particular, the Company notes it is targeting corporate travellers with its CORONA and World Phone services by differentiating itself from VoIP services by offering a superior call quality similar or equivalent to cellular roaming. If the Company is not able to provide this targeted level of call quality then it is likely to lead to a loss of customers and an adverse impact on the operating results and financial position of the Company.

Poor customer support experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel.

Poor user experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenues.

7.4 General risks

(a) Investment risk

There are risks associated with any shares investment. The prices at which the Shares trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the Shares of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Share market

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) other factors beyond the control of the Company.

(c) Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Legal proceedings**

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
15/06/2016	World Phone V1.2 Launch on Android Handsets Confirmed
15/06/2016	Investor Presentation & Capital Raising
15/06/2016	Norwood Raises Capital for Continued Service Expansion
10/06/2016	Trading Halt
03/06/2016	Norwood releases first Public Beta of CORONA Cloud
30/05/2016	Pending Release of Securities from Escrow
24/05/2016	Telephony App Enhancements and Product Development Progress
06/05/2016	Response to ASX Volume Query
29/04/2016	Company Update and Quarterly Reporting
29/04/2016	Quarterly Cashflow Report
13/04/2016	Appendix 3B - release of shares from escrow
07/04/2016	Pending Release of Shares from Escrow
05/04/2016	TechKnow Invest Roadshow Presentation
24/03/2016	Norwood Moves into Next Phase of World Phone Growth
21/03/2016	Reinstatement to Official Quotation
21/03/2016	The OTT Licensing Opportunity for Norwood
21/03/2016	Norwood signs MOU with Major National Telco Operator
18/03/2016	Suspension from Official Quotation
16/03/2016	Trading Halt
04/03/2016	Norwood Partners with Global Sailing Competition
01/03/2016	Development of New World Phone App Capabilities Completed
23/02/2016	Investor Presentation and Interview with CEO & Founder
19/02/2016	Strongly Improving Monetisation Trends for World Phone
18/02/2016	Appendix 4D and Interim Financial Report
16/02/2016	Norwood Shareholder Q&A

08/02/2016	Investor Presentation & Strategy Update
29/01/2016	Corporate Update and Quarterly Reporting
21/01/2016	Norwood Sets Stage for 2016 after Spectacular Start
14/01/2016	Norwood Granted First Australian Patent
08/01/2016	Appendix 3B - release of shares from escrow
07/01/2016	Continued Momentum for World Phone Downloads and Revenue
04/01/2016	Pending release of shares from escrow
29/12/2015	Change of Director's Interest Notice
29/12/2015	Appendix 3B
29/12/2015	Results of Meeting
22/12/2015	Norwood Expands Markets and Payments Options
21/12/2015	Closure of Share Purchase Plan Offer
17/12/2015	Norwood Consolidates World Phone Post Android Launch
15/12/2015	Appendix 3B - release of shares from escrow
04/12/2015	32 new languages added in new World Phone update for iOS
03/12/2015	Continued Strong Momentum on World Phone Downloads & Revenue
02/12/2015	Change in substantial holding
02/12/2015	Change of Director's Interest Notice x 3
01/12/2015	Norwood Expands World Phone into Android Handset Market
27/11/2015	Notice of General Meeting/Proxy Form
27/11/2015	Appendix 3B
27/11/2015	Results of Meeting
27/11/2015	Managing Director's Presentation to Shareholders
25/11/2015	Appendix 3B
24/11/2015	Prospectus
18/11/2015	Initial Director's Interest Notice
18/11/2015	Norwood Surpasses the Double Million with World Phone
18/11/2015	Norwood Forges Platform for Accelerated Growth into 2016
16/11/2015	Trading Halt
05/11/2015	Norwood Penetrates North American and European Markets
30/10/2015	Appendix 3B - release of shares from escrow
30/10/2015	World Phone Feature Update and Quarterly Reporting
30/10/2015	Appendix 4C - quarterly
27/10/2015	Notice of Annual General Meeting/Proxy Form
23/10/2015	World Phone Annualised Revenue Increases and Team Additions
22/10/2015	World Phone Launch on Android Platform
21/10/2015	Norwood Expands Go To Market Capability
20/10/2015	Norwood Investor Presentation - Updated

13/10/2015	Norwood completes sale of unmarketable parcels
12/10/2015	Norwood Investor Presentation
1/10/2015	World Phone Annualised Revenue at over \$400,000
30/09/2015	Norwood Partners with Booking.com
24/09/2015	Revised - Norwood Lowers Network Cost Base and Expands Reach
24/09/2015	Norwood Lowers Network Cost Base and Expands Reach
23/09/2015	Norwood to Drive Aggressive Growth Strategy
17/09/2015	ASX Listing Rule 4.10.19 Confirmation
15/09/2015	Appendix 3B - release of shares from escrow
14/09/2015	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.norwoodsystems.com.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent respective dates of those sales were:

Highest	\$0.057	10 May 2016
Lowest	\$0.026	5 May 2016
Last	\$0.039	9 June 2016

8.4 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company:

8.4.1 Lead Manager Mandate

The Company has entered into a mandate with Azure dated 9 June 2016, pursuant to which Azure have agreed to act as lead manager to the Offers (**Lead Manager Mandate**).

In consideration for acting as lead manager to the Offers, the Company have agreed to pay Azure a fee equal to 6% of the funds raised under the Placement (being \$210,000) and 1.5% of the funds raised under the Priority Offer (a maximum of \$22,500, assuming Full Oversubscription).

In addition, the Company has agreed to reimburse Azure, upon request, for all out-of-pocket expenses incurred by Azure in connection with their services under the Lead Manager Mandate.

Either party may terminate the Lead Manager Mandate by giving the other party no less than 30 days written notice, or if either party fails to remedy a material breach of the Lead Manager Mandate within 14 days of being required to do so.

8.4.2 Corporate Advisory Mandate

The Company has entered into the Corporate Advisory Mandate with Azure, pursuant to which Azure have agreed to provide corporate advisory services to the Company. In consideration for these corporate advisory services, the Company will issue Azure the Consideration Shares as outlined in Section 4.2.

In addition, the Company has agreed to reimburse Azure, upon request, for all out-of-pocket expenses incurred by Azure in connection with their services under the Corporate Advisory Mandate.

Either party may terminate the Corporate Advisory Mandate by giving the other party no less than 30 days written notice, or if either party fails to remedy a material breach of the Corporate Advisory Mandate within 14 days of being required to do so.

8.5 Directors' Interests

Other than as set out in this Prospectus, no Director holds or has held within 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers.
- (c) the Offers,

and no amounts have been paid or agreed to be and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify him as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	% Interest	Options	Performance Shares ²
Mr Paul Ostergaard	198,023,477 ¹	22.82	19,000,000 ⁶	82,742,348 ⁴
Mr Mike Edwards	4,322,976	0.50	3,000,000 ⁷	Nil
Mr Amit Pau	8,260,766 ²	0.95	3,000,000 ⁸	3,540,330 ⁵
Mr Giles Everist	Nil	Nil	2,000,000 ⁹	Nil

Notes

- Received as part of the consideration for the Company's acquisition of Norwood Systems (Aust) Pty Ltd and consisting of:
 - 166,548,681 Shares held indirectly by Paul Ostergaard as trustee for Ostergaard Family Trust;
 - 26,474,796 Shares held indirectly by Ocean Broadband Ltd, an entity controlled by Mr Ostergaard; and
 - 5,000,000 Shares held indirectly through Chillcast Pty Ltd, an controlled by Mr Ostergaard.
- Received as part of the consideration for the Company's acquisition of Norwood Systems (Aust) Pty Ltd and consisting of:
 - 8,260,766 Shares held indirectly through Ariadne Capital Limited, a company associated with Mr Pau;
- During the year ended 30 June 2015, the Company issued a total of 157,739,522 Performance Shares to the shareholders of Norwood Systems (Aust) Pty Ltd as part of the consideration for the Company's acquisition of Norwood Systems (Aust) Pty Ltd, which convert to Shares on a one for one basis following the achievement of the performance milestones before the expiry date as outlined below:
 - 78,869,761 Class A Performance Shares which convert upon Norwood generating gross revenue of at least \$200,000 from two separate third party contracts in any 12 month period (which may be the same 12 month period or different 12 month periods for each contract. The expiry date of the Class A Performance Shares is 9 December 2017; and
 - 78,869,761 Norwood Class B Performance Shares which convert upon Norwood generating gross revenue for any 12 month consecutive period of at least \$3,000,000. The expiry date of the Class B Performance Shares is 9 June 2018.
- Comprising 41,362,174 Norwood Class A Performance Shares and 41,362,174 Norwood Class B Performance Shares.
- Comprising 1,770,165 Norwood Class A Performance Shares and 1,770,165 Norwood Class B Performance Shares.
- Comprising 9,500,000 unlisted Options exercisable at \$0.198 each and 9,500,000 unlisted Options exercisable at \$0.297 each, all expiring on 27 November 2020.
- Comprising 3,000,000 unlisted Options exercisable at \$0.173 each expiring on 27 November 2018.
- Comprising 3,000,000 unlisted Options exercisable at \$0.173 each expiring on 27 November 2018.
- Comprising 2,000,000 unlisted Options exercisable at \$0.107 each expiring on 29 December 2018.

None of the Directors will participate in the Offers.

Remuneration of Directors

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The maximum aggregate remuneration for non-executive Directors has been set at no more than \$300,000 per annum.

In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

The table below shows the total annual remuneration paid to both executive and non-executive directors in each of the past two financial years and the proposed remuneration for the current financial year.

Director	Financial year ending 30 June 2014	Financial year ending 30 June 2015	Proposed financial year ending 30 June 2016
Mr Paul Ostergaard ¹	131,100	146,227	191,625
Mr Mike Edwards	82,500	58,323	48,000
Mr Amit Pau ²	Nil	2,200	36,000
Mr Giles Everist ³	Nil	Nil	22,685

Notes:

1. Includes superannuation
2. Mr Amit Pau was appointed as a Non-Executive Director on 8 June 2015
3. Mr Giles Everist was appointed as a Non-Executive Director on 13 November 2015

8.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held, within 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion or

- (ii) the Offers; or
- (a) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company: or
- (g) the Offers.

Steinepreis Paganin has acted as solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin approximately \$15,000 (excluding GST and disbursements) for these services and other services relating to the Offers generally. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$32,812 (excluding GST and disbursements) for legal services provided to the Company.

Azure Capital Limited has acted as corporate advisor to the Company and lead manager to the Offers. The Company will pay a maximum of \$232,500 (assuming Full Oversubscription) and issue the Consideration Shares to Azure in consideration for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Azure has been paid fees totalling \$464,815 (ex GST) for advisory services provided to the Company, which included acting as corporate advisor and lead manager in relation to a public offer and the acquisition of Norwood Systems (Aust) Pty Ltd which was completed in June 2015.

8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, any persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Azure Capital Limited has given its written consent to being named as lead manager to the Offers and Corporate Advisor to the Company in this Prospectus. Azure Capital Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Estimated Expenses of the Offers

The total expenses of the Offers (excluding GST) is set out in the table below:

Expenses of the Offers	Minimum Subscription \$	Full Oversubscription \$
ASIC lodgement fee	2,320	2,320
ASX quotation fees	11,924	12,643
Brokerage / advisor fees	225,000	232,500
Legal expenses	15,000	15,000
Printing, share registry, distribution and other expenses	17,500	17,500
Total	271,744	279,963

8.9 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please phone the Company on +61 8 9482 0560 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.norwoodsystems.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'Paul Ostergaard', is written over a horizontal line.

Mr Paul Ostergaard
Managing Director
Signed for and on behalf of
NORWOOD SYSTEMS LIMITED

10. DEFINITIONS

\$ means Australian dollars.

Applicant means an investor who applies for Securities pursuant to the Placement Offer or the Priority Offer (as the case may be).

Application means an application for Securities under the Placement Offer or Priority Offer (as the case may be) made on a Placement Offer Application Form or Priority Offer Application Form (as the case may be).

Application Form means an application form either attached to or accompanying this Prospectus.

Azure means Azure Capital Limited.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a Business Day.

Cleansing Offer has the meaning given in Section 4.2.

Cleansing Shares means those Shares issued under the Cleansing Offer.

Closing Date means the closing date of the Priority Offer or the Placement Offer (as the case may be) specified in Section 4.3 of this Prospectus (unless extended or closed earlier).

Company or **NOR** or **Norwood** means Norwood Systems Limited (ACN 062 959 540).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means Shareholder, with an address in Australia or New Zealand, registered in the Company's share register on the Record Date.

New Option means an Option granted with the terms and conditions set out in Section 6.2.

Offers means both the Placement and Priority Offer.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Priority Offer or the Placement Offer (as the case may be) specified in Section 4.3 of this Prospectus.

Option means an option to acquire a Share.

Performance Right means a performance right issued by the Company as described in Section 5.4.

Performance Share means a performance share issued by the Company as described in Section 5.4.

Placement Offer Application Form means an application form pursuant to the Placement Offer either attached to or accompanying this Prospectus.

Placement Offer means the offer of Shares and New Options to investors as detailed in Section 4.1(a) .

Priority Offer Application Form means an application form pursuant to the Priority Offer either attached to or accompanying this Prospectus.

Priority Offer means the offer of Shares and New Options to Eligible Shareholders as detailed in Section 4.1(b).

Prospectus means this prospectus.

Record Date means 5:00pm (WST) on the date specified in the timetable set out in Section 3 of this Prospectus.

Section means section of this Prospectus.

Securities means a Shares, Options, Performance Shares or Performance Rights (as the case may be).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.