NORWOOD SYSTEMS LTD

ABN 62 009 423 189

NOTICE OF GENERAL MEETING

TIME: 10am (WST)

DATE: Monday, 23 January 2006

PLACE: 71 Troy Terrace
Subiaco WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 08 9380 7777.

CONTENTS

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Norwood Systems Ltd which this Notice of Meeting relates to will be held at 10am (WST) on Monday, 23 January 2006 at 71 Troy Terrace, Subiaco, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

(a) send the proxy form by post to Norwood Systems Ltd, PO Box 1281, Subiaco, WA, 6904; or

(b) send the proxy form by facsimile to the Company on facsimile number +61 8 9380 7733,

so that it is received not later than 10am WST on 21 January 2006.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Norwood Systems Ltd will be held at 71 Troy Terrace, Subiaco , Western Australia at 10am WST on Monday, 23 January 2006.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at the close of business on 21 January 2006.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Resolution 1 – Ratification of Previous Share Issue

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Company ratifies the allotment and issue of 3,144,632 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue.

Resolution 2 – Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Company approves and authorises the directors of the Company to allot and issue up to 23,039,368 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

Resolution 3 – Issue of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Company approves and authorises the directors of the Company to allot and issue 3,485,200 Options on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

DATED: 22 DECEMBER 2005

BY ORDER OF THE BOARD

JONATHAN ASQUITH
DIRECTOR
NORWOOD SYSTEMS LTD

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be at held 71 Troy Terrace, Subiaco, Western Australia on Monday, 23 January 2006 at 10am WST.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

1. RESOLUTIONS 1 AND 2 – RATIFICATION AND ISSUE OF SHARES

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The Directors have resolved to issue up to 26,184,000 Shares. It is intended that the issue of the Shares will take place in two tranches, the first tranche to be issued prior to the date of the General Meeting (**Tranche 1 Shares**), with the second tranche to be issued following approval from shareholders at the General Meeting (**Tranche 2 Shares**).

Approval is being sought in Resolution 1 under ASX Listing Rule 7.4 for ratification of the issue of the Tranche 1 Shares issued prior to the date of the General Meeting, and approval is being sought in Resolution 2 under ASX Listing Rule 7.1 for the issue of the Tranche 2 Shares intended to be issued following the General Meeting.

ASX Listing Rules 7.3 and 7.5 require the following information be provided to Shareholders in relation to Resolution 1 and Resolution 2:

(a) the total number of Shares to be issued by the Company under Resolutions 1 and 2 will be 26,184,000 Shares, being 3,144,632 Tranche 1 Shares to be issued prior to the date of the General Meeting and 23,039,368 Tranche 2 Shares to be issued following the receipt of approval of the Shareholders of the Company at the General Meeting. It is a condition of the issue of the Tranche 2 Shares that shareholders approval to the issue of those Shares is obtained pursuant to Resolution 2 at the General Meeting;

(b) in relation to the Tranche 2 Shares, the allotment and issue of those Shares will take place no later than three (3) months after the date of the General Meeting (or such later date as permitted by ASX);

(c) all of the Shares will be issued at a deemed price of $0.05 per Share;

(d) the Tranche 1 Shares and Tranche 2 Shares will be issued to the parties outlined in Schedule A to this Explanatory Statement;

(e) the Shares allotted and issued will rank equally in all respects with the Company's existing Shares on issue;

(f) no Shares were issued under Resolution 1 or will be issued under Resolution 2 to any related party of the Company; and

(g) the monies raised from the issue of all of the Shares the subject of Resolution 1 and Resolution 2 will be used for the development of the Company's channel marketing program for the Company's telephony products and industrial applications, and to provide general working capital to support the continued development of the Company's product range.

2. RESOLUTION 2 – ISSUE OF OPTIONS

Resolution 2 seeks approval for the issue of 3,485,200 Options. On 19 July 2005, the Company issued a Non-Renounceable Entitlement Issue Prospectus (**Prospectus**) for the issue to Shareholders of up to 8,791,234 Options at $0.01 each on the basis of 2 Options for every 5 Shares held in the Company. The shortfall of the issue under the Prospectus was 3,485,200 Options (**Shortfall**). The directors of the Company now seek approval of the Shareholders of the Company to issue Options equal to the Shortfall to the parties outlined in Schedule B to this Explanatory Statement.

A brief summary of ASX Listing Rule 7.1 is outlined above.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of Shareholders in general meeting.

ASX Listing Rule 7.3 requires that the following information be disclosed to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.1:

(a) the maximum number of Options to be issued by the Company is 3,485,200 Options:

(b) the allotment and issue of the Options will take place no later than three (3) months after the date of the General Meeting (or such later date as permitted by ASX);

(c) the Options will be issued at a price of $0.01 per Option;

(d) the allottees of the Options will be each of the parties outlined in Schedule B to this Explanatory Statement;

(e) the terms of the Options are outlined in Schedule C to this Explanatory Statement;

(f) no related parties or their associates will participate in the offer, allotment or issues of the Options; and

(g) the funds raised from the issue of the Options, when combined with the funds raised from Resolution 1 (assuming Resolution 1 is passed) will be used for the development of the Company's channel marketing program for the Company's telephony products and industrial applications, and to provide general working capital to support the continued development of the Company's product range.

SCHEDULE A

Name	Tranche 1 Shares (Resolution 1)	Tranche 2 Shares (Resolution 2)
Angela Dent	51,660	368,340
Colin Barboutis	1,400,000	
TT Nicholis	129,150	920,850
Dominion Investments Pty Ltd	43,050	306,950
Integrated Healthcare Investments Pty Ltd	25,830	184,170
Kelshore Pty Ltd	12,300	87,700
Michael Carter	86,100	613,900
Mainbreak Securities Pty Ltd	36,900	263,100
KM & J Keys Removals Pty Ltd	12,054	85,946
Harry Capararo & Matilde Capararo	34,440	245,560
Tadea Pty Ltd	49,200	350,800
Martin Wiedemann	12,300	87,700
Taziana Leunig	36,900	263,100
RM Capital	86,100	613,900
Mulloway Pty Ltd		2,000,000
Topsfield Pty Ltd		2,000,000
David Schwartz		1,000,000
John Schaffer		1,000,000
Perth Select Seafoods		1,000,000
Michael Perrott		1,000,000
Tony Barton	123,000	877,000
Jim Litis	61,500	438,500
Baring Nominees Pty Ltd	12,300	87,700
Geoff Donahue		1,000,000
Andrea Dowsdale	21,648	154,352
Adam Rankine-Wilson	516,600	3,683,400

Paul Stephen and Julie Stephen	24,600	175,400
Jayden Investments Pty Ltd	61,500	438,500
Blue Bone Enterprises Pty Ltd	24,600	175,400
Vitor Pty Ltd	24,600	175,400
Centreace Pty Ltd	12,300	87,700
Murray Hodges Pty Ltd	12,300	87,700
Kuhl Investments Pty Ltd	12,300	87,700
D F Lynton Pty Ltd	49,200	350,800
Merchant Holdings Pty Ltd	123,000	877,000
Rosetta Biagioni	12,300	87,700
Francis O'Hare and Jane O'Hare	12,300	87,700
Corless Farms WA Pty Ltd	24,600	175,400
Top Class Holdings Pty Ltd		1,600,000
Total	**3,144,632**	**23,039,368**

SCHEDULE B

Name	Options Held
Bayonet Investments Pty Ltd	500,000
Mulloway Pty Ltd	1,415,200
A & P Sherry	600,000
Top Class Holdings Pty Ltd	100,000
Agudo Pty Ltd	150,000
Topsfield Pty Ltd	500,000
Zoom Juice Pty Ltd	100,000
A W Stirling	20,000
S G Lawrence	100,000
Total	**3,485,200**

SCHEDULE C

Terms and Conditions of Options

The material terms and conditions of the Options are as follows:

(a) the Options will be exercisable at any time prior to 5.00pm WST on 31 January 2008 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;

(b) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;

(c) each Option will entitle the holder to subscribe (in respect of each Option held) for a Share with an exercise price of 20 cents;

(d) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation;

(e) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;

(f) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last business day of the month in which such notice is received;

(g) there will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 business days before the record date (to determine entitlements to the issue), to exercise Options;

(h) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the ASX Listing Rules.

(i) the Options do not confer on the holder the right to a change in the exercise price, or a change to the number of Shares over which they may be exercised;

(j) subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Options may be transferred at any time prior to the Expiry Date; and

(k) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

GLOSSARY

ASX means Australian Stock Exchange Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the Board of Directors.

Company or **Norwood** means Norwood Systems Ltd (ABN 62 009 423 189).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

General Meeting means the general meeting of the Company the subject of this Notice of Meeting.

Official Quotation means official quotation of the Company's securities on ASX.

Option means an option to acquire a Share in the capital of the Company on the terms and conditions outlined in Schedule B to the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company and includes each of the Tranche 1 Shares and Tranche 2 Shares.

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

PROXY FORM

APPOINTMENT OF PROXY
NORWOOD SYSTEMS LTD
ABN 62 009 423 189

I/We ____________________

being a shareholder of Norwood Systems Ltd entitled to attend and vote at the General Meeting, hereby

Appoint ____________________

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at 10am WST on Monday, 23 January 2006 at 71 Troy Terrace, Subiaco, Western Australia and at any adjournment thereof.

Voting on Business of the General Meeting

		FOR	**AGAINST**	**ABSTAIN**
Resolution 1	Ratification of Previous Share Issue	☐	☐	☐
Resolution 2	Issue of Shares	☐	☐	☐
Resolution 3	Issue of Options	☐	☐	☐

If you do **not** wish to direct your proxy how to vote, please place a mark in this box ☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on any of Resolutions 1,2 or 3 and your votes will not be counted in computing the required majority if a poll is called on any of Resolutions 1,2 or 3. The Chairman intends to vote in favour of each of Resolution 1, Resolution 2 and Resolution 3.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO RESOLUTION 1 YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO RESOLUTION 1 WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is __________%

Signed this day of 2005

By:

Individuals and joint holders	**Companies (affix common seal if appropriate)**
Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

NORWOOD SYSTEMS LTD
ABN 62 009 423 189

Instructions for Completing 'Appointment of Proxy' Form

1. A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A duly appointed proxy need not be a shareholder of the Company. In the case of joint holders, all must sign.

3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

   - Directors of the company;
   - a Director and a company secretary of the company; or
   - for a proprietary company that has a sole Director who is also the sole company secretary – that Director.

   For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.

5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

6. To vote by proxy, please complete and sign the proxy form enclosed and either:

   (a) send the proxy form by post to Norwood Systems Ltd, PO Box 1281, Subiaco, WA, 6904; or

   (b) send the proxy form by facsimile to the Company on facsimile number +61 8 9380 7733,

   so that it is received not later than 10am WST on 21 January 2006.

   Proxy forms received later than this time will be invalid.