Norwood Systems Australia Limited

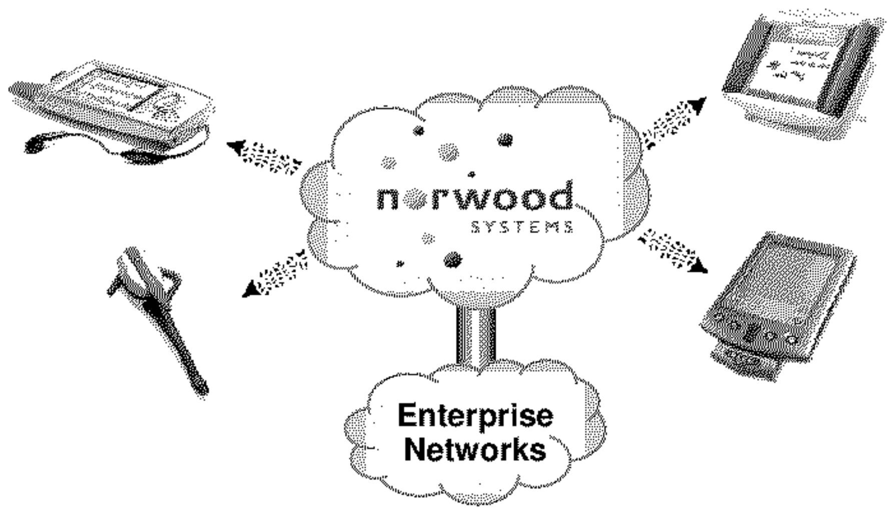
ACN 009 423 189
(ASX:NSA)

A Short-range Wireless Technology Company

March 2006

Norwood:

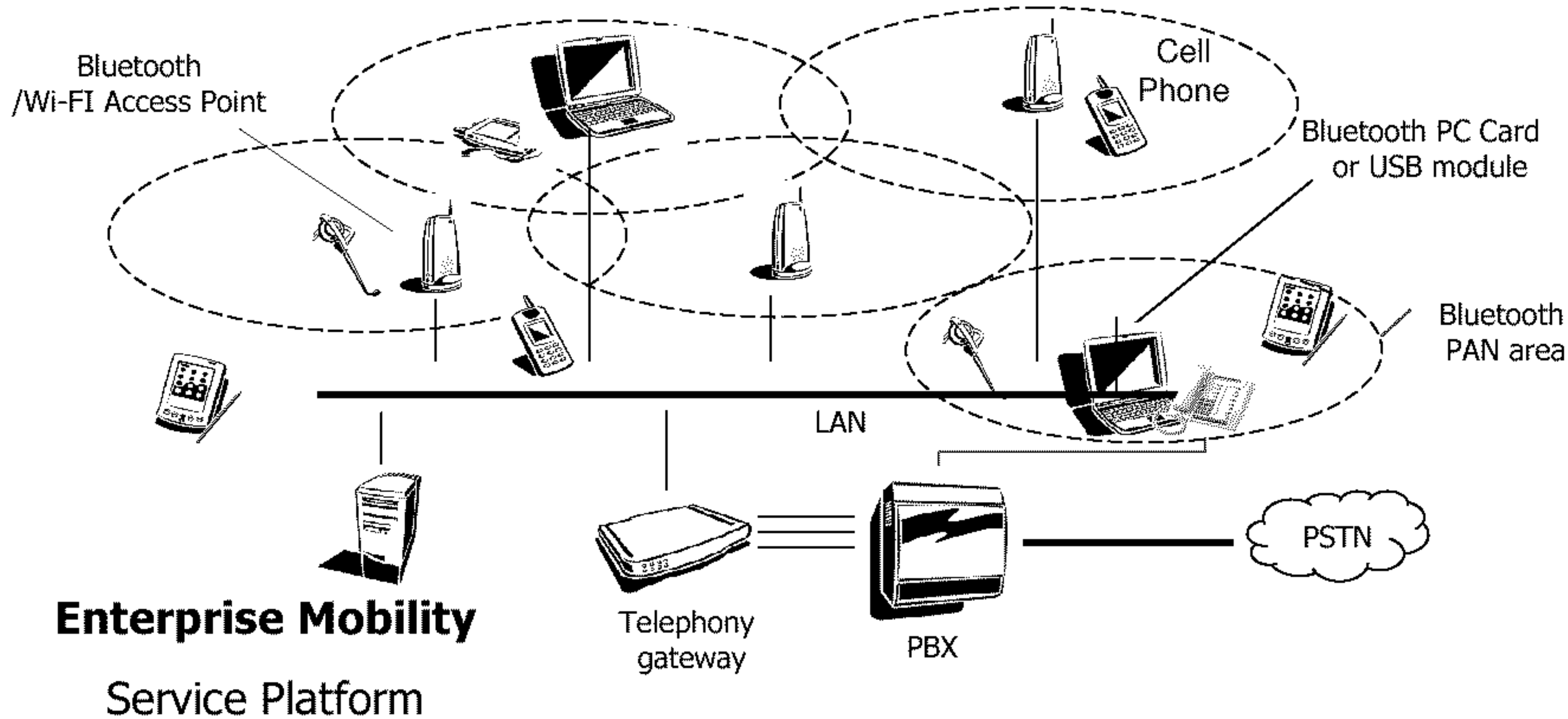
- Develops, sells and installs systems for short-range wireless networks using Bluetooth and Wi-Fi
- Core connectivity product is **EnterpriseMobility**™(EM)
- EM is a fully integrated wireless HANDS FREE,voice driven communication system
- EM is a server-based platform that connects people seamlessly to their **voice and data networks *anywhere*** within range



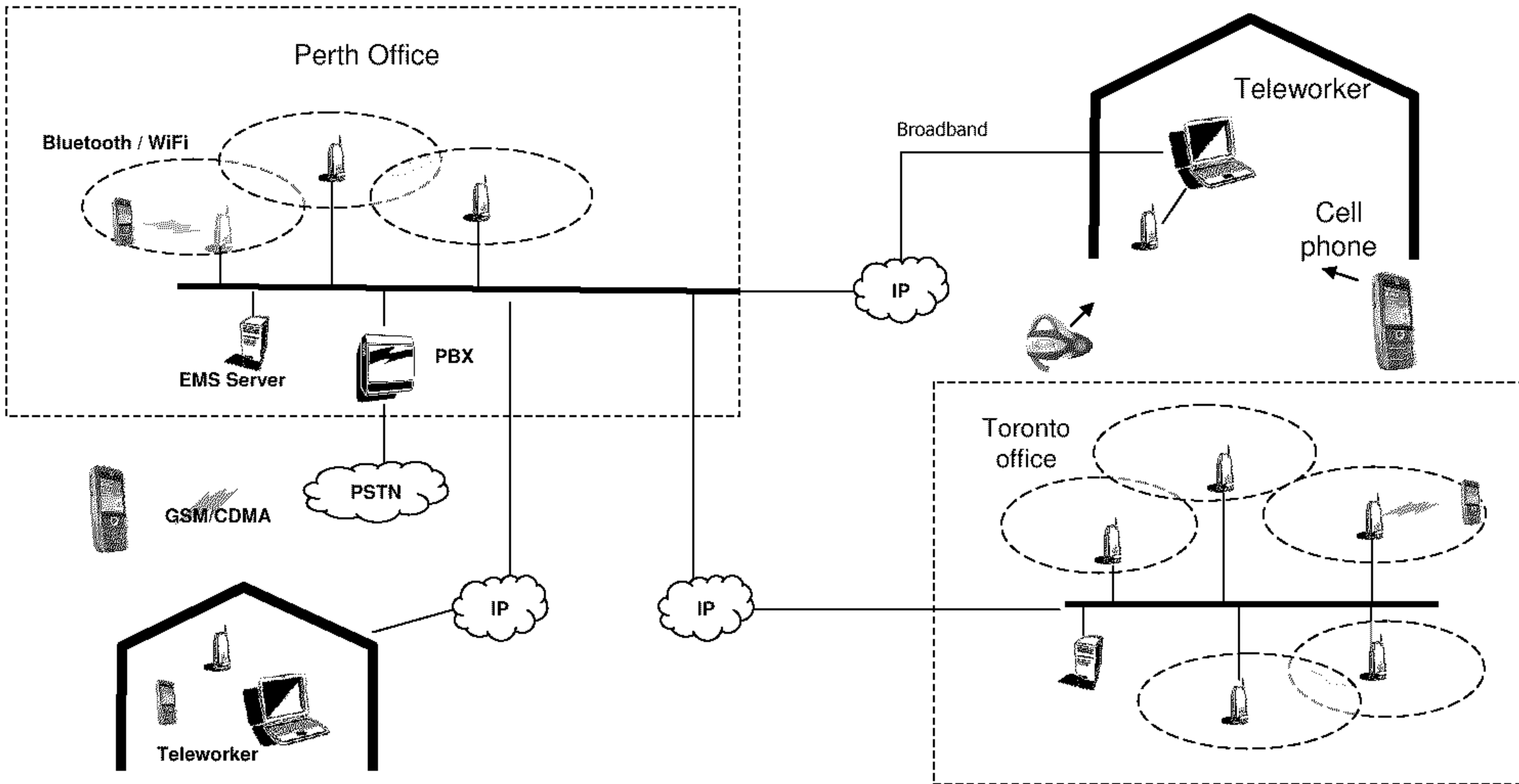
Enterprise Mobility (EM)

- Commercially proven
- Adjunct to VOIP systems / Integrates with legacy PABX systems
- Utilises existing LAN/WAN infrastructure
- VOIP based product
- Scaleable to thousands of users
- Totally "Hands Free" (voice response)
- Able to use current mobile phones as handsets

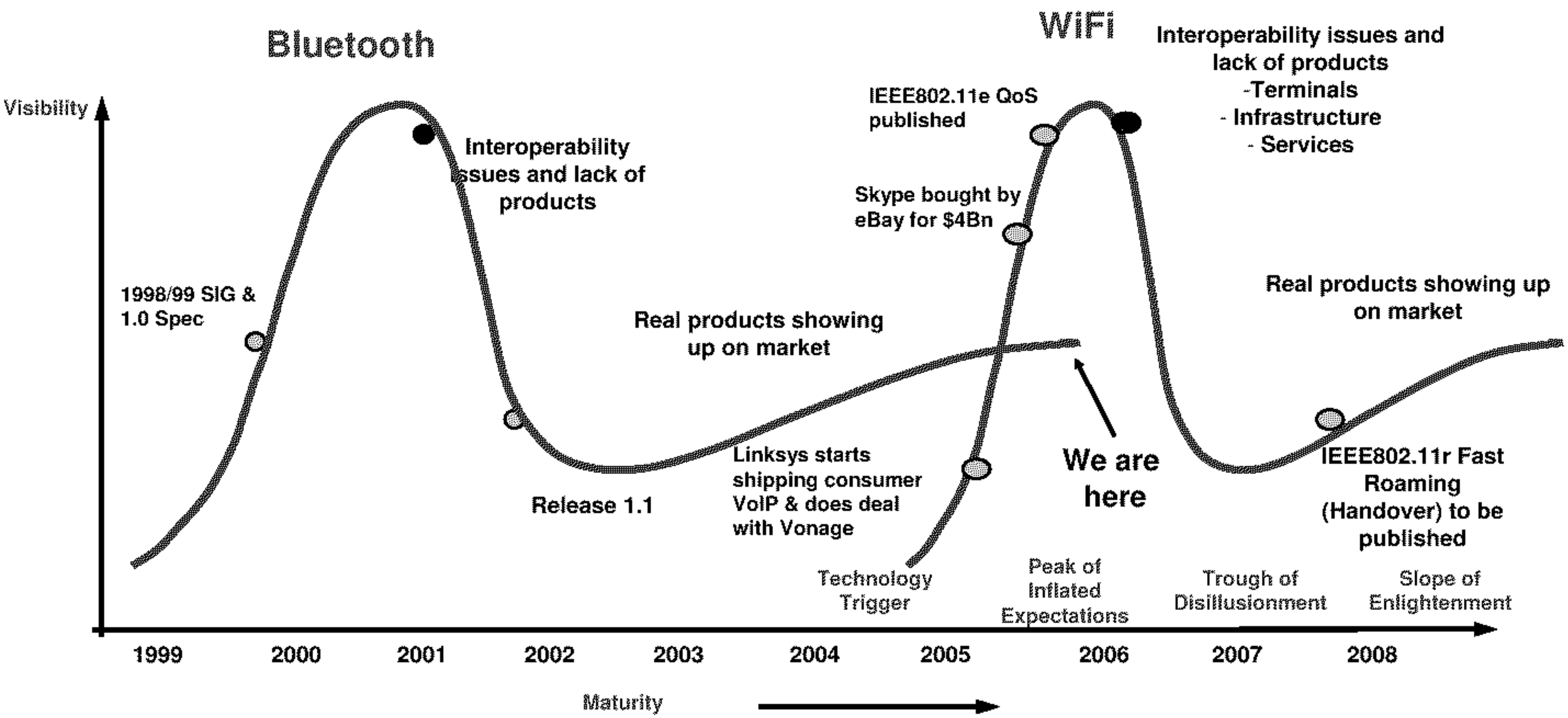
EM Architecture



Multi-Site EM Architecture



Technology Status



EM Applicability

The technology can be used anywhere that can benefit from wireless hands free voice driven communications systems

"The technology developed by Norwood is a world leading product and one of the most advanced fully integrated wireless hands free voice driven communications systems in the world" Ted Kim, Business Development Manager, Samsung Data Systems.

The Competitive Landscape for Short-range Wireless Infrastructure

	Cellular		DECT	Short range wireless	
	Pico-cell	UMA		Bluetooth	W-LAN
Active participants	Lucent, Nortel, Nokia, Ericsson	Kineto, Cisco, Ericsson, Alcatel	Kirk, Alcatel, Siemens, Ericsson	Norwood Systems, Spectralink, Cisco	
Device support	Cell-phone	Limited number of cell-phones	Cordless handset	Cell-phone, handset, headset, PDA, webpad	Cordless handset, PDA, webpad
Applications support	Voice and low bandwidth data	Voice and low bandwidth data	Voice	Voice and data	Voice and data (limited QoS support)
Multi-country deployment	✘ Difficult – requires carrier cooperation	✘ Difficult – requires carrier cooperation	✘ Different frequency plans in EU & USA	✓ Global, unlicensed frequency plan	✓ Global, unlicensed frequency plan
Installation effort	✘ Complex – only through operators	✘ Complex – only through operators	✘ Complex	✓ Automatic	✘ Complex
Cost	✘ High	✘ High	✓ Low	✓ Low	✘ Moderate
Maintenance	✘ Periodic frequency replanning reqd	✘ Not proven	✓ Moderate – depends on handset cost	✓ Low	✓ Low

Current Business Model

- Establishing distribution through channel partners by
  - Sale of Product licences per user
  - Annual maintenance fees
- Annuity income concept for larger users
- High gross margins

Major Customers and Partners

- **Samsung:** Successful 1st installation currently negotiating Partnership agreement

- **Avaya:** John Hopkins Hospital trial successful. Commercialisation discussions commenced

- **Alcatel:** World Wide Reseller agreement. Signed 18 Telco pilot sites Worldwide to date.

Major Customers and Partners

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- **Korea Telecom:** Commenced initial discussions, pilot system installed market size 3 Mill Lic

- **LogicaCMG:** Initial sale of user trial. Rollout to 200+ users under negotiation with potential for 3,250 users.

- **Austal Ships:** Major shipbuilder 2 phase install total of 250+ users

Norwood Company Profile

- Listed on Australian Stock Exchange Limited (ASX:NSA)
- Based in Perth, Western Australia
- Perth - 11 Corporate, Sales and Technical Development staff
- London - 3 Sales and Support staff

Norwood Group Structure

Norwood Systems Australia Ltd (ASX:NSA)

ASX Listed Company

Norwood System Aus Pty Ltd

100% owned by NSA

All IP resident in Pty Ltd Company

Norwood Systems UK Ltd

100% owned by Norwood Systems Aus Pty Ltd

Top 15 Shareholders

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SYSTEMS

Holder Name	Percentage
Mulloway Pty Ltd	11.72%
ANZ Nominees Limited	6.01%
Topsfield	4.15%
Bayonet Investments	4.15%
Topclass Holdings	3.32%
Golden Wire	2.91%
Perth Select Seafood's	2.64%
TT Nicholls	2.18%
Duncraig Investments	2.08%
Australian Heritage	2.08%
Port Brassey	2.08%
Merchant Holdings	2.08%
Mikado Corporation	2.08%
Michael O'Donnell	1.95%
David Schwartz	1.87%

Top 15 shareholders hold 57 % of issued shares

Capital Structure

Security	Million
Shares on Issue	48
Options on Issue (01/08 @$.20)	15
Total Shares and Options	63

Summary Profit & Loss

NORWOOD SYSTEMS LTD AND SUBSIDIARY COMPANIES SUMMARY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005	
Revenue from Ordinary Activities	831,238
Profit on Sale of assets	399,924
Share of net profits of associate	82,905
Cost of sales	(252,890)
Employment costs	(2,003,008)
Options issued to directors and staff	(259,967)
Other expenses from ordinary activities	(1,072,496)
Loss	(2,274,295)

NORWOOD SYSTEMS LTD AND SUBSIDIARY COMPANIES
MANAGEMENT ACCOUNTS
BALANCE SHEET AS AT 31 DECEMBER 2005

	$
CURRENT ASSETS	
Cash assets	1,369,977
Receivables	39,347
Inventories	102,761
TOTAL CURRENT ASSETS	1,512,085
NON-CURRENT ASSETS	
Property, plant and equipment	7,285
TOTAL NON-CURRENT ASSETS	7,285
TOTAL ASSETS	1,519,370
CURRENT LIABILITIES	
Payables	296,123
TOTAL CURRENT LIABILITIES	296,123
NON-CURRENT LIABILITIES	
Provisions	60,000
TOTAL NON-CURRENT LIABILITIES	60,000
TOTAL LIABILITIES	356,123
NET ASSETS	1,163,247
EQUITY	
Contributed equity	27,931,458
Option premium reserve	344,308
Foreign currency translation reserve	14,334
Accumulated losses	(27,126,853)
TOTAL EQUITY	1,163,247

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Directors and Management

- Michael O'Donnell - Executive Chairman
- John Pritchett - Non-Executive Director
- Jonathan Asquith - Non-Executive Director
- Geoff Donohue-Non Executive Director
- David Parsons – CTO
- Steve Hart – Northern Region Manager

Corporate Development

Norwood has a sunk development cost of approximately $25 million and market capitalisation at 5 cents per share of $2.4 million

- 2006/07 Capital Requirement
- Business Development
    - Stand Alone Business
    - License Technology
    - Sell technology and business
    - JV/Merger/Acquisition
- Listing / Operation Domicile ?

Share Trading Range

Recent Transactions in Wireless Sector

Company	Date Founded	Date Acquired	Purchaser	Technology	Consideration US$m
Kirk	1991	Dec05	Spectralink	DECT / WLAN Comms	62
Airspace	2001	Feb 05	Cisco	Wireless LAN	450
Spatial Wireless	2001	Dec-04	Alcatel	Voice/data mobile mgt services	250
Mesh Networks Inc	2000	Nov-04	Motorola	Wireless networking	200
Mobile Automation	1997	Oct-04	iPass Inc.	Enterprise mobility services	20
Telica	1998	Aug-04	Lucent	VoIP communication systems	270

Source: Various industry, internet and news sources. US$ considerations are approximate.