

ASX ANNOUNCEMENT

31st October 2017

Norwood Corporate Overview and App 4C for September 2017 Quarter

Highlights

- Smartphone platform coverage completed for World Message, making Norwood's full Virtual ID™ and Virtual Business ID™ solutions available on Android and iOS handsets.
- World Wi-Fi development progressed through to final public beta stage, with widespread testing underway ahead of public launch.
- Substantial product updates and improvements to Norwood's enterprise-focused services:
 - Technology partnership with Veritas to add new data archival capabilities to Corona Compliance and Corona CRM, including voice recording and machine learning discovery capabilities.
 - Virtual ID service now available in Australia, alongside 18 other countries, with new number porting service also launched to target small businesses or sole operators needing a second work related mobile identity.
 - Mobile Device Management (MDM) support integrated into Corona, now supporting 21 different MDM platforms, ensuring coverage of any enterprise customer requirements.
- World Phone offer to RAC Travel members and customers launched.
- ATO R&D tax refund of A\$924,000 received in the September quarter.
- Cost control exercise continues with end of quarter cash reserves of A\$1,26 million.
- Two substantial post-quarter achievements: Norwood's collaboration with Oracle and the launch of World Secure, the Company's first cyber-security service

'Sharing Economy' and 'Communications as a Service' pioneer Norwood Systems Ltd (Norwood or the Company) (ASX: NOR) is pleased to provide an overview of the Company's activities for the September 2017 quarter and the accompany Appendix 4C cashflow report.

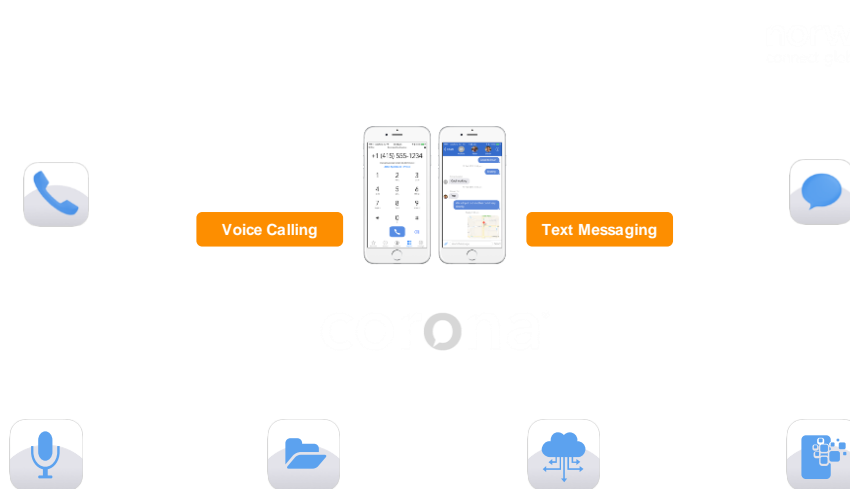
Norwood's CEO and Founder, Paul Ostergaard, said:

"We've set a rapid pace for product improvements this quarter, rolling out a number of incremental updates designed to position Corona as an even more compelling offering for Enterprises considering a Bring Your Own Device (BYOD) strategy for their employees. With complete platform coverage across iOS and Android, full archival features, integration into CRM, mobile device management support and a great price for virtual numbers, there has never been a better time for Enterprises to sign up to Norwood and Corona for scalable Virtual Mobile Services-based solutions.

"Our revolutionary World Wi-Fi product is also in the final stages prior to public release. World Wi-Fi integrates the latest Augmented Reality technology and our unique "two-click" solution to getting signed up to public Wi-Fi networks. We know how keen our customers are to get their hands on World Wi-Fi and we are working hard to integrate the public beta feedback into our product to ensure we launch with the best product we can.

Sales and Commercialisation Activities

Enterprise Segment – Virtual Business Phone, Corona CRM, Corona Compliance



During the quarter, the Company progressed a number of important sales opportunities and significant partnerships in the Enterprise B2B segment.

The key Corona achievements for the quarter are listed below in rough priority order. The Company has taken the time in this quarterly to delve into a somewhat deeper than usual exploration of **why** these firms are working with Norwood, to help investors understand both the strategic significance of Norwood's technical and commercial directions, as well as helping investors to comprehend the medium to long-term value of these relationships to Norwood.



Go-to-market collaboration with Oracle for Corona CRM

The most significant quarterly activity for the Company in the Enterprise segment has been the Company's intense collaboration with Oracle on a broad range of fronts, both commercial and technical. Two announcements were made after the close of the quarter detailing a couple of aspects of this collaboration.

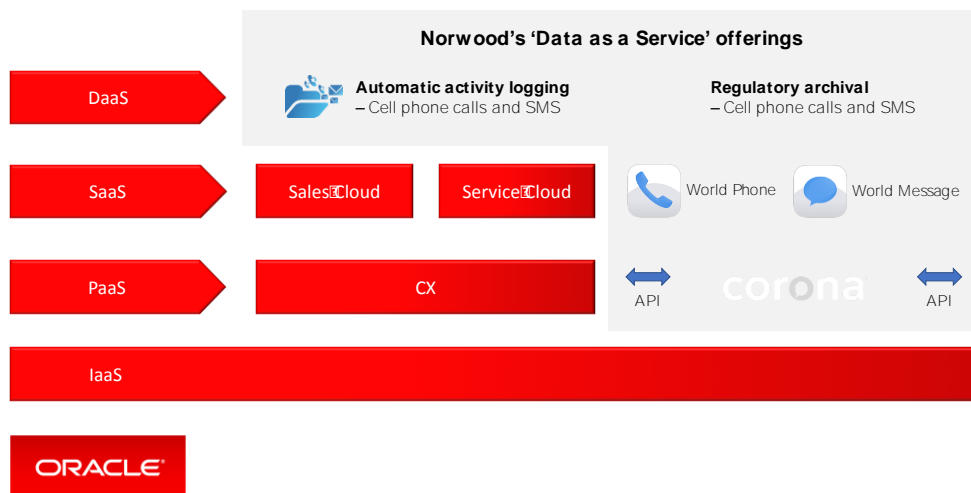
Norwood has been working with Oracle's engineering, product, sales, marketplace and evangelist teams for the past six months, firstly to integrate Corona CRM into Oracle's cloud platforms and secondly to present the combined offering to potential joint clients.

The point of the integration effort is to expose a significant new data source to Oracle clients using the Oracle Cloud platforms, namely the capture and archival of real-time smartphone voice and messaging interactions between client staff and their outside stakeholders and customers. As more staff-client interactions at a personal level migrate to the smartphone platform, it becomes ever more important for organisations to capture such interactions, *inter alia* to help them understand behaviours or sentiment and to develop metrics such as real-time Net Promoter Scores (NPS) using that captured interaction data.

Norwood's Virtual Business Mobile service, coupled with Corona CRM provides the world's most advanced and flexible source of such client interaction data for smartphones, completely independent of carrier networks and respecting the end user's privacy in respect of their personal interactions with friends and family.

With the advent of powerful machine learning analytics now becoming available to analyse such interaction data, Norwood is developing a position as an important and differentiated **“Data as a Service” (DaaS)** provider, partnered with Oracle to provide powerful end-to-end platforms that are tightly coupled at all four layers of Oracle’s multi-tier (Infrastructure / Platform / Software / Data) cloud services hierarchy shown below.

Positioning Norwood’s Platforms and Services



(IaaS = Infrastructure as a Service, PaaS = Platform as a Service, SaaS = Software as a Service, DaaS = Data as a Service)

Norwood’s **Corona CRM** and the concomitant **World Phone** and **World Message** data flows that are available for capture and storage have now been integrated successfully with **Oracle Sales Cloud**, which resulted in Norwood’s recent Oracle Collaboration announcement. Further work is actively ongoing to complete the **Oracle Service Cloud** integration as soon as practicable. A number of additional integration and API development opportunities have been identified beyond these first two integrations.

A brief review of Norwood’s early commercial activity with Oracle is provided to give investors a flavour of the level of commercial intensity of this collaboration: Norwood has been invited over recent months to participate in several recent Oracle events, including several sessions at Oracle Open World, to promote the combined service to selected Oracle customers, as well as briefing Oracle product management, field sales leaders and evangelists both in the US and the EU. A number of Oracle clients in the UK have now been presented with the combined **Corona CRM** and **Oracle Sales Cloud / Oracle Service Cloud** proposition and feedback so far has been very positive. Most recently, Norwood’s CEO and the Company’s Head of USA Sales will be briefing Oracle’s North American Banking Sales team in New York the week commencing 31 Oct 2017, at Oracle’s specific invitation, demonstrating the **Corona CRM / Oracle Sales Cloud** integration capabilities to senior Oracle sales personnel who own Oracle’s top 200 US financial services client relationships.

Based on the interest and feedback seen from Oracle’s field sales organisation to date, the Company is confident that its collaboration with Oracle will yield material commercial benefits over time, although the Company views revenue-bearing deals arising to be somewhat out into the future, driven by customary enterprise IT systems sales cycles.

It is the most significant and wide-ranging collaboration and partnering effort that the Company has had to date in the Enterprise segment. Norwood sees an extremely good and ever-improving fit between its mobile activity data services offering and Oracle’s overall cloud strategy, and this is reflected in the interest that Norwood sees the Oracle field organisation showing in the joint solution set.

Partnerships with Veritas and Global Relay for the global information governance sector

During this past quarter Norwood announced a technology partnership with US-based Veritas Technologies, Inc. (“Veritas”) to address the growing need for solutions that support the emerging regulatory imperative to capture and archive all business-facing communications, specifically including smartphone voice calls and SMS text messaging.

The global information governance market is growing strongly, particularly in the US and the EU, driven by increasing regulation and aggressive enforcement actions by the regulators. In particular the European Union regulator, ESMA, is currently implementing a key directive called **Markets in Financial Instruments Directive II** (MiFID II). MiFID II has one key objective, among others, to drive greater market transparency, and part of this requires all firms that trade in the EU to record and store all conversations that lead to a financial services market transaction. The attached link refers and interested readers can review Article 16 therein: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014L0065-20160701>. MiFID II comes into force January 3, 2018, and the Company’s perception (borne out of direct interaction with a number of client prospects) is that many financial services firms are far from ready to comply with the far-reaching record keeping aspects of the legislation.

The US and the UK have similar legislation active already. All of this is driving a strongly growing market opportunity for Norwood’s Corona Compliance platform.

Roughly two quarters ago, Norwood identified **Veritas** and **Global Relay** as key potential partners to work with to address the compliance market opportunity. Several of Norwood’s current pipeline prospects use the **Veritas Enterprise Vault** archival platform, while other pipeline prospects use the **Global Relay archival service**.

Over the past two quarters, Norwood’s **Corona Compliance** platform has been successfully integrated into each of these archival platforms, so that Veritas and Global Relay clients can now use **Corona Compliance** and the World Apps to capture and archive SMS text messages and smartphone voice calls into their platforms.

Norwood has executed technology partnership agreements with both Veritas and Global Relay. The Company is currently exploring expansion of these technology partnerships to full reseller relationships for Norwood. Global Relay, for reference, currently has 27,000 financial services clients worldwide using its email archival platform. Initial responses to this suggested expansion of these relationships has been well received by both parties.

A highly-regarded US-based financial services institution, and a Global Relay client, is currently carrying out a Proof of Concept (POC) for Corona Compliance within their organisation. At this time Norwood has every expectation that this POC will be successful and hopes to make an appropriate market announcement at the successful conclusion of the POC.

Norwood has further several large banks (10,000+ employees) in its pipeline who are using the Veritas platform and is currently looking to progress those to a similar proof of concept stage in the coming quarter.



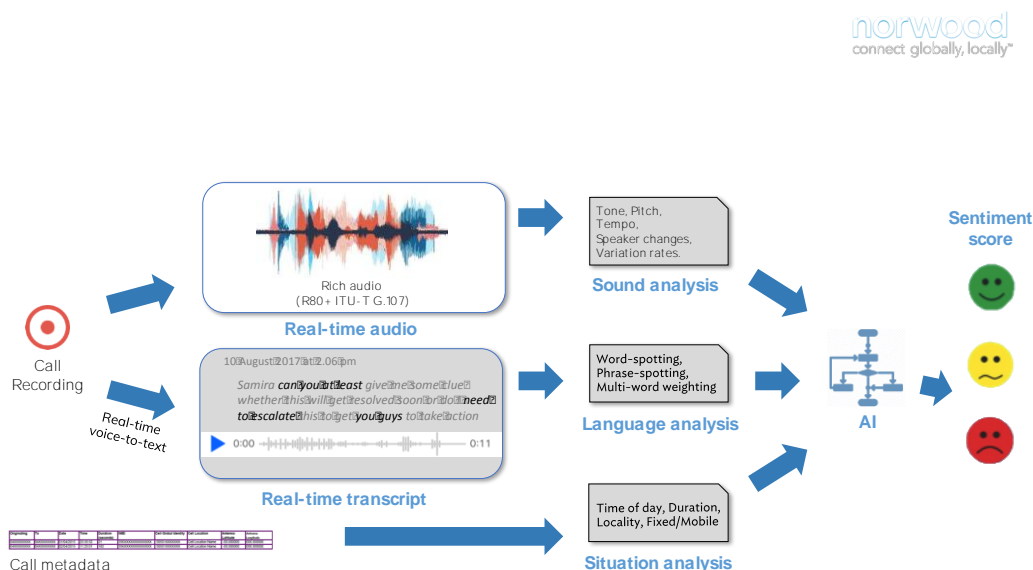
Forging a deeper collaboration with Salesforce.com on Corona CRM

During the last quarter, Norwood successfully listed the **Corona CRM** platform on the Salesforce.com AppExchange. This follows an earlier successful integration of Corona with the Salesforce.com APIs, creating the Corona CRM platform. **Corona CRM** now integrates with two major CRM platforms, from Salesforce.com and Oracle.

Norwood has an active project ongoing with a Salesforce client, and while there isn't yet a commercial contract to announce, the Company believes the project's focus is worthwhile highlighting in this report, as it illustrates a key strategy direction for Norwood's capture and archival technologies, moving down the path of **integrating machine learning technologies** into Norwood's core cloud and App platforms.

This particular project will focus on capturing **real-time sentiment** of the client's customers as they interact with the client's customer facing teams, thereby providing an unprecedented real-time view of customer satisfaction for the client.

Real-time sentiment analysis can be contrasted with an earlier concept of a Net Promoter Score (NPS), which many firms use today as the 'gold standard' for measuring customer satisfaction. Whereas NPS scores were usually assembled from explicit polling of customers and took time and survey expense to assemble, real-time machine learning-enabled sentiment analysis provides a low-cost instantaneous look into the health of a firm's customer relationships.



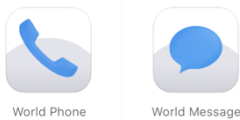
As a unique provider of smartphone-related input data to such a sentiment analysis platform, Norwood occupies a key position in the value chain for generating key insights, specifically for smartphone device interactions. To a great extent, Norwood's World App data flows are the enabling factor that allow this project to target real-time sentiment analysis applications for the client's employee smartphones.

This project involves Salesforce.com, a large client in the education sector, a global system integrator and Norwood, and the Company will release more information on this project as it progresses.

More broadly, Norwood is currently working on applying a variety of machine learning techniques to the World Phone and World Message data flows, looking at how to analyse the data from those sources to add more value to Norwood's clients. The Company sees great potential in creating 'charismatic'

AI-driven applications that solve currently unaddressed client data recognition issues or opportunities, applications that leverage off Norwood's proprietary data flows from the World Apps.

Norwood is doing world-class research and development in this area, using its World App data flows combined with various machine learning techniques to tease out higher-order ontologies (insights) that perhaps weren't obvious to a human observer, but which potentially would be valuable to an organisation looking to improve the core processes that involve these human interactions.



Virtual Business Mobile Services and the BYOD market

Both the Corona CRM and Corona Compliance solutions are founded on Norwood's Virtual Business Mobile Services (VBMS) architecture. The VBMS architecture in its own right has a significant market application for companies that are interested in implementing a Bring Your Own Device (BYOD) strategy in their organisation.

The VBMS proposition is based on SIM-free mobile voice and messaging services delivered to a handset to create a second SIM-independent mobile identity on a mobile handset. The service offers inbound and outbound PSTN voice and SMS, high-quality visual voicemail, free App-to-App voice and messaging, plus a second mobile phone number attached to these services. The service is delivered to a user's handset using the World Phone and World Message Apps, that operate as a business-centric second pair of mobile Apps on the handset.

How many companies around the world today still maintain a practice of issuing work mobile phones to their staff, incurring unnecessary expense, when they could instead be issuing Norwood's Virtual Mobile Apps – World Phone and World Message? Norwood has found that the primary reasons for issuing mobile devices to staff today revolve around organisational management and control of the employee's mobile phone number. The traditional BYOD route of subsidizing the employee's mobile phone is unsatisfactory to the extent that the organisation then loses control of employees' mobile numbers when they leave the organisation. This creates potential loss of continuity, or worse, business leakage. Norwood's VBMS solution allows a company to transition to a BYOD model, while maintaining control and ownership of the mobile phone numbers being used for the VBMS platform.

Norwood believes there is a substantial global market for its Virtual Business Mobile Service.

The Company has been working closely with one large (40,000+ employees) Australian Financial Services firm's IT organisation to prove out the economic model (having already passed client technical bench-tests of the VBMS service) in preparation for a broad roll-out to their workforce. When deployed, this project alone would drive an income of several million dollars per annum to Norwood, at high SaaS-type margins, thereby creating a robust reference case study for Norwood's BYOD deployment model.

Norwood has a significant number of prospects in its sales pipeline for this service, with most attention internally being focused on getting this first major customer for the VBMS service over the line.

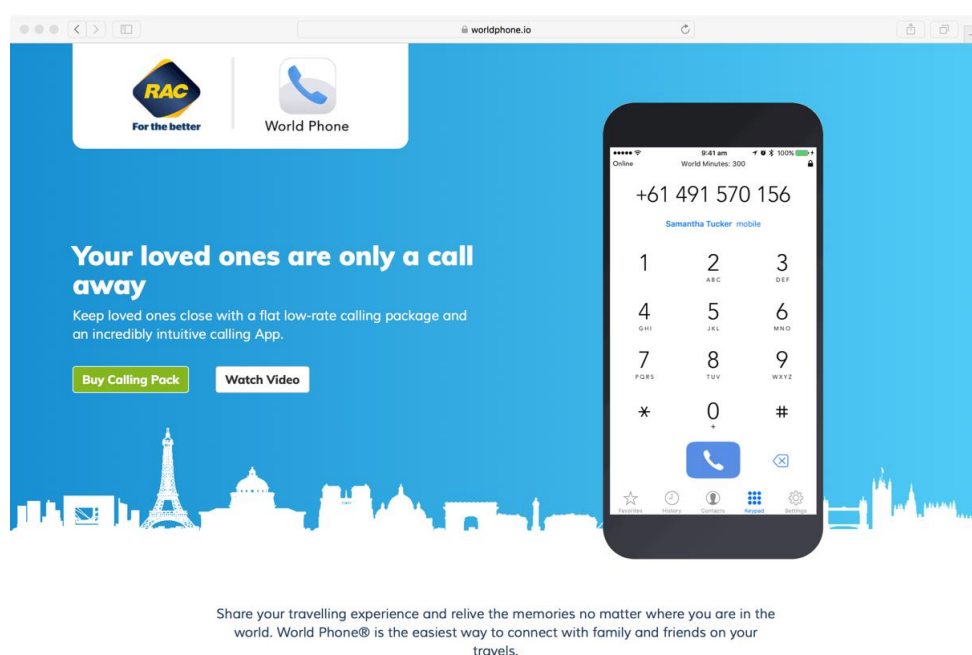
Consumer – Travel and Loyalty products



RAC Travel World Phone travel minute bundle

This quarter saw the launch of Norwood’s customised World Phone package offer to RAC Travel members and customers. Norwood has launched two World Phone packages – one aimed at travellers taking a short break overseas, the other for those who will be away for longer.

Each package includes World Phone, a bundle of pre-paid minutes, a travel number to let friends and family stay in touch and voicemail. The packages are available at worldphone.io/rac and will be promoted by RAC Travel to their members across a variety of channels including the RAC website, direct marketing, in store materials and face-to-face discussion with travel consultants at its seven locations across Western Australia.



Initial take-up of the RAC offer has been slower than expected, which has been attributed to low customer awareness of the offer. Accordingly, Norwood’s marketing team is actively engaging with RAC Travel customer engagement teams to boost RAC customers’ awareness of the packages.

Since launch, the RAC model (partial App customisation, minutes bundle, bespoke landing page, Norwood-operated fulfilment) has seen significant partner interest over the quarter with other potential partners in the travel and loyalty space. In particular one of the world’s largest credit card processors (unaffiliated with Affinion) is currently trialling the platform, and several Asian airlines are showing strong interest in this model, with the added potential feature of using loyalty points redemption in exchange for World Phone minutes.



Affinion

Norwood also continues to work with Affinion to progress the take-up of World Phone and/or World Wi-Fi into Affinion’s loyalty client base, as a feature of loyalty and engagement programs. A number of Affinion’s key clients have been presented with Norwood’s loyalty propositions and the Company expects to convert some of these prospects in due course to revenue generating relationships. Robust interest has been received in particular for Norwood’s forthcoming **World Wi-Fi** proposition and the Company is working hard to finalise the release of that App to allow Affinion to market the proposition to its partners.

Product Development Activities

A considerable number of product enhancements and new features for Corona were implemented during the quarter, which have in turn enhanced the attractiveness and relevance of Norwood's Corona Platform to potential Corporate customers and partners.

During the past couple of quarters, Norwood has also been working intensely to bring two additional smartphone Apps up to market release status: **World Wi-Fi** (announced prior to this quarter) – a world-class Wi-Fi Finder App; and **World Secure** (announced post-quarter) – a revolutionary personal, corporate-managed VPN manager for your smartphone.



World Secure



World Phone



World Message



World Wi-Fi

Norwood's World-Class App Portfolio

These new Apps will see Norwood offering a total of four high-quality Apps on the iTunes App Store by mid-quarter, followed by equivalent Android Apps on the Google Play store one to two months later. We have provided further commentary on the two new Apps below.

corona

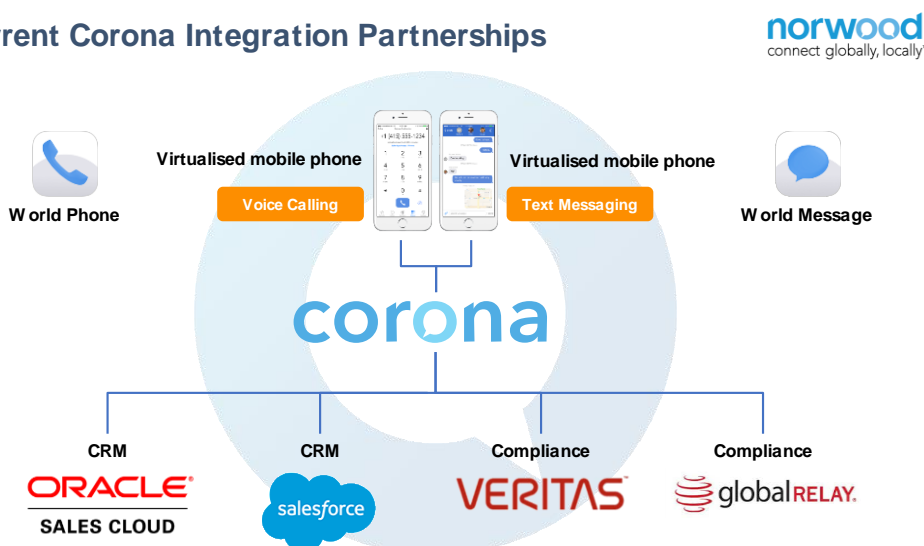
Corona Platform Enhancements

A number of significant enterprise service integrations were delivered for Corona during the quarter. Investors should expect to see further integrations added to Corona in the coming quarters, as Corona solidifies its position as the *lingua franca* platform of choice for the capture and processing of smartphone-mediated voice and messaging enterprise data flows.

Norwood's motivation behind these integration efforts is increase the addressable base of potential enterprise clients that can use Norwood's Corona platform and World Apps to capture and process smartphone interaction data flows that such potential clients are currently unable to access and use to improve workflows.

With the four integration partners listed below, Norwood estimates that it now has roughly 50% of the CRM market installed base covered, and roughly 50% of the compliance archival market installed base covered.

Current Corona Integration Partnerships



As noted, Norwood is working to add the **Oracle Service Cloud** platform to its roster of platform integrations, as adding smartphone-mediated field service technician work data flows is a fairly obvious platform extension opportunity for Corona, also based on feedback from its partners.



Virtual ID Global Coverage, Number Porting Service, Mobile Device Management

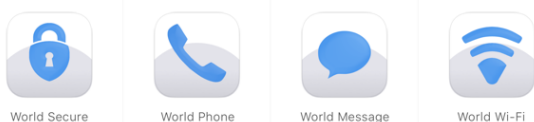
Norwood's range of Virtual IDs was also expanded to Australia for the first time, bringing to a total 19 countries where Norwood can offer Virtual IDs, and by extension where the Company can offer the Virtual Business Mobile Service (VBMS), which forms the basis for Norwood's BYOD offering, as well as the Corona Compliance and Corona CRM offerings.

Key geographies covered include all of North America (Mexico, Canada and USA), major European countries (including UK, France, Germany, Sweden and the Benelux countries), Australia, Indonesia and the Philippines.

During the quarter, Norwood also launched a number porting service to help both small and large clients transition their existing business mobile service to a Virtual ID based service.

Norwood has scaled up its ability to provision Virtual IDs at scale with the addition of Mobile Device Management (also known as Enterprise Mobility Management) (EMM/MDM) support in the Corona and World App platforms. The Company has worked with its suppliers for Virtual ID numbers and can now offer lead of three days to provision blocks of 1,000 numbers or more.

The EMM/MDM interface also supports direct bulk provisioning of World Apps on employees smartphones, greatly streamlining large-scale roll-outs of VBMS and the associated higher-level applications.



Smartphone App Enhancements and New Features

Smartphone platform coverage for **World Message** was completed with a **rollout onto Android** smartphone devices. Importantly for Norwood's corporate clients, this means that organisations can now confidently launch a Norwood-powered Virtual Business Mobile Services solution for 'Bring Your Own Device' (BYOD) employee use across any flagship smartphone released since 2013, ensuring near complete workforce coverage.

During the quarter, **World Phone** added **full voice recording** support in business mode, with recordings stored scalable cloud platforms for easy retrieval through Corona's web-console and allowing for links or actual content to be saved to CRM and compliance platforms. An API is being developed to allow third-party analytics platforms to access these recordings.

Work progressed during quarter on integrating selected **machine learning** capabilities into both **World Phone** and **World Message**. Key early targets for this initiative include automatic **image captioning** for improved e-Discovery of SMS-transmitted images, **speaker language classification** for improved speech transcription, initially for the Virtual Voicemail transcription feature and eventually for a full-duplex real-time speech transcription capability on voice calls.

Our roadmap currently anticipates some these features will be added in new App versions, starting with **World Phone 3.0** and **World Message 2.0**, potentially as early as this current quarter for some of the first capabilities.



World Wi-Fi

World Wi-Fi development continued during the quarter, with a short delay to the previously expected release timeframe of Q3, as the Company integrated the latest Augmented Reality technology available with iOS 11 and carried out data quality and consistency checks in a number of geographies worldwide, a process that is expected to continue post-launch. Norwood expects the **World Wi-Fi** App for iOS to launch in early November, following selective beta testing already on the App in key geographies. Interest in beta testing has been strong, with a range of applications received, with testers selected on geographic diversity.



World Secure

World Secure is Norwood latest enterprise App, scheduled for release by mid-November, and opens up the enterprise cyber-security market for Norwood. It leverages much of the cyber-security R&D done for **World Wi-Fi**. Feedback received from Norwood's enterprise pipeline clients indicated that insecure Wi-Fi access posed a critical issue for IT administrators, representing a potential 'unplugged security hole'.

Coupled with a special entitlement received from Apple for the Company's **World Wi-Fi** App, Norwood's know-how has enabled the Company to produce a unique "set and forget" and policy-managed VPN App to market to address this critical customer need, being smart enough to trigger the VPN automatically according to personal and corporate security policies.

Rewards & Recognition



Norwood was again proud to be the receipt of a National iAward, this time for the Business Service Markets category for its revolutionary regulatory compliance platform, Corona Compliance. The iAwards showcase ICT innovation and excellence across 15 categories – recognising individual achievements, product innovation and project excellence. The key goal of the iAwards is to discover, recognise and reward the technology innovations that have potential to, or already having a positive impact on the community – at home, in the office, and on a global scale.

Corona Compliance winning the iAward against very stiff competition is further validation of the significant potential for the platform, alongside the in-market validation seen through partnerships with Oracle, Veritas and Global Relay.

This is Norwood's third National iAward in four years, in addition to the Company's five WAITTA Incite Award wins at the state level during the same timeframe. These awards collectively identify Norwood as one of the most innovative firms in the Australian ICT sector. Previous National iAwards have been received for World Phone (Consumer category, 2015) and Corona (New Product category, 2014). As an iAward winner, Norwood Systems will now be part of the Australian contingent competing at the 2017 Asia Pacific ICT Alliance (APICTA) Awards to be held in Dhaka, Bangladesh on the 6th to the 9th December.

Corporate

For the September quarter cash receipts were A\$59k. The figure was in line with last quarter's, as the RAC deal, still in its early stages, took longer to scale up than anticipated. However, both the agreement with RAC and with CommSys remain on track to gain momentum over the coming quarters. Additionally, the company has some well progressed prospects in the current Enterprise sales pipeline that have the potential to generate material upfront revenue.

Overall cash used in operating activities was A\$202,000 compared to A\$1,10 million in the June quarter. The cash used in operating activities was assisted by a A\$924,000 Australian Tax Office (ATO) Research and Development (R&D) Grant received in the quarter.

Norwood continues its cost control exercise which will remain a key focus for the Company in the coming quarters with a further downtrend in spending forecast. Cash at the end of the quarter was A\$1,26 million.

In accordance with ASX Listing Rule 6.1 confirmation previously given to the Company, Norwood provides the following disclosure for the September 2017 quarter:

- i. There are 78,869,761 unlisted Class A performance shares that convert to ordinary shares on a 1 for 1 basis 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.
- ii. There are 78,869,761 unlisted Class B performance shares that convert to ordinary shares on a 1 for 1 basis 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.
- iii. There are 3,927,774 unlisted Class A performance rights that convert to ordinary shares on a 1 for 1 basis 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 8 December 2017.
- iv. There are 3,927,774 unlisted Class B performance rights that convert to ordinary shares on a 1 for 1 basis 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 8 June 2018.

During the quarter there was no change to the performance securities on issue, and no milestones were met.

<ENDS>

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Norwood is changing the way we globally connect

At Norwood Systems, we're passionate about revolutionising your telecommunications. To actualise this goal, we have developed amazing platforms that realise the world's largest federated telco network. By connecting your smartphone effortlessly and simply to local networks around the world via our award-winning Apps, you get high quality connections, clear and secure conversations for a fraction of international roaming costs.

About Norwood Systems

Norwood Systems provides voice, messaging and data services to consumers, enterprises and carriers globally, leveraging its' federated telecommunications services network partnerships. Our mission is to deliver disruptive end-user communications apps that streamline and simplify how users around the world can access affordable, high-quality telecommunications services – anywhere, anytime.

Norwood has solutions that service Enterprise, Telco and Partner channels.

Our [Enterprise Solutions](#) deliver powerful, yet simple corporate communications platform to make communications more cost effective, easier to manage, and regulatory compliant. This is all made possible by Corona® Cloud and Corona GTS, with its suite of mobility Apps.

Norwood Systems' innovative [Telco Solution](#) addresses all three categories of telecommunication provider. Major carriers, mobile virtual network operators (MVNOs), and Data-only providers.

Finally, our [Partner Solutions](#) are designed for the forward looking, customer driven Travel and Loyalty partner, providing an easy way to invigorate brand offerings with App based benefits.

Norwood Systems listed on the ASX in June 2015 and trades with the stock ticker NOR.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

NORWOOD SYSTEMS LIMITED

ABN

15 062 959 540

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated Statement of Cash Flows		Current Quarter \$A'000	Year to Date (3 Months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		59	59
1.2 Payments for			
(a) research and development		(335)	(335)
(b) product manufacturing and operating costs		(107)	(107)
(c) advertising and marketing		(46)	(46)
(d) leased assets		-	-
(e) staff and sales consultants costs		(313)	(313)
(f) administration and corporate costs		(385)	(385)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	1
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		924	924
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(202)	(202)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(15)	(15)
(b) businesses (see item 10)		-	-
(c) investments		-	-
(d) intellectual property		-	-
(e) other non-current assets		-	-

Consolidated Statement of Cash Flows		Current Quarter \$A'000	Year to Date (3 Months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(15)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,481	1,481
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(202)	(202)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated Statement of Cash Flows		Current Quarter \$A'000	Year to Date (3 Months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,264	1,264

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,213	1,431
5.2	Call deposits	51	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,264	1,481

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(41)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
<div>- Managing Director's Salaries and Wages</div> <div>- Non-Executive Director's Fees</div>		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	(31)
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	Consultancy Fees	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(316)
9.2 Product manufacturing and operating costs	(254)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff and Sales Consultants Cost	(326)
9.6 Administration and corporate costs	(248)
9.7 Total estimated cash outflows	(1,144)

10. Estimated cash inflows for next quarter	\$A'000
10.1 Research and Development Grant	-
10.2 Forecasted Cash Inflows	281
10.3 Total estimated cash inflows	281

11. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
11.1 Name of entity	-	-
11.2 Place of incorporation or registration	-	-
11.3 Consideration for acquisition or disposal	-	-
11.4 Total net assets	-	-
11.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

[lodged electronically without signature]

31 Oct. 17

Sign here:
(Director/Company secretary)

Date:

Steven Wood

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.