

QUARTERLY REVIEW

To be read in conjunction with Appendix 4C

FUNDING

During the quarter, the Company incurred net operating cash outflows of \$341,000. Cash on hand at the end of the quarter grew to \$217,000.

CHINA COAL TRADING BUSINESS

The company recently announced that it has entered into a binding Letter of Intent (“LOI”) with Sino-Excel Petroleum Holdings Pte Ltd (“Sino-Excel”) and DeBang Resources Ltd (“DB”) under which Norwood will acquire a 100% interest in Sino-Excel.

Sino Excel owns 100% of DB. DB will hold management rights over an established and significant coal trading operation in Henan Province in the Peoples’ Republic of China. DB will also hold an option to acquire three significant coal concessions in Henan Province.

Based on the information provided to date by Sino-Excel, a transaction value of A\$90 million arises. The transaction will be satisfied by the issue of shares in Norwood to the shareholders in Sino-Excel, based on an agreed transaction price of 1.7 cents per Norwood share. The effect of the proposed transaction is the back-door listing of the Chinese coal trading business into Norwood.

RESTRUCTURE PROGRESS

The company has continued its restructuring and debt reduction.

A final arrangement regarding the Needle-free project was completed during the quarter. It provides for the Company to earn 25% of future net proceeds from commercialisation of the needle-free technology by MIT. Norwood has no further funding obligations in relation to the project.

The Company has also, through its US ophthalmic consulting group, progressed discussions with a view to the sale or licensing of the EyeCare project. A final decision on any transaction is expected during the coming quarter.

The company continues to be the largest shareholder in Norwood Immunology Ltd (“NIM”). Potential future returns from this investment will be linked to ability of NIM to monetise its convertible note in Mymetics Inc. and prospective milestones arising from the virosome project.

The Company has also reached agreement on further equity for debt conversions.

Annual and half-year accounts are being completed concurrently; re-quotation of the Company’s shares is likely to occur upon completion of the China coal transaction.

To find out more about the Norwood group, visit www.norwoodabbey.com

For further information please contact:

Norwood Abbey Ltd +61-3-9770-0063

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

NORWOOD ABBEY LIMITED

ABN

20 085 162 456

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	13	13
1.2 Payments for (a) staff costs	(42)	(42)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(312)	(312)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Other Income	-	-
Legal Expenses	-	-
Travel Expenses	-	-
Professional Fees	-	-
Net operating cash flows	(341)	(341)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(341)	(341)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	(341)	(341)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	300	300
1.18 Repayment of borrowings	(145)	(145)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	155	155
Net increase (decrease) in cash held	(186)	(186)
1.21 Cash at beginning of quarter/year to date	403	403
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	217	217

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	35
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	(a) Includes Directors Fees and reimbursement of expenses incurred on behalf of the company.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements - various	-	-

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.