

**NORWOOD SYSTEMS LIMITED**  
**ACN 062 959 540**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a renounceable entitlement issue of two (2) Shares for every eleven (11) Shares held by those Shareholders registered at the Record Date, being up to 241,350,997 Shares, together with New Options on the basis of 1 free attaching New Option for every 1 Share issued, with each New Option having an exercise price of \$0.008 and expiring on 31 October 2020, at an issue price of \$0.005 per Share to raise up to approximately \$1,206,755 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten and managed by Pinnacle Corporate Finance Pty Ltd (ACN 149 263 543), holder of an Australian Financial Services Licence (AFSL No. 403 684). Please refer to Section 8.4 for the details of the underwriting.

**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 Paul Ostergaard (Managing Director)  
Mr Michael Edwards (Non-Executive Director)  
Mr Giles Everist (Non-Executive Director)

### Company Secretary

Mr Steven Wood

### Registered Office

4 Leura Street  
Nedlands WA 6009  
Australia

Telephone: +61 8 9200 3500  
Facsimile: +61 8 9322 7602

Website: [www.norwoodsystems.com](http://www.norwoodsystems.com)  
Email: [info@norwoodsystems.com](mailto:info@norwoodsystems.com)

### 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 Buildings  
16 Milligan Street  
Perth WA 6000

### Auditor\*

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

### Underwriter and Lead Manager

Pinnacle Corporate Finance Pty Ltd  
Level 9, 190 St Georges Terrace  
Perth WA 6000

### ASX Code

NOR

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## 2. TIMETABLE

Lodgement of Prospectus with the ASIC	26 September 2018
Lodgement of Prospectus & Appendix 3B with ASX	26 September 2018
Notice sent to Optionholders	27 September 2018
Notice sent to Shareholders	28 September 2018
Ex date	1 October 2018
Rights start trading	1 October 2018
Record Date for determining Entitlements (5:00pm WST)	2 October 2018
Prospectus and personalised Entitlement and Acceptance Forms sent out to Eligible Shareholders & Company announces this has been completed	5 October 2018
Rights stop trading	19 October 2018
Securities quoted on a deferred settlement basis	22 October 2018
Last day to extend the Closing Date	23 October 2018
Closing Date* (5:00pm WST)	26 October 2018
ASX (and Underwriter) notified of under subscriptions and last day for Underwriter to subscribe or procure subscriptions for Shortfall Securities	31 October 2018
Issue date/date Securities are entered into Shareholders' security holdings	2 November 2018
Quotation of Securities issued under the Offer*	5 November 2018

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

#### **3.1 General**

This Prospectus is dated 26 September 2018 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents 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.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

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.

#### **3.2 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.

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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

The Offer is being made as a renounceable entitlement issue of 2 Shares for every 11 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per Share with a free attaching New Option for each Share issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no existing Options are exercised prior to the Record Date), approximately 241,350,997 Shares and 241,350,997 New Options will be issued pursuant to this Offer to raise up to approximately \$1,206,755. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus, the Company has 120,980,473 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

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

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

### **4.2 Underwriter Offer**

This Prospectus includes the offer of 20,000,000 New Options to the Underwriter as part consideration for services provided to the Company in connection with the Offer (**Underwriter Offer**).

The issue of the 20,000,000 New Options under the Underwriter Offer will be made pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1.

The Underwriter Offer is a personal offer to the Underwriter (or its nominees). As such, only the Underwriter (or its nominees) may accept the Underwriter Offer, by using the relevant Application Form in relation to the Underwriter Offer. A personalised Application Form in relation to the Underwriter Offer will be issued to the Underwriter together with a copy of this Prospectus.

No funds will be raised from the Underwriter Offer as the relevant New Options are being issued as consideration for services provided to the Company by the Underwriter.

### 4.3 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to section 4.4);
- (b) sell all of their Entitlement on ASX (refer to section 4.5);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to section 4.6);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to section 4.7);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to section 4.8); or
- (f) allow all or part of their Entitlement lapse (refer to section 4.9).

### 4.4 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Norwood Systems Limited" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

By delivery	Norwood Systems Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138
By Post	Norwood Systems Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in section 4.10. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings

only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 3:00pm (WST) on the Closing Date.

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

In addition to the above, Eligible Shareholders who have subscribed for their Entitlement in full may apply for Shares and Options in addition to their Entitlement (**Additional Shares and Options**) by:

- (a) completing the relevant section of their Entitlement and Acceptance Form and returning it together with a single cheque for the appropriate Application Monies for both their Entitlement and the Additional Shares and Options applied for; or
- (b) paying the appropriate Application Monies for both their Entitlement and the Additional Shares applied for via BPAY® using the BPAY® code and personalised reference number indicated on the Entitlement and Acceptance Form.

It is possible that there will be few or no Additional Shares and Options available, depending on the level of acceptance of Entitlements by Eligible Shareholders. There is therefore no guarantee that in the event that Additional Shares and Options are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

In the event there is an insufficient Shortfall to satisfy applications for Additional Shares and Options, the Directors reserve the right to allocate any Additional Shares and Options at their absolute discretion (in consultation with the Underwriter). The Company may issue to an Applicant under the Offer a lesser number of Additional Shares and Options than the number applied for, reject an application for Additional Shares and Options or not proceed with the issuing of all or part of the Additional Shares and Options. If the number of Additional Shares and Options is less than the number applied for, surplus application monies will be refunded without interest.

#### **4.5 Selling all your Entitlement on ASX**

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 1 October 2018 and will cease on 19 October 2018.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.



#### **4.6 Taking up a proportion of your Entitlement and selling the balance on ASX**

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 4.4, or make a payment by BPAY in accordance with section 4.13.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

#### **4.7 Taking up a proportion of your Entitlement and allowing the balance to lapse**

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 4.4. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

#### **4.8 Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "Norwood Systems Limited" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery      Norwood Systems Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

By Post          Norwood Systems Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with section 4.4.

#### **4.9 Allow all or part of your Entitlement to lapse**

Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enable Eligible Shareholders who do not

wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

#### **4.10 Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

#### **4.11 Minimum subscription**

On the basis that the Offer is fully underwritten, the minimum subscription is also the full subscription under the Offer.

#### **4.12 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 Limited" and crossed "Not Negotiable".

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

#### **4.13 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

#### **4.14 Underwriter**

The Offer is fully underwritten by Pinnacle Corporate Finance Pty Ltd (the **Underwriter**), that is, up to a maximum amount of 241,350,997 Shares. Refer to Section 8.4 of this Prospectus for details of the terms of the underwriting.

The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter and the Company confirm that no related parties will be sub-underwriters.

As at the date of this Prospectus, the Underwriter holds 9,316,075 Shares which represents an undiluted interest in the Company of 0.70%, and 3,000,000 unlisted options over Shares exercisable at \$0.035 on or before 22 November 2018 (**Initial Relevant Interest**).

The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

The maximum amount of Shortfall that may be issued to the Underwriter under the Offer is 241,350,997 Shares, which would increase the Underwriters shareholding to 250,667,072 Shares for an overall undiluted interest in the Company of approximately 15.98% (including the Initial Relevant Interest).

If, for example, the Offer is only 50% subscribed, the amount of Shortfall that may be issued to the Underwriter would be 120,675,499 Shares, which would result in the Underwriter's overall undiluted interest in the Company rising to approximately 8.29% (including the Initial Relevant Interest).

The above two examples do not take into account any sub-underwriting commitments that are received by the Underwriter for the Shortfall and assumes that no Shares are subsequently placed to third parties (which would reduce the control impact).

It is unlikely that no Shareholder will subscribe for their Entitlement under the Offer. Furthermore, it is a term of the Underwriting Agreement that no person (including sub-underwriters) will be permitted to subscribe for Shortfall Securities if it would result in that person acquiring a relevant interest in more than 20% of the voting Shares of the Company on completion of the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination which are set out in Section 8.4.

The Underwriter has also been appointed as lead manager to the Offer, and the terms of the appointment are summarised in Section 8.5 of this Prospectus.

#### **4.15 Effect on control of the Company and potential dilution to Shareholders**

The Underwriter presently is a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriters' voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriter takes up its full entitlement of 1,693,832 Shares under each scenario.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	9,316,075	0.70%
Completion of Entitlement Issue		
• Fully subscribed	11,009,907	0.70%
• 75% subscribed	71,347,656	4.55%
• 50% subscribed	131,685,406	8.39%
• 0% subscribed	250,667,072	15.98%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders, other than the Underwriter, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other Shareholders.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 15.4% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date <sup>1</sup>	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer <sup>2</sup>
Shareholder 1	50,000,000	3.77%	9,090,909	50,000,000	3.19%
Shareholder 2	25,000,000	1.88%	4,545,455	25,000,000	1.59%
Shareholder 3	10,000,000	0.75%	1,818,182	10,000,000	0.64%
Shareholder 4	1,000,000	0.08%	181,818	1,000,000	0.06%
Shareholder 5	500,000	0.04%	90,909	500,000	0.03%

**Notes:**

1. This is based on a share capital of 1,327,430,485 Shares at the date of this Prospectus. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer.
2. Based on a share capital of 1,568,781,482 Shares upon completion of the Offer.

#### 4.16 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer.

#### **4.17 ASX listing**

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities 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 Securities and will repay all Application Monies for the Securities 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.

#### **4.18 Issue of Securities**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.19 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, 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 Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

However, pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Pinnacle Corporate Finance Pty Ltd, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole

discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

The proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.20 Enquiries**

Any questions concerning the Offer should be directed to Mr Steven Wood, Company Secretary, on +61 8 9322 7600.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1,206,755.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Items of Expenditure	\$	%
Pre Offer cash available <sup>1</sup>	1,078,000	47.18
Funds Raised from the Offer	1,206,755	52.82
<b>Total</b>	<b>2,284,755</b>	<b>100</b>
Sales and marketing <sup>2</sup>	837,284	36.65
Product development <sup>3</sup>	598,890	26.21
Costs of the Offer	104,434	4.57
General working capital <sup>4</sup>	744,147	32.57
<b>Total</b>	<b>2,284,755</b>	<b>100</b>

**Notes:**

1. As at 30 June 2018.
2. Includes direct sales consultants' costs of \$543,256, other marketing costs of \$48,123 and sales consulting, advertising, and public relations costs of \$245,904.
3. Includes salaries for personnel involved in research and development of \$399,599 and infrastructure costs of \$199,291.
4. Intended to be allocated as follows: director fees of \$96,889, accounting (including R&D advisory) and company secretarial costs of \$134,420, legal costs of \$75,630, investor relations costs of \$54,718, insurance costs of \$34,479, rent and office costs of \$104,548, payroll tax costs of \$70,029 and general working capital costs of \$173,434.

The above table is a statement of the Board's current intentions as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,109,755 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 1,327,430,485 as at the date of this Prospectus to 1,568,781,482 Shares; and
- (c) increase the number of Options on issue from 120,980,473 as at the date of this Prospectus to 362,331,470 Options following completion of the

Offer (not including Options to be issued pursuant to the Underwriting Offer).

### 5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2018 and the unaudited pro-forma balance sheet as at immediately post the rights issue 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 all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

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 30 June 2018	PROFORMA Post Rights Issue
<b>CURRENT ASSETS</b>		
Cash <sup>1</sup>	\$1,079,855	\$2,182,176
Other current assets	\$318,425	\$318,425
<b>TOTAL CURRENT ASSETS</b>	<b>\$1,398,280</b>	<b>\$2,500,601</b>
<b>NON-CURRENT ASSETS</b>		
Plant and Equipment	\$149,433	\$149,433
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$149,433</b>	<b>\$149,433</b>
<b>TOTAL ASSETS</b>	<b>\$1,547,713</b>	<b>\$2,650,034</b>
<b>CURRENT LIABILITIES</b>		
Creditors and borrowings	\$474,939	\$474,939
Provisions	\$199,916	\$199,916
Deferred Revenue	\$41,587	\$41,587
Borrowings	\$378,099	\$378,099
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$1,094,541</b>	<b>\$1,094,541</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	\$43,104	\$43,104
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$43,104</b>	<b>\$43,104</b>
<b>TOTAL LIABILITIES</b>	<b>\$1,137,645</b>	<b>\$1,137,645</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>\$410,068</b>	<b>\$1,512,389</b>
<b>EQUITY</b>		
Share capital	\$27,193,337	\$28,295,658
Options Reserve	\$8,693,074	\$8,693,074
Retained loss	(\$35,476,343)	(\$35,476,343)
<b>TOTAL EQUITY</b>	<b>\$410,068</b>	<b>\$1,512,389</b>



**Notes:**

1. Assumes full subscription funds of \$1,206,755 received and expenses of the Offer of \$104,434 paid (refer to section 8.9).

**5.4 Effect on capital structure**

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

**Shares**

	Number
Shares currently on issue	1,327,430,485
Shares offered pursuant to the Offer <sup>1</sup>	241,350,997
<b>Total Shares on issue after completion of the Offer<sup>1</sup></b>	<b>1,568,781,482</b>

**Options**

	Number
Options currently on issue:	
Unquoted exercisable at \$0.198 on or before 27 November 2020	9,500,000
Unquoted exercisable at \$0.297 on or before 27 November 2020	9,500,000
Unquoted exercisable at \$0.173 on or before 27 November 2018	6,000,000
Unquoted exercisable at \$0.135 on or before 27 November 2020	10,000,000
Unquoted exercisable at \$0.02 on or before 27 November 2018	36,004,084
Unquoted exercisable at \$0.107 on or before 29 December 2018	2,000,000
Unquoted exercisable at \$0.057 on or before 2 August 2021	6,400,000
Unquoted exercisable at \$0.035 on or before 22 November 2018	32,388,889
Unquoted ZEPO's, expiring on 15 December 2019	4,187,500
Unquoted exercisable at \$0.023 on or before 15 December 2020	2,500,000
Unquoted exercisable at \$0.028 on or before 15 December 2020	2,500,000
<b>Total</b>	<b>120,980,473</b>
New Options to be offered pursuant to the Offer	241,350,997
New Options to be issued under the Underwriter Offer <sup>2</sup>	20,000,000
<b>Total</b>	<b>382,331,470</b>

**Notes:**

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Offer.
2. Refer to Section 8.4 for further details.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,448,410,958 Shares and on completion of the Offer (assuming all

Entitlements are accepted and no Options are exercised prior to the Record Date) would be 1,951,112,952 Shares.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 15.38% (as compared to their holdings and total number of Shares on issue as at the date of the Prospectus) if all the Securities offered under this Prospectus are issued.

## 5.5 Details of substantial holders

Based on publicly available information as at 26 September 2018, 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 <sup>1</sup>	201,723,481 <sup>1</sup>	15.20

### Notes:

1. Details of Mr Ostergaard's holding is set out in Section 8.6. Mr Ostergaard does not intend to take up his Entitlement, which will reduce his voting power to a maximum of 12.9% on an undiluted basis.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

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## **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 being offered 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 meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **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.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **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 Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.008 (**Exercise Price**)

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 31 October 2020 (**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 Exercise Date, the Company will:

- (i) 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;
- (ii) 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
- (iii) 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)(ii) 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 a New Option holder 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 New Options without exercising the New 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) **Transferability**

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

(m) **Quotation**

The Company will seek to have the New Options quoted by ASX.

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## **7. RISK FACTORS**

### **7.1 Introduction**

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 Securities 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 Securities.

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

### **7.2 Company specific**

#### **(a) Potential for significant dilution**

Upon issue of all Shares and implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 1,327,430,485 (being the number of Shares on issue as at the date of this Offer plus the Offer Shares) to 1,568,781,482. This means that each Share will represent a lower proportion of the ownership of the Company. However, a Shareholder can retain their percentage interest in the Company by taking up their Entitlement.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer 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 date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### **(b) 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 suite of products and 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.

#### **(c) Going concern**

The Company's financial report for the year ended 30 June 2018 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 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.

**(d) Uncertainty of future profitability**

The Company is in the commercialisation stage for its virtual mobile services platform, Corona® and Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™. Regarding Corona and the apps, the Company is in discussions with a number of potential customers, however there is no guarantee these discussions will lead to commercial sales. 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.

**(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 Securities.

**(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) **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 telecommunications solutions. Competitors' products may render Corona, World Message, World Phone or other related products developed by the Company obsolete and/or otherwise uncompetitive.

(h) **Development and commercialisation of Corona and Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™**

The Company's business model is reliant on its ability to develop and commercialise Corona and its associated Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™. A failure to develop and commercialise Corona and the Apps 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) **Customer service risk**

The Company's business model is based on recurring revenue arising from the provision of service and 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.

There may also be situations in the consumer channel where the end customer service is provided by the Partner or their Client. In such instances, the Company is not able to control the provision of service, the service levels offered, the service systems used, the training of the service personnel or the service support material. Poor experiences may result in the loss of Partners, Partner's Clients or end 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.

(j) **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, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™ services and platforms rely on integration with certain capabilities of wholesale telecommunications service providers and aggregators 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.

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

The emergence of the Company and development of Corona and its associated Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™ 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.

(l) **Additional requirements for capital**

The funds raised under the Offer 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.

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

The Company is the assignee for five patent families, four of which have been granted in Australia. Two of these have also been granted in USA and one in Europe and corresponding applications are pending for the remainder in the US and EU regions. The fifth family is pending in Australia, USA and Europe. Objections have been raised in relation to this 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 may not ultimately be granted. 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 may be significantly less than the scope of protection

initially 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. Alternatively, in modifying the relevant claims to address the objections, there is a risk of scope of protection in the issued patent being significantly less than the scope of protection sought by the Company

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.

(n) **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.

### **7.3 General risks**

(a) **Investment risk**

There are risks associated with any securities investment. The prices at which the Securities 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 Securities 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 Securities 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.

#### **7.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## **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 a 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 by the Company 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
26/09/2018	Capital Raising
24/09/2018	Trading Halt
18/09/2018	Appendix 3Z – Final Director's Interest Notice
18/09/2018	Director Resignation
13/09/2018	World Voicemail Android Release, Initial iOS App Results
05/09/2018	Results of Meeting
31/08/2018	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](http://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 respective dates of those sales were:

Highest	\$0.009	13 August 2018
Lowest	\$0.004	23 July 2018, 24 July 2018, 25 July 2018, 26 July 2018 and 27 July 2018
Last	\$0.006	25 September 2018

#### 8.4 Underwriting Agreement

Pursuant to an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to underwrite the Offer for a total of 241,350,997 Shares and 241,350,997 attaching New Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement the Company has agreed to pay the Underwriter:

- (a) a management fee of 1% of the total dollar amount underwritten by the Underwriter under the Offer (being approximately \$12,068); and
- (b) an underwriting fee of 5% of the total dollar amount underwritten by the Underwriter under the Offer (being approximately \$60,338).

In addition, the Company has agreed to issue the Underwriter (or its nominee(s)) 20,000,000 New Options as part consideration for services provided to the Company in connection with the Offer.

The Underwriter is also entitled to be reimbursed for all reasonable costs and expenses of and incidental to the Offer, provided that the aggregate of all costs and expenses does not exceed \$1,500 without the prior written consent of the Company.

The Underwriter may procure such persons to sub-underwrite the Offer as the Underwriter in its sole and absolute discretion thinks fit. The Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one of the following events occur (provided that, in respect of those events set out in paragraph (p) below, in the reasonable opinion of the Underwriter reached in good faith, the event has a Material Adverse Effect on the Offer):

- (a) **(Company default)**: the Company fails to perform an obligation under the Underwriting Agreement;
- (b) **(Indices fall)**: the S&P ASX 200 Index closes on any 2 Business Days from the date of the Underwriting Agreement at a level that is 5% or more below the level of the Index at the close of trading on the Business Day before the date of the Underwriting Agreement;
- (c) **(Prospectus)**: the Company does not dispatch the Prospectus to Shareholders on the dispatch date specified in the timetable set out at the commencement of this Prospectus or the Prospectus or the Offer is withdrawn by the Company;
- (d) **(Offer Materials)** a statement contained in the Prospectus or certain specified supplementary documents (**Offer Materials**) is or becomes



misleading or deceptive or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain (having regard to the provisions of the Corporations Act and any other applicable requirements);

- (e) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material with respect to the Prospectus was materially false, misleading or deceptive or that there was a material omission from them;
- (f) **(proceedings)** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Offer Materials, or publicly foreshadows that it may do so;
- (g) **(Unable to issue Underwritten Securities or Underwriter Options)** the Company is prevented from allotting and issuing the Underwritten Securities or the Underwriter Options within the time required by the timetable set out at the commencement of this Prospectus, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Authority;
- (h) **(future matters)** Any statement or estimate in the Offer Materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (i) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation;
- (j) **(ASIC application):** an order is made under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus;
- (k) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect on the Offer;
- (l) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (m) **(Indictable offence):** a director of the Company is charged with an indictable offence; or
- (n) **(Termination Events):** any of the following events occurs:
  - (i) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, , Japan, the United Kingdom, the United States of America or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the

outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by paragraph (b) above.

- (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (iv) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
- (vi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence Results or any part of the verification material in relation to the Offer was materially false, misleading or deceptive or that there was a material omission from them;
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus, other than a statement the Company is required to make in order to ensure its disclosure obligations under the Listing Rules and the Corporations Act;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the official quotation is qualified or conditional other than as permitted by the Underwriting Agreement;
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;

- (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency):** a specified event of insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company;
- (xvi) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xvii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable):** there is a delay in any specified date in the timetable set out at the commencement of this Prospectus which is greater than 2 Business Days;
- (xix) **(Force Majeure):** a specified force majeure event occurs affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed):** a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure):** any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Breach of Material Contracts):** any material agreement of the Company disclosed to ASX is terminated or substantially modified; or
- (xxiii) **(Market Conditions):** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriter's obligation to underwrite the

Offer commences that are considered standard for an agreement of this type, such as satisfactory due diligence, procurement of sub-underwriters to the Offer and the timely lodgement of documents by the Company in accordance with the timetable set out at the commencement of this Prospectus.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## **8.5 Capital Raising Mandate Agreement**

The Company and the Underwriter entered into a mandate agreement on 24 September 2018, whereby the Underwriter was appointed to act as Lead Manager and Underwriter to the Offer (**Mandate**).

The Underwriter will receive those fees set out in section 8.4 above for services provided pursuant to the Mandate which, for the avoidance of doubt, will not be duplicated. In addition, the Company will pay the Underwriter a monthly corporate advisory retainer fee of \$10,000 per month (excluding GST).

The Company has agreed not to alter its capital structure other than as disclosed in the Prospectus or on conversion of any Options, without the prior written consent of the Underwriter, for a period of sixty (60) days after the liability of the Underwriter under the Underwriting Agreement terminates.

The Mandate is otherwise made on standard terms and conditions.

## **8.6 Interests of Directors**

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

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

and no amounts have been paid or agreed to be paid 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 as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

## Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Paul Ostergaard	201,723,481 <sup>1</sup>	15.20	36,676,997	183,385
Michael Edwards	4,900,770 <sup>2</sup>	0.37	891,049	4,455
Giles Everist	Nil <sup>3</sup>	Nil	Nil	Nil

### Notes:

- Consisting of:
  - 157,298,683 Shares held indirectly by Paul Ostergaard as trustee for Ostergaard Family Trust;
  - 26,474,798 Shares held indirectly by Ocean Broadband Ltd, an entity controlled by Mr Ostergaard; and
  - 17,950,000 Shares held indirectly through Netwealth Investments Limited (as trustee for the Chill Cast Super Fund) and controlled by Mr Ostergaard.Mr Ostergaard also holds 24,000,000 Options.
- Held by entities controlled by Mr Edwards (2,003,031 Shares held by Shadwick Nominees Pty Ltd and 2,897,739 Shares held by Navigator Australia Limited as trustee for the MLC Investment Settlement Account. In addition, through Shadwick Nominees Pty Ltd, Mr Edwards also holds 4,250,000 Options.
- Mr Everist also indirectly holds 3,250,000 Options, which are held by Mrs Sally Marjorie Everist as trustee for the Everist Family Trust.

## Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$310,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2018	2019	2020
Paul Ostergaard	\$286,000	\$286,000	\$286,000
Michael Edwards	\$45,000	\$45,000	\$45,000
Giles Everist	\$45,000	\$45,000	\$45,000

## 8.7 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 the 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 Offer; or
- (f) the Offer,

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:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Pinnacle Corporate Finance Pty Ltd will be paid an underwriting fee of 5% of the total dollar amount underwritten by the Underwriter under the Offer (approximately \$60,338), a management fee in respect of this Offer of 1% of the total dollar amount underwritten by the Underwriter under the Offer (approximately \$12,068) and a \$10,000 monthly retainer fee payable up to and including December 2018. In addition, the Company has agreed to issue the Underwriter (or its nominee(s)) 20,000,000 New Options as part consideration for services provided to the Company in connection with the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pinnacle Corporate Finance Pty Ltd (formerly called Somers and Partners Pty Ltd) has been paid gross fees totalling \$288,480 (excluding GST and disbursements) by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$123,782.58 (excluding GST and disbursements) for legal services provided to the Company.

Pinnacle Corporate Finance Pty Ltd has been appointed as the nominee under ASX Listing Rule 7.7. Pinnacle Corporate Finance Pty Ltd will be paid for this service on standard industry terms and conditions.

## **8.8 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the 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;
- (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;
- (c) Pinnacle Corporate Finance Pty Ltd has given its written consent to being named as underwriter and lead manager to the Offer in this Prospectus, in the form and context in which it is named and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;
- (d) 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; and
- (e) Pinnacle Corporate Finance Pty Ltd has given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7. Pinnacle Corporate Finance Pty Ltd has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

## **8.9 Expenses of the offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$104,434 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	11,823
Lead Manager (including nominee brokerage fee) / Underwriting fees	72,405
Legal fees	10,000
Printing and distribution	5,000
Miscellaneous	2,000
<b>Total</b>	<u>104,434</u>

#### **8.10 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9322 7600 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 <https://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.

#### **8.11 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **8.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares 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.

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.

#### **8.13 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.

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**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 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.

**Paul Ostergaard**  
**Managing Director**  
**For and on behalf of**  
**Norwood Systems Limited**

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## 10. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Additional Shares and Options** has the meaning given in Section 4.4 of this Prospectus.

**Applicant** means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Securities under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**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.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** 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 a Shareholder who has a registered address at the Record Date that is in Australia or New Zealand.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

**New Option** means an Option issued on the terms set out in section 6.2 of this Prospectus.

**Offer** means the renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prescribed Occurrence** means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under Section 257D or 257E of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option (other than pursuant to the Offer or on conversion of convertible securities on issue as at the date of the Underwriting Agreement or as previously notified to the Underwriter prior to the date of the Underwriting Agreement);
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of a Relevant Company;

- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Relevant Company** means the Company and each company which is now, or before the issue of all the Underwritten Securities becomes, a subsidiary of the Company as that term is defined in the Corporations Act.

**Section** means a section of this Prospectus.

**Securities** means Shares and/or New Options offered pursuant to an Entitlement.

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

**Shareholder** means a holder of a Share.

**Shortfall** means the Securities not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 4.16 of this Prospectus.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall.

**Underwriter Offer** has the meaning given in Section 4.2 of this Prospectus.

**Underwriter Options** means the New Options to be issued to the Underwriter or its nominee under the Underwriter Offer.

**Underwriting Agreement** has the meaning given in Section 8.4 of this Prospectus.

**Underwritten Securities** has the meaning given in Section 8.4 of this Prospectus.

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