

ASX ANNOUNCEMENT

28 August 2015

APPENDIX 4E

Preliminary Final Report For the year ended 30 June 2015

The following sets out the requirements of Appendix 4E with the stipulated information either provided here or cross-referenced to the 2015 Preliminary Final Report, which is attached.

1. Company details

Norwood Systems Limited (formerly Monteray Mining Group Limited) and its controlled entities ("the Group")

2. Results for announcement to the market

Comparison to previous period	Increase/(Decrease)	Change %	To \$
Revenue from continuing operations	(\$259,828)	(78%)	\$72,680
Loss from ordinary activities after tax attributable to members	\$4,712,875	403%	(\$5,882,956)
Net loss for the year attributable to members	\$4,712,875	403%	(\$5,882,956)

3. Income Statement with notes to the statement

Refer Preliminary Final Report for year ended 30 June 2015 attached:
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Notes to the Consolidated Financial Statements

4. Balance Sheet with notes to the statement

Refer Preliminary Final Report for year ended 30 June 2015 attached:
Consolidated Statement of Financial Position
Notes to the Consolidated Financial Statements

5. Cash Flow Statement with notes to the statement

Refer Preliminary Final Report for year ended 30 June 2015 attached:
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements

6. Dividends

No dividends have been paid or provided for during the period.

7. Statement of changes in equity

Refer Preliminary Final Report for year ended 30 June 2015 attached:
Consolidated Statement of Changes in Equity
Notes to the Consolidated Financial Statements

8. Net tangible asset per security

Net tangible assets per ordinary share: 1.21 cents per share (2014: 0.10 cents per share).

9. Entities over which control has been gained during the period

On 8 June 2015, Norwood Systems Limited (formerly Monteray Mining Group Limited) acquired 100% of the share capital of Norwood Systems (Aust) Pty Ltd (formerly Norwood Systems Pty Ltd). Under the Australian Accounting Standards Norwood Systems (Aust) Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Norwood Systems (Aust) Pty Ltd acquires the net assets and listing status of Norwood Systems Ltd.

10. Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and position

All significant information has been included elsewhere in this document or in the Preliminary Final Report for the year ended 30 June 2015.

11. For foreign entities, which set of accounting standards is used in compiling the report

Not applicable.

12. Commentary on the results

Refer Preliminary Final Report for year ended 30 June 2015 attached:
Directors' Report and Operating and Results sections

13. Status of audit

The Preliminary Final Report for year ended 30 June 2015 is in the process of being audited.

14. Dispute or qualification if not yet audited

Not applicable.

15. Dispute or qualification if audited

Not applicable.



(formerly Monteray Mining Group Limited)

A.C.N. 062 959 540

APPENDIX 4E PRELIMINARY FINAL REPORT

for the year ended 30 June 2015

**RESULTS FOR ANNOUNCEMENT TO MARKET
IN ACCORDANCE WITH ASX LISTING RULE 4.3A**

NORWOOD SYSTEMS LTD
ACN: 062 959 540

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This Preliminary Final Report covers Norwood Systems Limited (formerly Monteray Mining Group Limited), consisting of Norwood Systems Limited ("Norwood" or the "Company") and its subsidiaries.

On 8 June 2015, Norwood Systems Limited (formerly Monteray Mining Group Limited) acquired 100% of the share capital of Norwood Systems (Aust) Pty Ltd (formerly Norwood Systems Pty Ltd). Under the Australian Accounting Standards Norwood Systems (Aust) Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Norwood Systems (Aust) Pty Ltd acquires the net assets and listing status of Norwood Systems Ltd.

Accordingly the consolidated financial statements of Norwood Systems Ltd have been prepared as a continuation of the business and operations of Norwood Systems (Aust) Pty Ltd. As the deemed acquirer Norwood Systems (Aust) Pty Ltd has accounted for the acquisition of Norwood Systems Ltd from 8 June 2015. The comparative information for the 12 months ended 30 June 2014 presented in the consolidated financial statements is that of Norwood Systems (Aust) Pty Ltd as presented in its last set of year-end financial statements. Refer to note 14 for further details of the transaction.

Norwood Systems Limited is a company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars.

The Company has the power to amend and reissue the financial report.

NORWOOD SYSTEMS LTD
ACN: 062 959 540

CORPORATE INFORMATION

Directors:

Mr Paul Ostergaard
Managing Director

Mr Michael Edwards
Non-Executive Director

Mr Amit Pau
Non-Executive Director

Company Secretary:

Mr Brett Tucker

Auditors:

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

Bankers:

ANZ Banking Group Limited
1275 Hay Street
WEST PERTH WA 6005

Registered & Principal Office:

Ground Floor, 16 Ord Street
WEST PERTH WA 6005

Telephone: + 618 9200 3505

Email: info@norwoodsystems.com
Website: www.norwoodsystems.com

Postal Address:

P.O. Box 902
WEST PERTH WA 6872

Home Securities Exchange:

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code:

NOR

Share Registry:

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
PERTH WA 6000

Telephone: +61 1300 554 474

DIRECTORS' REPORT

Your Directors have pleasure in submitting this Preliminary Final Report together with the financial statements of the Group consisting of Norwood Systems Limited (formerly Monteray Mining Group Ltd) and the entities it controlled during the period for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

RESULTS

The net loss attributable to members of the Group for the year ended 30 June 2015 amounted to \$5,882,956 (2014: \$1,170,081). Of the net loss incurred at 30 June 2015, \$4,512,765 relates to non-cash expenses incurred in respect of the acquisition of Norwood (Aust) Pty Ltd by Norwood Systems Ltd. The remainder of the loss relates to the operations of Norwood Systems (Aust) Pty Ltd and the overhead expenses of Norwood Systems Ltd.

DIVIDENDS

There were no dividends paid or declared during the year.

REVIEW OF OPERATIONS

Operations

Reverse Takeover of Norwood Systems

On 5 May 2015 the Company announced it had successfully raised its maximum subscription of \$5.5 million as part of its agreement to acquire 100% of the issued capital of Norwood Systems (Aust) Pty Ltd, with the capital raising closing oversubscribed.

The acquisition of Norwood Systems (Aust) Pty Ltd was completed on 8 June 2015, following which Monteray Mining Group Ltd changed its name to Norwood Systems Ltd and re-commenced trading on the ASX on 16 June 2015 under ASX code "NOR."

The following Board and key management changes occurred as part of the acquisition:

- Appointment of Mr Paul Ostergaard as Managing Director on 8 June 2015;
- Appointment of Mr Amit Pau as Non-Executive Director on 8 June 2015;
- Appointment of Mr David Wilson as Chief Technology Officer on 8 June 2015;
- Appointment of Mr Michael Edwards as Non-Executive Director on 8 June 2015;
- Resignation of Mr Andrew Habets and Mr Alexander Barblett on 8 June 2015;
- Resignation of Mr John Hannaford as Non-Executive Director and Chairman on 20 January 2015.

About Norwood Systems

Norwood Systems was founded in 2011 to develop and supply the best possible global mobility and roaming solutions using Over the Top (OTT) voice technologies. The Company's breakthrough offerings, **CORONA™** and **World Phone™**, deliver the world's most advanced international fixed-line roaming solutions addressing a broad spectrum of customers, from individual business travellers all the way through to large enterprise and government clients.

CORONA is an award-winning, enterprise-class cloud services platform that integrates compatible mobile devices securely and seamlessly with the organisation's existing Unified Communication or PBX networks, independent of their location.

World Phone was officially launched by the Company in July 2015 and is an award-winning, revolutionary new communications App, delivering effortless "shared economy" consumer access to leading fixed-line network service providers around the world, providing unparalleled local access to high-quality voice networks in more than 90 countries. **World Phone** provides business travellers with lower-cost per-minute calling, clearer audio and novel features such as a frictionless calling experience and easy in-app provisioning of local numbers when travelling.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Norwood Developments

Since the Company re-commenced ASX trading on 16 June 2015 as Norwood Systems Ltd several key developments have been announced.

On 18 June 2015, the Company announced the signing of the first paying enterprise customers for its **CORONA** platform, with both Eni Australia and The Griffin Coal Mining Company signing on to provide **CORONA** services to their local Australian and visiting staff. These new agreements with sophisticated enterprise clients follow an extensive due diligence process and therefore provide strong technological and commercial validation of the **CORONA** platform. Further negotiations to deploy **CORONA** at additional blue chip corporate are well advanced.

Following the official launch of **World Phone** on 27 July 2015, **World Phone** global and viral adoption has been accelerating with the app downloaded in excess of 50,000 times as of 18 August 2015, representing a 400% growth in the two week period from launch. Downloads of World Phone continue to grow at a significant rate, alongside increases in early revenues from in-app calling time, monthly subscriptions and Personal Phone Numbers. The trend of in-app purchases to download ratio (i.e. conversion from downloader to paying customer) continues to increase.

Burkina Faso

At 30 June 2015, the Company holds four permits in Burkina Faso which are under agreement with SEMAFO Inc which grants a working right and option to purchase the permits to a subsidiary of SEMAFO in return for exploration funding and cash payments.

Remaining payments due under the option agreements with SEMAFO are \$US55,000 on 19 March 2016, \$US30,000 on 8 May 2016 and \$US70,000 on 19 March 2017, in addition to exploration spend by SEMAFO on the Burkina permits.

All other Burkina Faso involvements have now been terminated, allowing the Company to focus on the growth and development of its telecommunications business.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Following the official launch of **World Phone** on 27 July 2015, **World Phone** global and viral adoption has been accelerating with the app downloaded in excess of 50,000 times as of 18 August 2015, representing a 400% growth in the two week period from launch. Downloads of World Phone continue to grow at a significant rate, alongside increases in early revenues from in-app calling time, monthly subscriptions and Personal Phone Numbers. The trend of in-app purchases to download ratio (i.e. conversion from downloader to paying customer) continues to increase.

The Company announced a less than marketable parcel share sale on 4 August 2015. The less than marketable parcel share sale applies to the Company's 1,801 shareholders who on record date (3 August 2015) held less than 17,857 shares each. The Company is offering the sale facility to assist holders of less than marketable parcels to sell shares without having to use a broker or pay brokerage. The Company will pay all costs of the sale for shareholders who use this facility, excluding tax consequences from the sale which remains the shareholder's responsibility. Shareholders with a less than marketable parcel who wish to retain their shareholding need to give the Company written notice of this intention no later than 5:00pm (WST) on 22 September 2015 otherwise their shares will be sold by the Company. No action is required if eligible shareholders wish to sell their shares through the sale facility.

Apart from the event discussed above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS' REPORT (CONTINUED)

SHARE OPTIONS

During the year ended 30 June 2015 10,450,000 unlisted options with an exercise price of \$0.25 each expired unexercised (2014: nil). There were no options exercised during the year (2014: nil).

Options over unissued ordinary shares

At the date of this report the following options over ordinary shares in Norwood Systems Ltd are on issue and outstanding:

	No. of Options	Exercise Price	Expiry Date
Unlisted Options	16,970,401	\$0.02	09/06/2018
Unlisted Options	2,000,000	\$0.25	29/11/2015
Unlisted Options	5,000,000	\$0.25	30/11/2016
Unlisted Options	1,000,000	\$0.30	08/10/2015
Unlisted Options	1,000,000	\$0.40	08/10/2016
Total	25,970,401		

PERFORMANCE SHARES

During the year ended 30 June 2015 Norwood Systems Ltd issued a total of 157,739,522 Performance Shares to the shareholders of Norwood Systems (Aust) Pty Ltd which convert to Ordinary Fully Paid Shares on a one for one basis following the achievement of the performance milestones before the expiry date as outlined below:

- 78,869,761 Class A Performance Shares convert upon Norwood generating gross revenue of at least \$200,000 from two separate third party contracts in any 12 month period (which may be the same 12 month period or different 12 month periods for each contract. The expiry date of the Class A Performance Shares is 9 December 2017; and
- 78,869,761 Class B Performance Shares convert upon Norwood generating gross revenue for any 12 month consecutive period of at least \$3,000,000. The expiry date of the Class B Performance Shares is 9 June 2018.

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the two performance milestones which are based on future events.

Signed in accordance with a resolution of the Directors.



Mr Paul Ostergaard
Managing Director

28 August 2015

NORWOOD SYSTEMS LTD
ACN: 062 959 540

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Note	Consolidated 2015 \$	Parent 2014 \$
Interest and other income	2	7,485	1,434
Government grant income	2	65,195	331,074
Employee and director benefits expense	3	(681,539)	(767,443)
Listing expense	14(f)	(3,470,844)	-
Loss on conversion of debt to equity	11	(688,937)	-
Share based payment expense	17	(352,984)	-
Accountancy costs		(197,782)	(48,856)
Consultancy and subcontractor fees		(159,430)	(187,745)
Travel and entertainment		(75,983)	(127,724)
Legal fees		(25,773)	(121,972)
Rent		(100,568)	(84,016)
Research and development expenses		(110,917)	(75,682)
Other expenses		(13,010)	(49,190)
Interest expense		(30,433)	(16,382)
Administration expenses		(35,198)	(14,694)
Electricity and telephone		(11,702)	(7,209)
License fees		-	(1,132)
Depreciation		(536)	(544)
Loss before income tax		(5,882,956)	(1,170,081)
Income tax benefit		-	-
Loss after tax for the period attributable to the members of Norwood Systems Ltd		(5,882,956)	(1,170,081)
Other comprehensive income		-	-
Total comprehensive (loss) for the period attributable to the members of Norwood Systems Ltd		(5,882,956)	(1,170,081)
Basic and diluted earnings/(loss) per share (cents per share)	4	(1.50)	(0.32)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

NORWOOD SYSTEMS LTD
ACN: 062 959 540

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	Consolidated 2015 \$	Parent 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,546,059	25,365
Trade and other receivables	6	171,534	331,074
Total Current Assets		4,717,593	356,439
Non-Current Assets			
Plant and equipment		1,778	1,268
Total Non-current Assets		1,778	1,268
TOTAL ASSETS		4,719,371	357,707
LIABILITIES			
Current Liabilities			
Trade and other payables	7	214,044	469,244
Provisions	8	60,261	48,862
Borrowings	9	-	131,255
Convertible notes	10	-	709,388
Total Current Liabilities		274,305	1,358,749
Non-Current Liabilities			
Provisions	8	54,499	-
Total Non-Current Liabilities		54,499	-
TOTAL LIABILITIES		328,804	1,358,749
NET ASSETS/(LIABILITIES)		4,390,567	(1,001,042)
EQUITY			
Issued capital	11	12,171,805	1,250,224
Reserves	12	352,984	-
Accumulated losses	13	(8,134,222)	(2,251,266)
TOTAL EQUITY/(DEFICIT)		4,390,567	(1,001,042)

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

NORWOOD SYSTEMS LTD
ACN: 062 959 540

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year ended 30 June 2015

	Parent			
	Issued Capital	Option Reserve	Accumulated Losses	Total
	\$		\$	\$
Balance at 1 July 2013	1,250,224	-	(1,081,185)	169,039
Loss for the year	-	-	(1,170,081)	(1,170,081)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,170,081)	(1,170,081)
<i>Transaction with owners, directly recorded in equity</i>	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2014	1,250,224	-	(2,251,266)	(1,001,042)

	Consolidated			
	Issued Capital	Option Reserve	Accumulated Losses	Total
	\$		\$	\$
Balance at 1 July 2014	1,250,224	-	(2,251,266)	(1,001,042)
Loss for the year	-	-	(5,882,956)	(5,882,956)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(5,882,956)	(5,882,956)
<i>Transaction with owners, directly recorded in equity:</i>				
Issue of Ordinary Shares	10,921,581	-	-	10,921,581
Issue of Options	-	352,984	-	352,984
Total transactions with owners	10,921,581	352,984	-	11,274,565
Balance at 30 June 2015	12,171,805	352,984	(8,134,222)	4,390,567

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

NORWOOD SYSTEMS LTD
ACN: 062 959 540

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	Consolidated 2015 \$	Parent 2014 \$
Cash flows from operating activities			
Government grants received		396,269	-
Payments to suppliers and employees		(1,795,274)	(764,857)
Interest received		12,942	171
Interest paid		(45,602)	-
Net cash flows (used in) operating activities		(1,431,665)	(764,686)
Cash flows from investing activities			
Purchase of plant & equipment		(1,048)	-
Loan proceeds advanced from Norwood Systems Ltd to Norwood Systems (Aust) Pty Ltd prior to acquisition date	14(e)	257,750	-
Cash held by Norwood Systems Ltd at acquisition date	14(e)	78,909	-
Net cash flows (used in) investing activities		335,611	-
Cash flows from financing activities			
Proceeds from issue of shares		5,500,000	-
Share issue costs		(330,000)	-
Proceeds from issue of convertible notes		504,050	694,219
Proceeds from related party borrowings		24,906	57,515
Director and related party loans advanced		(82,208)	-
Repayment of related party borrowings		-	(72,000)
Proceeds from borrowings		-	1,103
Net cash flows from financing activities		5,616,748	680,837
Net (decrease)/increase in cash and cash equivalents		4,520,694	(83,849)
Cash and cash equivalents at beginning year		25,365	109,214
Cash and cash equivalents at end year	5	4,546,059	25,365

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2015

NOTE 1: BASIS OF PREPARATION OF THE PRELIMINARY FINAL REPORT

This Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

As such this Preliminary Final Report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2015, and with any public announcements made by the Company during the reporting period in accordance with the disclosure requirements of the *Corporations Act 2001*.

Norwood Systems Ltd is a company limited by shares. The Preliminary Final Report is presented in Australian currency. Norwood Systems Limited is a for-profit entity.

Reverse Acquisition

On 8 June 2015, Norwood Systems Limited (formerly Monteray Mining Group Limited) acquired 100% of the share capital of Norwood Systems (Aust) Pty Ltd (formerly Norwood Systems Pty Ltd). Under the Australian Accounting Standards Norwood Systems (Aust) Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Norwood Systems (Aust) Pty Ltd acquires the net assets and listing status of Norwood Systems Ltd.

Accordingly the consolidated financial statements of Norwood Systems Ltd have been prepared as a continuation of the business and operations of Norwood Systems (Aust) Pty Ltd. As the deemed acquirer Norwood Systems (Aust) Pty Ltd has accounted for the acquisition of Norwood Systems Ltd from 8 June 2015. The comparative information for the 12 months ended 30 June 2014 presented in the consolidated financial statements is that of Norwood Systems (Aust) Pty Ltd as presented in its last set of year-end financial statements. Refer to note 14 for further details of the transaction.

The implications of the acquisition by Norwood Systems (Aust) Pty Ltd on the financial statements are as follows:

Statement of Profit or Loss and Other Comprehensive Income

- The 2015 Consolidated Statement of Profit or Loss and Other Comprehensive Income comprises the total comprehensive result for the financial year, including the total comprehensive loss of Norwood Systems (Aust) Pty Ltd for the 12 months from 1 July 2014 to 30 June 2015 and the total comprehensive loss of Norwood Systems Ltd for the period 8 June 2015 – 30 June 2015.
- The 2014 Statement of Profit or Loss and Other Comprehensive Income comprises the full comparative financial year for Norwood Systems (Aust) Pty Ltd only.

Statement of Financial Position

- The 2015 Consolidated Statement of Financial Position as at 30 June 2015 comprises the consolidated position of Norwood Systems Ltd and Norwood Systems (Aust) Pty Ltd.
- The 2014 Statement of Financial Position comprises the position of only Norwood Systems (Aust) Pty Ltd.

NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2015

NOTE 1: BASIS OF PREPARATION OF THE PRELIMINARY FINAL REPORT (CONTINUED)

Statement of Changes in Equity

- The 2015 Consolidated Statement of Changes in Equity comprises:
 - The equity balance of Norwood Systems (Aust) Pty Ltd as at the beginning of the financial year (1 July 2014).
 - The total comprehensive result for the financial year and transactions with equity holders of Norwood Systems (Aust) Pty Ltd for the 12 months from 1 July 2014 to 30 June 2015 and Norwood Systems Ltd for the period 8 June 2015 – 30 June 2015.
 - The consolidated equity position of Norwood Systems Ltd and Norwood Systems (Aust) Pty Ltd at the end of the financial year (30 June 2015).
- The 2014 Statement of Changes in Equity comprises the full financial year for Norwood Systems (Aust) Pty Ltd for the 12 months ended 30 June 2014.

Statement of Cash Flows

- The 2015 Consolidated Statement of Cash Flows comprises:
 - The cash balance of Norwood Systems (Aust) Pty Ltd at the beginning of the financial year (1 July 2014).
 - The transactions for the financial year of Norwood Systems (Aust) Pty Ltd for the 12 months from 1 July 2014 to 30 June 2015 and Norwood Systems Ltd for the period 8 June 2015 – 30 June 2015.
 - The consolidated cash balance of Norwood Systems Ltd and Norwood Systems (Aust) Pty Ltd at the end of the financial year (30 June 2015).
- The 2014 Statement of Cash Flows comprises the full financial year for Norwood Systems (Aust) Pty Ltd for the 12 months ended 30 June 2014.

Equity Structure

The equity structure (the number and type of equity instruments issued) in the 30 June 2015 financial statements reflects the consolidated equity structure of Norwood Systems Ltd and Norwood Systems (Aust) Pty Ltd, with Norwood Systems (Aust) Pty Ltd equity instruments eliminated at acquisition date.

The 2014 comparatives reflect the equity structure of Norwood Systems (Aust) Pty Ltd.

Earnings Per Share

The weighted average number of shares outstanding for the year ended 30 June 2015 is based on the weighted average number of shares of Norwood Systems (Aust) Pty Ltd that are outstanding from the beginning of the period to the date of the acquisition that the number of shares is multiplied by the ex ratio established in the acquisition and added to the actual number of shares of Norwood Systems Ltd outstanding in the period following the acquisition.

The 2014 comparative weighted average number of shares is based on the legal subsidiary's historical weighted average number of shares multiplied by the exchange ratio.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

NORWOOD SYSTEMS LTD
ACN: 062 959 540

NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2015

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated 2015 \$	Parent 2014 \$
Revenue and other income		
Interest revenue	3,235	1,434
Other income	4,250	-
Government grant income – research and development grant	-	331,074
Government grant income – export market development grant	65,195	-
	72,680	332,508

NOTE 3: LOSS

Loss before income tax has been determined after charging the following expenses:

	Consolidated 2015 \$	Parent 2014 \$
Directors' fees	142,695	120,000
Employee wages	468,061	589,796
Superannuation	70,783	57,647
Total employee and director benefits expense	681,539	767,443
Rental expense relating to operating leases	100,568	84,016

NOTE 4: LOSS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. For comparative purposes a notional EPS amount is calculated for the prior year, based on the number of shares issued to acquire the legal subsidiary even though the issue of the shares did not take place until the time of the reverse acquisition.

The following reflects the income or loss and share data used in the total operations basic and diluted earnings per share computations:

	Consolidated 2015 \$	Parent 2014 \$
Loss used in the calculation of basic and diluted loss per share	(5,882,956)	(1,170,081)
Basic earnings/(loss) per share attributable to equity holders	(1.50)	(0.32)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	391,406,326	368,058,888

Options outstanding during the year have not been taken into account in the calculation of the weighted average number of ordinary shares as they are considered anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NORWOOD SYSTEMS LTD
ACN: 062 959 540

NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2015

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated 2015 \$	Parent 2014 \$
Cash at bank	4,546,059	25,365
Total Cash and Cash Equivalents	4,546,059	25,365

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated 2015 \$	Parent 2014 \$
Current:		
Trade debtors	134	-
Research and development grant receivable	-	331,074
Related party loan – Paul Ostergaard	18,739	-
Related party loan – Ocean Broadband Ltd (note 9)	40,469	-
Other receivables	77,778	-
Prepaid expenses	34,414	-
Total Other Receivables	171,534	331,074

NOTE 7: TRADE AND OTHER PAYABLES

	Consolidated 2015 \$	Parent 2014 \$
Current:		
Trade payables	132,225	314,914
Accruals	81,549	154,330
Total Trade and Other Payables	214,044	469,244

NOTE 8: PROVISIONS

	Consolidated 2015 \$	Parent 2014 \$
Current:		
Employee benefits provision	60,261	48,862
Non-Current:		
Employee benefits provision	54,499	-
Total Provisions	114,760	48,862

The current provision for employee benefits includes accrued annual leave and long service leave.

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2015

NOTE 8: PROVISIONS (Continued)

Movements in the employee benefits provision during the year is as follows:

	Consolidated 2015 \$	Parent 2014 \$
Opening balance	48,862	21,347
Provision utilised	-	-
Provision raised	65,898	27,515
Closing balance	114,760	48,862

NOTE 9: BORROWINGS

	Consolidated 2015 \$	Parent 2014 \$
Current:		
Loan – Ocean Broadband Ltd	-	128,259
Loan – employee	-	2,996
Total Borrowings	-	131,255

At 30 June 2015 the Company had a loan receivable from Ocean Broadband Pty Ltd, a company of which Paul Ostergaard is a director, of \$40,460 as set out in note 6 (30 June 2014: loan payable of \$131,255). The 30 June 2014 loan payable balance was settled in full during the 2015 financial year through the issue of 6,678,583 shares to settle \$105,059 with the remainder of \$23,200 settled in cash.

The loans are non-interest bearing and repayable on demand.

NOTE 10: CONVERTIBLE NOTES

	Consolidated 2015 \$	Parent 2014 \$
Current:		
Proceeds from issue of convertible notes	-	694,219
Accrued interest	-	15,169
Total Convertible Notes	-	709,388

The following convertible notes were issued during the year ended 30 June 2015:

- 504,050, \$1 unsecured convertible notes with a maturity date of 1 September 2015.

The following convertible notes were issued during the year ended 30 June 2014:

- 355,500, \$1 unsecured convertible notes were issued with a maturity date of 31 January 2015; and
- 338,719, \$1 unsecured convertible notes were issued with a maturity date of 7 March 2015.

Each note was interest bearing a rate of 6% per annum.

All convertible notes were cancelled in June 2015 and converted to 82,042,337 shares in Norwood Systems Limited as part of the transaction described at note 14.

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For the year ended 30 June 2015

NOTE 11: ISSUED CAPITAL

	2015	2014
	Number of	Number of
	Shares	Shares
Issued Ordinary Shares - no par value (fully paid)	773,859,598	1,120,000
Issued AA Preference Shares	-	438,243
Total	773,859,598	1,558,243
Opening balance	1,558,243	1,558,243
June 2015 – Norwood Systems (Aust) Pty Ltd shares eliminated on completion of Norwood Systems Ltd acquisition	(1,558,243)	-
June 2015 – Norwood Systems Ltd shares on issue at acquisition date	130,800,710	-
June 2015 – Issue of Shares for cash pursuant to the Public Offer	275,000,000	-
June 2015 – Issue of Shares as consideration for the acquisition of Norwood Systems (Aust) Pty Ltd	257,060,790	-
June 2015 – Issue of Shares on conversion of Norwood Systems (Aust) Pty Ltd convertible notes	82,042,337	-
June 2015 – Issue of Shares to settle Norwood Systems (Aust) Pty Ltd creditors	18,302,230	-
June 2015 – Issue of Shares to the original Norwood (Aust) Pty Ltd investors	9,073,265	-
June 2015 – Issue of Shares to settle Norwood (Aust) Pty Ltd loan from Ostergaard Family Trust	1,580,266	-
Total	773,859,598	1,558,243
	2015	2014
	\$	\$
Issued Ordinary shares - no par value (fully paid)	12,171,805	1,250,224
Opening balance	1,250,224	1,250,224
June 2015 – Issue of Shares for cash pursuant to the Public Offer	5,500,000	-
June 2015 – Issue of Shares as consideration for the acquisition of Norwood Systems (Aust) Pty Ltd (note 14)	3,531,619	-
June 2015 – Issue of Shares on conversion of Norwood Systems (Aust) Pty Ltd convertible notes (note 10)	1,640,847	-
June 2015 – Issue of Shares to settle Norwood Systems (Aust) Pty Ltd creditors	366,045	-
June 2015 – Issue of Shares to the original Norwood (Aust) Pty Ltd investors	181,465	-
June 2015 – Issue of Shares to settle Norwood (Aust) Pty Ltd loan from Ostergaard Family Trust	31,605	-
June 2015 - Costs of share issues	(330,000)	-
Total	12,171,805	1,250,224

The Company has unlimited authorised capital.

There are no restrictions on distributions of dividends or repayment of capital.

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NOTE 11: ISSUED CAPITAL (Continued)

Loss on Conversion of Debt to Equity

The following shares in Norwood Systems Ltd were granted in June 2015 as part of the transaction described in note 14:

- 82,042,337 shares in the Company were issued on conversion of Norwood Systems (Aust) Pty Ltd convertible notes with a total value of \$1,198,269. The fair value of these shares was \$1,640,847 based on the issue price of \$0.02. As a result of the conversion, the Group has recognised a loss of \$442,578 in relation to the difference between the convertible note amount and the fair value of shares issued to extinguish the liability.
- 18,302,230 shares in the Company were issued in satisfaction of Norwood Systems (Aust) Pty Ltd trade creditors with a total value of \$307,839. The fair value of these shares was \$366,045 based in the issue price of \$0.02. As a result of the conversion, the Group has recognised a loss of \$58,206 in relation to the difference between the creditor amount and the fair value of shares issued to extinguish the liability.
- 9,073,265 shares in the Company were issued to original Norwood investors for a subscription value of \$11. The fair value of these shares was \$181,465 based on the issue price of \$0.02. The Group has recognised a loss of \$181,454 in relation to the difference between the subscription value and the fair value of shares issued.
- 1,580,266 shares in the Company were issued in satisfaction of an outstanding loan of \$24,906 from Ostergaard Family Trust. The fair value of these shares was \$31,605 based on the issue price of \$0.02. As a result of the conversion, the Group has recognised a loss of \$6,699 in relation to the difference between the loan amount and the fair value of shares issued to extinguish the liability.

NOTE 12: SHARE BASED PAYMENT RESERVE

	2015	2014
	Number of	Number of
	Options	Options
Issued Options	25,970,401	-
Opening balance	-	-
June 2015 – Norwood Systems Ltd options on issue at acquisition date	9,000,000	-
June 2015 – Issue of options to Norwood advisors and management (note 17(b))	1,970,401	-
June 2015 – Issue of advisor options (note 17(b))	15,000,000	-
Total	25,970,401	-
	2015	2014
	\$	\$
Issued Options	352,984	-
Opening balance	-	-
June 2015 – Issue of options to Norwood advisors and management (note 17(b))	40,984	-
June 2015 – Issue of advisor options (note 17(b))	312,000	-
Total	352,984	-

Nature and Purpose of Reserve

The share based payment reserve records the value of share options issued to the Company's directors, employees, and third parties. The value of the amount disclosed during the period 2015 reflects the value of options issued by Norwood system ltd post reverse acquisition.

NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2015

NOTE 13: ACCUMULATED LOSSES

	2015 \$	2014 \$
Accumulated Losses	(8,134,222)	(2,251,266)
Opening balance	(2,251,266)	(1,081,185)
Net loss for the financial year	(5,882,956)	(1,170,081)
Total	(8,134,222)	(2,251,266)

NOTE 14: REVERSE ACQUISITION ACCOUNTING

On 8 June 2015 Norwood Systems Ltd (formerly Monteray Mining Group Ltd) completed the legal acquisition of Norwood Systems (Aust) Pty Ltd (formerly Norwood Systems Pty Ltd). Under the Australian Accounting Standards Norwood Systems (Aust) Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Norwood Systems (Aust) Pty Ltd acquires the net assets and listing status of Norwood Systems Ltd.

(a) Deemed Consideration

The purchase consideration was the issue of 368,058,888 shares in Norwood Systems Ltd (legal parent) to the shareholders of Norwood Systems (Aust) Pty Ltd deemed to have a value of \$3,531,619 determined as follows:

Quoted share price on 4 May 2015	\$0.027
Norwood Systems Ltd shares on issue at acquisition date	130,800,710
Deemed consideration	\$3,531,619

Norwood Systems Ltd also issued a total of 157,739,522 Performance Shares to the shareholders of Norwood Systems (Aust) Pty Ltd which convert to Ordinary Fully Paid Shares on a one for one basis following the achievement of the performance milestones before the expiry date as outlined below:

- 78,869,761 Class A Performance Shares convert upon Norwood generating gross revenue of at least \$200,000 from two separate third party contracts in any 12 month period (which may be the same 12 month period or different 12 month periods for each contract. The expiry date of the Class A Performance Shares is 9 December 2017; and
- 78,869,761 Class B Performance Shares convert upon Norwood generating gross revenue for any 12 month consecutive period of at least \$3,000,000. The expiry date of the Class B Performance Shares is 9 June 2018.

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the two performance milestones which are based on future events.

(b) Deemed Norwood Systems Ltd Share Capital

	\$
Historical issued capital balance at 30 June 2014	11,909,484
Issue of Non-Renounceable Rights Issue Shares prior to acquisition	654,004
Issue cost of Non-Renounceable Rights Issue Shares	(84,454)
Norwood Systems Ltd share capital at acquisition date	12,479,034
Elimination of Norwood Systems Ltd issued capital	(12,479,034)
Deemed consideration as per note 14(a)	3,531,619
Total Norwood Systems Ltd share capital on completion of transaction	3,531,619

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For the year ended 30 June 2015

NOTE 14: REVERSE ACQUISITION ACCOUNTING (CONTINUED)

(c) Norwood Systems Ltd Share Based Payment Reserve

	\$
Historical share based payment reserve at 30 June 2014	2,015,107
Norwood Systems Ltd share based payment reserve at acquisition date	2,015,107
Elimination of Norwood Systems Ltd share based payment reserve	(2,015,107)
Total Norwood Systems Ltd share based payment reserve on completion of transaction	-

(d) Norwood Systems Ltd Accumulated Losses Pre-Completion

	\$
Historical accumulated losses at 30 June 2014	(13,670,730)
Loss incurred from 1 July 2014 to 8 June 2015	(762,635)
Norwood Systems Ltd accumulated losses at acquisition date	(14,433,365)
Elimination of Norwood Systems Ltd accumulated losses	14,433,365
	-

(e) Assets and Liabilities Acquired

	\$
Cash and cash equivalents	78,909
Other receivables	80,153
Prepayments	330,000
Loan receivable from Norwood Systems (Aust) Pty Ltd	257,750
Total assets	746,812
Trade and other payables	686,037
Total liabilities	686,037
Net assets	60,775

(f) Listing Expense

	\$
Deemed consideration	3,531,619
Less: net assets of Norwood Systems Ltd pre-acquisition	(60,775)
Total Norwood Systems Ltd losses on completion of transaction (listing expense)	3,470,844

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For the year ended 30 June 2015

NOTE 15: GROUP ENTITIES

Parent Entity

While the accounting parent of the Group is Norwood Systems (Aust) Pty Ltd, the legal and ultimate parent of the Group is Norwood Systems Ltd.

The consolidated financial statements include the financial statements of Norwood Systems (Aust) Pty Ltd as accounting parent and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2015	% Equity Interest 2014
Norwood Systems Ltd	Australia	100%	-
Norwood Systems (UK) Pty Ltd	Australia	100%	-
Aberystwyth Nominees Pty Ltd ⁽¹⁾	Australia	-	-
Eburnean Resources Pty Ltd	Australia	100%	-
Vema Resources Pty Ltd	Australia	100%	-
Monteray Mining Burkina SARL	Burkina Faso	100%	-

⁽¹⁾ De-registered 14 January 2015.

NOTE 16: OPERATING CASH FLOW INFORMATION

	Consolidated 2015 \$	Parent 2014 \$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the year	(5,882,956)	(1,170,081)
<i>Non-cash items</i>		
Listing expense	3,470,844	-
Loss on conversion of debt to equity	688,937	-
Share based payments	352,984	-
Depreciation	536	544
<i>Changes in Assets and Liabilities</i>		
(Increase) / Decrease in Trade and Other Receivables	298,902	(31,055)
Increase / (Decrease) in Trade and Other Payables	(426,811)	435,906
Increase / (Decrease) in Provisions	65,899	-
Cash flows used in operations	(1,431,665)	(764,686)

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For the year ended 30 June 2015

NOTE 17: SHARE BASED PAYMENTS

Share based payments made during the year ended 30 June 2015 are summarised below. There were no share based payments made during the year ended 30 June 2014.

(a) Recognised Share Based Payment Expense

	Consolidated	Parent
	2015	2014
	\$	\$
Expense arising from equity settled share based payment transactions	352,984	-

(b) Options Granted During the Year

The Company granted the following options in June 2015:

- 1,970,401 unlisted options exercisable at \$0.02 on or before 9 June 2018 and having a total value of \$40,984 were granted to advisors and employees of Norwood pursuant to the Norwood Option Offer; and
- 15,000,000 unlisted options exercisable at \$0.02 on or before 9 June 2018 and having a total value of \$312,000 were granted to advisors of the Company as consideration for corporate services received.

In the absence of any more reliable indication of fair value, these options were valued using a Black-Scholes option pricing model with the following inputs:

	2015
Dividend yield	-
Expected volatility	125%
Risk-free interest rate	2.25%
Expected life of options (years)	3
Option exercise price	\$0.02
Share price at grant date	\$0.027

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated in the measurement of fair value.

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NOTE 18: SEGMENT INFORMATION

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group's primary business segment is the provision of voice telecommunication services. The Company operates in one segment, voice telecommunication services.

	Voice Telecommunication Services		Corporate		Total	
	Consolidated 2015	Parent 2014	Consolidated 2015	Parent 2014	Consolidated 2015	Parent 2014
Segment income						
Interest received	-	1,434	3,235	-	3,235	1,434
Government grant income	65,195	331,074	-	-	65,195	331,074
Other income	4,250	-	-	-	4,250	-
Total income	69,445	332,508	3,235	-	72,680	332,508
Segment expenses						
Operating expenses	(1,413,762)	(1,502,045)	(28,573)	-	(1,442,335)	(1,502,045)
Listing expenses	-	-	(3,470,844)	-	(3,470,844)	-
Loss on conversion of debt to equity	-	-	(688,937)	-	(688,937)	-
Share based payment expenses	-	-	(352,984)	-	(352,984)	-
Loss before depreciation	(1,344,317)	(1,169,537)	(4,538,103)	-	(5,882,420)	(1,169,537)
Depreciation	(536)	(544)	-	-	(536)	(544)
Loss before income tax	(1,344,853)	(1,170,081)	(4,538,103)	-	(5,882,956)	(1,170,081)
Segment assets and liabilities						
Cash	379,095	25,365	4,166,964	-	4,546,059	25,365
Other receivables	67,347	331,074	104,187	-	171,534	331,074
Plant and equipment	1,779	1,268	-	-	1,779	1,268
Trade and other creditors	(109,452)	(518,106)	(104,591)	-	(214,044)	(518,106)
Provisions	(114,761)	-	-	-	(114,761)	-
Borrowings	-	(131,255)	-	-	-	(131,255)
Convertible notes	-	(709,388)	-	-	-	(709,388)
Net assets	224,009	(1,001,042)	4,166,560	-	4,390,567	(1,001,042)