

Norwood Systems Pty Limited
ACN 149 094 039

Interim Financial Report
for the half year ended 31 December 2014

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014.

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Corporate Information

This annual report includes the financial statements and notes of Norwood Systems Pty Ltd. The Company's functional presentation currency is AUD (\$).

A description of the Company's operations and of its principal activities is included in the review of operations and activities in the Directors' report. The Directors' report is not part of the financial report.

Directors

Mr Paul Ostergaard
Chairman

Ms Fiona Meiklejohn
Director

Company Secretaries

Mr Paul Ostergaard
Ms Fiona Meiklejohn
Ms Sarah Smith

Registered Office

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Website

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Auditors

Ernst and Young
11 Mounts Bay Road
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Bankers

Bankwest
150 Rokeby Road
Subiaco WA 6008

Solicitors

King Wood and Mallesons
Level 30
250 St Georges Terrace
Perth WA 6000

Directors' Report

Your Directors present the following report on Norwood Systems Pty Ltd ("Norwood" or "the Company") for the half year ended 31 December 2014.

Directors

The names of the Directors in office during the financial year and until the date of this report are as follows:

Mr Paul Ostergaard	Chairman
Ms Fiona Meiklejohn	Director

All Directors were in office for the entire period unless otherwise stated.

Principal Activities

The principle activity of the Company for the half year ended 31 December 2014 was the provision of global mobility and roaming services for mid to large size organisations.

Significant changes in the state of affairs

The Company is in the process of being acquired by Monteray Mining Group ("Monteray"), an ASX listed entity having signed a binding term sheet on 9 December 2014. The transaction is subject to a number of conditions as follows:

- Mutual due diligence (completed on 21 January 2015);
- All outstanding convertible notes being either converted into ordinary shares or cancelled;
- 100% of the offers by Monteray to the Company shareholders and convertible noteholders;
- Execution of a formal sale and purchase agreement;
- The Company creditors at the completion of the Transaction not exceeding \$280,000;
- Monteray raising a minimum of \$3.75 million in conjunction with re-complying with Chapters 1 and 2 of the ASX Listing Rules; and
- Monteray shareholder approval.

At the date of this report, these conditions and the transaction has not been completed. In February 2015, Monteray have confirmed their intention to waive the condition precedent that Norwood creditors not exceed \$280,000.

There have been no other significant changes in the state of affairs of the Company during the period and up to the date of this report.

Dividends

There were no dividends paid during the half year.

Review of Operations

The Statement of Profit or Loss and Other Comprehensive Income shows a loss attributable to shareholders of \$675,710 for the half year ended 31 December 2014 (31 December 2013: loss of \$490,021).

Financial Position

At 31 December 2014 the Company has a net deficit of \$1,601,752 (30 June 2014: net deficit of \$1,001,042). The Company's working capital, being current assets less current liabilities as at 31 December 2014 is a deficit of \$1,604,068 (30 June 2014: deficit of \$1,002,310).

Directors' Report (cont'd)

Matters subsequent to the end of the period

Approximately \$355,000 of the Company's convertible notes matured on 31 January 2015 with an additional \$338,719 maturing on the 7 March 2015. The Company expects all convertible notes to be cancelled and converted to shares in Monteray as part of the transaction noted above and as at the date of signing these financial statements the Company is in the process of implementing formal agreements with the note holders to this effect. Convertible note holders are supportive of the Monteray transaction and none have demanded repayment of their notes as at the date of signing these financial statements.

Between 31 December 2014 and the date of signing these financial statements, the Company has issued a further 314,085, \$1 par value convertible notes on the same terms and conditions as described at note 10.

Likely developments and expected results of operations

The Company will continue to develop its CORONA platform reducing corporate international roaming expenses and improving staff contactability and communications security for its customers.

The Company will also continue its rapid growth expanding its customer base and hiring as necessary.

Environmental regulations and performance

The Company does not carry out any operations that are subject to environmental regulations. The Company is not aware of any breaches in relation to environmental matters."

Shares under Option

There were no unissued ordinary shares of Norwood Systems Pty Ltd under option at the date of this report.

At 31 December 2014, the Company has on issue 869,219, \$1 par value convertible notes which may be converted to shares in the Company as described at note 10. Between 31 December 2014 and the date of signing these financial statements, the Company has issued a further 314,085, \$1 par value convertible notes on the same terms and conditions as described at note 10.

Shares Issued on the Exercise of Options

There were no options exercised during the period.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* has been included as part of the financial report.



Paul Ostergaard
Director
Perth, Western Australia
6 March 2015

Auditor's Independence Declaration to the Directors of Norwood Systems Pty Ltd

In relation to our review of the financial report of Norwood Systems Pty Ltd for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young



G Lotter
Partner
6 March 2015

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2014

	Note	31 Dec 2014 \$	31 Dec 2013 \$
Interest income		-	171
Other income		-	263
Employee and director benefits expense	3	(277,072)	(338,801)
Consultancy and subcontractor fees		(197,559)	(6,246)
Travel and entertainment		(7,799)	(34,872)
Legal fees		(6,451)	-
Rent		(46,501)	(60,574)
Research and development expenses		(48,526)	(4,229)
Other expenses		(16,361)	(11,095)
Accountancy costs		(19,298)	(30,282)
Interest expense		(44,845)	(1,025)
Administration expenses		(6,305)	(855)
Electricity and telephone		(4,993)	(2,476)
Loss before income tax		(675,710)	(490,021)
Income tax benefit		-	-
Loss for the period attributable to the members of Norwood Systems Pty Ltd		(675,710)	(490,021)
Other comprehensive income		-	-
Total comprehensive (loss) for the period attributable to the members of Norwood Systems Pty Ltd		(675,710)	(490,021)
Basic and diluted earnings/(loss) per share (cents per share)	4	(0.43)	(0.31)

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

Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		27,793	25,365
Other receivables	6	332,229	331,074
Total Current Assets		360,022	356,439
Non-Current Assets			
Plant and equipment		2,316	1,268
Total Non-current Assets		2,316	1,268
TOTAL ASSETS		362,338	357,707
LIABILITIES			
Current Liabilities			
Trade payables	7	314,590	314,914
Other payables	8	335,328	203,192
Borrowings	9	406,136	131,255
Convertible notes	10	908,036	709,388
Total Current Liabilities		1,964,090	1,358,749
TOTAL LIABILITIES		1,964,090	1,358,749
NET ASSETS/(LIABILITIES)		(1,601,752)	(1,001,042)
EQUITY			
Issued capital	11	1,325,224	1,250,224
Accumulated losses		(2,926,976)	(2,251,266)
TOTAL EQUITY/(DEFICIT)		(1,601,752)	(1,001,042)

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

Statement of Cash Flows

For the half year ended 31 December 2014

	Note	31 Dec 2014 \$	31 Dec 2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(521,404)	(374,936)
Government grant received		-	249,211
Interest received		-	171
Net cash flows (used in) operating activities		(521,404)	(125,554)
Cash flows from investing activities			
Purchase of plant & equipment		(1,049)	-
Net cash flows (used in) investing activities		(1,049)	-
Cash flows from financing activities			
Equity contribution from Monteray		75,000	-
Proceeds from issue of convertible notes		175,000	-
Proceeds from related party borrowings		33,506	54,039
Repayment of related party borrowings		(23,000)	(13,000)
Proceeds from third party borrowings		264,375	-
Net cash flows from financing activities		524,881	41,039
Net (decrease)/increase in cash and cash equivalents		2,428	(84,515)
Cash and cash equivalents at beginning year		25,365	109,214
Cash and cash equivalents at period end		27,793	24,699

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

Statement of Changes in Equity

For the half year ended 31 December 2014

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2013	1,250,224	(1,081,185)	169,039
Loss for the half year	-	(490,021)	(490,021)
Balance at 31 December 2013	1,250,224	(1,571,206)	(320,982)

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2014	1,250,224	(2,251,266)	(1,001,042)
Loss for the half year	-	(675,710)	(675,710)
<i>Transaction with owners, directly recorded in equity:</i>			
Shares to be issued post balance date- Monteray	75,000	-	75,000
Total transactions with owners	75,000	-	75,000
Balance at 31 December 2014	1,325,224	(2,926,976)	(1,601,752)

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

Notes to the Financial Statements

1. Corporate information

Norwood Systems Pty Ltd is an unlisted private company, incorporated and domiciled in Australia. Norwood Systems Pty Ltd is a for-profit entity for the purpose of preparing the financial statements. These financial statements are for the period 1 July 2014 to 31 December 2014 and was authorised for issue in accordance with a resolution of the Directors on 6 March 2015.

These financial statements are for Norwood Systems Pty Ltd Limited (the Company) referred to as 'Norwood' or the Company.

The nature of the operations and the principal activities of the Company are described in the Directors' Report.

2. Basis of preparation

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

The half year financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014.

Reporting basis and conventions

The half year financial statements have been prepared on an accruals basis and are based on historical costs.

New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a net loss after tax for the half year ended 31 December 2014 of \$675,710 and experienced net cash outflows from operating activities of \$521,404 and net cash inflows for financing activities of \$524,881. At 31 December 2014, the Company had a net current liability position of \$1,604,068 and cash and cash equivalents balance of \$27,793. Notwithstanding this, the Directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern, after consideration of the following:

- The Company is in the process of being acquired by Monteray Mining Group ("Monteray"), an ASX listed entity) having signed a binding term sheet on the 9 December 2014. The transaction is subject to a number of conditions as follows:

Notes to the Financial Statements

2. Basis of preparation (cont'd)

Going concern (cont'd)

- Mutual due diligence (completed on 21 January 2015);
- All outstanding convertible notes being either converted into ordinary shares or cancelled;
- 100% of the offers by Monteray to the Company shareholders and convertible noteholders;
- Execution of a formal sale and purchase agreement;
- The Company creditors at the completion of the Transaction not exceeding \$280,000;
- Monteray raising a minimum of \$3.75 million in conjunction with re-complying with Chapters 1 and 2 of the ASX Listing Rules; and
- Monteray shareholder approval.

At the date of this report, these conditions and the transaction have not been completed. In February 2015, Monteray have confirmed their intention to waive the condition precedent that Norwood creditors not exceed \$280,000.

- At 31 December 2014 the Company owed Ocean Broadband Pty Ltd, a Company related through the common control of Paul Ostergaard, \$105,259. At 31 December 2014 the Company owed related party Ostergaard Family Trust \$33,506. Both loans are repayable on demand however neither have been called on at the date of this report.
- In July 2014 the Company entered into a \$280,000 loan agreement with Innovative Technology Funding Pty Ltd under which \$259,000 was drawn by the Company as at the date of this report. Interest is payable on the loan monthly at an annual rate of 16%. The loan is secured against any future income tax refunds received by the Company and is repayable on the earlier of the date that the Company receives a tax refund in relation to the year ending 30 June 2014 or 20 months from the date of draw down. The balance of the loan will be drawn down to pay remaining trade payables that do not have a deferral arrangement and for working capital until funds are raised via an equity raising as detailed in the above Monteray transaction.
- Approximately \$355,000 of the Company's convertible notes matured on 31 January 2015 with an additional \$338,719 maturing on the 7 March 2015. The Company expects the notes to be converted to shares in the Company as part of the Monteray transaction noted above and as at the date of signing these financial statements the Company is in the process of implementing formal agreements with the note holders to this effect. Between 31 December 2014 and the date of signing these financial statements, the Company has issued a further 314,085, \$1 par value convertible notes on the same terms and conditions as described at note 10, raising \$314,085 to fund the working capital requirements of the Company.

In considering the above, the directors have reviewed the Company's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Monteray transaction will complete and the Company will be successful in securing additional funds through an equity issue, which will be used to repay the debts of the Company.

Should the Company not achieve the matters set out above, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

Notes to the Financial Statements (cont'd)

3. Loss for the period

Loss for the period includes the following items:

	31 Dec 2014	31 Dec 2013
	\$	\$
Employee and Director benefits expense		
Director's fees	60,000	60,000
Employee wages	188,578	249,875
Superannuation	28,494	28,926
Total employee and director benefits expense	277,072	338,801

4. Earnings/(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.

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

	31 Dec 2014	31 Dec 2013
	\$	\$
Loss after income tax	675,710	490,021
Basic earnings/(loss) per share attributable to equity holders	(0.43)	(0.31)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	1,558,243	1,558,243

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. As the Company is loss making, there is no diluted EPS calculated.

The shares to be issued post balance date in relation to the Monteray transaction in Note 11 could have a dilutive impact.

5. Dividends Paid or Proposed

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. Other Receivables

	31 December 2014	30 June 2014
	\$	\$
Current		
Prepayments	1,155	-
Research and development grant receivable	331,074	331,074
	332,229	331,074

As at the end of the financial period, no other receivables are past due or impaired.

Notes to the Financial Statements (cont'd)

7. Trade Payables

	31 December 2014 \$	30 June 2014 \$
Current		
Trade creditors	314,590	314,914

Trade payables are non-interest bearing and are normally settled on 60-day terms. All amounts are expected to be settled within 12 months.

8. Other Payables

	31 December 2014 \$	30 June 2014 \$
Current		
Accruals	302,274	154,330
Provisions	33,054	48,862
	335,328	203,192

All amounts are expected to be settled within 12 months.

9. Borrowings

	31 December 2014 \$	30 June 2014 \$
Loan – Ocean Broadband Ltd	105,259	128,259
Loan – Employee	8,371	2,996
Loan – Ostergaard Family Trust	33,506	-
Loan – Innovative Loan Funding Pty Ltd	259,000	-
	406,136	131,255

At 31 December 2014 the Company owed Ocean Broadband Pty Ltd, a Company related through the common control of Paul Ostergaard, \$105,259 (30 June 2014: \$128,259). At 31 December 2014 the Company owed related party Ostergaard Family Trust \$33,506 (30 June 2014: nil). Both loans are non-interest bearing and repayable on demand, however neither have been called on at the date of this report. The carrying value of the loans reflect the fair value of the loans.

In July 2014 the Company entered into a \$280,000 loan agreement with Innovative Technology Funding Pty Ltd under which \$259,000 was drawn by the Company as at 31 December 2014. Interest is payable on the loan monthly at an annual rate of 16%. The loan is secured against any future income tax refunds received by the Company and is repayable on the earlier of the date that the Company receives a tax refund from government grants in relation to the year ending 30 June 2014 or 20 months from the date of draw down.

Notes to the Financial Statements (cont'd)

10. Convertible Notes

	31 December 2014	30 June 2014
	\$	\$
869,219 notes at \$1 par value	869,219	694,219
(30 June 2014: 694,219 notes at \$1 par value)		
Accrued interest	38,817	15,169
Carrying amount of liability at period end	908,036	709,388

During the period, the Company issued 175,000 unsecured convertible notes on various dates, all with a maturity date of 1 September 2015.

The following convertible notes were outstanding at 31 December 2014:

- 355,500 unsecured convertible notes issued on 31 January 2014 with a maturity date of 31 January 2015;
- 338,719 unsecured convertible notes issued on 7 March 2014 with a maturity date of 7 March 2015; and
- 175,000 unsecured convertible notes issued during the half year, all with a maturity date of 1 September 2015.

As noted above, approximately \$355,000 of the Company's convertible notes matured on 31 January 2015 with an additional \$338,719 maturing on the 7 March 2015. The Company expects all convertible notes to be cancelled and converted to shares in Monteray as part of the transaction and as at the date of signing these financial statements the Company is in the process of implementing formal agreements with the note holders to this effect. Convertible note holders have indicated support of the Monteray transaction and none have demanded repayment of their notes as at the date of signing these financial statements.

Each note bears interest at the rate of 6% per annum.

The notes may be converted voluntarily or mandatorily into ordinary shares. A mandatory conversion would occur if either the Company issues Preferred Shares to raise not less than \$2,000,000 (being Preferred Financing) or the Company lodges an IPO prospectus. The mandatory conversion is based on the following:

The Mandatory Conversion Price is:

- in the case of a Preferred Financing, a 26% discount to the price of the Preferred Shares issued as part of the Preferred Financing; and
- in the case of an IPO, a 20% discount to the price of Ordinary Shares offered pursuant to the prospectus.

The Mandatory Conversion Date is:

- in the case of a Preferred Financing, the date of the decision of the board of the Company to issue and allot the Preferred Shares to applicants in connection with the Preferred Financing; and
- in the case of an IPO, the date that the Company lodges a prospectus with the Australian Securities and Investments Commission in connection with the IPO.

The holder may choose to voluntarily convert the Notes on or before the maturity date.

Fair value

As the amounts are due to be settled within 12 months, there is no material difference between the carrying value as stated above and fair value at 31 December 2014.

Notes to the Financial Statements (cont'd)

11. Issued Capital

Date	Details	No. of Shares ORD	No. of Shares AA	Issue Price	\$
1 July 2014		1,120,000	438,243		1,250,224
	Shares to be issued post balance date- Monteray	-	-	-	75,000
31 December 2014		1,120,000	438,243		1,325,224

During the half year, the Company received a \$75,000 equity contribution from Monteray in anticipation of the Monteray transaction as described in the Directors' Report. No shares were issued to Monteray during the half year in respect of this contribution.

There were no movements in share capital during the financial year ended 30 June 2014.

Each Share carries one vote per share and carries equal rights to dividends. AA class shareholders will be entitled to capital distributions prior to holders of ordinary shares upon winding up of the Company.

12. Operating Segments

The Company operates as a single segment which is global mobility and roaming services within Australia. The Company is domiciled in Australia.

13. Commitments and Contingent Liabilities

There have been no material changes in the Company's commitments since 30 June 2014.

14. Related Party Disclosure

(a) Key Management Personnel

Key management personnel transactions continued during the period as described in the 30 June 2014 Annual Report. There were no material changes in transactions with key management personnel during the period.

(b) Loans to/from related parties

At 31 December 2014 the Company owed Ocean Broadband Pty Ltd, a Company related through the common control of Paul Ostergaard, \$105,259. Details of the movements in the loan account during the year are as follows:

	For 6 months ended 31 December 2014 \$	For 12 months ended 30 June 2014 \$
Loans to related parties		
Beginning of the period	128,259	142,743
Loans advanced	-	57,516
Loan repayments made	(23,000)	(72,000)
End of the period	105,259	128,259

Notes to the Financial Statements (cont'd)

14. Related Party Disclosure (cont'd)

(b) Loans to/from related parties (cont'd)

At 31 December 2014 the Company owed Ostergaard Family Trust, a Company related through the common control of Paul Ostergaard, \$33,506. Details of the movements in the loan account during the year are as follows:

	For 6 months ended 31 December 2014 \$	For 12 months ended 30 June 2014 \$
Loans to related parties		
Beginning of the year	-	-
Loans advanced	33,506	-
Loan repayments made	-	-
End of year	33,506	-

15. Events after the Reporting Date

Approximately \$355,000 of the Company's convertible notes matured on 31 January 2015 with an additional \$338,719 maturing on the 7 March 2015. The Company expects all convertible notes to be cancelled and converted to shares in Monteray as part of the transaction noted above and as at the date of signing these financial statements the Company is in the process of implementing formal agreements with the note holders to this effect. Convertible note holders have indicated support of the Monteray transaction and none have demanded repayment of their notes as at the date of signing these financial statements.

Between 31 December 2014 and the date of signing these financial statements, the Company has issued a further 314,085, \$1 par value convertible notes on the same terms and conditions as described at note 10.

Directors' Declaration

The Directors declare that:

- (a) The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (i) Comply with Accounting Standard AASB .134 Interim Financial Reporting, the Corporations Regulations 2001, and other mandatory professional requirements; and.
 - (ii) Give a true and fair view of the financial position as at 31 December 2014 and of the performance for the period ended on that date of the Company.
- (b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, subject to the matters disclosed at note 2;
- (c) the Directors have been given the declarations as required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Paul Ostergaard
Chairman

Perth, Western Australia
6 March 2015

To the members of members of Norwood Systems Pty Ltd

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Norwood Systems Pty Ltd, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Norwood Systems Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Norwood Systems Pty Ltd is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young



G Lotter
Partner
Perth
6 March 2015