POWERLAN LIMITED

(ACN: 057 345 785)

31 August 2009

FINAL RESULTS 30 JUNE 2009

Summary ($'000)	**2009**	**2008**
Sales revenue	38,616	22,500
Other revenues	633	1,402
Total revenues from continuing operations	**39,249**	**23,902**
Loss before income tax	(11,458)	(14,269)
Income tax expense	(172)	(1,333)
Loss from continuing operations	(11,630)	(15,602)
Profit/(loss) from discontinuing operations	(823)	1,784
Loss attributable to minority interest	646	-
Net loss attributable to members	**(11,807)**	**(13,818)**

Appendix 4E

Final Report

Name of Entity	**POWERLAN LIMITED**
ACN	**057 345 785**
Financial Year Ended	**30 JUNE 2009**
Previous Corresponding Reporting Period	**30 June 2008**

Results for Announcement to the Market

				$'000
Revenues from continuing operations	Up	71%	to	38,616
Loss from continuing operations after income tax attributable to members	Down	25%	to	(11,630)
Net loss for the period attributable to members	Down	15%	to	(11,807)

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	

Brief explanation of any of the figures reported above:

Revenue from continuing operations for the financial year ended 30 June 2009 was $38.6 million (2008: $22.5 million). Other revenues were $0.6 million for the year (2008: $1.4 million), mostly arising out of foreign currency gains and from the write back of liabilities no longer representing obligations of the Group.

The loss from continuing operations before tax was $11.5 million (2008: $14.3 million) which includes a charge of $5.4 million arising from the impairment of the carrying value of goodwill relating to Powerlan's investment in IMX Software. The tax expense of $0.2M (2008: $1.3M) for the period relates to the write off of foreign tax credits which are no longer recoverable.

The revenues and related costs of other discontinued operations during the year resulted in a loss of $0.8 million (2008: profit of $ 1.8 million).

The net loss attributable to members of Powerlan for the year was $11.8 million (2008: loss of $13.8 million). As a result of the loss the Group's financial position has deteriorated compared with the previous year.

The Group has continued to require additional funding during the year, in part to fund the investment into Omnix and the acquisition of intellectual property and the business of Dot Communications, but also to fund the working capital requirements and ongoing losses of Clarity, ConverterTechnology and IMX.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security.	(14.31)¢	(5.75)¢

Other Significant Information

(Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position)

Refer to financial statements presented as part of the 2009 Annual Report (attached).

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects:

Refer to Note 22 in the 2009 Annual Report.

Returns to shareholders including distributions and buy backs:

None.

Significant features of operating performance :

Significant features of operating performance that may not be apparent in the Results for Announcement to the Market summary at the beginning of this Appendix 4E include:

- Increase in borrowings during the year from Nil to $10.5M; and
- Decrease in net assets from $14.2M to $2.9M.

For full details please refer to the 2009 Annual Report.

The results of segments that are significant to an understanding of the business as a whole:

Refer to Note 20 in the 2008 Annual Report.

Discussion of trends in performance: Refer to Directors' report included as part of the 2009 Annual Report.
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: Refer to the 2009 Annual Report.

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	X	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Emphasis of matter regarding going concern.			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	2009 Annual Report

Signed By (Director/~~Company Secretary~~)	
Print Name	Ian Campbell
Date	31 August 2009

ANNUAL REPORT
30 JUNE 2009

POWERLAN LIMITED
(A public company which is a disclosing entity)

ABN 87 057 345 785

LEVEL 3, 15 Blue Street
NORTH SYDNEY NSW 2060
Tel: 61 2 9925 4600   Fax: 61 2 9955 9999

POWERLAN

Contents

This Annual Report covers both Powerlan Limited as an individual entity and the consolidated entity consisting of Powerlan Limited and its controlled entities. Powerlan Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 3, 15 Blue Street, North Sydney NSW 2060

Letter to Shareholders

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Corporate Directory

Directors

Dr I Campbell – Executive Chairman

Mr G Harrington – Non-Executive Director

Mr I Lancaster – Non-Executive Director

Ms F McLeod – Non-Executive Director

Chief Executive Officer, Chief Financial Officer and Company Secretary

Mr J Newbery

Registered Office and Principal Place of Business

Powerlan Limited
Level 3
15 Blue Street
North Sydney NSW 2060

Powerlan Limited is a company incorporated in Australia

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Auditors

PKF Chartered Accountants
Level 10
1 Margaret Street
Sydney NSW 2000

Lawyers

Henry Davis York
44 Martin Place
Sydney NSW 2000

Bankers

HSBC Bank Australia Limited
570 George Street
Sydney NSW 2000

Stock Exchange Listing

Powerlan Limited shares are quoted on the Australian Securities Exchange.

ASX: PWR

Powerlan Businesses

Powerlan Limited

Powerlan Limited ("Powerlan" or the "Company") and its controlled entities (the "Group") is a publicly listed company that enables its customers to achieve productivity gains by leveraging its unique intellectual property to provide specialist information technology products and services through four operating divisions: Clarity; Converter Technology; Omnix Software; and IMX Software.

Clarity

Clarity is the market leader in Unified Operational Support Systems ("OSS"), managing nearly 150 million subscribers globally in Tier 1 incumbent and next generation Telcos. Clarity provides proven, pre-integrated Inventory, Fulfilment and Assurance applications on a single SID based database, enabling real-time executive visibility of the network's impact on revenues and customer experience. Clarity is network and service neutral, driven by templates and workflows that are rapidly configurable, allowing telecom companies to significantly cut the time to market for new services.

The Clarity next generation OSS software solution is offered to telecommunication service providers worldwide and Clarity has become a market leader in providing a unified OSS solution that employs a single, pre-integrated database and also caters for an operator's growth in subscriber volumes through the system's inherent scalability, spanning both legacy and next generation networks.

Clarity is uniquely differentiated as a highly flexible solution that can be deployed as a pre-integrated end-to-end solution, in a modular fashion, or integrated with third-party solutions. Through its product differentiation and the ability to deliver flexible solutions, the company has built up a dominant market position in Asia, with a number of major Tier 1 operators around the region now using Clarity's products. Clarity's management continues to leverage these strengths to expand the business into new territories, including the Middle East, Africa and Europe.

Clarity's solutions are designed for telecommunications and utility service providers worldwide, particularly Tier 1 telcos who require short time-to-market solutions for emerging new technologies, or seek to rationalise their complex and hard to manage existing OSS software platforms. Major Tier 1 customers include PLDT, Globe Telecom, Reliance Communications, BSNL, Sri Lanka Telecom, Telekom Malaysia, PT Telkom Indonesia, and Hutchinson Communications.

ConverterTechnology

ConverterTechnology provides software and services to help enterprises capitalize on the benefits of Microsoft Office 2007 without the migration risks of data corruption, reduced employee productivity and critical business application downtime. Founded in 1997, ConverterTechnology has helped more than one million users identify, analyze and fix compatibility errors before they occur, accelerating time to deployment. ConverterTechnology is headquartered in Nashua, New Hampshire, with offices in Europe and Australia.

The volume of files created by desktop application users continues to grow. Understanding which business-critical files are affected by IT projects such as Office 2007 and Windows7 roll-outs, and the risk those projects pose for the availability and functionality of the files is a critical step for the success of almost all technology-refresh projects. ConverterTechnology's market opportunity is driven by the need to get these millions of files properly inventoried, managed, under control and fully compatible with their new platforms.

In recent years ConverterTechnology has developed strong relationships with Microsoft and its partners and is the leading provider of proprietary software tools that help discover, examine, analyse and adapt files so they are useable in upgraded environments. Microsoft's Office 2007 product and Windows7 platform continue to present a number of challenges to large enterprises seeking to upgrade their infrastructure which ConverterTechnology is well positioned to address. ConverterTechnology has developed significant expertise through experience and is uniquely placed to build a successful and scalable business by leveraging both its Microsoft relationship and a number of developing relationships with partners.

IMX Software

IMX Software is the global leader in banknote trading and travel money technology solutions. Founded in 1991, the company specialises in developing software solutions for three market segments: wholesale currency and banknote trading; currency distribution and fulfilment; and retail foreign exchange and travel money products for business-to-business and business-to-consumer channels.

IMX wholesale and distribution solutions automate the processes that support the purchase, sale, fulfilment, secure shipment and settlement of high volume bank note, foreign currency and precious metal trading with integrated reporting tools that support internal audit and compliance obligations to the high standards demanded by central banks.

IMX retail solutions automate the provision of travel money products and cash, and foreign currency exchange via point-of-sale and online channels, with full support for international anti-money laundering regulations governing such transactions.

Over 100 organisations across the globe have benefited from IMX's solutions, including American Express, ANZ Bank, Credit Suisse, Commerzbank, HSBC, Royal Bank of Scotland, Standard Bank and the UK and Australian Post Offices.

Omnix Software

Omnix Software is a UK-based provider of project automation software solutions for telecom infrastructure lifecycle management. Its products support active project and program management for network deployment and operational management, site lease and property management, resource planning and allocation, and dynamic asset management. Omnix is focused on the mobile and fixed line telecommunications industry and has developed a global customer base in over 30 countries.

The Omnix platform delivers process efficiency, cost management and operational compliance to telecoms operators via four core solution packs: Network Project Logistics ("NPL"), Network Asset Tracking ("NAT"), Network Estates Management ("NEM") and Network Asset Maintenance ("NAM").

Founded in 1998, Omnix customers include major mobile network providers Vodafone, O_2/Telefonica, Vodacom, Orange, Millicom, Zain and Mobilkom.

Directors' Report

Your Directors present this report together with the financial statements of Powerlan and its controlled entities for the financial year ended 30 June 2009.

Current Directors

The Directors of Powerlan in office at any time during or since the end of the financial year are as follows (Directors were in office since the start of the financial year and at the date of this report unless otherwise stated):

Ian Campbell – Executive Chairman

Dr Campbell holds a PhD in Electrical Engineering from the University of New South Wales and has 38 years experience in software and electronic commerce. Dr Campbell co-founded the privately owned CPS Group in 1970, and has been the Chairman and Managing Director of the CPS Group since 1990. The CPS Group is currently the major shareholder in Powerlan. Dr Campbell has been a Director since 28 November 2005.

Geoff Harrington – Independent Non-Executive Director

Mr Harrington has over 33 years experience in investment banking covering all aspects of corporate finance including divestments, acquisitions, take-overs and take-over defences. He has advised on cross border transactions in the United Kingdom, United States, France, Germany, Indonesia, Malaysia, the Netherlands and Thailand. Since 1990 Mr Harrington has run his own firm providing investment banking services for smaller transactions. Mr Harrington holds a Bachelor of Commerce and Master of Business Administration from the University of New South Wales. Mr Harrington has been a Director since 28 November 2005 and is a member of the Audit Committee

Ian Lancaster – Independent Non-Executive Director

Mr Lancaster holds a BA (Major in Accounting and Financial Studies) from Macquarie University and has been a CPA since 1985. During his career Mr Lancaster has held various senior executive positions including Vice President Accounting and Finance of the Grundy Organisation and Network Financial Controller for The Seven Network. He has a keen appreciation for the challenges of developing a strong commercial environment, having himself built a successful general insurance brokerage firm. Mr Lancaster brings to the Board a unique combination of accounting and business experiences. Mr Lancaster has been a Director since 28 November 2005 and chairs the Audit Committee and is a member of the Remuneration Committee.

Fiona McLeod – Independent Non- Executive Director

Ms McLeod is Victoria's Energy and Water Ombudsman and is a Fellow of the Australian Institute of Company Directors. She was appointed to Powerlan's board in January 2007. During her career Ms McLeod has held senior positions in government agencies, including Commissioner and Assistant Commissioner for Equal Opportunity in Victoria, and as a Conciliator/Community Educator for the Victorian Equal Opportunity Commission and the Queensland Human Rights and Equal Opportunity Commission. Ms McLeod is a former CEO of the Royal Australian College of Obstetricians and Gynaecologists and General Manager of the State Trust Corporation of Victoria. She is Chairperson of the Australian and New Zealand Ombudsman Association (ANZOA) and Chairman of Trustees of Douta Galla Aged Care Services. Ms McLeod chairs the Remuneration Committee.

Executive

Jon Newbery - Chief Executive Officer, Chief Financial Officer and Company Secretary

Jon Newbery has 22 years of management, finance, operational, and turnaround experience. He qualified as an accountant with Arthur Andersen in London, before moving to Warsaw, Poland in 1991 to assist in establishing the consultancy's presence there. Jon moved to Australia in June 2000, where he joined Newport Capital Group as an investment director. While at Newport, he worked with young Australian companies advising on fund raising, restructuring and exit opportunities. In 2002, Jon established his own operational consulting business, where he successfully ran a number of early stage technology businesses, including a telco billing software vendor. Jon joined Powerlan in May 2006 and was appointed the Chief Executive Officer in February 2007. Jon is a member of the Institute of Chartered Accountants of England and Wales and the Australian Institute of Company Directors.

Directorships of Other Listed Companies

Other than Dr Ian Campbell no director held directorships in other listed companies in the three years immediately preceding 30 June 2009.

Dr Ian Campbell is a Director on AnaeCo Limited (ASX code: ANQ).

Principal Activities

The principal activities of the Group during the financial year were the provision of software solutions and related services that enable customers to achieve productivity gains by leveraging the Group's unique intellectual property. These activities were delivered through four operating divisions:

- **Clarity** - provides carrier-grade unified Operational Support Systems software for telecommunication companies and utilities.
- **Converter Technology** - delivers software and services that simplify enterprise file migrations and reduce the risks associated with large-scale IT deployment projects, particularly in the Microsoft environment.
- **IMX Software** - offers software solutions for the travel money, foreign exchange and the international banking industries.
- **Omnix Software** - provides project automation software solutions for telecom infrastructure lifecycle management.

Consolidated Results

Revenue from continuing operations for the financial year ended 30 June 2009 was $38.6 million (2008: $22.5 million). The loss from continuing operations before tax and minority interest was $11.5 million (2008: $14.3 million loss).

The net loss attributable to members of the Group for the year was $11.8 million (2008: loss of $13.8 million).

Sale of Garradin

On 18 September 2008, the Company received an additional payment from Bravura Solutions Limited ("Bravura") of $1.2 million (2008: $8.1million) relating to the finalsition of the 2007 sale of its wholly owned subsidiary Garradin Pty Limited ("Garradin") to Bravura, bringing the total proceeds from the sale to $10 million, net of cash transferred.

Review of Operations

Revenues from continuing operations for the 12 months ended 30 June 2009 increased by 71.6% to $38.6 million. If revenues from Omnix, acquired during the year, are excluded, revenues increased by 55.1% compared with the previous year. Securing a number of new key projects and the successful completion of both new and legacy projects were the main drivers of the increase in revenues compared with the previous year. Other revenues were $0.6 million for the year (2008: $1.4 million) mostly arising out of foreign currency gains and from the write back of liabilities no longer representing obligations of the Group. The loss from continuing operations before income tax was $11.5 million (2008: $14.3 million) representing a 19.6% decrease compared with the previous year. The loss includes a charge of $5.4 million arising from the impairment of the carrying value of goodwill relating to Powerlan's investment in IMX Software.

During the year, expenses, excluding finance costs, from the same operations grew by 18.1% to $44.5 million (excluding impairment charge) mainly on account of inflationary increases, and acquisition of Omnix whose expenses have been included. Excluding expenses incurred by Omnix, expenses grew by only 7.6% compared with the previous year.

The loss from continuing operations before interest, tax, depreciation, impairment and amortisation was $4.2 million (2008: $13.5 million).

The revenue from discontinued operations and related costs during the year resulted in a loss from discontinued operations of $0.8 million (2008: profit of $1.8 million).

Financial Position

Due to the loss for the year the Group's financial position has deteriorated compared with the previous year. Some of the major changes impacting the financial position of the Group include:

- debt of $9.75 million provided by CPS Investments Pty Ltd to fund acquisitions, working capital and losses; and
- reduction in net asset from $14.2 million to $2.9 million. The net assets were reduced by the loss incurred during the year. This includes a charge of $5.4 million relating to the impairment of carrying value of goodwill relating to Powerlan's investment in IMX Software.

Going Concern

The financial statements are prepared on a going concern basis despite the Company recording a loss of $14.6 million (2008: loss $16.8 million) and the Group recording a loss for the year of $11.8 million (2008: $13.8 million) and the Group having current liabilities of $8.6 million (30 June 2008: $921 thousand) in excess of current assets. Further, the terms of the major credit facility utilised by the Company as well as the Group supplied by CPS Group Investments Pty Ltd ("CPS") as trustees for Powerlan Investment Trust, which owns 40.25% of the share capital in Powerlan, requires repayment within 48 hours of demand in writing. Details of the funding facility can be found in Note 25. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company as well as the Group's ability to continue as a going concern. Notwithstanding the current and prior period losses and negative operating cash flows, the directors are confident that the Company as well as the Group will achieve profitability as a result of the improved operating performance of each of the divisions over the last 12 months. Furthermore, Dr Ian Campbell, the Chairman of the Group and of its major shareholder, CPS, has agreed to continue to provide financial support provided steps are taken to privatise Powerlan and delist the Company. Dr Campbell has presented a proposal to the Board that involves implementing a selective capital reduction, whereby the Company will purchase and cancel the shares of all shareholders, other than those of a select group. The price per share that Dr Campbell has proposed is $0.09 per share. Dr Campbell will be advancing to the Company the funds to enable the selective capital reduction to be implemented. Refer to Note 27 on subsequent events.

The Company as well as the Group's ability to continue as a going concern is therefore dependent upon the support of Dr Campbell and CPS

After taking into account all of the available information, including the following factors:

- continued financial support from the Chairman of the Group and from CPS subject to privatisation of the Company;
- the pipelines in each of the divisions and their improved operational performance; and
- ongoing prudent cost management being undertaken across the Group

the directors have concluded that there are reasonable grounds to believe that the going concern basis for the preparation of the financial statements is appropriate.

No adjustments were made to the financial statements in relation to this uncertainty.

Dividends

No dividends have been declared or paid since the start of the year and the directors do not recommend the payment of a final dividend for the year ended 30 June 2009 (2008: $nil).

Employees

The Group had 180 employees at 30 June 2009 (2008: 133).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during the year.

Adoption of Australian Equivalent to IFRS

Australian Equivalents to International Financial Reporting Standards (AIFRS) were introduced in 2006 and the Company's financial statements have been prepared in accordance with those standards.

Significant Events after Balance Date

Subsequent to year end the Company announced that it is has received a proposal from Dr Campbell that involves implementing a selective capital reduction, whereby the Company will purchase and cancel the shares of all shareholders, other than those of a select group. The price per share included in the proposal is $0.09 per share. Dr Campbell will be advancing to the Company the funds to enable the selective capital reduction to be implemented.

Also, subsequent to the year end the Company has entered into a new sub lease for a period of 5 years at a rent plus outgoings of $362 thousand per annum excluding the Company's share of outgoings (subject to CPI variations each year).

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group or the Company, the results of those operations or the state of affairs of the Group or the Company in future financial years.

Likely Developments and Future Results

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years as the Directors have reasonable grounds to believe that such disclosure is likely to result in unreasonable prejudice to the Group.

Environmental Issues

The Group is not subject to any significant environmental regulations under the laws of the Commonwealth and State.

Remuneration Report

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

This report details the nature and amount of remuneration for each key management person of the Group and for the executives receiving the highest remunerations.

Executive Directors

Dr I Campbell	Executive Chairman

Non-Executive Directors

Mr G Harrington	Non-Executive Director
Mr I Lancaster	Non-Executive Director
Ms F McLeod	Non-Executive Director (commenced 23 January 2007)

Executives

Mr J Newbery	Chief Executive Officer, Chief Financial Officer and Company Secretary – Powerlan
Mr W Tickner	General Manager, Europe & North America - Powerlan
Ms M Woods	Human Resources Director - Powerlan (resigned on 31 December 2008)
Mr R McWalter	Chief Executive Officer - ConverterTechnology Inc

Remuneration Policy

Remuneration of executive directors and other senior executives of the Group is based on normal commercial rates for similar levels of responsibility and incorporates both fixed and variable remuneration. Variable remuneration is directly related to an individual's achievement of pre-agreed performance indicators as well as the Company or division's overall performance.

All executive directors and other senior executives receive a base package which includes a base salary and superannuation guarantee contributions. The split of the base package can be amended to take advantage of salary packaging opportunities as long as the total employment cost to the Company or division does not exceed the agreed base package, there are no additional tax liabilities and complies with the local tax authority guidelines.

All remuneration paid to directors and other senior executives is valued at the cost to the Group and expensed. Shares given to directors and other senior executives are valued as the difference between the market price of those shares and the amount payable. Options are valued using the Black-Scholes methodology.

The Board's policy is to remunerate non-executive directors at market rates for their time, commitment and responsibilities having regard to industry practice and the need to obtain appropriately qualified directors. The maximum aggregate amount of directors' fees that can be paid to a non-executive director is limited by the Company's Constitution to $500,000 and can only change subject to approval by shareholders at a General Meeting. Fees for non-executives are not linked to the performance of the Group. However, to align the directors' interests with those of other shareholders, the directors are encouraged to hold shares in the Company.

Performance-based Remuneration

As part of each executive director and other senior executive's remuneration package there is a performance based component relating to key performance indicators ("KPIs"). The KPIs are set annually and are specifically tailored to the areas each executive director and executive is involved in and has a level of control over. These KPIs are based predominately on the financial performance of each of the business units. Performance of the executive director and other senior executives against these agreed KPIs is assessed annually.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to align the directors' and each other senior executive's interests with shareholder interests. Two of the major KPIs for the executive director and other senior executive are revenue growth and profitability. The Board considers these to be fundamental to creating shareholder wealth.

The Company seeks to create shareholder value through increases in the share price by restructuring the operations of the divisions and setting clear strategic directions. However, due to the delays in delivering sustainable profits from ongoing operations and the significant interest in Powerlan acquired by Australian and New Zealand Banking Group as a result of the Opes Prime collapse, Powerlan's share price has continued to decline during the year from a closing price of $0.076 at 30 June 2008 to $0.060 at 30 June 2009, representing a 21% decrease during the year.

$'000	**2005**	**2006**	**2007**	**2008**	**2009**
Company Performance					
Net profit after tax	(367)	5,940	(2,223)	(13,818)	(11,807)
EPS in cents	(1.02)	15.02	(5.38)	(17.89)	(14.31)
Share price at 30 June (cents)	15.5	50.5	22.5	7.6	6.0
Director and executive remuneration	2,435	2,432	2,690	1,848	1,913

POWERLAN

Directors' and Executive Directors' Remuneration

Details of remuneration for years ended 30 June

	Primary Benefits			Post-employment	Equity		Total	Performance Related %
	Cash salary and fees ($)	Short term cash bonus ($)	Non-monetary ($)	Super-annuation ($)	Options	Termination Benefits ($)	($)	
Non–Executive Directors								
Mr G Harrington								
2009	45,871	-	-	4,129	-	-	50,000	-
2008	45,871	-	-	4,129	-	-	50,000	-
Mr I Lancaster								
2009	45,871	-	-	4,129	-	-	50,000	-
2008	45,871	-	-	4,129	-	-	50,000	-
Ms F McLeod								
2009	-	-	-	50,000	-	-	50,000	-
2008	-	-	-	50,000	-	-	50,000	-
Subtotals								
2009	**91,742**	**-**	**-**	**58,258**	**-**	**-**	**150,000**	**-**
2008	**91,742**	**-**	**-**	**58,258**	**-**	**-**	**150,000**	**-**
Executive Directors								
Dr I Campbell(i)								
2009	197,620	-	-	75,000	-	-	272,620	-
2008	272,179	-	-	75,000	-	-	347,179	-
Subtotals								
2009	**197,620**	**-**	**-**	**75,000**	**-**	**-**	**272,620**	**-**
2008	**272,179**	**-**	**-**	**75,000**	**-**	**-**	**347,179**	**-**
Totals								
2009	**289,362**	**-**	**-**	**133,258**	**-**	**-**	**422,620**	**-**
2008	**363,921**	**-**	**-**	**133,258**	**-**	**-**	**497,179**	**-**

Non Monetary benefits relate to salary sacrifice arrangements for otherwise deductible packaged remuneration items.

(i) Dr I Campbell was appointed as a Non-Executive Director on 28 November 2005. Dr Campbell was appointed Executive Chairman and CEO of Clarity on 22 February 2007. During the year Dr Campbell stepped down as CEO of Clarity but continues as Executive Chairman.

Remuneration of Executives

Details of remuneration for years ended 30 June

	Primary benefits			Post-employment	Equity	Other	Total	Performance related %
	Cash salary and fees ($)	Short term cash bonus ($)	Non-monetary ($)	Super-annuation ($)	Options ($)	Termin-ation benefits ($)	($)	
Mr J Newbery								
2009	350,593	75,000	-	13,745	-	-	439,338	17%
2008	354,371	88,333	-	13,129	-	-	455,833	19%
Mr W Tickner (i)								
2009	334,217	103,279	-	-	-	-	437,496	24%
2008	312,163	93,017	-	-	-	-	405,180	23%
Ms M Woods (ii)								
2009	96,930	18,349	-	10,321	-	118,055	243,655	7%
2008	192,661	18,349	-	18,990	-	-	230,000	8%
Mr R McWalter								
2009	346,617	13,604	-	9,999	-	-	370,220	4%
2008	245,404	7,500		7,050	-	-	259,954	3%
Totals								
2009	**1,128,357**	**210,232**	**-**	**34,065**	**-**	**118,055**	**1,490,709**	14.1%
2008	**1,104,599**	**207,199**	**-**	**39,169**	**-**	**-**	**1,350,967**	15.3%

Non Monetary benefits relate to salary sacrifice arrangements for otherwise deductible packaged remuneration items.

(ii) Mr W Tickner was appointed CEO of Omnix on acquisition on 22 Aug 2008.

(iii) Ms M Woods resigned on 31 December 2008.

Employment Contracts

Details of contracts between executive directors and executives of Powerlan and certain controlled entities are as follows:

Name	Contract	Duration	Notice	Termination Payment
Dr I Campbell *	No	N/A	N/A	N/A
Mr J Newbery	Yes	-	3 months	6 months
Mr R McWalter	Yes	-	3 months	6 months
Mr W Tickner	Yes	-	6 months	6 months

* No contract has been entered into with Dr I Campbell. However, CPS, of which Dr Campbell is a Director, is recharging Powerlan for the time spent by Dr Campbell in his capacity as Executive Chairman.

Equity Instrument Disclosures Relating to Directors and Executives

Option Holders

There are no options outstanding for directors or executives.

Shareholdings

The number of ordinary shares in Powerlan held during the year by each director and each of the executives of the Group, including their personally-related entities are set out below.

	Balance at start of the year 1 July 2008	Received during year on the exercise of options	Other changes during the year	Balance at end of the year 30 June 2009
Directors				
Dr I Campbell	33,221,024	-	-	33,221,024
Mr I Lancaster	1,431,200	-	-	1,431,200
Total	**34,652,224**	**-**	**-**	**34,652,224**

Directors' Interests in Shares or Options

The relevant interest of each director in the shares and options issued by Powerlan, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act, 2001, at the date of this report is as follows:

Powerlan Limited	Ordinary shares	Options
Dr I Campbell	33,221,024	-
Mr G Harrington	-	-
Mr I Lancaster	1,431,200	-
Ms F McLeod	-	-
Total	**34,652,224**	**-**

Director's Interests in Contracts

Director's interests in contracts are disclosed in Note 21 to the financial statements.

Directors' Meetings

Directors' meetings were held on 7 occasions during the financial year. Attendance at meetings by each of the directors of the Company during the financial year was as follows:

	Board		Audit Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Dr I Campbell	7	6	N/A	N/A	N/A	N/A
Mr G Harrington	7	6	3	3	N/A	N/A
Mr I Lancaster	7	7	3	3	1	1
Ms F McLeod	7	6	N/A	N/A	1	1

Indemnification and insurance of officers

The Company has entered into an agreement with American Home Assurance Company to provide Directors and Officers Insurance cover. The cost for the insurance policy for the year ended 30 June 2009 was $42,387 (2008: $38,405).

Powerlan has not indemnified or agreed to indemnify the auditor of the Company or any related body corporate against a liability incurred by the auditor.

Options

No options were granted by Powerlan to the directors or the executives during the financial year ended 30 June 2009, or since that date.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 3 (e) to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided by PKF means that the auditor's independence requirement under the Corporations Act 2001 was not compromised, for the following reasons:

- all non-audit services have been received and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for the Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration in relation to the audit for the financial year is provided on page 15 of this report as required under Section 307C of the Corporations Act 2001.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars unless otherwise indicated.

Dated at Sydney on this 31st day of August 2009.

Signed in accordance with a resolution of the directors.

Dr I Campbell
Chairman

I Lancaster
Director

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To: The Directors of Powerlan Limited

As lead auditor for the audit of Powerlan Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Powerlan Limited and the entities it controlled during the year.

PKF

PKF

P E Bull

Paul Bull
Partner

Sydney
31 August 2009

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

Corporate Governance Statement

Given the size, nature, complexity and ownership structure of Powerlan, the Board is working towards an appropriate level of compliance with all of the revised Principles, as outlined in this Statement.

Principle 1 - Lay Solid Foundations for Management and Oversight

The directors have responsibility for the overall corporate governance of Powerlan and its divisions and for protecting the rights and interests of the shareholders.

Primary responsibilities of the Board include:

- the establishment of long-term goals and strategic plans for the Group and individual divisions to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Group and monitoring of the results against those budgets;
- the approval of the annual and half-yearly financial statements; and
- ensuring the Group has adequate internal control procedures together with appropriate monitoring of compliance activities.

The performance of senior executives is evaluated annually and submitted to the Remuneration Committee for review of performance against agreed KPIs. This process was conducted during the current reporting period.

Principle 2 - Structure the Board to Add Value

The composition of the Board is determined using the following guidelines:

- the Board should comprise between three and twelve directors, with a majority being non-executive members; and
- the Chairman of the Board should be an independent non-executive director.

Powerlan complies with this Principle except for:

- the Chairman of the Board is not independent;
- the Board needs to establish a nomination committee or to define the nomination function as one which is part of normal Board business; and
- disclosure of the process for evaluation of the Board, Committees and individual directors.

The size and nature of the business, plus the ownership structure, do not justify complete compliance with this Principle.

Principle 3 - Promote Ethical and Responsible Decision Making

All directors and officers of Powerlan are required to discharge their responsibilities ethically and with integrity. The Group’s code of conduct requires:

- conflicts of interest to be disclosed to the Board at the earliest possible opportunity;
- directors and executives to act in the best interests of the Group;
- that all Group information be deemed confidential;
- the Group to comply with all relevant laws and legislation;
- Group assets to be only used for legitimate business purposes; and
- unlawful and unethical behaviour to be reported to the Board, in confidence.

Powerlan has a policy in place which defines permitted trading windows for directors, executives or their related entities in Powerlan securities. A summary of the Code of Conduct and the Trading policy is being developed to disclose on the Company’s website.

POWERLAN

Principle 4 - Safeguard Integrity in Financial Reporting

The Chief Executive Officer provides the Board with annual written confirmation that the Group's financial statements present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

The Board comprises a majority of independent non-executive directors. An Audit Committee reviewed and provided a recommendation to the Board on the annual financial statements.

The responsibilities of the Audit Committee include:

- overseeing the existence and maintenance of internal controls and accounting systems;
- providing assurance regarding the quality and reliability of financial information prepared for use by the Board;
- to provide a recommendation to the Board on the annual and half yearly financial statements;
- defining appropriate accounting policies; and
- nominating external auditors and review external audit arrangements;

Powerlan complies with this Principle, except that a formal Charter for the Audit Committee is in the process of being formally adopted, but is not yet in place.

Principle 5 - Make Timely and Balanced Disclosure

The Company Secretary is the nominated ASX Communication Officer and is responsible for discharging the Company's continuous disclosure obligations in accordance with ASX Listing Rules and managing the disclosure of information to ASX, analysts, brokers, shareholders, the media and the public.

The Board is responsible for ASX compliance and review disclosure at each Board meeting.

Powerlan complies with the disclosure requirements of this Principle, except that a formal policy on continuous disclosure is not in place due to the size and complexity of the Group's business. Also, the requirement to disclose a summary of the Group's policies and procedures on the Powerlan website is in progress but not yet completed.

Principle 6 - Respect the Rights of Shareholders

The Group respects the rights of shareholders and provides information through:

- the Annual Report being made available to all shareholders through the Company website or through specific distribution, if requested;
- the half yearly financial statements;
- Investor information provided on the Company's website;
- Group announcements made to the ASX;
- questions raised by shareholders are addressed by the Chief Executive Officer; and
- other correspondence regarding matters impacting shareholders as required.

Powerlan complies with this Principle.

Principle 7 - Recognise and Manage Risk

The Board intends to fully comply with this Principle as it acknowledges the importance of sound risk management systems and effective internal controls. The Board is committed to identifying, quantifying and managing risk.

Directors receive regular reports from management on areas of material financial and non-financial business risk and on the management of those risks. This reporting process has been in place throughout the reporting period. A formal risk management policy that describes the risk management framework and key risk management processes is also currently being developed.

The Board has received formal assurance from the Chief Executive Officer in relation to financial reporting risks during the approval process for this Annual Report.

Principle 8 – Remunerate Fairly and Responsibly

The Board has established a Remuneration Committee charged with reviewing the remuneration levels of directors and executives. A formal charter for this committee is under development. There are no schemes in place for non-executive directors as described in recommendation 8.2.

The Board intends to have summaries of key group policies published on the Company's web site as soon as practically possible.

POWERLAN

Income Statement

For the year ended 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Revenue	2a	38,616	22,500	-	56
Other income	2b	633	1,402	3,732	2,656
Expenses, excluding finance costs and impairment	3(a)	(44,503)	(37,676)	(12,138)	(17,687)
Impairment of intangible assets/write down of investments	3(b),10	(5,438)	-	(5,438)	-
Finance costs	3(c)	(766)	(495)	(766)	(490)
Loss from continuing operations before income tax		**(11,458)**	**(14,269)**	**(14,610)**	**(15,465)**
Income tax expense	4(d),11	(172)	(1,333)	(16)	(1,317)
Loss from continuing operations after income tax		**(11,630)**	**(15,602)**	**(14,626)**	**(16,782)**
Profit/(loss) from discontinued operations	5	(823)	1,784	-	-
Loss attributable to minority interest		646	-	-	-
Loss attributable to members of the parent entity		**(11,807)**	**(13,818)**	**(14,626)**	**(16,782)**
Total Operations					
Basic and diluted earnings per share (cents per share)		(14.31)	(17.89)		
Continuing Operations					
Basic and diluted earnings per share (cents per share)	22	(13.31)	(20.20)		
Discontinued Operations					
Basic and diluted earnings per share (cents per share)	22	(1.00)	2.31		
Dividends per Ordinary Share	18	-	-		

The income statement is to be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Current Assets					
Cash and cash equivalents	28(a)	2,228	1,688	67	673
Trade and other receivables	6	7,285	8,217	114	1,357
Inventories	7	9,899	1,972	-	-
Total Current Assets		**19,412**	**11,877**	**181**	**2,030**
Non-Current Assets					
Trade and other receivables	6	-	273	113	1,361
Other financial assets	8	-	-	13,590	17,493
Property, plant & equipment	9	669	458	143	173
Intangible assets	10	14,665	18,939	-	-
Deferred tax assets	11	944	814	768	814
Total Non-Current Assets		**16,278**	**20,484**	**14,614**	**19,841**
Total Assets		**35,690**	**32,361**	**14,795**	**21,871**
Current Liabilities					
Trade and other payables	12	11,178	8,797	860	1,082
Short term provisions	13	1,552	1,231	129	69
Deferred tax liability	11	48	-	-	-
Borrowings	14	10,502	-	10,502	-
Other financial liabilities	15	4,404	2,770	-	-
Total Current Liabilities		**27,684**	**12,798**	**11,491**	**1,151**
Non-Current Liabilities					
Trade and other payables	12	4,799	5,087	3,067	5,882
Long term provisions	13	352	281	25	**-**
Total Non-Current Liabilities		5,151	**5,368**	**3,092**	**5,882**
Total Liabilities		**32,835**	**18,166**	**14,583**	**7,033**
Net Assets		**2,855**	**14,195**	**212**	**14,838**
Equity					
Issued capital	16	148,935	148,935	148,935	148,935
Reserves		1,077	926	-	-
Minority Interest		316	-	-	-
Accumulated losses		(147,473)	(135,666)	(148,723)	(134,097)
Total Equity		**2,855**	**14,195**	**212**	**14,838**

The balance sheet is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2009	Issued Capital $'000	Foreign Currency Reserve $'000	Share Option Reserve $'000	Minority Interest $'000	Accumul -ated Losses $'000	Total $'000
Attributable to equity holders of the consolidated entity						
Balance at 1 July 2008	**148,935**	**926**	**-**	**-**	**(135,666)**	**14,195**
Net loss attributable to members of the consolidated entity	-	-	-	-	(11,807)	(11,807)
Total income and expenses recognised for the period	-	-	-	-	(11,807)	(11,807)
Loss attributable to minority interest	-	-	-	(646)	-	(646)
Minority Interest on acquisition	-	-	-	962	-	962
Adjustments from translation of foreign controlled entities	-	151	-	-	-	151
Balance at 30 June 2009	**148,935**	**1,077**	-	**316**	**(147,473)**	**2,855**
Balance at 1 July 2007	**138,713**	**222**	**-**	**-**	**(121,848)**	**17,087**
Net loss attributable to members of the consolidated entity	-	-	-	-	(13,818)	(13,818)
Total income and expenses recognised for the period	-	-	-	-	(13,818)	(13,818)
Shares issued during the year	10,222	-	-	-	-	10,222
Adjustments from translation of foreign controlled entities	-	704	-	-	-	704
Balance at 30 June 2008	**148,935**	**926**	-	**-**	**(135,666)**	**14,195**
Attributable to equity holders of the Company						
Balance at 1 July 2008	**148,935**	-	-	-	**(134,097)**	**14,838**
Net loss attributable to members of the parent entity	-	-	-	-	(14,626)	(14,626)
Total income and expenses recognised for the period	-	-	-	-	(14,626)	(14,626)
Balance at 30 June 2009	**148,935**	**-**	**-**	-	**(148,723)**	**212**
Balance at 1 July 2007	**138,713**	-	-	-	**(117,315)**	**21,398**
Net loss attributable to members of the parent entity	-	-	-	-	(16,782)	(16,782)
Total income and expenses recognised for the period	-	-	-	-	(16,782)	(16,782)
Shares issued during the year	10,222	-	-	-	-	10,222
Balance at 30 June 2008	**148,935**	**-**	**-**	-	**(134,097)**	**14,838**

This statement of changes in equity is to be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Cash flows from operating activities					
Receipts from customers		34,214	20,316	85	668
Payments to suppliers and employees		(43,669)	(33,768)	(3,030)	(3,641)
Interest received		33	397	25	375
Finance costs		(15)	(495)	(14)	(490)
Dividends received		-	96	-	96
Net cash used in operating activities	28(b)	**(9,437)**	**(13,454)**	**(2,934)**	**(2,992)**
Cash flows from investing activities					
Purchase of property, plant & equipment	9	(331)	(282)	(45)	(99)
Proceeds from sale of property, plant & equipment		-	65	-	-
Payment for subsidiary and business, net of cash acquired	24(b)	(1,007)	-	(1,536)	-
Proceeds from sale of shares, net		1,249	9,452	1,249	9,452
Proceeds from sale of subsidiaries, net		-	(143)	-	(143)
Net cash provided by/(used in) investing activities		**(89)**	**9,092**	**(332)**	**9,210**
Cash flows from financing activities					
Proceeds from issue of shares, net of expenses		-	10,222	-	10,222
Repayment of borrowings		-	(8,653)	-	(8,653)
Loan proceeds from related parties		13,500	155	13,500	155
Loan proceeds repaid to related parties		(3,750)	(5,180)	(3,750)	(5,180)
Minority interest contribution		316	-	-	-
Loan proceeds paid to wholly owned subsidiaries		-	-	(7,090)	(10,391)
Net cash provided by/(used in) financing activities		**10,066**	**(3,456)**	**2,660**	**(13,847)**
Net increase/(decrease) in cash and cash equivalents		**540**	**(7,818)**	**(606)**	**7,629**
Cash at the beginning of the financial year		1,688	9,506	673	8,302
Cash at the end of the financial year		**2,228**	**1,688**	**67**	**673**

This cash flow statement is to be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies

a) Introduction

The financial statements cover the consolidated entity of Powerlan Limited and controlled entities (the "Group"), and Powerlan Limited ("Powerlan" or the "Company") as an individual parent entity. Powerlan is a listed public company incorporated and domiciled in Australia.

Operations and principal activities

The principal activities of the Group constituted by the Company and the entities it controlled during the financial year were application development and provision of related services.

Scope of financial statements

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and interpretations, adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements of Powerlan Limited and controlled entities, and Powerlan Limited as an individual parent entity, comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety ensuring that the financial statements and notes also comply with the International Financial Reporting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Currency

The financial statements are presented in Australian currency and rounded to the nearest thousand dollars unless otherwise stated. This is Powerlan's functional and presentation currency.

Reporting period

The financial statements are presented for the year ended 30 June 2009. The comparative reporting period is for the year ended 30 June 2008.

Registered office

Level 3
15, Blue Street
North Sydney NSW 2060

Authorisation of financial statements

The financial statements were authorised for issue on the 31 August 2009 by the Directors.

The following is a summary of the material accounting policies adopted by the Group and Powerlan in the preparation of the financial statements. These accounting policies have been consistently applied, unless otherwise stated.

b) Basis of Preparation – Going Concern

The principal accounting policies adopted by the Group, comprising of the parent entity Powerlan and its controlled entities, are stated in order to assist in the general understanding of the financial statements.

The financial statements are prepared on a going concern basis despite the Company recording a loss of $14.6 million (2008: loss $16.8 million) and the Group recording a loss for the year of $11.8 million (2008: $13.8 million) and the Group having current liabilities of $8.6 million (30 June 2008: $921 thousand) in excess of current assets. Further, the terms of the major credit facility utilised by the Company as well as the Group supplied by CPS Group Investments Pty Ltd ("CPS") as trustees for Powerlan Investment Trust, which owns 40.25% of the share capital in Powerlan, requires repayment within 48 hours of demand in writing. Details of the funding facility can be found in Note 25. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company as well as the Group's ability to continue as a going concern. Notwithstanding the current and prior period losses and negative operating cash flows, the directors are confident that the Company as well as the Group will achieve profitability as a result of the improved operating performance of each of the divisions over the last 12 months. Furthermore, Dr Ian Campbell, the Chairman of the Group and of its major shareholder, CPS, has agreed to continue to provide financial support provided steps are taken to privatise Powerlan and delist the Company. Dr Campbell has presented a proposal to the Board that involves implementing a selective capital reduction, whereby the Company will purchase and cancel the shares of all shareholders, other than those of a select group. The price per share that Dr Campbell has proposed is $0.09 per share. Dr Campbell will be advancing to the Company the funds to enable the selective capital reduction to be implemented. Refer to Note 27 on subsequent events.

The Company as well as the Group's ability to continue as a going concern is therefore dependent upon the support of Dr Campbell and CPS

After taking into account all of the available information, including the following factors:

- continued financial support from the Chairman of the Group and from CPS subject to privatisation of the Company;
- the pipelines in each of the divisions and their improved operational performance; and
- ongoing prudent cost management being undertaken across the Group;

the directors have concluded that there are reasonable grounds to believe that the going concern basis for the preparation of the financial statements is appropriate.

No adjustments were made to the financial statements in relation to this uncertainty.

c) Significant Judgement and Key Assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The following key assumptions have been made concerning the future and the other key sources of estimation uncertainty at the balance date:

Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. An impairment of $5.4 million has been recognised in respect of the carrying value of the goodwill relating to IMX Software for the year ended 30 June 2009.

Should the actual turnover figures differ significantly from the budgeted figures incorporated in value-in-use calculations then an impairment loss would be recognised, up to the maximum carrying value of goodwill at 30 June 2009, amounting to $ 14,665,039.

Key judgements –provision for impairment of receivables

The directors believe that a provision for impairment of receivables of $1,588,217 is required to cover the debt recoverable from customers as at 30 June 2009.

Key judgements – Accrued revenue

Accrued revenue represents earned revenue which has been calculated on a percentage of completion basis and which has not yet been invoiced. The calculation of revenue recognised on a percentage of completion basis over the period of installation, implementation and provision of services requires accurate forecasts of costs to completion which are generally difficult to ascertain and are therefore subject to judgement.

d) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the Group. A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets comprise of trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest method.

Investments in subsidiaries not included in the above categories are reflected at cost less any impairment of value.

Financial liabilities comprising trade and other payables, provisions and other borrowings are measured at amortised cost using the effective interest method. Trade accounts payable represent the principal amounts outstanding at the balance date plus, where applicable, any accrued interest.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectibility.

e) Consolidation Policy

The operating results of controlled entities are included from the date control is obtained and until the date control ceases. The effects of all transactions, including any unrealised profit or losses, between entities in the Group have been eliminated on consolidation. Details of controlled entities are contained in Note 19 to the financial statements. Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial statements.

The consolidated financial statements comprise the accounts of Powerlan and all of its controlled entities. Control exists where Powerlan has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Powerlan to achieve the objectives of Powerlan.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

f) Revenue Recognition

Revenue represents the fair value of the consideration received or receivable from clients for goods and services provided by the Group, net of discounts and taxes

Sale of goods including licence fees

Revenue from sale of goods is recognised when a signed contract exists, delivery to a customer has occurred with no significant vendor obligations remaining and where the collection of the resulting receivable is considered probable.

Delivery of software in conjunction with services to be rendered is recognised on percentage of completion basis measured at cost plus profit recognised to date less provision for foreseeable losses. Where losses are anticipated they are provided for in full.

Revenue from rendering of services

Revenue received in relation to maintenance contracts is initially credited to unearned revenue and is then recognised on a straight line basis over the period of the contract.

Work in progress in relation to services rendered is recognised on percentage of completion basis measured at cost plus profit recognised to date less provision for foreseeable losses. Where losses are anticipated they are provided for in full.

Interest revenue

Interest revenue is recognised using the effective yield basis.

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be recovered and the Group will comply with all conditions.

Dividend revenue

Dividend revenue is recognised upon receipt of the dividend.

g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight-line basis over their estimated useful life of the asset where it is likely that the Group will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefits are diminished.

Lease incentives under operating leases will be recognised as liabilities. The incentives are recognised as a reduction of expenses on a straight line basis unless another systematic basis is more representative of the time pattern in which benefits are diminished.

h) Income Taxes

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets/(liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that a future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Tax consolidation

Powerlan and its wholly owned Australian controlled entities have implemented the tax consolidation as of 1 July 2003.

The head entity, Powerlan, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts and in addition to its own amounts also recognise the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amount assumed and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to or distribution from the wholly owned tax consolidated entities.

i) Inventories

Work in progress is recognised on the percentage of completion basis measured at cost plus profit recognised to date less provision for foreseeable losses. Where losses are anticipated they are provided for in full.

j) Receivables

Trade accounts receivables and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, provision for doubtful accounts.

k) Borrowings

Loans and borrowings are recognised in the financial statements on the basis of the nominal amounts at the balance date plus accrued interest. Borrowing costs are recognised as an expense in the financial statements in the period in which they are incurred.

l) Property, Plant & Equipment

Freehold land, buildings and plant and equipment are stated at cost.

All items of property, plant and equipment other than freehold land are depreciated at the following rates using the straight line method.

- plant and equipment at between 20% and 40%;
- furniture and fittings at 13%; and
- leasehold improvements, over the period of the lease.

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss on disposal.

An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

m) Intangibles

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is recognised as an asset and not amortised, but tested for impairment at the reporting date. Wherever there is an indication that the goodwill may be impaired, the impairment is recognised in the income statement. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Research & development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

n) Impairment of Assets

At each reporting date, Management reviews the carrying values of its intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Impairment testing is performed at the reporting date for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

o) Contingent Liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

p) Short-term Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Group has a present obligation to pay resulting from employee services provided up to the reporting date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs.

The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

q) Long-term Employee Benefits

Long-term employee benefits include long-service leave, long-term disability benefits, deferred compensation and profit sharing and bonuses payable 12 months or more after the end of the period in which employee service are rendered.

These benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. These cash flows are discounted using market yields on national government bonds with terms to maturity that match expected timings of cash flows.

r) Events after the Balance Date

Assets and liabilities are adjusted for events occurring after the balance date that provide evidence of conditions existing at the balance date. Important after balance date events which do not meet these criteria are disclosed in Note 27.

s) Cash and cash equivalents

Cash and cash equivalents comprise:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
- investments in money market instruments; and
- cash in transit.

t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, then it is recognised as part of the cost of acquisition of an asset or part of an item of expense. Receivables and payables are recognised inclusive of GST.

Gross amounts of GST recoverable from, or payable to, the taxation authority are included as part of receivables or payables.

u) Foreign Currency Transactions and Balances

Foreign currency transactions occurring during the year are converted to Australian currency using the spot rate at the date of the transactions. Foreign currency monetary items outstanding at the reporting date are translated at the spot rate at the reporting date. Exchange differences are recognised as revenues or expenses in the income statement in the period in which exchange rates change, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Transaction differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are included in the fair value reserve in equity.

v) Superannuation

Contributions are made by the Group to employee superannuation funds which provide accumulated benefits to employees. Contributions are paid monthly and charged as an expense when incurred.

w) Adoption of new and revised accounting standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Group and Company but are not yet effective (this list is not complete, but represents the standards that apply to the Group). They have not been adopted in preparing of the financial statements at the reporting date.

AASB 8 'Operating Segments'	Effective for annual reporting periods beginning on or after 1 January 2009. AASB 8 will result in a change in the segment disclosures presented in the financial statements such that the segments presented will not be based on primary and secondary segments but reflect those segments and amounts regularly reviewed by the entity's chief operating decision maker. While the amounts presented in the financial statements will not change, the amounts presented in the segment reporting note may differ to those currently presented as a result of AASB 8 requiring the amounts presented to be based on those seen by the entity's chief operating decision maker.

AASB 101 'Presentation of Financial Statements' – Amended	Effective for annual reporting periods beginning on or after 1 January 2009. AASB 101 amended changes how an entity presents changes in equity and especially how it reports changes in equity that arise from transactions with owners in their capacity as owners. The amended standard also changes presentation and terminology of the primary financial statements. The new rules do not change the recognition, measurement or disclosure of specific transactions and other events. The introduction of AASB 101 (amended) will not have a material impact on the amounts presented within the financial statements but it likely to result in a substantial change in the presentation and terminology of the primary financial statements.
AASB 3 'Business combinations (Amended)	Effective for annual reporting periods beginning on or after 1 July 2009. Adoption of the revised AASB 3 is likely to result in substantial changes in the way in which the Group accounts for business combinations. The Group has been unable to assess (as at authorisation of these financial statements) the financial impact of this change on the Group's financial statements in the period of initial application.

x) Comparative Figures

Comparative figures where required by accounting standards, the reclassification of comparatives has been performed in order to conform to the changes in presentation for the current financial year.

y) Rounding of Amounts

Powerlan has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000.

Note 2: Revenue

			CONSOLIDATED		THE COMPANY	
For the year ended 30 June			2009	2008	2009	2008
		Note	$'000	$'000	$'000	$'000
(a)	**Revenue**					
	Sale of goods		15,404	10,108	-	56
	Services revenue		23,212	12,392	-	-
	Total sales revenue		38,616	22,500	-	56
(b)	**Other income**					
	Interest received		33	397	3,628	2,457
	Realised foreign currency gain		361	-	10	-
	Write back of liabilities no longer required		169	729	89	-
	Dividends received		-	96	-	96
	Export market grants	2(c)	-	20	-	-
	Bad Debts recovered		-	1	-	1
	Other		70	159	5	102
	Total other income		633	1,402	3,732	2,656
	Total revenue		**39,249**	**23,902**	**3,732**	**2,712**

(c) Government grants

Export market development grants of $ Nil (2008: $19,533) were recognised as other income by the Group during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

Note 3: Loss from continuing operations

			CONSOLIDATED		THE COMPANY	
For the year ended 30 June			2009	2008	2009	2008
		Note	$'000	$'000	$'000	$'000
Loss from continuing operations includes:						
(a)	**Expenses, excluding finance costs**					
	Cost of sales		10,647	8,817	-	-
	Operating lease - minimum lease payments		1,691	1,292	254	375
	Depreciation of property, plant & equipment		521	299	74	82
	Travel expenses		2,671	2,310	134	252
	Impairment of loans to controlled entities		-	-	-	514
	Provision for impairment of loans to controlled entities		-	-	12,600	14,181
	Provision for doubtful debts		-	560	-	-
	Employee benefit expenses		24,184	18,505	1,582	1,684
	Corporate overhead charge		-	-	(3,568)	(2,031)
	Realised foreign exchange loss		-	225	5	-
	Unrealised foreign exchange loss		341	-	-	-
	Professional fees		898	746	487	402
	Amortisation of contracts acquired		490	-	-	-
	Bad debts written off		-	110	-	-
	Loss on financial assets at fair value through profit and loss		-	1,739	-	1,739
	Other expenses		3,060	3,073	570	489
	Total expenses, excluding finance costs and impairment		**44,503**	**37,676**	**12,138**	**17,687**

Note 3: Loss from continuing operations (cont'd)

			CONSOLIDATED		THE COMPANY	
For the year ended 30 June			2009	2008	2009	2008
		Note	$'000	$'000	$'000	$'000
(b)	**Impairment of assets**					
	Impairment of goodwill	10	5,438	-	5,438	-
(c)	**Finance costs**					
	Finance cost includes:					
	- other persons		15	495	15	490
	- director related CPS Group Investments Pty Limited		751	-	751	-
	Total finance costs		**766**	**495**	**766**	**490**
(d)	**Individual (revenues)/expenses included in loss from continuing operations before income tax expense include:**					
	Changes of provisions for:					
	- movement in impairment receivables		(813)	(487)	-	-
	- employee entitlements		(292)	10	(85)	38
	- net loss on disposal of property, plant & equipment		-	(3)	-	-
(e)	**Auditor's remuneration**					
	Remuneration of the auditor of the parent entity for:		**$**	**$**	**$**	**$**
	- audit and review of the financial statements		243,262	173,800	200,750	162,800
	- tax compliance & other services		132,001	257,020	128,641	251,685

Note 4: Income tax

For the year ended 30 June		Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
(a)	**Income tax expense**					
	Income tax expense comprises:		-	-	-	-
	Foreign tax credits written off		(172)	(1,333)	(16)	(1,317)
	Deferred tax – temporary differences		-	-	-	-
(b)	**Prima facie tax expense/(benefit) calculated at 30% (2007: 30%) on the loss from continuing operations**					
	- consolidated entity		(3,542)	(4,145)		-
	- parent entity		-	-	(4,388)	(5,034)
	- other members of the income tax consolidated group		-	-	-	-
			(3,542)	(4,145)	(4,388)	(5,034)
	Add/(deduct) tax effect of :					
	- non-allowable items		421	2,424	4,355	4,542
	- net temporary differences reversed		(1,849)	(366)	(52)	(15)
	- benefit on tax losses not recognised		(2,114)	2,087	85	507
Income tax (benefit)/expense attributable to loss from continuing operations			**-**	**-**	**-**	**-**
(c)	**Unrecognised temporary differences**					
	Deferred tax assets not brought to account, the benefits of which will only be recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.					
	Net temporary differences		236	818	236	818
(d)	**Deferred tax – foreign tax credits**					
	Foreign tax credits written off	11	172	1,333	16	1,317

(e) **Unrecognised tax losses**

The Powerlan tax consolidated group has not brought to account any tax losses. It is currently assessing the quantum of losses that are available to offset against future tax profits.

Note 5: Discontinued operations

		CONSOLIDATED		THE COMPANY	
For the year ended 30 June		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Discontinued operations represents companies which are in the process of being closed down and do not conduct any business.					
(a) Financial performance					
Revenues					
Write back of liabilities no longer required		-	2,897	-	-
Total revenue		**-**	**2,897**	**-**	**-**
Expenses, excluding finance costs					
Lease rental expenses		5	4	-	-
Professional fees		53	13	-	-
Other expenses		4	2	-	-
Total expenses, excluding finance costs		**62**	**19**	**-**	**-**
Finance costs					
Finance costs expense					
- other persons		761	1,094	-	-
Total finance costs		**761**	**1,094**	**-**	**-**
Profit/(loss) from discontinued operations		**(823)**	**1,784**	**-**	**-**
Income tax expense/benefit		-	-	-	-
Profit/(loss) after income tax from discontinued operations attributable to parent		**(823)**	**1,784**	**-**	**-**

(b) Cash flow information

The net cash flows of the discontinued operations which have been incorporated into the cash flow statement are as follows:

	2009	2008	2009	2008
Net cash outflow from operating activities	(1,072)	(19)	-	-
Net cash inflow from financing activities	1,069	-	-	-
Net cash used in discontinued operations	**(3)**	**(19)**	**-**	**-**

Note 5: Discontinued operations (cont'd)

For the year ended 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
(c) Carrying amounts of assets and liabilities					
Fair value of assets and liabilities of discontinued operations					
Cash and cash equivalents		11	14	-	-
Trade and other receivables		-	-	-	-
Other financial assets		-	-	-	-
Property, plant & equipment		-	-	-	-
Total assets		**11**	**14**	**-**	**-**
Trade and other payables		6,042	6,290	-	-
Provisions		-	-	-	-
Total liabilities		**6,042**	**6,290**	**-**	**-**
Net liabilities		**(6,031)**	**(6,276)**	**-**	**-**

(d) Details of sale

On 18 September 2008, the Company received an additional payment from Bravura Solutions Limited ("Bravura") of $1.2 million ($2008: 8.1million) relating to the finalsition of the 2007 sale of its wholly owned subsidiary Garradin Pty Limited ("Garradin") to Bravura, bringing the total proceeds from the sale to $10 million, net of cash transferred.

Note 6: Trade and other receivables

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Current					
Trade receivables		7,640	7,074	-	-
Provision for impairment of receivables		(1,588)	(775)	-	-
Prepayments		545	527	99	81
Deposits		322	31	-	-
Receivable on sale of Garradin	5(d)	-	1,249	-	1,249
Other		366	111	15	27
Total current trade and other receivables		**7,285**	**8,217**	**114**	**1,357**
Non-Current					
Amounts receivable from subsidiaries of ultimate parent entity		-	-	51,790	45,618
Provision for impairment of receivables		-	-	(51,677)	(44,257)
Deposits		-	273	-	-
Total non-current trade and other receivables		**-**	**273**	**113**	**1,361**

Fair Values
The carrying amount of trade and other receivables approximate fair value.

Effective Interest Rates and Credit Risks
Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in Note 23.

The ageing of trade receivables is detailed below:

As at 30 June	Note	CONSOLIDATED 2009 $'000	$'000	CONSOLIDATED 2008 $'000	$'000
		Gross	*Allowance*	*Gross*	*Allowance*
Not past due		3,859	-	3,243	-
Past due 0 - 30 days		663	-	439	-
Past due 31 - 60 days		88	-	284	-
Past due 61 - 90 days		458	-	210	-
Past due 91 days		2,572	1,588	2,898	775
Total receivables		**7,640**	**1,588**	**7,074**	**775**

Current trade receivables are generally on 45-day terms. However, considering the nature of the business and the markets in which the Group operates, average collection is close to 90 days and all receivable past due unless provided for are considered recoverable. There are no trade receivables in the Company (2008: $nil).

The movement in the allowance for doubtful debts in respect of trade receivables is detailed below:

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Opening balance		775	288	-	-
Additional provisions		634	560	-	-
Addition on acquisition		261	-	-	-
Amounts used		(124)	-	-	-
Amounts reversed		-	(46)	-	-
Foreign currency exchange differences		42	(27)	-	-
Closing balance		**1,588**	**775**	**-**	**-**

Note 7: Inventories

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Work in progress - at cost		9,899	1,972	-	-
Total inventories		**9,899**	**1,972**	**-**	**-**

Note 8: Investments

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Shares in unlisted controlled entities - at cost		-	-	13,590	17,493
Total investments		**-**	**-**	**13,590**	**17,493**
Reconciliation of carrying amount of investment:					
Balance at beginning of year		-	-	17,493	17,493
Acquisition of Omnix	24 (b)	-	-	1,535	-
Impairment losses recognised in income statement		-	-	(5,438)	-
Balance at end of year		**-**	**-**	**13,590**	**17,493**

Note 9: Property, Plant & Equipment

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Plant & equipment - at cost		5,190	4,529	2,620	2,570
Less: accumulated depreciation		(4,545)	(4,118)	(2,481)	(2,399)
		645	**411**	**139**	**171**
Leasehold improvements - at cost		594	403	-	-
Less: accumulated depreciation		(580)	(361)	-	-
		14	**42**	**-**	**-**
Furniture & fittings - at cost		816	714	421	417
Less: accumulated depreciation		(806)	(709)	(417)	(415)
		10	**5**	**4**	**2**
Total property, plant & equipment		**669**	**458**	**143**	**173**

	Plant & Equipment $'000	Leasehold improvement $'000	Furniture & Fittings $'000	Total $'000
Movements in carrying amounts				
Consolidated entity				
Balance at beginning of year	411	42	5	458
Additions	323	0	8	331
Additions on acquisition	369	28	4	401
Disposals	-	-	-	-
Depreciation expense	(458)	(56)	(7)	(521)
Balance at end of year	**645**	**14**	**10**	**669**
The Company				
Balance at beginning of year	171	-	2	173
Additions	41	-	4	45
Disposals	(1)	-	-	(1)
Depreciation expense	(72)	-	(2)	(74)
Balance at end of year	**139**	**-**	**4**	**143**

Note 10: Intangible Assets

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Carrying value of goodwill		14,665	18,939	-	-
Net carrying value of goodwill		**14,665**	**18,939**	**-**	**-**
Reconciliation of carrying amount of goodwill:					
Balance at beginning of year		18,939	18,939	-	-
Acquisition of Omnix and Viper intellectual property		1,654	-	-	-
Impairment losses recognised in income statement		(5,438)	-	-	-
Amortisation recognised in income statement – Omnix		(451)	-	-	-
Amortisation recognised in income statement – Viper		(39)	-	-	-
Balance at end of year		**14,665**	**18,939**	**-**	**-**
Goodwill is allocated to cash generating units which are based on the Group's reporting segments.					
Clarity		13,501	13,501	-	-
IMX Software		-	5,438	-	-
Omnix Holdings	24(a)	943	**-**	-	-
Viper intellectual property		221	**-**	-	-
Total goodwill		**14,665**	**18,939**	**-**	**-**

The recoverable amount of each cash generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of Management approved cash flow projections over a 4-year period for Clarity and IMX and over a 3-year period for others and by using a terminal value at the end of the 4-year or 3-year period as the case may be. The cash flows are discounted using an industry appropriate Weighted Average Cost of Capital ("WACC") at the beginning of the budget period.

The summary of key assumptions used to the carrying value of each CGU :

	Growth rates %		Discount rates %		Terminal value growth rates %	
As at 30 June	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Clarity	8.4	44.8	23.2	18.5	2.5	2.5
IMX Software	15.0	57.0	23.2	18.5	2.5	2.5
Omnix Holdings	34.9	-	23.2	**-**	2.5	**-**
Viper intellectual property	37.9	-	23.2	-	2.5	-

The carrying value of goodwill is most sensitive to the following assumptions and the potential impact has been determined when both sensitivities are applied simultaneously:

	Discount rates %	Terminal value growth rates %	$'000
Low	+2.5	-0.5	(655)
High	-2.5	+0.5	158

Note 10: Intangible Assets (cont'd)

Management has based the value-in-use calculations on budgets prepared for each cash generating unit. These budgets use a combination of current sales pipeline, historical weighted average and industry growth rates to project revenues. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with the inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

In accordance with AASB136 (Impairment of fixed assets and goodwill) the carrying value of the Group's subsidiary undertakings has been compared to their recoverable amounts, represented by their value-in-use to the Group. The review has resulted in an impairment charge of $5.4 million (2008: Nil) in respect of Powerlan's investment in IMX Software.

Note 11: Deferred Tax Assets/Liability

		CONSOLIDATED		THE COMPANY	
As at 30 June		**2009**	**2008**	**2009**	**2008**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Withholding tax credits		944	814	768	814
Total deferred tax assets		**944**	**814**	**768**	**814**
Omnix contracts		48	-	-	-
Total deferred tax liabilities		**48**	**-**	**-**	**-**

The movement in deferred tax assets during the year is the net of withholding tax credits received, less withholding tax credits written off and is debited to tax expense in the income statement.

A deferred tax liability of $184 thousand had been recognised during the year on acquisition of Omnix Holdings Limited and an amount of $136 thousand has been credited to tax expense in the income statement on account of intangibles amortised during the year. Refer note 24.

Note 12: Trade and Other Payables

		CONSOLIDATED		THE COMPANY	
As at 30 June		**2009**	**2008**	**2009**	**2008**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Current					
Trade payables		2,452	2,158	259	417
Accruals		6,694	4,930	339	327
Other payables		2,032	1,709	262	338
Total current trade and other payables		**11,178**	**8,797**	**860**	**1,082**
Non-Current					
Other payables		4,799	5,087	-	-
Amounts payable to wholly owned subsidiaries		-	-	3,067	5,882
Total non-current trade and other payables		**4,799**	**5,087**	**3,067**	**5,882**

Note 12: Trade and Other Payables (cont'd)

ATO Debt

Included in other payables (current and non-current) is an amount outstanding to the Australian Tax Office ("ATO") of $5.8 million (including principal and interest) for a tax liability incurred in financial years 2002 and 2003. On 13 April 2007, the ATO confirmed an arrangement allowing the Group to settle this debt in full through the payment of 48 monthly instalments of $87,523. Accordingly, $1.1 million of the amount payable is included in current liabilities and $4.6 million is included in non-current liabilities. To date the Group has made payments of $2.3 million to the ATO under the terms of the arrangement.

Note 13: Provisions

As at 30 June	Note	CONSOLIDATED 2009 $'000	 2008 $'000	THE COMPANY 2009 $'000	 2008 $'000
Current					
Employee entitlements		1,452	1,231	129	69
Other provisions		100	-	-	-
Total current provisions		**1,552**	**1,231**	**129**	**69**
Non-Current					
Employee entitlements		352	281	25	-
Total non-current provisions		**352**	**281**	**25**	**-**
Total provisions		**1,904**	**1,512**	**154**	**69**
(a) Number of employees at year end		***No***	***No***	***No***	***No***
Number of employees		180	133	10	9
(b) Reconciliation of carrying amounts of employee entitlement					
Balance at beginning of year		1,512	1,522	69	107
Additional provisions		1,102	747	149	92
Charges against the provisions		(838)	(739)	(64)	(128)
Unused amounts reversed		(7)	(2)	-	(2)
Net foreign currency exchange movement		35	(16)	-	-
Balance at end of year		**1,804**	**1,512**	**154**	**69**

(c) Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of the financial statements.

Note 14: Borrowings

As at 30 June	Note	CONSOLIDATED 2009 $'000	 2008 $'000	THE COMPANY 2009 $'000	 2008 $'000
Interest bearing liabilities - related parties	**21&25**	10,502	-	10,502	-
Total borrowings		**10,502**	**-**	**10,502**	**-**

Note 14: Borrowings (cont'd)

Pursuant to a Loan Note Subscription Agreement dated 10 May 2005 ("Loan Agreement"), CPS agreed to subscribe for and pay the Issue Price (as defined in the Loan Agreement) to the Company for a Note (as defined in the Loan Agreement) that the Company agreed to allot and issue to CPS on the terms set out in the Loan Agreement. The Note was secured by a fixed and floating charge, established on 11 May 2005, refer Note 25. The Company has a facility of $10 million.

The balance outstanding to CPS Investments under the Loan Note at the 30 June 2009 was $10.5 million of which $9.75 million is principal (2008: Nil). The Company has not borrowed any additional funds subsequent to the balance date.

Note 15: Other Current Liabilities

		CONSOLIDATED		THE COMPANY	
As at 30 June		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Unearned and advance revenue		4,404	2,770	-	-
Total unearned and advance revenue		**4,404**	**2,770**	**-**	**-**

Unearned and advance revenue relates to invoices which are raised prior to services being delivered. This mainly relates to support and maintenance revenue which is usually invoiced quarterly or annually in advance. Unearned and advance revenue is brought to income on a monthly basis as and when the services are provided.

Note 16: Issued Capital

			CONSOLIDATED		THE COMPANY	
As at 30 June			2009	2008	2009	2008
		Note	$'000	$'000	$'000	$'000
(a)	**Ordinary Shares**					
	82,526,822 (2008: 82,526,822) fully paid ordinary shares		148,935	148,935	148,935	148,935
(b)	**Movements during the year**					
	Balance at the beginning of the year					
	82,526,822 fully paid ordinary shares (2008: 41,263,411)		148,935	138,713	148,935	138,713
	Nil fully paid ordinary shares issued (2008: 41,263,411)		-	10,316	-	10,316
	Cost of capital raising		-	(94)	-	(94)
	Balance at the end of the year		**148,935**	**148,935**	**148,935**	**148,935**

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of the issued ordinary shares.

Ordinary shares participate in dividends and the proceeds on the winding up of Powerlan in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 16: Issued Capital (cont'd)

As at 30 June		Note	CONSOLIDATED 2009 $'000 No.	CONSOLIDATED 2008 $'000 No.	THE COMPANY 2009 $'000 No.	THE COMPANY 2008 $'000 No.
(c)	**Share options**					
	Movements in share options held by directors and employees are as follows:					
	Balance at the beginning of the year		-	333,333	-	333,333
	Granted during the year		-	-	-	-
	Exercised during the year		-	-	-	-
	Lapsed during the year **		-	(333,333)	-	(333,333)
	Balance at the end of the year		**-**	**-**	**-**	**-**

** All options lapse 5 years after the grant date or if the option holder is a director or employee then an option lapses, together with all non-vested options and the vesting conditions attaching to those options are revoked on the expiry of thirty (30) days after the option holder ceases to be a director or employee.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively monitors capital on the basis of a gearing ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as total interest bearing financial liabilities. Total capital is calculated as equity as shown in the balance sheet plus debt. The Group's policy is to maintain a gearing ratio of less than 50%. The Group will explore options to reduce the gearing ratio following the proposed privatisation.

The Group does not engage in any significant transactions that are speculative in nature.

The gearing ratio was as follows:

As at 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
Gearing Ratio					
Debt		10,502	-	10,502	-
Total equity		2,855	14,195	212	14,838
Total capital		**13,357**	**14,195**	**10,714**	**14,838**
Gearing ratio		79%	0%	98%	0%

Note 17: Capital and Leasing Commitments

		CONSOLIDATED		THE COMPANY	
For the year ended 30 June		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Operating lease commitments					
Non-cancelable operating leases contracted for but not capitalised in the financial statements:					
Not later than one year		156	692	58	141
Later than one year but not later than five years		-	716	-	207
Total operating lease commitments		**156**	**1,408**	**58**	**348**

Property leases are non-cancellable, with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require that minimum lease payments are increased annually by CPI or a percentage factor.

Note 18: Dividends

		CONSOLIDATED		THE COMPANY	
For the year ended 30 June		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Proposed ordinary dividends		-	-	-	-
Amount of retained profits and reserves at 30 June that could be distributed out of existing franking credits or from the payment of income tax in the following period		4,091	4,091	4,091	4,091
Balance at beginning of the year		4,091	4,090	4,091	4,090
Franking credits that will arise from the receipt of dividends recognised as receivable at the reporting date		-	1	-	1
Balance at the end of the year		**4,091**	**4,091**		**4,091**

Note 19: Controlled Entities

Powerlan is the ultimate parent entity in the wholly owned group.

Controlled Entities	Country of incorporation	Percentage of Shares Held 2009	2008
ACN: 056 159 963 Pty Limited (subject to Deed of Company Arrangement in 2002)	Australia	100%	100%
Clarity Philippines Pty Limited	Australia	100%	100%
Clarity Taiwan Pty Limited **	Australia	100%	100%
Clarity Group Holdings Pty Limited	Australia	100%	100%
Clarity International Pty Limited	Australia	100%	100%
Clarity Technology Malaysia Sdn Bhd	Malaysia	100%	100%
PT Clarity Systems Indonesia	Indonesia	100%	100%
Clarity Services Pty Limited	Australia	100%	100%
CG Philippines Inc	Philippines	100%	100%
Clarity OSS Limited	United Kingdom	100%	100%
Clarity OSS Singapore Pte Limited (formerly Powerlan Singapore Pty Limited)	Singapore	100%	100%
Andrew Software Solutions Pvt Limited	India	100%	100%
Commercial Software Limited **	Hong Kong	100%	100%
Commercial Software Services Technologies Limited **	Hong Kong	100%	100%
Commercial Software Services (Holdings) Limited **	Hong Kong	100%	100%
Powerlan (HK) Limited **	Hong Kong	100%	100%
IT &T Education Limited **	Hong Kong	100%	100%
Powerlan (HK/China) Limited **	Hong Kong	100%	100%
Powerlan (China) Limited **	Hong Kong	100%	100%
PWR Powerlan (Malaysia) Sdn Bhd **	Malaysia	100%	100%
Yong De Software Services (Beijing) Co. Limited **	China	100%	100%
ConverterTechnology Corporation Pty Limited **	Australia	100%	100%
Converter Technology, Inc (formerly Powerlan USA Incorporated)	USA	100%	100%
Converter Technology Private Limited	United Kingdom	100%	-
IMX Software Group Pty Limited	Australia	100%	100%
IMX Software (UK) Limited	United Kingdom	100%	100%
IT &T Careers (HK)Limited **	Hong Kong	100%	100%
No 4 Resources Pty Limited	Australia	100%	100%
Omnix Holdings Limited	United Kingdom	51%	-
Omnix Software Limited	United Kingdom	51%	-
Odyssey Software Limited	United Kingdom	51%	-

** These companies are no longer trading and there is no intention that they will resume. As part of the ongoing restructuring of the Group a process has been initiated to liquidate these non-trading entities and further reduce Powerlan's future compliance costs.

Note 20: Segment Reporting

For the year ended 30 June	Note	Australia $'000	Asia $'000	Africa $'000	Americas $'000	Europe $'000	Total $'000
Primary Segment – 2009							
Revenue		1,637	25,495	1,459	3,879	6,146	38,616
Other income		87	480	-	4	62	633
Total revenue from ordinary activities		1,724	25,975	1,459	3,883	6,208	39,249
Expenses, excluding finance costs and impairment		(20,071)	(12,427)	-	(4,766)	(7,239)	(44,503)
Impairment of intangible		(5,438)	-	-	-	-	(5,438)
Finance costs		(762)	-	-	-	(4)	(766)
Profit/(loss) before income tax from continuing operations		**(24,547)**	**13,548**	**1,459**	**(883)**	**(1,035)**	**(11,458)**
Income tax expense		(42)	**-**	-	(25)	(105)	(172)
Profit/(loss) after income tax from continuing operations		**(24,589)**	**13,548**	**1,459**	**(908)**	**(1,140)**	**(11,630)**
Profit/(loss) from discontinued operations		(885)	62	-	-	-	(823)
Loss attributable to minority interest		-	-	-	-	646	646
Profit/(loss) attributable to members of the parent entity		**(25,474)**	**13,610**	**1,459**	**(908)**	**(494)**	**(11,807)**
Total assets		26,086	5,653	-	993	2,958	35,690
Total liabilities		26,799	3,554	-	690	1,792	32,835
Net assets/(liabilities)		**(713)**	**2,099**	**-**	**303**	**1,166**	**2,855**
Other							
Acquisition of non-current assets		252	-	-	15	64	331
Depreciation		290	21	-	28	182	521
Primary Segment – 2008							
Revenue		622	17,761	-	1,724	2,393	22,500
Other income		1,387	13	-	-	2	1,402
Total revenue from continuing operations		**2,009**	**17,774**	-	**1,724**	**2,395**	**23,902**
Expenses, excluding finance costs		(20,442)	(12,846)	-	(3,143)	(1,245)	(37,676)
Finance costs		(495)	-	-	-	-	(495)
Profit/(loss) before income tax from continuing operations		**(18,928)**	**4,928**	-	**(1,419)**	**1,150**	**(14,269)**
Income tax expense		(1,317)	-	-	(16)	-	(1,333)
Profit/(loss) after income tax from continuing operations		**(20,245)**	**4,928**	-	**(1,435)**	**1,150**	**(15,602)**
Profit from discontinued operations		1,744	40	-	-	-	1,784
Profit/(loss) attributable to members of the parent entity		**(18,501)**	**4,968**	-	**(1,435)**	**1,150**	**(13,818)**
Total assets		27,712	4,099	-	383	167	32,361
Total liabilities		(10,764)	(6,718)	-	(577)	(107)	(18,166)
Net assets/(liabilities)		**16,948**	**(2,619)**	-	**(194)**	**60**	**14,195**
Other							
Acquisition of non-current assets		211	8	-	15	48	282
Depreciation		230	21	-	36	12	299

Primary Segment - the geographical segments are based on the location of the Group's production and service facilities.

Secondary Segment - the Group operates in the information technology and telecommunications industry.

Note 21: Related Party Disclosure

For the year ended 30 June	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
(a) Wholly owned controlled entities				
Loans and advances between entities in the Powerlan group are not repayable within 12 months.				
Net amount of loans	-	-	2,861,712	4,172,610
Interest on loans to controlled entities	-	-	3,553,333	2,082,535
A corporate overhead charge is derived by the parent entity from wholly owned controlled entities	-	-	3,567,660	2,031,300
(b) Directors - related entities				
Secured borrowings ("Loan Note") provided by CPS (a company related to Powerlan's Chairman, Dr I Campbell) and secured by a Deed of Charge over the assets of certain entities controlled by Powerlan. The charge was established on 11 May 2005, Dr I Campbell became a director of Powerlan on 28 November 2005. Interest is payable at 12% per annum on the Loan Note.				
Monies received by Powerlan from CPS	13,500,000	-	13,500,000	-
Monies repaid by Powerlan to CPS	3,750,000	5,180,208	3,750,000	5,180,208
Monies owed by Powerlan to CPS	10,501,574	-	10,501,574	-
Interest paid/payable to CPS in relation to the loan in the year	756,102	68,219	756,102	68,219
Amount paid/payable to CPS in relation to services rendered	855,933	786,256	164,214	270,337
DMA Insurance Brokers Pty Ltd, a company related to Ian Lancaster, secured Directors and Officers insurance cover, electronics and information technology liability insurance and commercial general liability insurance for Powerlan during the year.				
Insurance charges were at arm's length and charged at commercial rates	200,276	191,504	200,276	191,504

Pursuant to a Loan Note Subscription Agreement dated 10 May 2005, CPS agreed to subscribe for and pay the Issue Price (as defined in the Loan Agreement) to the Company for a Note (as defined in the Loan Agreement) that the Company agreed to allot and issue to CPS on the terms set out in the Loan Agreement. The Note was secured by a fixed and floating charge, established on 11 May 2005, refer Note 25. The Company has a facility of $10 million.

The balance outstanding to CPS Investments under the Loan Note at the 30 June 2009 was $10.5 million of which $9.75 million is principal (2008: Nil). The Company has not borrowed any additional funds subsequent to the balance date.

Note 21: Related Party Disclosure (cont'd)

(d) Key management personnel

The following were key management personnel of the Group throughout the reporting period, unless indicated otherwise:

Executive directors

Dr I Campbell

Non-executive directors

Mr G Harrington

Mr I Lancaster

Ms F McLeod

Executives

Mr J Newbery

Mr W Tickner - appointed CEO of Omnix on acquisition on 22 Aug 2008

Mr R McWalter

Ms M Woods (resigned 31 December 2008)

			CONSOLIDATED		THE COMPANY	
For the year ended 30 June			2009	2008	2009	2008
		Note	$	$	$	$
(e)	**Individual directors and executives compensation disclosures**					
	Non-executive directors					
	Primary benefits		91,742	91,742	91,742	91,742
	Post-employment benefits		58,258	58,258	58,258	58,258
	Total non-executive directors		**150,000**	**150,000**	**150,000**	**150,000**
	Executive directors					
	Primary benefits		197,620	272,179	-	-
	Post-employment benefits		75,000	75,000	75,000	75,000
	Termination benefits		-	-	-	-
	Total executive directors		**272,620**	**347,179**	**75,000**	**75,000**
	Executives					
	Primary benefits		1,338,589	1,311,798	540,872	653,714
	Post-employment benefits		34,065	39,169	24,066	32,119
	Termination benefits		118,055	-	118,055	-
	Total executives		**1,490,709**	**1,350,967**	**682,993**	**685,833**
	Total		**1,913,329**	**1,848,146**	**907,993**	**910,833**

Note 21: Related Party Disclosure (cont'd)

Information regarding individual directors' and executives' compensation is provided in the remuneration report section of the directors' report on pages 9 to 13.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no other material contracts involving directors' interests existing at year-end.

(f) Other transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Powerlan provides general management, finance, human resources, information technology and administration services to all divisions. These services are recovered via a corporate overhead charge.

Note 22: Earnings per Share

		CONSOLIDATED	
For the year ended 30 June	**Note**	**2009**	**2008**
Continuing Operations			
Net loss used in calculating basic and diluted earnings per share ($'000)		(11,630)	(15,602)
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share and diluted earnings per share (number):		82,526,822	77,227,969
Basic and diluted earnings per share (cents)		**(13.31)**	**(20.20)**
Discontinued Operations			
Net profit/(loss) used in calculating basic and diluted earnings per share ($'000)		(823)	1,784
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share and diluted earnings per share (number):		82,526,822	77,227,969
Basic and diluted earnings per share (cents)		**(1.00)**	**2.31**

Note 23: Financial Risk Management

The Group undertakes transactions in a range of financial instruments including:

- cash assets
- deposits
- bills of exchange
- receivables
- listed investments
- payables
- borrowings

These activities result in exposure to a number of financial risks, including market risk (comprising interest rate risk and foreign currency risks), credit risk, operational risk and liquidity risk.

Note 23: Financial Risk Management (cont'd)

The Group's overall risk management program seeks to mitigate these risks and reduce volatility of the Group's financial performance. Financial risk management is carried out by the Chief Financial Officer under policies approved by the Board of Directors.

When appropriate the Group seeks to enter into derivative transactions relating to forward foreign currency contracts in accordance with Board approved policies to manage exposure to foreign currency risk. These derivative instruments create an obligation or right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation.

(a) Financial assets and liabilities

The carrying amount of financial assets and financial liabilities approximate their fair value.

(b) Risks and mitigation

Market risk

Market risk is the risk that the fair value or future cash flows will fluctuate because of changes in market prices.

Components of market risk are:

i) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Group holds interest rate sensitive financial instruments in the form of loans from CPS and ATO debt (refer Note 12 & 14). The interest rates on deposits at bank are on floating rates referenced to the Reserve Bank of Australia's cash rate.

The interest rate exposure of the assets and liabilities of the consolidated entity are as follows:

		INTEREST RATE RANGE							
As at 30 June	**Note**	**2009**				**2008**			
		Amount	**Avg**	**From**	**To**	**Amount**	**Avg**	**From**	**To**
		$'000	**%**	**%**	**%**	**$'000**	**%**	**%**	**%**
Financial assets:									
Cash and cash equivalents	28(a)	2,228	1.3%	0.0%	3.7%	1,688	2.6%	0.0%	5.7%
Trade and other receivables	6	8,006	-	-	-	8,434	-	-	-
Deposits	6	322	3.2%	0.0%	3.8%	304	5.2%	0.0%	5.8%
Total financial assets		**10,556**				**10,426**			
Financial liabilities									
Trade and other payables	12	15,977	3.6%	0.0%	10.2%	13,884	6.4%	0.0%	14.7%
Borrowings	14	10,502	12.0%	12.0%	12.0%	-	-	-	-
Total financial liabilities		**26,479**				**13,884**			

The effective interest rate on the Group's net debt at 30 June 2009 was 7.0% (2008: 6.4%).

Note 23: Financial Risk Management (cont'd)

Sensitivity analysis

The table below shows the effect on profit/(loss) if interest rates had been 10 per cent higher or lower with all other variables held constant, taking into account all underlying exposures. Concurrent movements in interest rates and parallel shifts in the yield curves are assumed.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates. A 10 per cent sensitivity provides a range in the interest rates at 30 June 2009 from around 6.3% to 7.7% representing a 70 basis point shift in each direction. This would represent about three rate movements, which is reasonably possible in the current economic environment.

Sensitivity analysis on finance costs and net profit of interest rate movements

		CONSOLIDATED		THE COMPANY	
For the year ended 30 June	**Note**	**2009**	**2008**	**2009**	**2008**
		$'000	**$'000**	**$'000**	**$'000**
If interest rates were 10 % higher with all other variables held constant - increase/(decrease) in profit		(181)	(83)	(126)	4
If interest rates were 10% lower with all other variables held constant - increase/(decrease) in profit		181	83	126	(4)

Based on the sensitivity analysis, if interest rates were 10 per cent higher, finance costs would be impacted, being an increase in interest expense on the interest bearing net debt.

ii) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency exchange risk arises primarily from firm commitment or highly probable forecast transactions for receipts and payments settled in currencies other than Australian Dollars or with prices dependent on foreign currencies.

The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to:

Australian dollars	Indonesian rupiah
United States dollar	Philippine pesos
United Kingdom pounds	Singapore dollar
Indian rupee	Malaysian ringgit
Euro	Swedish Kroner

The economic foreign currency risk is assessed for each individual currency and for each hedge type, calculated by aggregating the net exposure and the cash flow for that currency.

The Group minimises exposure to foreign currency risk by initially seeking contracts effectively denominated in Australian dollars where possible and economically favourable to do so. Where this is not possible the exposure is managed by monitoring expected movements in exchange rates and where possible seeking to hedge that exposure.

The Group plans to enter into forward foreign currency contracts and have approved limits with banks and traders to hedge foreign currency movements. The Group does not intend to trade in any other type of derivative instruments.

Note 23: Financial Risk Management (cont'd)

Foreign currency risk also arises on translation of the net assets of non Australian controlled entities which have a different functional currency. The foreign currency gains or losses arising from this risk are recorded through the foreign currency reserve.

The next two tables show the Group's foreign currency exposure:

Foreign currency exposure: trade receivables and payables by currency

		CONSOLIDATED		**THE COMPANY**	
As at 30 June	**Note**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Trade receivables	6				
Australian dollars		2,388	1,422	-	-
United States dollars		4,544	4,446	-	-
United Kingdom pounds		164	390	-	-
Philippine pesos		12	608	-	-
Hong Kong dollars		251	208	-	-
Euro		261	-	-	-
Swedish Kroner		20	-	-	-
Total		**7,640**	**7,074**	**-**	**-**
Trade payables	12				
Australian dollars		805	1,285	245	396
United States dollars		1,398	770	-	-
United Kingdom pounds		173	36	14	21
Others		76	67	-	-
Total		**2,452**	**2,158**	**259**	**417**

Foreign currency exposure: revenues and expenses by currency

Revenues				
Australian dollars	6,147	5,922	3,672	2,708
United States dollars	24,355	14,556	-	-
United Kingdom pounds	3,351	1,567	60	4
Indonesian rupiah	447	9	-	-
Philippine pesos	3,781	1,821	-	-
Euro	967	-	-	-
Others	201	27	-	-
Total	**39,249**	**23,902**	**3,732**	**2,712**
Expenses				
Australian dollars	25,853	18,102	18,521	14,880
United States dollars	10,471	9,543	192	-
United Kingdom pounds	7,874	2,560	(371)	61
Singapore dollars	1,359	4,718	-	3,236
Indonesian rupiah	872	590	-	-
Philippine pesos	3,049	2,537	-	-
Indian rupee	658	60	-	-
Euro	289	37	-	-
Others	282	24	-	-
Total	**50,707**	**38,171**	**18,342**	**18,177**

Note 23: Financial Risk Management (cont'd)

Sensitivity analysis

The following table shows the effect on profit/(loss) as at the balance sheet date of a 10 per cent movement in exchange rates, on a total portfolio basis, with all other variables held constant, taking into account all underlying exposures.

An adverse movement in exchange rates implies an increase in the Group's foreign currency risk exposure and a worsening of the financial position. A favourable movement in exchange rates implies a reduction in the Group's foreign currency risk exposure and an improvement of the financial position.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future movement. The Australian dollar exchange rate against the Unites States dollar at the balance date was 0.80480. An adverse movement in the rate of 10 per cent would increase the rate to 0.88528 where as a favourable movement would decrease the rate to 0.72432. This range is considered reasonable for assessing the Group's exposure to foreign currency movements.

The Groups foreign currency risk exposure from recognised assets and liabilities arises primarily from trade receivables and payables denominated in foreign currencies.

Sensitivity analysis on net profit of foreign currency movement

		CONSOLIDATED		THE COMPANY	
As at 30 June	**Note**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
If Australian dollar were 10 per cent stronger with all other variables held constant - Increase/(decrease) in profit		(825)	(208)	24	(329)
If Australian dollar were 10 per cent weaker with all other variables held constant - Increase/(decrease) in profit		825	208	(24)	329

For the Group the foreign currency translation risk associated with the foreign investments results in some volatility to the foreign currency translation reserve. The impact on the foreign currency translation reserve relates to translation of the net assets of the foreign controlled entities.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument and cause a financial loss to be incurred. The Group has exposure to credit risk on all financial assets included in the balance sheet except cash and cash equivalents. To help manage this risk:

- the Group has a policy for establishing credit limits for all counterparties; and
- the Group manages exposure to individual entities the Group transacts business with

Trade and other receivables consist of amounts due from a large number of customers spread across various business, governmental and geographically diverse sectors. The Group does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of the Group's customers and if required, an allowance for doubtful debts is raised.

Note 23: Financial Risk Management (cont'd)

Liquidity risk

Liquidity risk includes the risk that as a result of our operational liquidity requirements:

- the Group will not have sufficient funds to settle a transaction on the due date;
- the Group will be forced to sell financial assets at a value which is less than their market value; or
- The Group may be unable to settle or recover a financial asset.

To help reduce these risks the Group:

- has a liquidity policy where funding requirements for the next twelve months are forecast on a weekly basis;
- has the continued financial support of the Chairman of the Company, including the line of credit provided by CPS (refer Note 25) ; and
- actively investigates other capital management initiatives, including the possibility of a selective capital reduction and subsequent privatisation.

The table's below analyses the Group's and the Company's financial liabilities, by type, into their relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Note	< 1 month $'000	1-3 months $'000	3 months-1 year $'000	1-5 years $'000	Total $'000
2009						
Financial liabilities						
Trade and other payables		8,466	891	1,917	4,703	15,977
Borrowings		-	-	2,500	8,002	10,502
Total financial liabilities		**8,466**	**891**	**4,417**	**12,705**	**26,479**
2008						
Financial liabilities						
Trade and other payables		2,903	5,106	788	5,087	13,884
Total financial liabilities		**2,903**	**5,106**	**788**	**5,087**	**13,884**

The Company	< 1 month $'000	1-3 months $'000	3 months-1 year $'000	1-5 years $'000	Total $'000
2009					
Financial liabilities					
Trade and other payables	698	90	72	3,067	3,927
Borrowings	-	-	2,500	8,002	10,502
Total financial liabilities	**698**	**90**	**2,572**	**11,069**	**14,429**
2008					
Financial liabilities					
Trade and other payables	1,090	341	-	5,533	6,964
Total financial liabilities	**1,090**	**341**	**-**	**5,533**	**6,964**

Note 24. Business Combinations

a) Acquisition of Omnix

On 22 August 2008, Powerlan acquired 51% of the issued share capital of Omnix Holdings Limited ("Omnix"), incorporated in UK. The acquired business contributed total revenue of $3.7M and net loss of $1.0M before minority interest to the consolidated entity for the ten month period ended 30 June 2009. Omnix is involved in development of a suite of products designed to help mobile network operators realise operational efficiency across the network lifecycle. Omnix is helping operators worldwide to deliver complex projects by offering specialist solutions that are complementary to, but not evident in, generic ERP and PPM systems.

Details of the acquisition of Omnix are as follows:

	Acquiree's carrying amount $ 000's	Fair value $ 000's
Cash equivalents	1,772	1,772
Trade and other current receivables	744	744
Other current assets	497	497
Property, plant & equipment	286	286
Customer contracts	-	613
Intellectual property	-	247
Trade payables	(760)	(760)
Deferred revenue	(720)	(720)
Loans	(531)	(531)
Deferred tax liability	-	(184)
Net assets of the acquired business	**1,288**	**1,964**
Less: minority interest		(962)
Net assets acquired		**1,002**
Goodwill		533
Total purchase consideration		**1,535**

	$ 000's
Total purchase consideration	1,535
Less: cash equivalent, net of minority interest in cash	(903)
Purchase consideration, net of cash acquired	**632**

Note 24. Business Combinations (Cont'd)

b) Acquisition of Viper intellectual property and business of Dot Communications

On 16 September 2008, the Company acquired certain customer contracts and assets of Dot Communications Pty Ltd ("Dot") for $375 thousand relating to their Viper intellectual property, including, a source code license to use Dot's Viper Wholesale Service Delivery Platform. The transaction includes a combination of an upfront cash payment and success based royalty payments over a period of three years.

Details of acquisition of intellectual property and business of Dot are as follows:

	Acquiree's carrying amount $ 000's	Fair value $ 000's
Property, plant & equipment	115	115
Customer contracts	-	110
Intellectual property	-	150
Net assets of the acquired business	**115**	**375**
Goodwill		-
Total purchase consideration		**375**

Total purchase consideration for the acquisitions	**1,007**

Note 25: Financing Arrangements

Pursuant to a Loan Agreement with CPS the Company has a facility of $10 million. The balance outstanding to CPS Investments under the Loan Note at the 30 June 2009 was $10.5 million of which $9.75 million is principal (2008: Nil). The Company has not borrowed any additional funds subsequent to the balance date.

Note 26: Contingent Liabilities

Certain contingent liabilities may exist in respect of warranties provided and understandings given in respect to the divestment of businesses. At the date of this report no claims are pending or have been made in respect of these warranties or undertakings.

Under the terms of the Loan Agreement with CPS Powerlan obtained a Loan Note secured by a Deed of Charge over the assets of Powerlan and the following entities it controls:

Clarity Group Holdings Pty Limited (formerly Clarity Global Solutions Pty Limited)
Clarity International Pty Limited (formerly Clarity International Limited)
Clarity Philippines Pty Limited
Clarity Taiwan Pty Limited
Clarity Services Pty Limited
Converter Technology Corporation Pty Limited
IMX Software Group Pty Limited

A term deposit amount of $273,432 is held as a security by the bank against as a bank guarantee issued to guarantee the payment of rent.

Note 27: Events Subsequent to Reporting Date

Subsequent to year end Dr Ian Campbell has given a proposal that involves implementing a selective capital reduction whereby the Company will purchase and cancel the shares of all shareholders, other than those of a select group. The price Dr Campbell has proposed is $0.09 per share. Dr Campbell will be advancing to the Company the funds to enable the selective capital reduction to be implemented.

Also, subsequent to the year end the Company has entered into a new sub lease for a period of 5 years at a rent plus outgoings of $362 thousand per annum excluding the Company's share of outgoings (subject to CPI variations each year).

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group or the Company, the results of those operations or the state of affairs of the Group or the Company in future financial years.

Note 28: Notes to the Statements of Cash Flow

For the year ended 30 June	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	THE COMPANY 2009 $'000	THE COMPANY 2008 $'000
(a) Reconciliation of cash For the purposes of the statement of cash flows, cash includes cash on hand and in bank and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:					
Cash at bank and deposits at call		2,228	1,688	67	673
Total cash and cash equivalents at end of year		**2,228**	**1,688**	**67**	**673**
(b) Reconciliation of net cash provided by operating activities to operating loss after income tax					
Loss attributable to members of parent entity		(11,807)	(13,818)	(14,626)	(16,782)
Non cash flows in loss from operating activities					
Depreciation		521	299	74	82
Write off of loans to controlled entities		-	-	12,600	14,695
(Gain)/loss on fair value of financial assets through profit and loss		-	1,739	-	1,739
Corporate charges		-	-	(3,568)	(2,031)
Goodwill impairment		5,438	-	5,438	-
Impairment of /(write back) of receivables		-	560	-	-
Bad debts written off		-	110	-	-
Unrealised foreign currency gain		152	-	-	-
Change in assets and liabilities, net of purchases and disposals of controlled entities					
Interest accrued		762	1,093	766	-
Interest on intercompany balances		-	-	(3,603)	(2,083)
Write off of deferred tax assets		16	1,317	16	1,317
Other accruals and provisions written off/(back)		111	(3,602)	(44)	(44)
(Increase)/decrease in trade and other receivables		(44)	(1,964)	(5)	400
(Increase)/decrease in inventories		(7,926)	(214)	-	-
(Increase)/decrease in deferred tax assets		(130)	(326)	46	-
Increase/(decrease) in trade and other payables		1,997	499	(208)	(291)
Increase/(decrease) in unearned and advance revenue		1,634	99	-	-
Increase/(decrease) in other provisions		(160)	754	180	6
Net cash used in operating activities		**(9,436)**	**(13,454)**	**(2,934)**	**(2,992)**

(c) Details of Sale

On 18 September 2008, the Company received an additional payment from Bravura of $1.2 million ($2008: 8.1million) relating to the finalsition of the 2007 sale of its wholly owned subsidiary Garradin to Bravura bringing the total proceeds from the sale to $10 million, net of cash transferred.

Directors' Declaration

The directors of Powerlan limited declare that:

(a) in the directors' opinion the financial statements and notes on pages 19 to 59 and the remuneration disclosures that are contained in the Remuneration report in the Directors' report, set out on pages 9 to 13, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;

(b) the financial statements also complies with International Financial Reporting Standards as disclosed in note 1; and

(c) the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

(d) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

At the date of this declaration there are reasonable grounds to believe that the Company and the Group entities identified in note 19 will be able to meet any obligations or liabilities as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer for the financial year ended 30 June 2009, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Dr I Campbell
Chairman

Mr I Lancaster
Director

Dated at Sydney this 31st day of August 2009

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Powerlan Limited

Report on the Financial Report

We have audited the accompanying financial report of Powerlan Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Powerlan Limited (the company) and the consolidated entity. The consolidated entity comprises Powerlan Limited and the entities it controlled at the year end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Powerlan Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Powerlan Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuance as a Going Concern

Without qualification to the conclusion above, attention is drawn to the following. As a result of the matters described in Note 1 Going Concern, there is material uncertainty that may cast significant doubt whether the company and the consolidated entity will be able to continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at amounts stated in the financial report.

The financial report of the company does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Report on the Remuneration Report

We have audited the Remuneration Report included under the heading 'Remuneration Report' in the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Powerlan Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF

Paul Bull
Partner

Sydney
31 August 2009

Additional Information for Listed Public Companies

Shareholdings as at 5 August 2009

(a) Distribution of Shareholders

Size of Holding			Shareholders
1	to	1,000	4,187
1,001	to	5,000	705
5,001	to	10,000	178
10,001	to	100,000	184
100,001	to	over	46
Total Number of Shareholders			**5,300**

(b) The number of shareholdings held in less than marketable parcels is 4,992

(c) The names of the substantial shareholders listed in the Powerlan's register are CPS Group Investments Pty Limited having 33,221,024 ordinary shares, ANZ Nominees Limited having 14,939,934 ordinary shares, Mitris Nominees Pty Ltd having 10,007,757 ordinary shares and Mr Robert Wilson having 2,785,930 ordinary shares.

(d) Voting rights - all shares rank equally.

(e) Twenty largest Shareholders - ordinary shares

	20 Largest Shareholders	Ordinary Shares Held	% of Issued Shares
1	CPS Group Investments Pty Ltd	33,221,024	40.25
2	ANZ Nominees Limited (SI Cash Income A/C)	14,939,934	18.10
3	Mitris Nominees Pty Ltd (The Mitris Family S/Fund A/C)	10,007,757	12.13
4	Robert Wilson	2,785,930	3.38
5	Focus Information Technology Pty Ltd	1,268,080	1.54
6	Portfolio Custodian Limited	1,037,737	1.26
7	DMA Insurance Brokers Pty Ltd	930,000	1.13
8	Connaught Consultants (Finance) Pty Ltd	880,000	1.07
9	Talrink Pty Limited	597,985	0.72
10	Nilozan Pty Ltd	501,200	0.61
11	Mr Dimitrios Piliouras + Mrs Konstantina Piliouras <Energia Super Fund A/C>	420,431	0.51
12	Piliouras Nominees Pty Ltd	360,000	0.44
13	Mr John Dimitriou	346,042	0.42
14	AJG Software Pty Limited	291,184	0.35
15	Mr Brendan Thomas Birthistle	284,400	0.34
16	Zafiris & Associates Pty Ltd <Super Fund A/C>	266,666	0.32
17	Ms Xiao Ling Liu	254,322	0.31
18	Citicorp Nominees Pty Limited	230,911	0.28
19	Mr Xiao Xing Zhang	214,440	0.26
20	Mr Robert Leslie Zikman	205,206	0.25
Total		**69,043,249**	**83.67**

Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of Powerlan on all member exchanges of the Australian Stock Exchange Limited.