



(ACN: 057 345 785)

ASX Announcement

Quarterly Cash Flow Report

29 January 2010

The Chief Executive Officer of Powerlan Limited ("Powerlan" or the "Company"), Jon Newbery, said today the Company's quarterly cash flow statement provided further evidence that the Company should proceed with its planned rights issue.

Earlier this week, the Powerlan Board confirmed it would proceed with a 4:1 renounceable rights issue at \$0.06 per share because it is in the best interests of the Company and its shareholders. Today, the Takeovers Panel confirmed that the rights issue could proceed once Powerlan clarified certain matters in a Supplementary Prospectus. Powerlan released a separate announcement today regarding the Panel's decision.

"The rights issue will provide Powerlan with the capital it needs to execute the strategy that was outlined at our Annual General Meeting on 30 November 2009," Mr Newbery said. "This includes continuing to integrate Omnix Software and Clarity to create a stronger offering while delivering synergies, securing new projects with both existing and new customers and investigating appropriate merger and acquisition opportunities."

Powerlan today reported negative operating cash flows of \$5.7 million for the quarter ended 31 December 2009 (\$7.4 million for the year to date). The total cash used in operating and investing activities during the quarter was \$7.3 million (\$9.0 million for the year to date) including \$1.5 million used to acquire the minority interests in Omnix Software.

Mr Newbery said the cash flow performance for the quarter was significantly affected by delays in delivering several key Clarity projects and the ability to collect milestone payments on those projects.

"We have been working with Clarity's customers to ensure the projects are delivered and the cash is collected as quickly as possible," Mr Newbery said. "As a result of this action, we have receivables totalling \$11.3 million and work in progress totalling \$11.0 million at the end of December. We expect these significant sums to be converted to cash during the third quarter."

For more information contact:

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About Powerlan

Powerlan Limited (ASX: PWR) provides specialist information technology products and services through four operating divisions:

- Clarity (www.clarity.com) offers carrier-grade Operational Support Systems (OSS) and Network Management Systems (NMS) software solutions for telcos and enterprises.
- ConverterTechnology (www.convertertechnology.com) provides software and services to help enterprises capitalize on the benefits of Microsoft Office 2007.
- IMX Software (www.imxsoftware.com) provides a full portfolio of solutions to manage the international trading of banknotes, precious metals, foreign exchange and any other financial or stored value instrument including travellers cheques, pre-paid cards, international banker's drafts and money transfers.
- Omnix Software (www.omnixsoftware.com) provides specialised software solutions for mobile telecommunications operators that address the specific project delivery, property management and asset management requirements of complex 2G, 2.5G, 3G and 4G/LTE wireless networks.

All divisions are incorporated and operate as self-contained companies.

Name of entity

POWERLAN LIMITED

ABN

87 057 345 785

QUARTER ENDED

31 December 2009

Consolidated statement of cash flows

	Additional Information	Current Quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1 Receipts from customers		3,507	11,001
1.2 Payments for			
(a) staff costs		(6,206)	(12,235)
(b) advertising and marketing		(192)	(342)
(c) research and development		-	-
(d) leased assets		-	-
(e) cost of goods sold		(781)	(1,708)
(f) rent		(354)	(869)
(g) professional fees		(431)	(549)
(h) travel and accommodation		(601)	(1,169)
1.3 Dividends received		-	-
1.4 Interest and other items of a similar nature received		-	13
1.5 Interest and other costs of finance paid		(3)	(6)
1.6 Income taxes refunded/(paid)		(4)	(12)
1.7 Other (provide details if material)		(672)	(1,506)
Net operating cash flows		(5,737)	(7,382)

	Additional Information	Current Quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)		(5,737)	(7,382)
Cash flows related to investing activities			
1.9 Payment for acquisition of:			
(a) businesses (item 5)		(1,520)	(1,520)
(b) equity investments		-	-
(c) intellectual property		-	-
(d) physical non-current assets		(55)	(55)
(e) other non-current assets		-	-
1.10 Proceeds from disposal of:			
(a) businesses (item 5)		-	-
(b) equity investments		-	-
(c) intellectual property		-	-
(d) physical non-current assets		-	-
(e) other non-current assets		-	-
1.11 Loans to other entities		-	-
1.12 Loans repaid by other entities		-	-
1.13 Other (provide details if material)		-	-
Net investing cash flows		(1,575)	(1,575)
1.14 Total operating and investing cash flows		(7,312)	(8,957)
Cash flows related to financing activities			
1.15 Proceeds from issues of shares, options, etc.		-	-
1.16 Proceeds from sale of forfeited shares		-	-
1.17 Proceeds from borrowings		6,790	7,290
1.18 Repayment of borrowings		-	-
1.19 Dividends paid		-	-
1.20 Other		-	-
Net financing cash flows		6,790	7,290
Net increase (decrease) in cash held		(522)	(1,667)
1.21 Cash at beginning of quarter/year		1,083	2,228
1.22 Exchange rate adjustments to item 1.20		-	-
1.23 Cash at end of period		561	561

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

	Current Quarter \$A'000	Year to date \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	232	430
1.25 Aggregate amount of loans to the parties included in item 1.11	-	-

1.26 Explanation necessary for an understanding of the transactions

Directors included in 1.24	Current Quarter	Year to date
Ian Campbell	54,137	104,389
Geoff Harrington	12,500	25,000
Ian Lancaster	12,500	25,000
Fiona McLeod	12,500	25,000
Services rendered by DMA Insurance (party related to Ian Lancaster)	47,905	95,810
Services rendered by Superchoice Services Pty Ltd (party related to Ian Campbell)	92,272	155,287

Non-cash financing and investing activities

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

N/A

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

N/A

Financing facilities available

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

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	18,594	18,594
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter	Previous Quarter
	\$A'000	\$A'000
4.1 Cash on hand and at bank	561	1,083
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (please specify)	-	-
Total cash at end of month (item 1.23)	561	1,083

Acquisitions and disposals of business entities

5.1 Name of entity

5.2 Place of incorporation or registration

5.3 Consideration for acquisition or disposal

5.4 Total net assets

5.5 Nature of business

Acquisitions (Item 1.9(a)) \$A'000	Disposals (Item 1.10(a)) \$A'000
Omnix Holdings Limited	
United Kingdom	
1,520	
(687)	
Software development and implementation	

Additional Information

- 1 During the quarter the Company paid \$1.52 million to purchase the remaining 49% minority interests in Omnix Holdings Ltd.
- 2 The loan facility from CPS Investments Pty Ltd ("CPS") includes principal of \$17.0 million and interest accrued until 31 December 2009 of \$1.6 million. The Company has since borrowed an additional amount of \$1.0 million from CPS on 11 Jan 2010.
- 3 CPS has agreed to accrue interest on the outstanding loan until the successful completion of rights issue that was announced by the Company on 15 January 2010.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of additional note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~* give a true and fair view of the matters disclosed.



Jon Newbery
(Director/Company Secretary)