POWERLAN

(ACN: 057 345 785)

ASX Announcement

2010 Interim Results

26 February 2010

Powerlan Limited ("Powerlan" or "the Company") today reported its results for the six months to 31 December 2009.

The Chief Executive Officer of Powerlan, Jon Newbery, said the Company's revenue was lower than the previous corresponding period because of the impact of the Global Financial Crisis on new orders and delays in delivering several key Clarity projects. Revenue from continuing operations fell 26.7% to $12.5 million and the Company reported a net loss attributable to members of $7.5 million.

Mr Newbery said Powerlan had recently strengthened its balance sheet by successfully completing a 4:1 renounceable rights issue at $0.06 per share which raised $16.0 million of new capital.

"The rights issue will provide Powerlan with the capital we need 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 to the market while delivering synergies, securing new projects with both existing and new customers and investigating appropriate merger and acquisition opportunities."

Mr Newbery noted that expenses from continuing operations (excluding finance costs) totalled $19.7 million, down from $22.1 million in the previous corresponding period.

"It is important that while we execute our strategy, we continue to implement initiatives to improve efficiency and minimise costs," he said.

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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.

Rules 4.1, 4.3

Appendix 4D

Half yearly report

Name of Entity	POWERLAN LIMITED
ACN	057 345 785
Financial Period Ended	31 December 2009
Previous Corresponding Reporting Period	31 December 2008

Results for Announcement to the Market

		$'000	**Percentage increase/ (decrease) over previous corresponding period**
Revenue		12,458	(26.7)%
Loss after tax attributable to members		(7,530)	62.8%
Net loss for the period attributable to members		(7,530)	62.8%
Dividends (distributions)	**Amount per security**	**Franked amount per security**	
Final Dividend	N/A	N/A	
Interim Dividend	N/A	N/A	
Previous corresponding period	N/A	N/A	
Record date for determining entitlements to the dividends (if any)		N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Revenue from continuing operations for the six months ended 31 December 2009 decreased by 26.7% to $12.5M (2008: $17.0M). The Global Financial Crisis impacted new orders at the end of the previous financial year and into the current one and this combined with delays in delivering key Clarity projects significantly impacted the revenues that were recognised in the period. The loss from continuing operations after tax increased for the same period to $7.4M (2008: loss $4.1M). The loss from discontinued operations for the six months to 31 December 2009 was $0.4M (2008: loss of $0.5M), resulting in a loss attributable to members (excluding minority interest) of $7.5M (2008: loss $4.6M).

Expenses from continuing operations, excluding finance costs have decreased to $19.7M (2008: $22.1M) despite a 2% growth in employee benefit expenses to $12.0M (2008: $11.8M) during the period. The Consolidated entity's loss includes realised and unrealised foreign exchange losses of $624K (2008: gain of $964K) and finance costs of $808K (2008: $245K).

The Consolidated entity has continued to require additional funding during the period, which has been provided by CPS Investments Pty Ltd., in part to fund the acquisition of the minorities in Omnix, but also the ongoing losses of the operating divisions and the working capital requirements of the business created as a result of the delays in achieving payment milestones on Clarity projects.

The half-yearly report is to be read in conjunction with the most recent annual financial report.

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	(25.6)¢	(11.6)¢

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Omnix Holdings Limited
Date control gained	N/A
Consolidated profit since the date in the current period on which control was acquired	N/A
Loss of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	
Consolidated profit/(loss) for the current period to the date of loss of control	
Profit/(loss) of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities

Name of Entity	**Percentage Held**		**Share of Net Profit**	
	Current Period	**Previous Period**	**Current Period**	**Previous Period**
N/A				
Aggregate Share of Net Profits				

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		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: N/A			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By (Director/Company Secretary)	**(Director/Company Secretary)**
Dr Ian Campbell **Sydney, 26 February 2010**	**Jon Newbery** **Sydney, 26 February 2010**

DIRECTORS' REPORT

Your directors submit the financial report of the Consolidated entity for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year are:
Dr Ian Campbell
Mr Geoff Harrington
Mr Ian Lancaster
Ms Fiona McLeod

Review of Operations

Financial Summary

Revenue from continuing operations for the six months ended 31 December 2009 decreased by 26.7% to $12.5M (2008: $17.0M). The Global Financial Crisis impacted new orders at the end of the previous financial year and into the current one and this combined with delays in delivering key Clarity projects significantly impacted the revenues that were recognised in the period. The loss from continuing operations after tax increased for the same period to $7.4M (2008: loss $4.1M). The loss from discontinued operations for the six months to 31 December 2009 was $0.4M (2008: loss of $0.5M), resulting in a loss attributable to members (excluding minority interest) of $7.5M (2008: loss $4.6M).

Expenses from continuing operations, excluding finance costs have decreased to $19.7M (2008: $22.1M) despite a 2% growth in employee benefit expenses to $12.0M (2008: $11.8M) during the period. The Consolidated entity's loss includes realised and unrealised foreign exchange losses of $623K (2008: gain $964K) and finance costs of $808K (2008: $245K).

The Consolidated entity has continued to require additional funding during the period, in part to fund the investment into Omnix, but also to fund the working capital requirements and ongoing losses of operating divisions.

Powerlan Overview

Powerlan is a group of companies that focuses on creating and delivering software products and related services in areas where the Consolidated entity owns intellectual property. These products and services are delivered through four operating divisions, each of which is separately incorporated and operates semi-autonomously from Powerlan.

Powerlan itself provides Head Office services including shared accommodation and services (human resources, financial and treasury management, payroll and IT infrastructure) to the operating divisions. Head Office also develops and oversees the implementation of common policies, processes, and procedures and ensures compliance in areas such as finance and administration, human resources, software development and project delivery.

Clarity

Clarity is the market leader in Unified Operational Support Systems ("OSS"), managing approximately 200 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 agnostic, driven by templates and workflows that are rapidly configurable, allowing telecom companies to significantly cut the time to market for new services.

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. During the period Clarity successfully secured its first European based customer, as part of its expansion 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 which 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 customers include Philippines Long Distance Telecom (Philippines), Bharat Sanchar Nigam Limited (India), Reliance Infocom (India), Sri Lanka Telecom (Sri Lanka), Telekom Malaysia (Malaysia), PT Telkom (Indonesia), Globe Telecom (Philippines), Hutchinson Communications (Indonesia) and Vivacom (Bulgaria).

During the period Clarity concluded $14 million of new contracts with existing customers, further strengthening its position as the dominant provider of OSS solutions in South East and South Asia. However, the Global Financial Crisis has impacted Clarity during the period, with delays in securing contracts that were expected to be finalised in the first half of the year, and slippage in delivering several key projects resulting in Clarity reporting a loss for the period. New contracts are expected to be secured with both existing and new customers in a number of territories before the end of the financial year, underpinning the revenue growth of the last two years and moving the division back towards profitability.

ConverterTechnology

ConverterTechnology provides software and services to help enterprises capitalise 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, analyse and fix compatibility errors before they occur, accelerating time to deployment.

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 Windows 7 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 Windows 7 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. During the period ConverterTechnology also announced a strategic partnership with ChangeBase to expand the tool set available to customers to include a capability to address application compatibility issues as part of any major IT upgrade project.

Although ConverterTechnology reported a loss for the first 6 months of the year, revenues grew by 37% compared with same period a year earlier and if this rate of growth continues in the second half of the year then the business is expected to achieve profitability in the second half of the year.

IMX

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 banknote, 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.

Although IMX's revenues grew by 19% compared with a year earlier, the business is not expected to be profitable in this financial year while the product redevelopment project is ongoing. To that end the Board has acknowledged that further funding will be required to support the redevelopment of IMX's market leading wholesale bank note trading, distribution and fulfilment and foreign currency point-of-sale solutions.

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, O2/Telefonica, Vodacom, Orange, Millicom, Zain and Mobilkom.

On 26 October 2009, Powerlan acquired the 49% minority interest in the Omnix business. Following the acquisition of the minority interests it is planned to merge Omnix's operations into Clarity's to accelerate the product integration and to allow both organisations to better leverage each other's respective customer bases to secure future expansion.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2009.

Rounding off of Amounts

The Consolidated entity has applied the relief available to it in ASIC Class Order 98/0100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest thousand dollars.

The report is signed in accordance with a resolution of the Board of Directors.

Dr Ian Campbell
Director
Sydney, 26 February 2010

Chartered Accountants
& Business Advisers

Auditor's Independence Declaration
Under Section 307C of the *Corporations Act 2001*

To the Directors of Powerlan Limited:

As lead auditor for the review of Powerlan Limited for the half-year ended 31 December 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 review; and

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

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

PKF

Paul Bull
Partner

Sydney
26 February 2010

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POWERLAN LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December	Note	Consolidated 2009 $'000	2008 $'000
Revenue		12,458	17,007
Other income	2	727	1,130
Expenses, excluding finance costs	3	(19,653)	(22,050)
Finance costs		(808)	(245)
Loss from continuing operations before income tax		**(7,276)**	**(4,158)**
Income tax benefit/(expense)		(127)	47
Loss from continuing operations after income tax expense		**(7,403)**	**(4,111)**
Loss from discontinued operations	6	(443)	(470)
Loss for the period		**(7,846)**	**(4,581)**
Other comprehensive income/(expense)			
Adjustments from translation of foreign controlled entities		(104)	(173)
Other comprehensive expense for the period, net of tax		(104)	(173)
Total comprehensive income for the period		**(7,950)**	**(4,754)**
Loss attributable to:			
Members of parent entity		(7,530)	(4,625)
Minority interest		(316)	44
Loss for the period		**(7,846)**	**(4,581)**
		Cents	**Cents**
Total operations			
Basic/diluted earnings per share		(9.13)	(5.60)
Continuing Operations			
Basic/diluted earnings per share		(8.59)	(5.04)
Discontinued Operations			
Basic/diluted earnings per share		(0.54)	(0.57)
Dividends per ordinary share		-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the attached notes.

POWERLAN LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Financial Position

As at	Note	Consolidated 31 December 2009 $'000	30 June 2009 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		561	2,228
Trade and other receivables		11,064	7,285
Inventories		6,903	9,899
Total Current Assets		**18,528**	**19,412**
Non-current Assets			
Property, plant & equipment		507	669
Intangible assets		14,480	14,665
Deferred tax assets		840	944
Total Non-current Assets		**15,827**	**16,278**
Total Assets		**34,355**	**35,690**
LIABILITIES			
Current Liabilities			
Trade and other payables		10,913	11,178
Short term provisions		1,621	1,552
Deferred tax liability		-	48
Borrowings		18,595	10,502
Other financial liabilities		4,773	4,404
Total Current Liabilities		**35,902**	**27,684**
Non-current Liabilities			
Trade and other payables		4,697	4,799
Provisions		371	352
Total Non-current Liabilities		**5,068**	**5,151**
Total Liabilities		**40,970**	**32,835**
Net Assets/(Liabilities)		**(6,615)**	**2,855**
EQUITY			
Issued capital		148,935	148,935
Reserves		(547)	1,077
Minority Interest		-	316
Accumulated losses		(155,003)	(147,473)
Total Equity		**(6,615)**	**2,855**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

POWERLAN LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2009	Issued Capital $'000	Foreign Currency Reserve $'000	Other Reserves $'000	Accumulated Losses $'000	Minority Interest $'000	Total $'000
Balance at 1 July 2009	**148,935**	**1,077**	**-**	**(147,473)**	**316**	**2,855**
Loss attributable to members of the Consolidated entity	-	-	-	(7,530)	(316)	(7,846)
Adjustments from translation of foreign controlled entities	-	(104)	-	-	-	(104)
Total comprehensive income for the period	-	(104)	-	(7,530)	(316)	(7,950)
Equity transaction on acquisition of remaining interest in subsidiary	-	-	(1,520)	-	-	(1,520)
Balance at 31 December 2009	**148,935**	**973**	**(1,520)**	**(155,003)**	**-**	**(6,615)**
Balance at 1 July 2008	**148,935**	**926**	**-**	**(135,666)**	**-**	**14,195**
Loss attributable to members of the Consolidated entity	-	-	-	(4,625)	44	(4,581)
Adjustments from translation of foreign controlled entities	-	173	-	-	-	173
Total comprehensive income for the period	-	173	-	(4,625)	44	(4,408)
Transactions with members in their capacity as members:						
Minority interest on acquisition of subsidiary	-	-	-	-	962	962
Balance at 31 December 2008	**148,935**	**1,099**	**-**	**(140,291)**	**1,006**	**10,749**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

POWERLAN LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows

		Consolidated	
For the half year ended 31 December		**2009**	**2008**
	Note	**$'000**	**$'000**
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,343	14,474
Payments to suppliers and employees (inclusive of GST)		(18,731)	(19,281)
Interest received	*2*	15	51
Finance costs		(5)	(9)
Net cash used in operating activities		**(7,378)**	**(4,765)**
Cash flows from investing activities			
Payment for property, plant & equipment		(59)	(186)
Proceeds from sale of subsidiaries, net of cash		-	1,120
Payments for subsidiary and business, net of cash acquired	*7*	(1,520)	(1,006)
Net cash used in investing activities		**(1,579)**	**(72)**
Cash flows from financing activities			
Proceeds from borrowings		7,290	8,300
Payment of loans to related parties		-	(1,750)
Net cash provided by financing activities		**7,290**	**6,550**
Net increase/(decrease) in cash and cash equivalents		(1,667)	1,713
Cash and cash equivalents at the beginning of the period		2,228	1,688
Cash and cash equivalents at the end of the period		**561**	**3,401**

The Condensed Statement of Cash Flows should be read in conjunction with the attached notes.

POWERLAN LIMITED AND CONTROLLED ENTITIES

Notes to and forming part of the Condensed Consolidated Financial Report for the half year ended 31 December 2009

NOTE 1. BASIS OF PREPARATION

This condensed consolidated financial report for the half-year ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. It is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

This condensed consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Powerlan Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) Going Concern

The financial statements are prepared on a going concern basis despite the Consolidated entity recording a loss of $7.5 million (2008: loss $4.6 million) and having current liabilities of $17.4 million (30 June 2009: $8.3 million) in excess of current assets. Further, the terms of the major credit facility provided to the Consolidated entity by CPS Group Investments Pty Ltd ("CPS") as trustees for Powerlan Investment Trust, which owns 40.25% of the share capital in the Company, requires repayment within 48 hours of demand in writing. Details of the funding facility can be found in Note 9. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company and the Consolidated entity'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 and the Consolidated entity will achieve profitability in the future.

Furthermore, the Company announced on 15 January 2010 a pro rata rights issue of approximately 330.1 million shares at 6 cents ($0.06) per share to raise not less than about $16.0 million and up to $19.8 million. Refer to Note 10 on subsequent events. The Company and Consolidated entity's ability to continue as a going concern is therefore dependent upon the success of the rights issue.

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

- the rights issue announced on 15 January 2010;
- the pipelines in each of the divisions and their improved operational performance; and
- ongoing prudent cost management being undertaken across the Consolidated entity;

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 significant uncertainty.

POWERLAN LIMITED AND CONTROLLED ENTITIES

Notes to and forming part of the Condensed Consolidated Financial Report for the half year ended 31 December 2009 (cont'd)

(b) Accounting Standards Not Previously Applied

The Consolidated entity has adopted the following new and revised Australian Accounting Standards issued by the AASB, which are mandatory to apply to the current interim period. Disclosures required by these standards that are deemed material have been included in this financial report on the basis that they represent a significant change in the information that was previously made available:

i) Presentation of Financial Statements

AASB 101 Presentation of Financial Statements prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- The replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- The adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- Other financial statements are renamed in accordance with the standard.

ii) Segment Reporting

AASB 8 Operating Segments requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change to the reporting segments as operating segments which are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer to note 5

POWERLAN LIMITED AND CONTROLLED ENTITIES

Notes to and forming part of the Condensed Consolidated Financial Report for the half year ended 31 December 2009 (cont'd)

	Consolidated	
	31 December 2009 $'000	31 December 2008 $'000
NOTE 2. OTHER INCOME		
Other income includes the following:		
Realised foreign exchange gains	-	964
Interest received	15	51
Sundry income	712	115
Total other income	**727**	**1,130**
NOTE 3. EXPENSES FROM CONTINUING OPERATIONS, EXCLUDING FINANCE COSTS		
Expenses from continuing operations, excluding finance costs is comprised of the following:		
Employee benefit expenses	12,012	11,760
Cost of sales	2,628	5,857
Travel & accommodation	1,147	1,298
Administrative expenses	891	811
Lease rental expenses	775	857
Realised and unrealised foreign currency losses	624	-
Depreciation of property, plant & equipment	221	208
Amortisation of intangible assets	185	272
Professional fees	504	336
Other expenses	666	651
Total expenses from continuing operations, excluding finance costs	**19,653**	**22,050**
NOTE 4. DIVIDENDS PAID		
Dividends per share paid during the period	**-**	**-**
Total dividends paid	**-**	**-**

POWERLAN LIMITED AND CONTROLLED ENTITIES

Notes to and forming part of the Condensed Consolidated Financial Report for the half year ended 31 December 2009 (cont'd)

NOTE 5. SEGMENT INFORMATION

2009	**Telecom Industry $'000**	**Financial Services $'000**	**Enterprise Management $'000**	**Other Segments $'000**	**Total $'000**
Revenue	8,402	2,438	1,618	-	12,458
Loss from continuing operations after income tax	(4,768)	(1,787)	(549)	(299)	(7,403)
Loss from discontinued operations	-	-	-	(443)	(443)
Loss attributable to minority interest	316	-	-	-	316
Loss attributable to members of the parent entity	(4,452)	(1,787)	(549)	(742)	(7,530)

2008	**Telecom Industry $'000**	**Financial Services $'000**	**Enterprise Management $'000**	**Other Segments $'000**	**Total $'000**
Revenue	13,770	2,054	1,183	-	17,007
Loss from continuing operations after income tax	(1,352)	(1,411)	(1,089)	(259)	(4,111)
Loss from discontinued operations	-	-	-	(470)	(470)
Profit attributable to minority interest	(44)	-	-	-	(44)
Loss attributable to members of the parent entity	(1,396)	(1,411)	(1,089)	(729)	(4,625)

The operating segments are based on the reports reviewed by the chief operating decision maker. The chief operating decision maker considers the business from the following business segments:

- Telecom Industry – consists of software and services provided to telecom industry;
- Financial Services – consists of software and services provided to financial institutions; and
- Enterprise Management – consists of software and services provided to enterprises to manage IT migration projects.

The head office and the discontinued operations comprise of less than 10% of the combined revenue, assets or operating losses of the Consolidated entity. As a result, these operations are included under "other segments"

POWERLAN LIMITED AND CONTROLLED ENTITIES

Notes to and forming part of the Condensed Consolidated Financial Report for the half year ended 31 December 2009 (cont'd)

		Consolidated	
		31 December 2009 $'000	31 December 2008 $'000

NOTE 6. LOSS FROM DISCONTINUED OPERATIONS

a) ***Discontinued operations***

Discontinued operations include expenses incurred by various non-operating companies within the Consolidated entity in Australia and Hong Kong.

b) ***Financial Performance***

		31 December 2009 $'000	31 December 2008 $'000
	Revenue	-	-
	Finance costs on liabilities of discontinued operations	(423)	(456)
	Other expenses	(20)	(14)
	Total loss from discontinued operations	**(443)**	**(470)**

c) ***Cash flow information***

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

		31 December 2009 $'000	31 December 2008 $'000
	Net cash used by operating activities	(20)	(14)
	Net cash used by discontinued operations	**(20)**	**(14)**

d) ***Carrying amounts of assets and liabilities***

Fair value of assets and liabilities of discontinued operations

		31 December 2009 $'000	31 December 2008 $'000
	Cash and cash equivalents	8	23
	Other financial assets	-	1
	Total assets	**8**	**24**
	Trade and other payables	5,909	6,306
	Total liabilities	**5,909**	**6,306**
	Net liabilities	**(5,901)**	**(6,282)**

POWERLAN LIMITED AND CONTROLLED ENTITIES

Notes to and forming part of the Condensed Consolidated Financial Report for the half year ended 31 December 2009 (cont'd)

NOTE 7. ACQUSITION OF OMNIX

The $1.5 million movement in the Other Reserves during the period is a consequence of the Company acquiring the 49% minority interest in Omnix Holdings Ltd ("Omnix"). In accordance with AASB127, Consolidated and Separate Financial Statements (operative from 1 July 2009), the consolidated entity retains control of Omnix and has therefore accounted for the increase in ownership from 51% to 100% as an equity transaction.

NOTE 8. CONTINGENT LIABILITIES

There are no material changes to the contingent liabilities as set out in the Company's 2009 annual report.

NOTE 9. FUNDING FACILITIES

The Consolidated entity has no credit standby arrangements or used and unused loan facilities with any financial institution. However, under the terms of a Loan Note Subscription Agreement dated 10 May 2005 ("Loan Agreement"), as amended, 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 loan is secured by a Deed of Charge over the assets of the Company. Pursuant to that Agreement, the Company has drawn down $17.3 million at 31 December 2009. These amounts are repayable within 48 hours on written demand.

NOTE 10. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 January 2010, the Company announced a renounceable pro rata rights issue of 330,107,288 shares at 6 cents ($0.06) per share to raise not less than about $16.0 million and up to $19.8 million. The offer was made on the basis of four new shares for every one share held as at 25 January 2010 ("the Record Date"). The issue price of 6 cents ($0.06) payable in full on application represents a 36.8% discount to the closing price of the shares on 14 January 2010.

The offer was made only to Shareholders on the Record Date with registered addresses in Australia and New Zealand. No action has been taken to register or qualify the new shares or the offer, or otherwise to permit a public offering of the new shares, in any jurisdiction outside Australia.

The Issue has been underwritten to an amount of $8 million by Bizzell Capital Partners Pty Ltd, subject to CPS taking up its full entitlement whereby a total amount of not less than about $16 million will be raised.

The Company received applications for 152,453,117 shares, subscribed by non-underwriters, for which securities were allotted on 23 February 2010. An amount of $9.1 million was raised from non-underwriters. Following allotment of the new shares the issued capital of the Company increased to 234,979,939 ordinary shares.

In accordance with the underwriting agreement, the Company expects to receive applications from underwriters and sub-underwriters for an additional 113,764,312 shares, raising a further $6.9 million. This will take the total funds raised from non underwriters, underwriters and sub-underwriters to $16.0 million.

Out of the $16.0 million funds raised, the Company will repay approximately $10.0 million to CPS.

DIRECTORS' DECLARATION

In the opinion of the directors of Powerlan Limited ("The Company"):

(a) the financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, and

  (i) comply with Accounting Standards, and the Corporations Regulations 2001; and

  (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date.

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

This declaration is made in accordance with a resolution of the directors.

Dr Ian Campbell
Director
Sydney, 26 February 2010

Chartered Accountants
& Business Advisers

Independent Auditor's Review Report

To the members of Powerlan Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Powerlan Limited (the company), which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the consolidated entity, comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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(a) 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.

PKF

PKF

Paul Bull
Partner

Sydney
26 February 2010