POWERLAN

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Powerlan Limited ACN 057 345 785 (**Company**) will be held at:

9.30am (Sydney time)
Friday, 16 December, 2011
Level 3
15 Blue Street
NORTH SYDNEY NSW 2060

GENERAL NATURE OF BUSINESS

Ordinary Business: Consideration of the financial, audit and Directors' reports, including the remuneration report, and appointment of directors.

Special Business: Consideration of the sale of the IMX and ConverterTechnology subsidiaries and the change of name of the Company.

AGENDA

ORDINARY BUSINESS

Resolution 1 - Financial Report, Audit and Directors' Reports

To receive and consider the financial report, including the Directors' declaration, for the year ended 30 June, 2011 and the related Directors' report and auditor's report.

As required by the Corporations Act 2001 (Cth) (**Corporations Act**), the financial report, the Directors' report and the auditor's report for the most recent year will be laid before the meeting.

There is no requirement for shareholders to approve these reports. Shareholders will be given a reasonable opportunity to ask questions or make comments about the reports and the management of the Company will respond as appropriate. Shareholders will also be given a reasonable opportunity to ask questions of the Company's auditor, who will be present at the meeting, in relation to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

In addition, shareholders who are entitled to vote at the meeting may submit a written question to the auditor if the question is relevant to the content of the auditor's report or the financial report to be considered at the meeting or any matter referred to in section 250T of the Corporations Act. Shareholders must submit any such written questions to the auditor care of the Company at Level 3, 15 Blue Street, North Sydney, NSW 2060 by no later than 5pm (Sydney time) on Friday , 9 December 2011.

The Company will pass on a shareholder's question to the auditor, and at or before the start of the meeting; a copy of the question list will be available to shareholders attending the meeting. A question may not be included in the question list if:

- the question list includes a question that is the same in substance as another question already lodged (even if it is expressed differently); or
- it is not practicable to include the question in the question list, or the Company may decide whether to include the question in the question list because of the time when the question is passed on to the auditor.

Resolution 2 - Remuneration Report

To consider, and if thought fit, to pass the following ordinary resolution:

'That the Remuneration Report be adopted.'

Explanation

The Company's Remuneration Report for the financial year ended 30 June 2011 is set out in the Directors' report on pages 7 to 9 of the Company's annual report to shareholders.

The Chairman will allow a reasonable opportunity for the shareholders as a whole to ask questions about, or make comment on, the Remuneration Report at the meeting.

The Corporations Act requires that the resolution to adopt the Remuneration Report be put to the vote of the shareholders. However, the vote on this resolution is advisory only and does not bind the Company's Directors or the Company.

Resolution 3 - Election of Directors – Ms. F McLeod

For all purposes including Rule 7.1(f) of the Constitution of the Company, shareholders consider, and if thought fit, pass the following ordinary resolution:

'That Ms F McLeod who retires in accordance with Rule 7.1(f), and being eligible for re-election, be re-elected as a director of the Company.'

Explanation

Rule 7.1(f) of the Company's constitution requires that one third of the Company's Directors retire by rotation at each annual general meeting. Ms McLeod retires in accordance with this Rule and seeks re-election.

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.

Resolution 4 - Election of Directors – Dr. I Campbell

For all purposes including 7.1(f) of the Constitution of the Company, shareholders consider, and if thought fit, pass the following ordinary resolution:

'That Dr I Campbell who retires in accordance with Rule 7.1(f), and being eligible for re-election, be re-elected as a director of the Company.'

Explanation

Rule 7.1(f) of the Company's constitution requires that one third of the Company's Directors retire by rotation at each annual general meeting. Dr Campbell retires in accordance with this Rule and seeks re-election.

Dr Campbell holds a PhD in Electrical Engineering from the University of New South Wales and has more than 40 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 and is Chairman of the Board.

SPECIAL BUSINESS

NOTE:
Resolution 7 is dependent on Resolutions 5 and 6 being approved by Shareholders. If either Resolution 5 or 6 is not passed, then Resolution 7 will be taken to have failed.

Attached is an Explanatory Statement which is provided to supply Shareholders with information to enable them to make an informed decision regarding Resolutions 5, 6 and 7. The Explanatory Statement is intended to be read in conjunction with, and forms part of, this Notice.

The Independent Expert Report from Moore Stephens Sydney Corporate Finance Pty Ltd (which accompanies the Explanatory Statement as Annexure A) expresses the opinion that each of the proposed sale of ConverterTechnology, Inc and ConverterTechnology Private Limited to CPS Group Investments (No 2) Pty Ltd (ACN 143 280 040) (**CPS**), and the proposed sale of IMX Software

Group Pty Ltd and IMX Software UK Limited to CPS, is fair and reasonable to non-associated Shareholders of the Company.

Resolution 5 - Approval of sale of ConverterTechnology, Inc and ConverterTechnology Private Limited

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

THAT for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and for all other purposes, approval be given to the sale of all of the Company's shares in its subsidiaries ConverterTechnology, Inc and ConverterTechnology Private Limited (collectively **CT**) to CPS Group Investments (No 2) Pty Ltd (ACN 143 280 040), on the terms and conditions summarized in the Explanatory Statement which accompanies this Notice of Meeting.

Resolution 6 - Approval of sale of IMX Software Group Pty Ltd and IMX Software UK Limited

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

THAT for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and for all other purposes, approval be given to the sale of all the Company's shares in its subsidiaries IMX Software Group Pty Ltd and IMX Software UK Limited (collectively **IMX**) to CPS Group Investments (No 2) Pty Ltd (ACN 143 280 040), on the terms and conditions summarized in the Explanatory Statement which accompanies this Notice of Meeting.

Voting exclusion statement

The Company will disregard any votes cast on Resolutions 5 and 6 by CPS Group Investments Pty Limited and any associate of CPS Group Investments Pty Limited. However, the Company need not disregard a vote if:

- the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- the vote is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Meeting Chairman

Because of his interest in CPS Group Investments Pty Ltd, Dr Ian Campbell, the Chairman of the Board of Directors, will NOT act as Chairman of the Annual General Meeting.

Resolution 7 - Change of name

In the event that Resolutions 5 and 6 above are passed, then to consider and, if thought fit, pass the following as a **special resolution**:

THAT the name of the Company be changed to Clarity OSS Limited.

By Order of the Board

Jon Newbery
Chief Executive Officer
9 November 2011

Notes to the Notice of Annual General Meeting and Explanatory Statement
NOTE: Please see Explanatory Statement regarding the Special Business Resolutions 5, 6 and 7.

1. **Directors' Recommendations**

   Each of the Company's Directors recommends to shareholders that each of resolutions 1, 2, 3, 4 and 7 contained in this notice of annual general meeting be approved. The Directors' recommendations in relation to Resolutions 5 and 6 are set out in the Explanatory Memorandum.

2. **Voting Entitlement**

   The Company's Board of Directors, being the convener of the annual general meeting, has determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements at the annual general meeting will be as it appears in the Company's share register at 7pm (Sydney time) on Wednesday 14 December 2011. This means that if you are not the registered holder of a relevant share in the Company at that time, you will not be entitled to vote in respect of that share.

   A joint holder of a share may vote at the annual general meeting in person or by proxy, attorney or representative as if that person was the sole holder. However, if more than one joint holder tenders a vote, then the vote of the holder named first in the register is accepted to the exclusion of any other.

3. **How to Exercise Your Right to Vote**

   You may vote in person, by proxy or by attorney. For example, you may vote:

   - by attending the annual general meeting and voting in person; or
   - by appointing a proxy to vote for you, by completing the Form of Proxy provided with this notice of annual general meeting.

4. **Voting by Proxy**

   If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed Form of Proxy. This form must be received by the Company or Computershare Investor Services Pty Limited by 9.30am (Sydney time) Wednesday 14 December 2011.

   The completed Form of Proxy may be:

   - mailed to the address on the form, or
   - faxed to Computershare Investor Services Pty Limited on +61 3 9473 2555.

   A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights; however, if the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a member of the Company.

   Where an appointment specifies the way the proxy is to vote on a resolution:

   - the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote that way;
   - if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
   - if the proxy is not the chairperson, the proxy need not vote on a poll but if the proxy does so, the proxy must vote that way; and
   - if the proxy is the chairperson, the proxy must vote on a poll and must vote that way.

   If the Chairperson is your proxy and you do not wish to specifically direct how the proxy is to vote, you should tick the relevant box on the proxy form and by doing so, you will be taken to have directed the Chairperson to vote in favour of the resolutions and the Chairperson will exercise your votes in favour of the resolutions.

   NOTE: that unless you direct the Chairman how to vote on the resolution to approve the Remuneration Report, the Chairman will not vote pursuant to your proxy on that resolution, as to do so would be in breach of the recently introduced section 250R(4) of the Corporations Act.

5. **Quorum**

   The quorum for the meeting is two shareholders present in person, by proxy, attorney or duly appointed representative. If a quorum is not present within 30 minutes after the time appointed for holding the meeting, the meeting will be adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Company's Directors may determine.

EXPLANATORY STATEMENT

Re: Resolutions 5, 6 and 7

1 General

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held on Friday, 16 December 2011 at 9:30 AM (Sydney time) at Level 3, 15 Blue Street NORTH SYDNEY NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions 5, 6 and 7 in the Notice of Meeting.

2 Resolutions 5 & 6 - Approval to sale of ConverterTechnology, Inc, ConverterTechnology Private Limited, IMX Software Group Pty Ltd and IMX Software UK Limited

2.1 Background

On 17 March 2011, the Company announced that it had received an offer from CPS Group Investments Pty Ltd (**CPS**) for CPS or its nominee to purchase the Company's ConverterTechnology and IMX Software undertakings. On 9 May 2011, the Company announced that CPS had revised its offered price for the IMX undertakings.

Under the proposed transaction being put to Shareholders, the proposed purchaser, CPS Group Investments (No 2) Pty Ltd (ACN 143 280 040) (**CPS No 2**), will purchase all of the Company's shares in:

- ConverterTechnology, Inc and ConverterTechnology Private Limited (**CT**) for AU$3.5 million (the **CT Consideration** and together the **CT Transaction**); and
- IMX Software Group Pty Ltd and IMX Software UK Limited (**IMX**) for AU$4.9 million (the **IMX Consideration** and together the **IMX Transaction**)

as detailed in section 2.5 below (together the **Proposed Transactions** and each a **Proposed Transaction**). CT and IMX are jointly referred to as the **Sale Businesses**.

In assessing the transactions shareholders should be aware that the consideration received by Powerlan is effectively reduced by any amounts required to be contributed by it to comply with the working capital requirements. As stated in the IER, it is estimated an injection of non-recoverable working capital of $1.1m will be required in IMX in order to meet these commitments. An increase in working capital of $0.2m in CT is also reflected. It is therefore estimated that net assets to be transferred will be $1.046m and $0.739m for CT and IMX respectively.

CPS No 2 is a related party of the Company (because it is controlled by Dr Ian Campbell, the Company's Chairman) and is an associate of a substantial holder (because its associates hold a relevant interest well in excess of 10% due to its associate CPS Group Investments Pty Ltd (a company controlled by Dr Campbell) holding approximately 47.63% of the Company's share capital).

As such, the Proposed Transaction is subject to approval from shareholders of the Company that are not associated with CPS No 2 (**Non-associated Shareholders**) and a report from an independent expert that concludes that the Proposed Transaction is fair and reasonable to the Company's Non-associated Shareholders.

The independent Directors of the Company engaged Moore Stephens Sydney Corporate Finance Pty Ltd (**Moore Stephens**) to prepare an independent expert's report (**Independent Expert's Report** or **Report**) advising whether the Proposed Transactions are fair and reasonable to Non-associated Shareholders.

The Report is attached to this Explanatory Statement at Annexure A.

2.2 **Shareholder approvals sought**

The Company seeks Shareholder approval to the Proposed Transaction under:

(a) Chapter 2E of the Corporations Act (for the giving of a financial benefit to related party); and

(b) Listing Rule 10.1 (for the disposal of a substantial asset to a related party and substantial holder).

2.3 **Reasons for seeking approval**

Chapter 2E of the Corporations Act regulates the giving of financial benefits to related parties by public companies. Section 208 of the Corporations Act provides that a company must obtain shareholder approval before giving a financial benefit to a related party.

ASX Listing Rule 10.1 prohibits the Company, and each of its subsidiaries and controlled entities, from acquiring a "substantial asset" from, or disposing of a "substantial asset" to (amongst other persons) a related party or a substantial holder (where the substantial shareholder and its associates had a relevant interest in at least 10% of the shares at any time in the six months before the transaction) or any of its associates, without the approval of Shareholders.

An asset is a "substantial asset" if its value, or the value of the consideration for it, is 5% or more of the equity interests of the Company as set out in its latest accounts given to ASX under the Listing Rules.

The assets the subject of the Proposed Transactions are a "substantial asset" for the purposes of this test. CPS No 2 is a related party (because it is controlled by Dr Ian Campbell, the Company's Chairman) and is an associate of a substantial holder (because its associates hold a relevant interest well in excess of 10% due to its associate CPS Group Investments Pty Ltd (a company controlled by Dr Campbell) holding approximately 47.63% of the Company's share capital).

Accordingly, the Company is seeking approval of Non-associated Shareholders for the Proposed Transactions.

2.4 **If Shareholder approval is not received**

If Shareholders do not approve the sale of CT and IMX to CPS No 2, the Company will examine other available alternatives for these businesses. However, the Directors are not confident that alternatives will be available in the foreseeable future, having regard to previous attempts by the Company to implement alternatives as follows:

Regarding CT:

Over the last year, Powerlan has sought potential buyers and/or strategic investment partners for CT. The initial focus of the search was CT's existing reseller partners, because of their familiarity with CT's target market and products. The feedback from discussions with a number of these organisations was consistent, that is to say, that while each partner found CT's technology useful, it was viewed as merely solving a "moment in time" problem with no real recurring revenue stream. As such, the resellers preferred to remain as reselling partners only and to sell CT's solution opportunistically. Additionally, two companies with complementary solutions were approached with a proposal of merger or acquisition, but, as with the resellers, they were not interested in any sort of a relationship beyond referral arrangements. Both companies stated that any sort of combination would not yield a significant increase in their value and would most likely distract them in achieving their operational goals. Powerlan also explored several organisations which were actively acquiring or investing in technology companies. Each of these companies expressed concerns around CT's lack of recurring revenue streams and single threaded dependence on the Microsoft Office deployment cycles. Accordingly, they did not feel CT was a good fit in their portfolio.

Regarding IMX:

Over the last 3 years Powerlan has invested heavily in creating an integrated suite of IMX's products and in refreshing the technology platform on which IMX's application runs. This investment was made in performance of a contract with a leading global flagship customer. Although that project is now nearing its conclusion the Directors are of the opinion that further investment and resources will be required to build IMX into a substantial business which can leverage its niche industry position and thereby develop into a valuable asset for Powerlan. In the last year, IMX has been involved in possible merger discussions with another industry player but those discussions were concluded without a transaction taking place. As disclosed in paragraph 2.5 below, IMX and CPS No 2 are now negotiating the acquisition of another target. All of these activities have been undertaken to support the growth that is required for IMX to attain a sufficient size to enable a return to profitable operations. However, all activities require additional funding which IMX does not currently have.

2.5 **IMX Negotiations to acquire a synergistic business**

IMX and CPS No 2 are currently negotiating to acquire a synergistic business. Because of confidentiality obligations, and also because the Directors believe that it would not currently be in IMX's and the Company's commercial interests to provide any details of the possible transaction, the Company is inhibited in regard to what it can presently disclose to its shareholders, including the identity of the business. The Company can disclose that a non-binding Letter of Intent has been signed and due diligence has been completed. Formal contractual negotiations are almost concluded. These negotiations are likely to provide for completion of the acquisition on 30 November 2011 or shortly thereafter. Because of the strategic priorities of the Company referred to above, funds will not be available to proceed with this acquisition if the Company were to retain ownership of IMX. In such case, it is likely that the deposit of about AU$120,000 will be forfeited. However, the deposit is being paid by CPS No 2 and neither IMX nor the Company will have any obligation to repay the deposit amount to CPS No 2 if the deposit is in fact forfeited. The finally negotiated contract will contain a provision limiting the vendor's claim against IMX or CPS No 2 to the forfeiture of the deposit in the event that the purchase is not completed. If the acquisition proceeds and results in added value to IMX and thereby facilitates a sale of that company by

CPS No 2 to a third party within 12 months of the transfer, then the Company will share in any upside as noted in paragraph 2.6 below.

2.6 **Proposed Transaction**

Under the Proposed Transaction, CPS No 2 will purchase all the Company's shares in:

- ConverterTechnology, Inc and ConverterTechnology Private Limited (**CT**) for AU$3.5 million; and
- IMX Software Group Pty Ltd and IMX Software UK Limited (**IMX**) for AU$4.9 million.

The Proposed Transaction will also provide that if CPS No 2 sells either CT or IMX to a third party within 12 months of completion of its purchase from the Company, CPS No 2 will pay to the Company one half of the net difference between the price received by CPS No 2 from the third party and a base price being the aggregate of the:

- price paid by CPS No 2 to the Company for that entity;
- cost of any substantial acquisitions; and
- amount of any advances made by CPS No 2 to the entity as working capital between its acquisition and any sale.

The terms of the Proposed Transaction will also:

- provide that CPS No 2 be directed to pay the purchase price in full on completion of the sale to CPS in reduction of the debt owed by the Company to CPS;
- provide for a proposed effective completion date of 31 October 2011;
- provide that on completion each of IMX and CT must have working capital equivalent to three months of average monthly expenses of IMX or CT, as applicable, made up of cash and receivables less liabilities excluding unearned revenue and non-current liabilities;

As it is not unusual for a buyer of a business to require the business to have a certain amount of working capital, based on net current assets, and as the directors considered that the overall terms of the sale of IMX were favourable to Powerlan in all the circumstances, the directors agreed to include such a provision in the contracts.

NOTE: In assessing the transactions shareholders should be aware that the consideration received by Powerlan is effectively reduced by any amounts required to be contributed by it to comply with the working capital requirements. As stated in the IER, it is estimated an injection of non-recoverable working capital of $1.1m will be required in IMX in order to meet these commitments. An increase in working capital of $0.2m in CT is also reflected. It is therefore estimated that net assets to be transferred will be $1.046m and $0.739m for CT and IMX respectively.

- include standard warranties as to title but otherwise contain only limited warranties;
- include such further terms as are approved by the Directors acting in accordance with the advice of the Company's legal representative.

2.7 **Information for Shareholders required under the Corporations Act**

For the purposes of section 217 to 227 of the Corporations Act, the following information (current as at the date of this Notice of Meeting and Explanatory Statement) is provided to allow Shareholders sufficient information to determine whether they should approve Resolutions 5 and 6:

(a) the proposed financial benefit is to be given to CPS No 2;

(b) CPS No 2 is a related party of the Company because it is controlled by Dr Ian Campbell, the Company's Chairman;

(c) the proposed financial benefit is the disposal of assets of the Company on the terms outlined in section 2.5 above;

(d) the Directors' recommendations about Resolutions 5 and 6 are set out in section 2.11 below;

(e) Dr Campbell does not wish to make any recommendation about the Proposed Transactions because he has a material personal interest in the Proposed Transactions as detailed in section 2.10 below;

(f) the Directors advise that their shareholding in the Company's shares as at 9 May 2011 is as follows:

Director	Direct interests in ordinary shares	Indirect interests in ordinary shares	Options over ordinary shares
Ian Lancaster	Nil	7,156,000	Nil
Geoffrey Harrington	Nil	Nil	Nil
Fiona McLeod	190,400	Nil	Nil
Ian Campbell	Nil	166,105,120	Nil

(g) as at the date of this Notice of Meeting and Explanatory Statement the Directors advise that their interests in Resolutions 5 & 6 are as follows:

Director	Interests
Ian Lancaster	Nil
Geoffrey Harrington	Nil
Fiona McLeod	Nil
Ian Campbell	Dr Campbell has a material personal interest in the Resolutions as detailed in section 2.10 below

(h) The following is a Pro Forma Balance Sheet of the Company setting out the current assets and liabilities of the Company, and the assets and liabilities of the Company as if the proposed sales were to be completed as at the last audit date of 30 June 2011:

	Audited 30-Jun-11 $'000	Pro forma 30-Jun-11 $'000
CURRENT ASSETS		
Cash and cash equivalents	2,575	1,946
Trade and other receivables	2,874	2,874
Inventories	3,632	3,632
Investments held to maturity	1,532	1,532
	10,613	**9,984**
Assets classfied as held for sale	2,785	0
TOTAL	13,397	9,984
NON-CURRENT ASSETS		
Property, plant and equipment	298	298
Intangible assets	14,414	14,414
Deferred tax assets	65	65
TOTAL	**14,777**	**14,777**
TOTAL ASSETS	**28,174**	**24,761**
CURRENT LIABILITIES		
Trade and other payables	6,239	6,239
Provisions	1,312	1,312
Other financial liabilities	2,876	2,876
	10,427	**10,427**
Liabilities directly associated with assets classified as held for sale	2,963	0
TOTAL	13,390	10,427
NON-CURRENT LIABILITIES		
Trade and other payables	0	0
Provisions	243	243
Long-term borrowings	25,808	17,408
TOTAL	**26,052**	**17,652**
TOTAL LIABILITIES	**39,442**	**28,079**
NET ASSETS	**(11,267)**	**(3,318)**
EQUITY		
Issued capital	164,302	164,302
Reserves	(1,741)	(1,741)
Accumulated losses	(173,829)	(165,880)
TOTAL	**(11,267)**	**(3,318)**

(i) in relation to any other information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass the Resolutions and that is known to the Company or any of its Directors, please refer to Annexure A to this Explanatory Statement which contains the Independent Expert's Report stating that the transaction is fair and reasonable to Non-associated Shareholders.

2.8 Independent Expert's Report

To enable Shareholders to properly consider whether to vote in favour of the Resolutions to approve the Proposed Transactions, and in compliance with the requirements of ASX Listing Rule 10.10.2 for an independent expert's report, the Company engaged Moore Stephens to advise whether, in their opinion, the Proposed Transactions are fair and reasonable to Non-associated Shareholders.

Accompanying this Notice of Meeting is an Independent Expert's Report prepared by Moore Stephens concluding that each of the Proposed Transactions is **fair and reasonable** to the Non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, advantages and disadvantages of the transaction, the methodology of the valuation and the assumptions made.

2.9 Advantages and disadvantages of the Proposed Transactions

Advantages	Disadvantages
Consideration is greater than the value of the Sale Businesses	No participation in potential future upside of the Sale Businesses
The Company will be able to focus on its Clarity business	The proceeds of the Proposed Transactions will be used to reduce the CPS loan and, therefore, cannot be used to invest in Clarity
There are no alternative offers for CT	
The Company will no longer be exposed to the risk of negative cash flows being generated by the Sale Businesses	
The Company would reduce the CPS loan by $8.4 million and the annual interest costs by about $1million	
The Proposed Transaction reduces the net liability of the Company as the book value of the Sale Businesses is less than the reduction of the CPS loan and the Company makes a profit on the sale.	
If CPS No 2 sells either CT or IMX to a third party within 12 months of completion, the Company is to receive one half of the net difference between the price paid by the third party and the purchase price under the Proposed Transaction	

The above advantages and disadvantages are further explained in section 9 of the Independent Expert's Report.

Shareholders should review the full Independent Expert's Report in detail.

2.10 **Director's interests**

Dr Ian Campbell (Chairman) has a personal interest in the outcome of the resolutions in that he controls and has an interest in CPS No 2 (the proposed purchaser of CT and IMX under the Proposed Transactions) and controls CPS which is to be repaid part of the debt owed to it by the Company from the proceeds of sale of CT and IMX.

Dr Ian Campbell's interest is a material personal interest, in that CPS is a company in which he has an interest. CPS, which is a Company shareholder, is therefore excluded from voting, and will not vote on the resolutions relating to the sales of CT and IMX. Dr Campbell did not vote on the Proposed Transactions at the Board meetings at which the Proposed Transactions were considered.

2.11 **Directors' Recommendations**

The Directors, other than Dr Ian Campbell, having considered the potential advantages and disadvantages of the Proposed Transactions together with the conclusions of the Independent Expert, are unanimously of the opinion that the Proposed Transactions are each in the best interests of the Company and Non-associated Shareholders.

The Board has been considering the potential disposal of IMX and CT for some time so as to allow the Company to focus on building its business around the core assets of Clarity's telecommunications software. IMX has been making losses for some years and both IMX and CT, in the view of the Directors, have limited opportunities for growth as niche software providers in their respective sectors without additional capital or loan funds being made available for further investment in their products or for acquisitions of synergistic businesses. With the strategic focus on investment in the telecommunications software assets of Clarity, the Directors are, and have been for some time, of the opinion that disposing of IMX and CT is in the best long term interests of the Company and its shareholders. Although Dr Campbell has stated that neither IMX nor CT are synergistic with other businesses in which he has an interest, he has stated that his offers to acquire CT and IMX are made for 2 reasons: (a) to benefit the Company and allow the business to focus on building value for shareholders through the growth of its core asset, Clarity, and (b) to reduce Powerlan's debt to CPS and its consequent interest obligation.

3 Resolution 7 - Change of name

If Resolutions 5 and 6 are passed, then the Company's only undertaking from completion of the Proposed Transaction will be the Clarity division business. In these circumstances, the Directors believe that it will be in the Company's best commercial interests to identify the Company with the Clarity division business.

4 Enquiries

Shareholders are invited to contact the Company Secretary, Andrew Wrigglesworth on (02) 9925 4600 if they have any queries in respect of the matters set out in the Notice of Meeting, Explanatory Statement or Independent Expert's Report.

Glossary
ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules or **Listing Rules** means the listing rules of the ASX.

Company or **Powerlan** means Powerlan Limited ACN 057 345 785.

Corporations Act means the Corporations Act 2001 (Cth).

CPS means CPS Group Investments Pty Ltd ACN 114 023 693.

CPS No 2 means CPS Group Investments (No 2) Pty Ltd ACN 143 280 040 which is currently called Project Blue Consortium Pty Ltd, but which proposes to change its name to CPS Group Investments (No 2) Pty Ltd.

CT means ConverterTechnology, Inc and ConverterTechnology Private Limited.

Directors means Directors of the Company.

Explanatory Statement means this explanatory statement attached to the Notice, which provides information to Shareholders about the Resolutions and includes the Independent Expert's Report.

IMX means IMX Software Group Pty Ltd and IMX Software UK Limited.

Independent Expert's Report or **Report** means Moore Stephens's report included as Annexure A to this Explanatory Statement.

Meeting means the meeting convened by the Notice.

Moore Stephens means Moore Stephens Sydney Corporate Finance Pty Ltd ACN 122 561 184.

Non-associated Shareholders means Shareholders other than CPS and its associates.

Notice or **Notice of Meeting** means the notice of general meeting which accompanies this Explanatory Statement.

Proposed Transaction means the proposed sale by the Company to CPS No 2 of all the Company's shares:

- ConverterTechnology, Inc and ConverterTechnology Private Limited (**CT**) for AU$3.5 million; and
- IMX Software Group Pty Ltd and IMX Software UK Limited (**IMX**) for $4.9 million,

on the terms detailed in section 2.5 of this Explanatory Statement.

Resolution means a resolution included in the Notice.

Sale Businesses means CT and IMX jointly.

Share means an ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Annexure A - Independent Expert's Report

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MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Powerlan Limited

Independent Expert's Report

9 November 2011

Moore Stephens Sydney
Corporate Finance Pty Ltd

Level 7, 20 Hunter Street
Sydney NSW 2000
Australia

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9 November 2011

The Independent Directors
Powerlan Limited
Level 3, Fujitsu Building
15 Blue Street
North Sydney NSW 2060

Dear Independent Directors

INDEPENDENT EXPERT'S REPORT FOR NON-ASSOCIATED SHAREHOLDERS OF POWERLAN LIMITED

1. Introduction

Powerlan Limited ("Powerlan" or "the Company") has received an offer from CPS Group Investments Pty Ltd ("CPS") for CPS or its nominee to purchase all the shares in the companies housing:

- IMX Software ("IMX") for $4.9 million (the "IMX Consideration" and together the "IMX Transaction"); and
- ConverterTechnology ("CT") for $3.5 million (the "CT Consideration" and together the "CT Transaction"),

(together the "Proposed Transaction").

IMX and CT are each referred to as a "Sale Business" and are jointly referred to as the "Sale Businesses".

The Proposed Transaction also provides that if CPS sells either IMX or CT to a third party within 12 months of completion of its purchase from the Company, CPS will pay to the Company one half of the net difference between the price received by CPS from the third party and a base price being the aggregate of the:

- Price paid by CPS to Powerlan for that Sale Business;
- Cost of any substantial acquisitions; and
- Amount of any advances made by CPS to the Sale Business as working capital between CPS' acquisition and any sale.

The Proposed Transaction further provides that on completion each of IMX and CT must have working capital equivalent to three months average expenses, respectively. Working capital comprises cash and receivables less current liabilities (excluding unearned revenue).

The Independent Directors of Powerlan have engaged Moore Stephens Sydney Corporate Finance Pty Ltd ("Moore Stephens") to prepare an independent expert's report ("Report") advising whether the Proposed Transaction is fair and reasonable to shareholders of Powerlan that are not associated with CPS ("Non-associated Shareholders").

Moore Stephens issued an original Report on the Proposed Transaction on 27 May 2011 ("First Report") which concluded that the Proposed Transaction was fair and reasonable. Powerlan requested Moore Stephens to prepare an updated Report ("Second Report") as:

- **Time had elapsed since the issue of the First Report which had not been provided to shareholders; and**
- **Powerlan became obligated, pursuant to ongoing negotiations with CPS since the issue of the First Report, to retain working capital equivalent to three months average expenses in the Sale Businesses at completion of the Proposed Transaction.**

The draft Second Report was updated when Powerlan clarified the required working capital amount for the Sale Businesses. Powerlan's non-recoverable working capital funding requirement has increased by $1.1 million since the issue of the First Report.

Our opinion remains that the Proposed Transaction is fair and reasonable to Non-associated Shareholders of Powerlan, consistent with our First Report and draft copy of our Second Report.

2. Scope and Purpose

CPS is a company controlled by Powerlan's Chairman, Dr Ian Campbell and we understand that any sale of IMX and/or CT to CPS or its nominee would be a:

- "*Financial benefit*" to a "*related party*" within the meaning of section 208 of the Corporations Act 2001; and
- Disposal of a "*substantial asset*" to a "*related party*" within the meaning of ASX Listing Rule 10.1.

Accordingly, the Board's acceptance of the Proposed Transaction is subject to approval from Non-associated Shareholders and a report from an independent expert that concludes that the Proposed Transaction is fair and reasonable to the Company's Non-associated Shareholders.

This Report has been prepared by Moore Stephens for inclusion in Powerlan's Notice of Annual General Meeting and Explanatory Memorandum to assist Non-associated Shareholders to decide whether to approve the Proposed Transaction. The sole purpose of this Report is to express our opinion as to whether the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

This is a summary of Moore Stephens' opinion as to the merits or otherwise of the Proposed Transaction. This summary should be considered in conjunction with, and not independently of, our detailed Report.

3. Basis of Evaluation

Under the Australian Securities & Investments Commission Regulatory Guide 111 "*Content of expert reports*", in relation to a related party transaction:

- A proposed transaction is "*fair*" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- A proposed transaction is "*reasonable*" if it is "*fair*"; and
- A proposed transaction may be reasonable if, despite being "*not fair*", the expert believes there are sufficient other reasons for shareholders to vote for the proposal.

4. Summary of Opinion

Proposed Transaction is Fair to Non-associated Shareholders

In our opinion:

- The IMX Transaction is fair to Non-associated Shareholders as the IMX Consideration is considered to be greater than the value of IMX; and
- The CT Transaction is fair to Non-associated Shareholders as the CT Consideration is considered to be greater than or equal to the value of CT.

Proposed Transaction is Reasonable to Non-associated Shareholders

After forming an opinion that the Proposed Transaction is fair and after considering the advantages and disadvantages of the Proposed Transaction to the Non-associated Shareholders of Powerlan, as set out in Section 9 of this Report, in our opinion the Proposed Transaction is also reasonable to the Non-associated Shareholders.

Yours faithfully

Moore Stephens Sydney Corporate Finance Pty Ltd

Alan Max
Director

Scott Whiddett
Director

Contents

1. Proposed Transaction

Powerlan Limited (“Powerlan” or “the Company”) has received an offer from CPS Group Investments Pty Ltd (“CPS”) for CPS or its nominee to purchase all the shares in the companies housing:

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(together the “Proposed Transaction”).

IMX and CT are each referred to as a “Sale Business” and are jointly referred to as the “Sale Businesses”.

The Proposed Transaction also provides that if CPS sells either IMX or CT to a third party within 12 months of completion of its purchase from the Company, CPS will pay to the Company one half of the net difference between the price received by CPS from the third party and a base price being the aggregate of the:

- Price paid by CPS to Powerlan for that Sale Business;
- Cost of any substantial acquisitions; and
- Amount of any advances made by CPS to the Sale Business as working capital between CPS’ acquisition and any sale,

(in aggregate the “Base Price”).

The Proposed Transaction further provides that on completion each of IMX and CT must have working capital equivalent to three months average expenses, respectively. Working capital comprises cash and receivables less current liabilities (excluding unearned revenue).

CPS is a company controlled by Powerlan’s Chairman, Dr Ian Campbell and we understand that any sale of IMX and/or CT to CPS or its nominee would be a:

- “*Financial benefit*” to a “*related party*” within the meaning of section 208 of the Corporations Act 2001 (“the Act”); and
- Disposal of a “*substantial asset*” to a “*related party*” within the meaning of ASX Listing Rule 10.1.

Accordingly, the Board’s acceptance of the Proposed Transaction is subject to approval from shareholders of Powerlan that are not associated with CPS (“Non-associated Shareholders”) and a report from an independent expert that concludes that the Proposed Transaction is fair and reasonable to the Company’s Non-associated Shareholders.

The Independent Directors of Powerlan have engaged Moore Stephens Sydney Corporate Finance Pty Ltd (“Moore Stephens”) to prepare an independent expert’s report (“Report”) advising whether the Proposed Transaction is fair and reasonable to Non-associated Shareholders.

Moore Stephens issued an original Report on the Proposed Transaction on 27 May 2011 ("First Report") which concluded that the Proposed Transaction was fair and reasonable. Powerlan requested Moore Stephens to prepare an updated Report ("Second Report") as:

- **Time had elapsed since the issue of the First Report which had not been provided to shareholders; and**
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The draft Second Report was updated when Powerlan clarified the required working capital amount for the Sale Businesses. Powerlan's non-recoverable working capital funding requirement has increased by $1.1 million since the issue of the First Report.

Our opinion remains that the Proposed Transaction is fair and reasonable to Non-associated Shareholders of Powerlan, consistent with our First Report and draft copy of our Second Report.

Amounts in this report, except in section 5, are in Australian Dollars unless otherwise stated.

2. Basis of Assessment

2.1 Corporations Act

Section 208 of the Act provides that a company must obtain shareholder approval before giving a financial benefit to a related party. Dr Ian Campbell and CPS are related parties of Powerlan and are receiving a financial benefit in connection with the divestment of the Sale Businesses.

Section 219 of the Act provides that the Explanatory Statement is required to set out, amongst other things, all information that is reasonably required by shareholders in order to decide whether or not it is in the company's interest to pass the proposed resolution and is known to the company or to any of its directors.

2.2 ASX Listing Rules

ASX Listing Rule 10.1 states that where a company proposes to acquire a substantial asset from, or dispose of a substantial asset to, a related party, the company must obtain the prior approval of the non-associated shareholders. Listing Rule 10.1 describes a substantial asset as an asset that has a value, in the ASX's opinion, of at least 5 percent or more of the shareholders funds in the entity as set out in the latest accounts of the company.

Under such circumstances Listing Rule 10.10 requires the Notice of General Meeting to include a report on the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded. Unless the opinion is that the transaction is fair and reasonable, the opinion must be displayed prominently in the Notice of General Meeting and on the covering page of the accompanying documents.

2.3 ASIC Regulatory Guide 111

In preparing our Report we have had regard to the guidelines set out in the Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 "*Content of expert's reports*" ("RG111"). Neither the Act nor the ASX Listing Rules define the term "*fair and reasonable*"; however RG 111 provides that each of these criteria be assessed individually and not as a compound phrase. For a related party transaction, RG 111, states that:

- A proposed transaction is "*fair*" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length ("Fair Value").
- A proposed transaction is "*reasonable*" if it is "*fair*"; and
- A proposed transaction may be reasonable if, despite being "*not fair*", the expert believes there are sufficient other reasons for shareholders to vote for the proposal.

In relation to related party transactions, such as the Proposed Transaction, the expert is required to analyse whether the Proposed Transaction is fair and reasonable from the perspective of the Non-associated Shareholders.

2.4 Purpose

This Report has been prepared by Moore Stephens for inclusion in Powerlan's Notice of Annual General Meeting and Explanatory Memorandum to assist Non-associated Shareholders to decide whether to approve the Proposed Transaction. The sole purpose of this Report is to express our opinion as to whether the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

The Report may not be used for any other purpose, or by any other party, and Moore Stephens will not accept any responsibility for its use outside this purpose. No extract, quote or copy of this Report, in whole or in part, should be reproduced without the prior written consent of Moore Stephens, as to the form and context in which it appears.

2.5 Limitations and Reliance on Information

Our opinion is based on market, economic and other factors existing at the date of this Report. Such conditions can change significantly in short periods of time.

Our Report is based upon financial and other information provided by Powerlan's representatives, contractors, advisors, agents and/or related parties ("Providers"). In forming our opinion we have reviewed and relied upon this information and have no reason to believe that the information provided is not reliable, accurate and complete. Also, we have no reason to believe that material facts or information have been withheld by the Providers.

The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable. Our enquiries and procedures do not constitute an audit, extensive examination or "due diligence" investigation. None of these assignments have been undertaken by Moore Stephens.

In forming the opinion expressed in this Report, the opinions and judgments of management of Powerlan have been considered. Although this information has been evaluated through analysis, enquiry and review to the extent practical, inherently such information is not always capable of independent verification.

3. Overview of Powerlan

3.1 Company Overview

Powerlan provides specialist information technology ("IT") products and services through three main operating divisions: Clarity, IMX and CT.

The Company focuses on creating and delivering software products and related services exclusively in areas where it owns the intellectual property. Due to the international appeal of its products and services, a large proportion of Powerlan's operating revenue is generated offshore.

The Company was incorporated in September 1992 and was listed on the ASX in September 1999.

3.2 Financial Performance

The following table summarises Powerlan's recent historic financial performance:

	FY09 ($000)	FY10 ($000)	FY11 ($000)
Sales revenue	38,616	27,313	25,646
Other revenues from operating activities	600	1,095	4,139
Total revenue	**39,216**	**28,408**	**29,785**
Cost of sales	10,647	4,336	6,742
Gross profit	**28,569**	**24,072**	**23,043**
Employee costs	24,184	24,323	25,328
Travel	2,671	2,690	2,206
Leases	1,691	1,604	1,471
Impairment of goodwill	5,438	-	-
Other expenses from operating activities	4,299	5,964	3,753
EBITDA	**(9,714)**	**(10,509)**	**(9,715)**
Depreciation and amortisation	1,011	648	451
EBIT	**(10,725)**	**(11,157)**	**(10,166)**
Interest income	33	45	10
Interest expense	766	1,632	1,874
Loss before tax	**(11,458)**	**(12,744)**	**(12,030)**
Income tax expense	172	763	385
Loss after tax	**(11,630)**	**(13,507)**	**(12,415)**

Source: Powerlan's audited financial statements for FY09 and FY10 and unaudited management accounts for FY11. We note that Powerlan's published Annual Report for FY11 dated 31 August 2011 treats IMX and CT as discontinued operations.

Note: Numbers may not add due to rounding.

3.3 Financial Position

The following table summarises Powerlan's recent historic financial position:

As at 30 June	2009 ($000)	2010 ($000)	2011 ($000)
Cash and equivalents	2,228	5,458	4,107
Trade and other receivables	7,285	7,682	5,219
Inventories	9,899	5,995	3,974
Total current assets	**19,412**	**19,135**	**13,300**
Property, plant & equipment	669	442	396
Intangible assets	14,665	14,457	14,414
Deferred tax assets	944	384	65
Total non-current assets	**16,278**	**15,283**	**14,875**
Total assets	**35,690**	**34,418**	**28,175**
Trade and other payables	11,178	15,018	7,618
Provisions	1,552	1,645	1,616
Borrowings	10,502	-	-
Deferred tax liability	48	-	-
Other liabilities	4,404	4,353	4,047
Total current liabilities	**27,684**	**21,016**	**13,281**
Trade and other payables	4,799	46	-
Borrowings	-	11,065	25,808
Provisions	352	360	352
Total non-current liabilities	**5,151**	**11,471**	**26,160**
Total liabilities	**32,835**	**32,487**	**39,441**
Net assets	**2,855**	**1,931**	**(11,266)**
Contributed equity	148,935	164,302	164,302
Reserves	1,077	(958)	(1,741)
Minority interest	316	-	-
Accumulated losses	(147,473)	(161,413)	(173,829)
Total equity	**2,855**	**1,931**	**(11,268)**

Source: Powerlan's audited financial statements for FY09 and FY10 and unaudited management accounts for FY11. We note that Powerlan's published Annual Report for FY11 dated 31 August 2011 treats IMX and CT as assets (and directly associated liabilities) held for resale.

Note: Numbers may not add due to rounding.

We note the following with regard to Powerlan's historic balance sheets:

- A rights issue was conducted in March 2010 at 6 cents per share.
- The borrowings are from CPS ("CPS Loan") and have been reclassified from current liabilities to non-current liabilities in FY10 due to an amendment in the terms of the CPS Loan.
- An amount owing to the Australian Taxation Office was reclassified from non-current payables to current payables in 2010.
- Operating losses have caused a net liability position as at 30 June 2011.

3.4 Capital Structure

Powerlan has approximately 348.7 million ordinary shares on issue, with the Top 10 shareholders holding approximately 73 percent of the issued shares as at 4 August 2011, as indicated below:

Registered Shareholder	Shares Held (000)	Percentage of Issued Shares (%)
CPS Group Investments Pty Ltd	166,105	47.6
HSBC Custody Nominees (Australia) Limited	20,005	5.7
Mr Richard Geoffrey Austin & Mrs Pamela Margaret Austin <Austin Super Fund A/C>	16,667	4.8
Angora Lane Pty Ltd <Angora Lane P/L S/Fund A/C>	11,643	3.3
Mitris Nominees Pty Ltd <The Mitris Family S/Fund A/C>	10,008	2.9
Spinite Pty Ltd	8,333	2.4
Citicorp Nominees Pty Limited	7,250	2.1
BT Portfolio Services Ltd <Warrell Holdings S/F A/C>	5,266	1.5
Robert Wilson	4,886	1.4
Angora Lane Pty Ltd <Wurm Family A/C>	4,684	1.3
Top 10 Shareholders Subtotal	**254,847**	**73.0**
Other Shareholders	93,897	27.0
Total	**348,744**	**100.0**

Source: Powerlan
Note: Numbers may not add due to rounding.

The Directors collectively hold a direct and indirect interest in 173.5 million shares, representing 49.7 percent of the issued shares.

Powerlan had no options or other convertible instruments on issue.

3.5 Funding Arrangement

Powerlan and CPS entered into a Loan Note Subscription Agreement ("Loan Agreement") dated 10 May 2005, and various addendums to the Loan Agreement following this date. The key terms of the Loan Agreement and the latest documentation are summarised below:

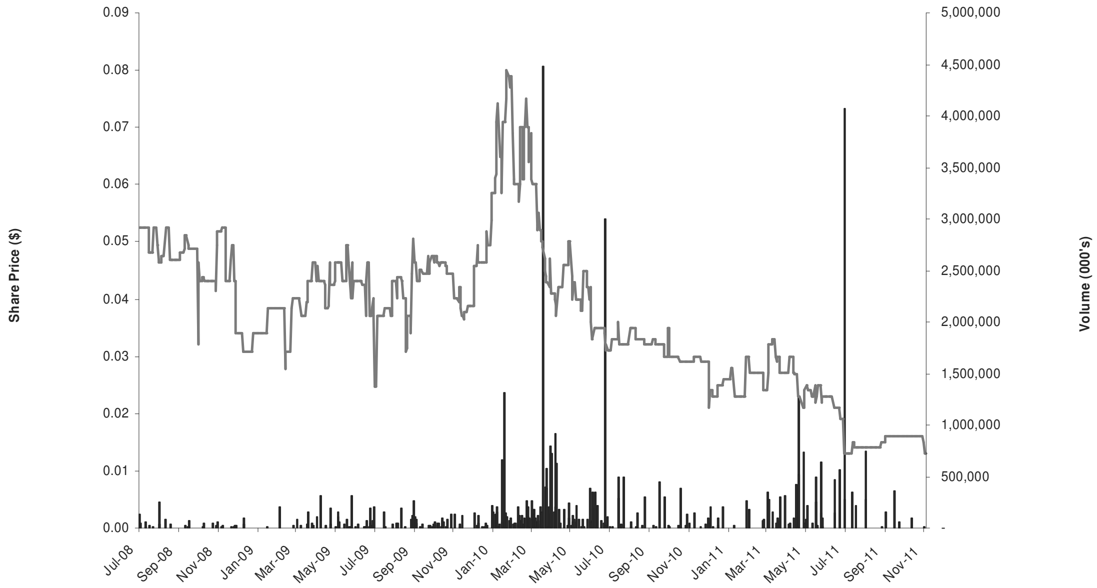
- Loan of $25.8 million as at 30 June 2011 (of which $21.8 million is principal);
- Interest rate of 12% p.a.;
- No repayment is required until 31 August 2012 at which date the debt will mature; and
- Loan is secured by a fixed and floating charge over Powerlan's assets.

CPS has formally advised Powerlan's auditor that it intends to continue to support Powerlan financially at least until 31 August 2012, by not requiring repayment of any outstanding amount unless Powerlan can afford such repayment, and by advancing further funds if needed.

CPS has historically extended the repayment date prior to the loan becoming due and payable; however there is no certainty of this occurring in the future. We understand that Powerlan has no other funding arrangements with any financial institutions.

3.6 Share Price Performance

The chart below illustrates Powerlan's daily closing share price and volumes traded since 1 July 2008.



Source: IRESS

Commentary

We observe the following in relation to Powerlan's share price history during the period 1 July 2008 to 8 November 2011:

- Shares have traded between a high of \$0.08 on 22 January 2010 and a low of \$0.013 in July and November 2011.
- Shares have decreased from \$0.03 on the last trading day prior to the announcement of the Proposed Transaction i.e. 16 March 2011 ("Last Trading Day") to \$0.013 on 8 November 2011.
- 3 million shares were transacted on 23 June 2010 by one of the parties that underwrote the rights issue that was completed in March 2010.

We summarise below significant capital events of the Company over the period analysed:

Date	Event
22 August 2008	Acquires 51% of Omnix
7 October 2008	Acquires customer contracts and assets of Dot Communication
28 August 2009	Announces selective share buy-back at 9 cents per share and privatisation
6 November 2009	Acquires remaining 49% of Omnix
30 November 2009	Announces that the Company will not proceed with selective share buy-back at 9 cents per share and privatisation
2 December 2009	Announces sale of unmarketable parcels of shares
15 January 2010	Announces renounceable rights issue at 6 cents per share to raise up to $19.8 million
15 January 2010	Takeover offer from Alpha Growth received at 10 cents per share
2 February 2010	Alpha Growth withdraws takeover offer
3 March 2010	Completes renounceable rights issue raising $16 million
16 June 2010	Announces sale of unmarketable parcels of shares
17 March 2011	Offer to acquire IMX and CT received from CPS
9 May 2011	Revised offer to acquire IMX received from CPS, decreased from $5.3 million to $4.9 million due to substantial shifts in exchange rates

4. Overview of IMX

4.1 Business Overview

IMX provides a full portfolio of IT solutions to manage the international trading of banknotes, precious metals, foreign exchange and other financial or stored value instruments including travellers' cheques, pre-paid cards, international banker's drafts and money transfers.

The software solutions include back office, front office (point-of-sale and trading room), internet enabled e-commerce and settlement applications.

Established in 1991 with operations in the UK and Australia, IMX was acquired by Powerlan in 2001. IMX solutions are marketed and deployed globally via a direct sales channel and through strategic partnerships.

IMX has more than 100 customers in 10 countries, including American Express, HSBC, Credit Suisse, Commerzbank, Travelex, First Rate Exchange Services and Royal Bank of Scotland.

Recently, there has been a significant shift in IMX's operational focus to be more European centric with the commercial, delivery and support teams now based in the UK.

IMX operates in a niche and small market with very few competitors for each of its products and services. Many potential clients choose to have in-house software applications and support rather than an external provider.

International travel is the primary driver of demand for physical currency notes. The recent global economic downturn was responsible for a decline in demand over the last two years. 2010 delivered a slight improvement driven by emerging markets such as Asia, South America and the Middle East, however many developed markets have shown slower recovery.

Proposed Acquisition

We are advised that IMX and CPS are currently undertaking due diligence and are finalising negotiations in relation to a potential synergistic acquisition target. The acquisition would assist IMX to consolidate its customer base, software development and service delivery operations in an important overseas market. A non-binding letter of intent has been executed between the relevant parties.

The target organisation is of a relatively similar size to IMX. The consolidation of the acquisition target's operations with those of IMX would increase IMX's scale and allow the consolidation of some business operations to reduce costs.

4.2 Financial Performance

The following table summarises IMX's historic financial performance:

	FY08 ($000)	FY09 ($000)	FY10 ($000)	FY11[(1)] ($000)
Sales revenue	**3,514**	**4,983**	**4,466**	**4,738**
Cost of sales	391	470	861	654
Gross profit	**3,123**	**4,513**	**3,605**	**4,084**
Employee costs	4,665	4,864	5,316	5,974
Travel	314	362	232	246
Communications	90	128	123	112
Rent	262	333	363	485
Corporate overheads	592	836	962	1,110
Other expenses from operating activities	268	247	243	158
Foreign exchange (gains)/losses	38	(244)	89	124
EBITDA	**(3,105)**	**(2,013)**	**(3,722)**	**(4,125)**
Depreciation & amortisation	65	75	73	64
EBIT	**(3,170)**	**(2,089)**	**(3,796)**	**(4,189)**

Source: IMX management accounts.

Note: Numbers may not add due to rounding.

(1) Excludes intercompany loan write-back.

It is necessary to adjust for income and costs that are non-recurring or non-arm's length in nature, or unrelated to the business activities. The following table sets out IMX's normalised EBIT calculation:

Normalised EBIT	Note	FY08 ($000)	FY09 ($000)	FY10 ($000)	FY11 ($000)
Actual EBIT		**(3,170)**	**(2,089)**	**(3,796)**	**(4,189)**
Normalisation Adjustments		334	1,014	2,130	2,957
Add: Overallocation of Corporate Overheads	1	296	418	481	555
Add: One-off Upgrade Costs	2	-	840	1,560	1,840
Add: One-off Restructuring Costs	3	-	-	-	438
Less: Foreign exchange (gains)/losses	4	38	(244)	89	124
Normalised EBIT		**(2,836)**	**(1,074)**	**(1,666)**	**(1,232)**
Normalised EBIT %		*(80.7%)*	*(21.6%)*	*(37.3%)*	*(26.0%)*

Note: Numbers may not add due to rounding.

(1) Based on our discussions with both Powerlan and IMX management we add-back 50% of corporate overheads allocated.

(2) We are advised that these costs relate directly to the recent upgrade of the IMX software suite. We understand these costs to be non-recurring.

(3) We are advised that these costs relate directly to the recent relocation and restructure of the business.

(4) Realised and unrealised foreign exchange gains and losses recognised in the IMX management accounts.

Key observations in relation to IMX's historic financial performance are set out below:

- IMX has generated aggregated losses before interest and tax of $6.8 million, on a normalised basis, over the above period analysed.
- Revenue has been relatively variable, ranging between $3.5 million and $5.0 million over the above period.
- Employee costs have been either higher than or slightly below sales revenue in recent years. This has been partly due to the 36-month technology upgrade program and corresponding headcount costs in excess of operational requirements. IMX management is confident that this situation will be remedied through the recent restructure and the completion of the upgrade project scheduled for FY12. The restructure should also reduce the rental expense.
- Currently, due to an older product portfolio, IMX generates predominately professional services revenue in providing support and maintenance, managed services, and product customisation. License revenue is limited from a majority of clients which reduces margins. However, IMX management expects license revenue to grow following the launch of its upgraded software suite in 2011. IMX management is also focused on increasing recurring revenue streams.
- Due to the limited size of the addressable market, IMX's maximum theoretical revenue ceiling under the current business model is estimated by management to be approximately $10 million.
- IMX may need to seek alternative business opportunities, such as prepaid travel money, in order to grow revenue organically in the future.

4.3 Financial Position

The following table summarises IMX's historic financial position and pro-forma completion balance sheet as at October 2011 prepared by Powerlan:

As at 30 June (except where indicated)	2008 ($000)	2009 ($000)	2010 ($000)	2011 ($000)	Pro-forma Oct. 2011 ($000)
Cash and equivalents	208	119	331	169	1,281
Trade and other receivables	893	1,116	685	1,031	1,031
Financial assets	40	74	37	68	68
Total current assets	**1,142**	**1,308**	**1,054**	**1,268**	**2,381**
Property, plant & equipment	76	82	63	69	69
Total non-current assets	**76**	**82**	**63**	**69**	**69**
Total assets	**1,218**	**1,390**	**1,116**	**1,337**	**2,450**
Trade and other payables	92	80	171	321	321
Accruals	308	216	181	318	318
Unearned revenue	394	813	1,016	683	683
Provisions	219	186	195	187	187
Other liabilities	21	17	81	93	93
Total current liabilities	**1,035**	**1,312**	**1,645**	**1,602**	**1,602**
Intercompany loans	(1,734)	158	3,020	-	-
Provisions	123	131	124	109	109
Total non-current liabilities	**(1,611)**	**290**	**3,144**	**109**	**109**
Total liabilities	**(576)**	**1,602**	**4,789**	**1,711**	**1,711**
Net assets	**1,794**	**(212)**	**(3,672)**	**(374)**	**739**

Source: IMX's management accounts and pro-forma completion balance sheet prepared by Powerlan.
Note: Numbers may not add due to rounding.

Based on the pro-forma completion balance sheet prepared by Powerlan, the net assets to be transferred as part of the IMX Transaction are estimated to be approximately $739,000. The pro-forma adjustment is an increase in cash of $1,112,000, in the form of a non-recoverable cash injection from Powerlan.

This cash injection required on completion excludes Powerlan's funding of IMX's continuing trading losses, estimated at approximately $476,000 for the four months ending 31 October 2011.

5. Overview of CT

All amounts in this section are in US Dollars.

5.1 Business Overview

CT provides software and services to help enterprises capitalise on the benefits of Microsoft Office products without migration risks associated with data corruption, reduced employee productivity and critical business application downtime.

By delivering automated software that streamlines migrations along with the expertise to plan, execute, and report on successful enterprise migrations, CT helps companies accelerate the migration process.

Established in 1997, CT has helped users identify, analyse and fix compatibility errors related to Microsoft Office applications before they occur.

CT is located in the United States and has developed commercial relationships with Microsoft and integration partners such as Accenture, Avanade, Dell and DimensionData.

Customers include UBS, Vanguard, Disney, ESPN, British Airport Authority, Suedwest Rundfunk, Moody's, Deutsche Bank, Fidelity, ConAgra Foods, Royal Bank of Scotland, Watson Wyatt and more than one hundred other multinational organisations.

CT operates in a specialised and small market with no known competitors other than Microsoft's free tool. Many potential clients address data migration tasks internally with some also using the Microsoft free tool. No specific industry information is available to us due to the limited market size.

5.2 Financial Performance

The following table summarises CT's historic financial performance:

	FY08 (US$000)	FY09 (US$000)	FY10 (US$000)	FY11 (US$000)
Sales revenue	**1,005**	**2,379**	**2,809**	**4,323**
Cost of sales	126	296	478	1,075
Gross profit	**879**	**2,084**	**2,331**	**3,248**
Employee costs	2,112	2,509	2,402	2,198
Travel	71	160	171	149
Communication	37	61	71	52
Rent	98	108	103	60
Corporate overheads	135	272	329	340
Other expenses from operating activities	159	237	263	251
Foreign exchange (gains)/losses	15	(479)	(9)	11
EBITDA	**(1,748)**	**(784)**	**(999)**	**187**
Depreciation & amortisation	75	67	62	57
EBIT	**(1,822)**	**(852)**	**(1,060)**	**130**

Source: CT management accounts.
Note: Numbers may not add due to rounding.

It is necessary to adjust for income and costs that are non-recurring or non-arm's length in nature, or unrelated to the business activities. The following table sets out CT's normalised EBIT calculation:

Normalised EBIT	**Note**	**FY08 (US$000)**	**FY09 (US$000)**	**FY10 (US$000)**	**FY11 (US$000)**
Actual EBIT		**(1,822)**	**(852)**	**(1,060)**	**130**
Normalisation Adjustments		116	(275)	295	266
Add: Overallocation of Corporate Overheads	1	101	204	246	255
Add: One-off Restructure Costs	2	-	-	58	-
Less: Foreign exchange (gains)/losses	3	15	(479)	(9)	11
Normalised EBIT		**(1,706)**	**(1,127)**	**(765)**	**396**
Normalised EBIT %		*(169.8%)*	*(47.3%)*	*(27.2%)*	*9.2%*

Note: Numbers may not add due to rounding.

(1) Based on our discussions with both Powerlan and CT management we add-back 75% of corporate overheads allocated.

(2) One-off costs relating to redundancies and other restructuring costs incurred by CT.

(3) Realised and unrealised foreign exchange gains and losses recognised in the CT management accounts.

Key observations in relation to CT's historic financial performance are set out below:

- CT generated normalised EBIT of $396,000 in FY11, following many years of losses.
- Revenue is project-based with little recurring revenue. Revenue has increased from $1.0 million in FY08 to $4.3 million in FY11.
- Management expects further revenue growth to be modest under CT's current business model. CT is dependent on Microsoft Office's release cycle and each new release continuing to pose significant migration issues. Management advise that they are currently around the peak of the data migration cycle in relation to the release of Office 2010.
- Employee costs have improved as a percentage of revenue over the period analysed and were 51% of revenue in FY11.
- Due to the limited market size, CT's maximum theoretical revenue ceiling is estimated by Powerlan to be approximately $7 million.

5.3 Financial Position

The following table summarises CT's historic financial position and pro-forma completion balance sheet at October 2011 prepared by Powerlan:

As at 30 June (except where indicated)	2008 (US$000)	2009 (US$000)	2010 (US$000)	2011 (US$000)	Pro-forma Oct. 2011 (US$000)
Cash and equivalents	160	266	206	487	1,190
Trade and other receivables	160	750	840	1,659	1,130
Financial assets	38	38	48	22	22
Total current assets	**359**	**1,054**	**1,094**	**2,169**	**2,342**
Property, plant & equipment	24	17	46	31	31
Total non-current assets	**24**	**17**	**46**	**31**	**31**
Total assets	**383**	**1,071**	**1,140**	**2,200**	**2,373**
Trade and other payables	77	82	294	349	349
Accruals	33	47	86	159	159
Unearned revenue	366	363	237	517	517
Provisions	69	130	128	124	124
Other liabilities	33	143	83	178	178
Total current liabilities	**577**	**766**	**828**	**1,327**	**1,327**
Intercompany loans	5,815	8,359	9,113	-	-
Total non-current liabilities	**5,815**	**8,359**	**9,113**	**-**	**-**
Total liabilities	**6,392**	**9,125**	**9,941**	**1,327**	**1,327**
Net assets	**(6,010)**	**(8,054)**	**(8,801)**	**873**	**1,046**

Source: CT's management accounts and pro-forma completion balance sheet prepared by Powerlan.
Note: Numbers may not add due to rounding.

Based on the pro-forma completion balance sheet prepared by Powerlan, the net assets to be transferred as part of the CT Transaction are estimated to be approximately US$1,046,000 (or A$988,000). The pro-forma adjustments are an increase in working capital of US$173,000 (or A$163,000).

6. Valuation Methodologies

In selecting the valuation methods to apply, we have considered the valuation guidelines set out in RG 111 and summarised in Appendix 3.

To assess whether the Proposed Transaction is fair we performed the following analysis to evaluate whether the IMX Consideration is greater than or equal to the value of IMX and whether the CT Consideration is greater than or equal to the value of CT:

- Applied the "reverse" capitalisation of future maintainable earnings ("CFME") methodology to evaluate the achievability of required maintainable earnings based on the consideration and a range of possible earnings multiples (sections 7.1 and 8.1).
- Applied the "reverse" relief-from-royalty ("RFR") methodology to evaluate the achievability of the required royalty rate, assuming that the software held by each of the Sale Businesses could be licensed to a third party, based on the consideration and a range of maintainable revenue, discount rates and growth rates (sections 7.2 and 8.2).

This valuation approach implies that the software can be licensed to and maintained by a third party who can generate sufficient profits from the technology to support such a royalty arrangement. While the historic profitability of the Sale Businesses are insufficient to pay a market-related royalty, this methodology is useful to understand the achievability of the required royalty rate assuming the Sale Businesses could be operated profitably.

- Considered other specific valuation guidelines (section 7.3 and 8.3), including the net asset value methodology.

We understand that an industry rule of thumb valuation methodology is to apply a revenue multiple. We do not consider a valuation based on a revenue multiple to be appropriate in the circumstances for the following reasons:

- A business has to generate, or have potential to generate, cashflows and earnings to have value. Revenue as a valuation measure does not consider the expenses that need to be incurred to generate such cashflows.
- A revenue multiple may be applied where the buyer has an expectation of generating "special value" from the asset. Our basis of assessment is Fair Value (refer to section 2.3) which does not consider such "special value", in part because a purchaser that can extract unique special value is unlikely to fully include the special value in an offer price where such value is not available to other parties. Powerlan has been actively seeking to divest CT and has, thus far, been unsuccessful.
- A revenue multiple may have some application for businesses which are not currently profitable but have high growth and profit potential. The growth potential of the Sale Businesses is considered to be limited in the absence of significant further investment.

In addition, Powerlan does not prepare forecasts beyond the following financial year for operational or strategic purposes. Therefore, we feel a discounted cashflow approach is inappropriate.

7. Fairness of the IMX Transaction

7.1 Required Maintainable EBIT

A calculation of the required maintainable EBIT based on the IMX Consideration and a range of possible EBIT multiples is provided below:

	Notes	Low ($000)	High ($000)
IMX Consideration		4,900	4,900
Less: Cash Acquired	1	(1,281)	(1,281)
Net Purchase Price [A]		3,619	3,619
Possible EBIT Multiple [B]	2	6.0	3.0
Required Maintainable EBIT to Support IMX Consideration [= A / B]		**603**	**1,206**

Note: Numbers may not add due to rounding.

(1) Based on cash included in the IMX pro-forma completion balance sheet prepared by Powerlan.

(2) Based on the analysis and discussion provided in Appendix 4.

In our opinion, IMX's maintainable EBIT is below this required "hurdle" range of $0.6 million to $1.2 million for the following reasons:

- IMX has incurred losses, on a normalised basis, over its recent history.
- Management advises that IMX's maintainable cost base is around $6.4 million. On this basis the required maintainable revenue is between $7.0 million and $7.6 million. IMX's revenue has ranged between $3.5 million and $5.0 million over recent years.
- Assuming maintainable revenue of $4.7 million to $5.2 million, the EBIT margin would need to be between 12% and 26%. This is above IMX's historic EBIT margin.
- To achieve the required maintainable revenue numbers described above, IMX would need to grow revenue by between 46% and 56% from FY11 revenue (refer to section 4.2).
- Management advises that anticipated organic growth is limited without conducting a business transforming transaction.

7.2 Required Royalty Rate

The RFR method is a common method for determining the fair value of intangible assets such as software.

A calculation of the required royalty rate is provided below:

	Notes	Low ($000)	High ($000)
IMX Consideration		4,900	4,900
Less: Net Tangible Assets Acquired	1	(739)	(739)
Implied Intangible Assets		4,161	4,161
Future Maintainable Revenue		5,200	4,700
Tax Rate		30%	30%
Discount Rate (WACC)	2	25%	30%
Growth Rate		5%	0%
Required Royalty Rate to Support IMX Consideration		**23%**	**38%**

Note: Numbers may not add due to rounding.

(1) Based on net tangible assets included in the IMX pro-forma completion balance sheet prepared by Powerlan.

(2) Based on our assessment of an appropriate discount rate. Factors we have considered include:
- Powerlan applied a discount rate (WACC) of 23% for impairment testing of the Clarity cash generating unit as at 30 June 2011. Clarity is viewed as a less risky business compared with IMX.
- Venture capital investor required rates of return typically range between 30%-40% for seed investment and 20%-30% for expansion capital.
- Higher risk businesses typically attract a higher discount rate to compensate investors for taking on additional risk.

In our opinion, IMX's achievable royalty rates are lower than the required "hurdle" range for the following reasons:

- A search of the RoyaltySource Intellectual Property Database (containing royalty rate information from arm's length licensing transactions) for enterprise software licensing arrangements indicates that such royalty rates typically fall within a core range of 3% to 10%. This is well below the hurdle range of 23% to 38%.
- IMX's profitability is insufficient to support the hurdle royalty rate range.

7.3 Other Valuation Considerations

In addition to the above analysis we have also considered the following factors:

- Based on the pro-forma completion balance sheet, IMX has a net tangible asset position of around $739,000.
- Powerlan has been actively seeking to conduct an acquisition of a third party with IMX and has, thus far, been unsuccessful. We understand that IMX and CPS are currently considering a possible acquisition (refer to section 4.1). This transaction currently is subject to an executed non-binding term sheet. As the possible transaction is likely to be undertaken by CPS, still subject to finalisation of due diligence and execution of binding agreements, we do not consider it in our valuation. Further we note that if Powerlan were to undertake this transaction, it would need to request further funding from CPS.
- IMX operates in a niche and small market. This may limit the pool of potential buyers.
- We are advised that IMX has spent approximately $4.2 million on a recent upgrade of its suite of products. We note that this should, in theory, provide a proxy for the value of IMX's software. Based on our analysis we are not confident that this investment will be recovered.
- Goodwill recognised on the acquisition of IMX by Powerlan was fully written off in FY09.
- A potential buyer may, theoretically, be willing to pay an amount greater than the IMX Consideration on the basis of generating "special value" from the business. As noted in section 2.3, our basis of assessment is Fair Value which does not consider such "special value".

7.4 Conclusion

In our opinion the IMX Transaction is fair as, based on the above analysis, the IMX Consideration is considered to be greater than the value of IMX.

8. Fairness of the CT Transaction

8.1 Required Maintainable EBIT

A calculation of the required maintainable EBIT based on the CT Consideration and a range of possible EBIT multiples is provided below:

	Notes	Low ($000)	High ($000)
CT Consideration		3,500	3,500
Less: Cash Acquired	1	(1,123)	(1,123)
Net Purchase Price [A]		2,377	2,377
Possible EBIT Multiple [B]	2	6.0	3.0
Required Maintainable EBIT to Support CT Consideration [= A / B]		**396**	**792**

Note: Numbers may not add due to rounding.
(1) Based on cash included in the CT pro-forma completion balance sheet prepared by Powerlan, in Australian dollars.
(2) Based on the analysis and discussion provided in Appendix 4.

CT achieved normalised EBIT of US$396,000, or approximately A$383,000, in FY11 and has budgeted for a slightly higher normalised EBIT in FY12. Additionally, assuming maintainable revenue of US$3.8 million to US$4.4 million, or approximately A$3.7 million to A$4.3 million, the EBIT margin would need to be between 9% and 21% to achieve the required maintainable EBIT "hurdle" range of A$396,000 to A$792,000. CT's normalised EBIT margin for FY11 and budgeted EBIT margin for FY12 is within this range.

This suggests that the value of CT may be equal to the CT Consideration.

Notwithstanding the above, there are strong arguments to suggest that CT's maintainable EBIT may be below this required "hurdle" range for the following reasons:

- CT's revenue is cyclical around Microsoft Office's release cycle (refer to section 5.2). Management advises that CT is currently around the peak of this cycle.
- CT's technology is used for "moment in time" solutions and does not provide a real recurring revenue stream. Revenue arises from a single dependence on Microsoft Office deployment cycles.
- Prior to FY11 CT has incurred losses, on a normalised basis, over its recent history.
- Management advises that anticipated organic growth is limited without conducting a business transforming transaction.

8.2 Required Royalty Rate

The RFR method is a common method for determining the fair value of intangible assets such as software.

A calculation of the required royalty rate is provided below:

	Notes	Low ($000)	High ($000)
CT Consideration		3,500	3,500
Less: Net Tangible Assets Acquired	1	(988)	(988)
Implied Intangible Assets		2,512	2,512
Future Maintainable Revenue		4,300	3,700
Tax Rate		30%	30%
Discount Rate (WACC)	2	25%	30%
Growth Rate		5%	0%
Required Royalty Rate to Support CT Consideration		**17%**	**29%**

Note: Numbers may not add due to rounding.

(1) Based on net assets included in the CT pro-forma completion balance sheet prepared by Powerlan, in Australian dollars.

(2) Based on our assessment of an appropriate discount rate. Factors we have considered include:
- Powerlan applied a discount rate (WACC) of 23% for impairment testing of the Clarity cash generating unit as at 30 June 2011. Clarity is viewed as a less risky business compared with CT.
- Venture capital investor required rates of return typically range between 30%-40% for seed investment and 20%-30% for expansion capital.
- Higher risk businesses typically attract a higher discount rate to compensate investors for taking on additional risk.

In our opinion, CT's achievable royalty rates are lower than the required "hurdle" range for the following reasons:

- A search of the RoyaltySource Intellectual Property Database (containing royalty rate information from arm's length licensing transactions) for enterprise software licensing arrangements indicates that such royalty rates typically fall within a core range of 3% to 10%. This is well below the hurdle range of 17% to 29%.
- CT's profitability is insufficient to support the hurdle royalty rate range.

8.3 Other Valuation Considerations

In addition to the above analysis we have also considered the following factors:

- Based on the pro-forma completion balance sheet, CT has net tangible assets of around $988,000.
- Powerlan has been actively seeking to sell CT and has, thus far, been unsuccessful.
- CT operates in a niche and relatively small market. This may limit the pool of potential buyers.
- A potential buyer may, theoretically, be willing to pay an amount greater than the CT Consideration on the basis of generating "special value" from the business. As we noted in section 2.3, our basis of assessment is Fair Value which does not consider such "special value".

8.4 Conclusions

In our opinion the CT Transaction is fair as, based on the above analysis, the CT Consideration is considered to be greater than or equal to the value of CT.

9. Evaluation of the Proposed Transaction

In order to assess whether the Proposed Transaction is fair and reasonable to Non-associated Shareholders we assess whether the:

- Proposed Transaction is fair by evaluating whether the:
  - IMX Consideration is greater than or equal to the value of IMX; and
  - CT Consideration is greater than or equal to the value of CT.
- Proposed Transaction is reasonable by first considering whether the Proposed Transaction is fair. In addition, we have considered other advantages and disadvantages of the Proposed Transaction to Non-associated Shareholders.

9.1 Fairness of the Proposed Transaction

In our opinion:

- The IMX Transaction is fair to Non-associated Shareholders as the IMX Consideration is considered to be greater than the value of IMX (section 7.4); and
- The CT Transaction is fair to Non-associated Shareholders as the CT Consideration is considered to be greater than or equal to the value of CT (section 8.4).

9.2 Reasonableness of the Proposed Transaction

In accordance with RG 111 a transaction is reasonable if it is fair. On this basis, in our opinion the Proposed Transaction is reasonable. We have also considered the following additional factors in assessing the reasonableness of the Proposed Transaction.

9.2.1 Advantages of Approving the Proposed Transaction

The primary advantages of approving the Proposed Transaction are as follows:

a) **Consideration greater than or equal to value of Sale Businesses** – the IMX Consideration and CT Consideration are considered to be greater than or equal to the value of IMX and CT respectively.

b) **Focus on Clarity** – the Proposed Transaction transforms Powerlan from a company which manages a portfolio of three proprietary software businesses to a company focussing on its largest and highest potential business, Clarity.

   Management expects this strategy to make Powerlan more attractive as a potential target and when raising capital. Also management attention may be focused on Clarity (with its greatest relative potential) rather than a portfolio of businesses within narrower, more limited markets.

c) **No alternative offers for CT** – Powerlan has appointed an adviser to sell CT. However, in a reasonable period, we understand that Powerlan has not received any offer near or above the CT Consideration.

d) **Negative cashflows of Sale Businesses** – notwithstanding CT's achievement of positive EBIT in FY11, both Sale Businesses have generated negative cashflows for many years which have contributed to Powerlan's negative operating cashflows over an extended period. The Proposed Transaction ensures that Powerlan is not exposed to the risk of this situation continuing.

e) **Reduce CPS Loan and interest costs** – the Proposed Transaction would reduce the CPS Loan by $8.4 million and the annual interest costs by approximately $1 million per annum. This interest saving should reduce Powerlan's losses and potentially cash outflows.

f) **Reduction of net liability value** – the Proposed Transaction reduces the net liability value of Powerlan as the book value of the Sale Businesses is less than the reduction in the CPS Loan. Based on the pro-forma completion balance sheets provided by Powerlan, we expect the net liability position to reduce by approximately $6.7 million (inclusive of cash funding requirements for working capital in the Sale Businesses), which equates to approximately 1.9 cents per share.

g) **Ability to participate in upside from sale** – as noted in section 1, if CPS sells either IMX or CT to a third party within 12 months of completion of its purchase from the Company, CPS will pay to the Company one half of the net difference between the price received by CPS from the third party and the Base Price ("Future Sale Gain").

9.2.2 Disadvantages of Approving the Proposed Transaction

The primary disadvantages of approving the Proposed Transaction are as follows:

a) **No participation in potential future upside of the Sale Businesses** – by approving the Proposed Transaction, shareholders will be unable to participate in any potential future upside in the Sale Businesses, other than the Future Sale Gain.

   We understand that any significant future growth in IMX or CT would require merger or acquisition activity which, in turn, is likely to require additional funding. Such funding would most likely be sourced from an increased loan from CPS and/or a capital raising, if available at all.

b) **Reduction in CPS Loan** – the proceeds of the Proposed Transactions will be used to reduce the CPS Loan. These proceeds cannot therefore be used to invest in Clarity. It is highly likely that even if the Sale Businesses were sold to an independent third party, CPS would require that such proceeds be applied to reduce the CPS Loan.

9.3 Conclusion

In our opinion the Proposed Transaction is fair and reasonable to Non-associated Shareholders of Powerlan.

Appendix 1 - Financial Services Guide – 9 November 2011

1. Moore Stephens Sydney Corporate Finance Pty Ltd
Moore Stephens Sydney Corporate Finance Pty Ltd ("**Moore Stephens**") is an authorised representative of Moore Stephens Sydney Wealth Management Pty Ltd ("**Licence Holder**") in relation to Australian Financial Services Licence (**"AFSL"**) No. 336950.

Moore Stephens may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:
- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide
The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Independent Expert's Report ("**Report**") which is included in the Notice of Annual General Meeting and Explanatory Memorandum provided by Powerlan Limited (the "**Company**").

3. General Financial Product Advice
The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

4. Remuneration
Moore Stephens' client is the Company to which it provides the Report. Moore Stephens receives its remuneration from the Company. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Moore Stephens or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

5. Independence
Moore Stephens is required to be independent of the Company.

Neither Moore Stephens, Moore Stephens Sydney Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the Proposed Transaction of the Company, other than a fee in connection with the preparation of our Report for which professional fees in the order of $68,000 (excluding GST) will be received.

No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens, Moore Stephens Sydney Pty Limited, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints Resolution
Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the Notice of Annual General Meeting and Explanatory Memorandum should not be directed to Moore Stephens which is not responsible for that document.

Both Moore Stephens and the Licence Holder may be contacted as follows:
- By phone: (02) 8236 7700
- By fax: (02) 9233 4636
- By mail: GPO Box 473
  SYDNEY NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or send a written complaint to the Licence Holder at Level 7, 20 Hunter Street, Sydney NSW 2000. We will try to resolve your complaint quickly and fairly.

2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.

3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG.

Appendix 2 – Disclosures

Terms defined in the attached Report have the same meaning in this Appendix.

Qualifications and Independence

The individuals responsible for preparing this Report on behalf of Moore Stephens are Alan Max, Director, B.Com (Hons) CA and Scott Whiddett, Director, B.Com FCA. Alan has many years experience in the preparation of valuations and Independent Expert's Reports as well as the provision of corporate finance advice. Scott is experienced at performing financial due diligence assignments and statutory audits, as well as preparing Investigating Accountant's Reports, Review of Directors' Forecasts and Independent Expert's Reports.

Neither Moore Stephens, its related entities, any Director thereof, nor any individual involved in the preparation of the Report has any financial interest in the outcome of the Proposed Transaction which could be considered to affect our ability to render an unbiased opinion. Moore Stephens will receive a fee of approximately $68,000 (excluding GST) for the preparation of this Report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

Neither Moore Stephens, its related entities, any Director thereof, nor any individual involved in the preparation of the Report receive any commissions or other benefits in connection with the preparation of this Report, except for fees referred to above.

Moore Stephens has previously calculated the "value in use" of Clarity (and intangible assets within this business unit) and IMX for financial reporting purposes. Moore Stephens' calculations were based substantially on Powerlan's assumptions and accordingly Moore Stephens did not provide a valuation opinion. In addition, Moore Stephens was commissioned to prepare an independent expert's report for the proposed capital reduction and privatisation announced in August 2009. The Powerlan Board decided not to proceed with this proposal made by its Chairman, Dr Ian Campbell.

Moore Stephens issued an original Report on the Proposed Transaction on 27 May 2011 ("First Report") which concluded that the Proposed Transaction was fair and reasonable. Powerlan requested Moore Stephens to prepare an updated Report ("Second Report") as:

- Time had elapsed since the issue of the First Report which had not been provided to shareholders; and
- Powerlan became obligated, pursuant to ongoing negotiations with CPS since the issue of the First Report, to retain working capital equivalent to three months average expenses in the Sale Businesses at completion of the Proposed Transaction.

The draft Second Report was updated when Powerlan clarified the required working capital amount for the Sale Businesses. Powerlan's non-recoverable working capital funding requirement has increased by $1.1 million since the issue of the First Report.

Our opinion remains that the Proposed Transaction is fair and reasonable to Non-associated Shareholders of Powerlan, consistent with our First Report and draft copy of our Second Report.

Disclaimer and Indemnity

It is not intended that this Report should be used or relied upon for any purpose other than to assist shareholders to decide whether or not to approve the Proposed Transaction. Moore Stephens expressly disclaims any liability to any Powerlan shareholder who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose whatsoever.

Other than this Report, neither Moore Stephens nor its related entities has been involved in the preparation of the Notice of Annual General Meeting and Explanatory Memorandum or any other document prepared in respect of the Proposed Transaction. Accordingly, we take no responsibility for the content of the Notice of Annual General Meeting and Explanatory Memorandum as a whole or other documents prepared in respect of the Proposed Transaction.

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, Moore Stephens has relied upon information provided by the Providers. In forming our opinion we have reviewed and relied upon this information and have no reason to believe that the information provided is not reliable, accurate and complete. Also, we have no reason to believe that material facts or information have been withheld by the Providers.

The information provided was evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable. Our enquiries and procedures do not constitute an audit, extensive examination or "due diligence" investigation. None of these assignments have been undertaken by Moore Stephens.

In forming the opinions expressed in this Report, the opinions and judgments of management of Powerlan have been considered. Although this information has been evaluated through analysis, enquiry and review to the extent practical, inherently such information is not always capable of independent verification.

Powerlan has agreed to indemnify and hold harmless Moore Stephens, its directors, officers, employees, servants, agents or affiliated organisations ("Associates") or any other person who is sought to be made liable against any and all losses, claims, damages and liabilities arising out of or related to the performance of these services and which arise from reliance on information received which is provided by the Providers or material information any of the Providers had in their possession and was not provided to us.

With respect to tax implications of the Proposed Transaction, it is recommended that individual shareholders obtain their own tax advice, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the shareholders, or any other party.

Moore Stephens has no obligation to update this Report for events occurring subsequent to the date of this Report.

Consent

Moore Stephens consents to the inclusion of this Report in the form and context in which it is included with the Notice of Annual General Meeting and Explanatory Memorandum to be issued to the shareholders of Powerlan. Neither the whole nor the any part of this Report nor any reference thereto may be reproduced or included in any other document without the prior written consent of Moore Stephens as to the form and context in which it appears.

Appendix 3 – Valuation Methodologies

1. Overview of Business Valuation Methods

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- Discounted cash flow method and the estimated realisable value of any surplus assets ("DCF");
- Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity ("CFME"), added to the estimated realisable value of any surplus assets;
- Amount that would be available for distribution to securityholders on an orderly realisation of assets ("Net Asset Value");
- Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100 percent of the securities be available for sale;
- Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and
- Amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

ASIC does not suggest that this list is exhaustive or that an expert should use all of the valuation methods listed above. Rather, each of the above valuation methods has application in different circumstances. These circumstances include the nature, profitability and financial position of the business being valued and the quality of information available.

1.1 Discounted Cash Flow

The DCF method estimates the net present value ("NPV") of future cash flows expected to be generated from the business including a terminal value. The terminal value is the assessed value of the business after the projection period. The NPV is calculated by discounting future cash flows and the terminal value using a discount rate which reflects the risks associated with the cash flow stream.

Cash flows subject to discounting are operating cash flows on an ungeared basis (i.e. before interest and debt repayments) less tax payments, working capital requirements and capital expenditure. Cash flows on an ungeared basis are used to enable the enterprise value to be determined irrespective of the level of debt funding. The equity value may then be calculated by adding surplus assets to, and subtracting debt from, the enterprise value.

1.2 Capitalisation of Future Maintainable Earnings

The CFME method involves capitalising the earnings of a business at a multiple which reflects the growth prospects of the business and the risks inherent in the business. A multiple may be applied to, amongst others, earnings before interest, tax, depreciation and amortisation ("EBITDA") or net profit after tax ("NPAT").

This method determines the enterprise (or business) value. The equity value may then be calculated by adding surplus assets to, and subtracting debt from, the enterprise value.

If the transaction value is known or the enterprise value has been estimated, the CFME method may be "reversed" to determine the required earnings or earnings multiple to support the enterprise value.

1.3 Net Asset Value

The Net Asset Value method is based on the value of the assets of a business less its liabilities, adjusted to fair value.

The Net Asset Value method is most relevant when a company is not producing economic returns, a significant portion of a company's assets are liquid, for asset holding companies, or where other common valuation methods are unable to be utilised.

If we are to consider the business as a going concern, we should also make an estimate of the value of the business' intangible assets. Common methods to determine the value of intangible assets are described below.

2. Overview of Intangible Asset Valuation Methods

Several generally accepted methods to determine the value of intangible assets exist. We provide a description of three well accepted methods below, namely the:

- Relief-from-royalty ("RFR") method;
- Multi-period excess earnings method ("MEEM"); and
- Market comparison method.

2.1 Relief-from-Royalty Method

The RFR method is based on the premise that the intangible asset owner would be willing to pay a reasonable royalty to inbound license the subject asset if, hypothetically, the intangible asset was not owned.

The value of the intangible asset could be estimated by discounting the projected cash flows from its use. Licensing royalty rates can often be estimated from an analysis of market-derived data from licenses of similar assets. In addition, licensing royalty rates could be approximated based on the profit split "rule of thumb" – that is, a split of the expected profit margin from use of the subject asset between the licensor and the licensee.

The remaining useful life of the asset is estimated to determine the economic term over which the licensee can expect to pay, and the licensor can expect to receive, the royalty payments. Where the remaining useful life is an indefinite period, it may be necessary to apply a terminal value.

2.2 Multi-Period Excess Earnings Method

The MEEM measures the NPV of the future cash flows attributable to the subject asset, adjusted for contributory (or rental) charges on other assets employed to help generate the revenue from the subject asset. The discount rate reflects the risks associated with the cash flow stream.

The contributory charges are the product of the fair values of the contributory assets and the required rates of return on these assets. The cash flows from the subject asset must support charges for replacement of diminishing contributory assets employed and provide a fair return to the providers of capital.

Cash flows subject to discounting are therefore net cash flows from the subject asset on an ungeared basis (i.e. before attributable interest costs and debt repayments) less:

- Attributable tax payments;
- Contributory charges on working capital;
- Contributory charges on fixed assets; and
- Contributory charges on other intangible assets.

The risk profile and required return of working capital is lower than that of fixed assets and intangible assets. Conversely, intangible assets are likely to have the highest risk profile and required return. In principle, through a subtractive process, we may isolate the income attributable to one asset group.

2.3 Market Comparison Method

The Market Comparison method considers the reasonability of the valuation assessment arrived at using the selected primary valuation approach against the total intangibles acquired as part of the transaction. In principle, the total value of the intangible assets acquired places an upper limit on the valuation of the subject intangible asset.

This method considers the relative importance of each intangible asset being valued versus other intangible assets in determining if the relationship appears reasonable. The percentage of total intangibles implied by the valuation assessment of each subject intangible asset is compared with acquisitions of similar intangibles by comparable listed companies.

This test of reasonableness is often limited by the fact that no objective basis exists to distinguish the value of each subject intangible assets from the value of other intangible assets. In addition, this method assumes that the consideration for the business as a whole represents fair value.

Appendix 4 – EBIT Multiples

Terms defined in the attached Report have the same meaning in this Appendix.

We apply an EBIT multiple range of **3.0** to **6.0** times in our analysis in sections 7.1 and 8.1 of the Report to evaluate the achievability of the implied maintainable EBIT. While the Sale Businesses operate in different markets, we apply the same EBIT multiple to each Sale Business as we consider their risk profiles to be relatively similar.

We have considered the trading multiples of the following ASX-listed software companies in our analysis:

Company	Enterprise Value ($000)	Historic EBIT ($000)	Forecast EBIT ($000)	Historic EBITx (times)	Forecast EBITx (times)
GBST Holdings	87,352	6,425	n.a.	13.6	n.a.
Integrated Research	68,454	9,313	8,206	7.4	8.3
3Q Holdings	12,096	2,016	n.a.	6.0	n.a.
ISS Group	20,422	4,017	n.a.	5.1	n.a.
Razor Risk Technologies	2,679	379	n.a.	7.1	n.a.
Median				**7.1**	**n.m.**
Average				**7.8**	**n.m.**

n.a. = not available
n.m. = not meaningful

The peer group of companies set out above offers some guidance on EBIT multiples however none are directly comparable to either IMX or CT. Other factors we have considered are set out below:

- Relatively weak historic financial performance of IMX and CT as summarised in sections 4.2 and 5.2 respectively.
- Trading multiples are based on the prices at which investors buy and sell portfolio interests rather than controlling interests. The trading multiples should be adjusted for a premium for control in order to reflect the benefits of control.
- Size of the operation in comparison with the comparable companies. Smaller companies often have more business risk and financial risk than larger, listed companies. For example, larger listed companies often tend to be:
  - Of a size where they participate in more than one industry or sector, therefore diversifying risk. Smaller companies are typically less diversified;
  - Spread over a broader geographical area than smaller companies;
  - Further developed in areas such as management, financial stability and strategic planning than many smaller companies;

- Directed by management with greater depth and strength than most smaller companies; and
- Able to benefit from greater economies of scale than smaller companies.

As a result, smaller companies typically have lower pricing multiples than larger companies. Each of the Sale Businesses is smaller than the comparable companies based on revenue.

Appendix 5 – Sources of Information

- Draft Notice of Annual General Meeting and Explanatory Memorandum.
- Powerlan Annual Financial Reports for the years ended 30 June 2009, 2010 and 2011.
- IMX and CT management accounts for the years ended 30 June 2008, 2009, 2010 and 2011.
- IMX and CT budgets and rolling-budgets.
- IMX and CT pro-forma completion balance sheets prepared by Powerlan.
- Selected Board minutes of Powerlan.
- Top 25 Shareholders list of Powerlan as at 4 August 2011.
- Executed letter of intent dated 14 March 2011 in relation to IMX's potential acquisition.
- Documentation regarding the CPS Loan.
- ASX announcements and investor presentations.
- IRESS.
- Mergermarket.
- RoyaltySource Intellectual Property Database.
- Capital IQ.
- Other publicly available information.
- Discussions and other correspondence with management and/or other representatives of Powerlan, CPS, IMX and CT.

POWERLAN

Powerlan Limited
ABN 87 657 345 785

000001 000 PWR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 9:30am (Sydney Time) on Wednesday 14 December 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**

☑ **Update your securityholding**

Your secure access information is:

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Powerlan Limited hereby appoint

☐ **the Chairman of the meeting** **OR** ______

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Powerlan Limted to be held at Level 3, 15 Blue Street, North Sydney, NSW 2060 on Friday, 16 December 2011 at 9:30am (Sydney time) and at any adjournment of that meeting.

Important for Item 2 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 2 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 2, the Chairman of the Meeting will not cast your votes on Item 2 and your votes will not be counted in computing the required majority if a poll is called on this item. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Item 2).

The Chairman of the Meeting intends to vote all available proxies in favour of Item 2 of business.

☐ I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 2 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

		For	Against	Abstain
Item 2	That the Remuneration Report be adopted	☐	☐	☐
Item 3	Election of Ms. F McLeod as a Director	☐	☐	☐
Item 4	Election of Dr. I Campbell as a Director	☐	☐	☐

SPECIAL BUSINESS

		For	Against	Abstain
Item 5	Approval of sale of ConverterTechnology, Inc and ConverterTechnology Private Limited	☐	☐	☐
Item 6	Approval of sale of IMX Software Group Pty Ltd and IMX Software UK Limited	☐	☐	☐
Item 7	Change of name	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______ **Contact Daytime Telephone** ______ **Date** / /