

Name of entity

POWERLAN LIMITED

ABN

87 057 345 785

QUARTER ENDED

31 December 2010

**Consolidated statement of cash flows**

	Additional Information	Current Quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1 Receipts from customers		11,298	16,239
1.2 Payments for			
(a) staff costs		(7,007)	(13,621)
(b) advertising and marketing		(166)	(349)
(c) research and development		-	-
(d) leased assets		-	-
(e) cost of goods sold		(1,692)	(3,443)
(f) rent		(384)	(720)
(g) professional fees		(236)	(485)
(h) travel and accommodation		(825)	(1,510)
1.3 Dividends received		-	-
1.4 Interest and other items of a similar nature received		2	4
1.5 Interest and other costs of finance paid		(1)	(111)
1.6 Income taxes refunded/(paid)		411	300
1.7 Other (provide details if material)		(1,470)	(2,141)
<b>Net operating cash flows</b>		<b>(70)</b>	<b>(5,837)</b>

	Additional Information	Current Quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)		(70)	(5,837)
<b>Cash flows related to investing activities</b>			
1.9 Payment for acquisition of:			
(a) businesses (item 5)		-	-
(b) equity investments		-	-
(c) intellectual property		-	-
(d) physical non-current assets		(45)	(80)
(e) other non-current assets		-	-
1.10 Proceeds from disposal of:			
(a) businesses (item 5)		-	-
(b) equity investments		-	-
(c) intellectual property		-	-
(d) physical non-current assets		-	-
(e) other non-current assets		-	-
1.11 Loans to other entities		-	-
1.12 Loans repaid by other entities		-	-
1.13 Other (provide details if material)		-	-
		(45)	(80)
<b>Net investing cash flows</b>		(45)	(80)
<b>1.14 Total operating and investing cash flows</b>		(115)	(5,917)
<b>Cash flows related to financing activities</b>			
1.15 Proceeds from issues of shares, options, etc.		-	-
1.16 Proceeds from sale of forfeited shares		-	-
1.17 Proceeds from borrowings		2,500	4,500
1.18 Repayment of borrowings		-	-
1.19 Dividends paid		-	-
1.20 Other		-	-
<b>Net financing cash flows</b>		2,500	4,500
<b>Net increase (decrease) in cash held</b>		<b>2,385</b>	<b>(1,417)</b>
1.21 Cash at beginning of quarter/year		1,656	5,458
1.22 Exchange rate adjustments to item 1.20		-	-
<b>1.23 Cash at end of period</b>		<b>4,041</b>	<b>4,041</b>

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

	Current Quarter \$A'000	Year to date \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	(1,739)	(3,194)
1.25 Aggregate amount of loans to the parties included in item 1.11	-	-

1.26 Explanation necessary for an understanding of the transactions

Directors included in 1.24	Current Quarter	Year to date
Ian Campbell	62,732	126,400
Geoff Harrington	12,500	25,000
Ian Lancaster	12,500	25,000
Fiona McLeod	12,500	25,000
Services rendered by DMA Insurance (party related to Ian Lancaster)	44,645	89,290
Loan received (from)/repaid to CPS Group Investments Pty Ltd as trustees for Powerlan Investment Trust ("CPS") (party related to Ian Campbell)	(2,500,000)	(4,500,000)
Interest on loan from CPS	476,007	826,427
Services rendered by Superchoice Services Pty Ltd (party related to Ian Campbell)	140,431	189,260

**Non-cash financing and investing activities**

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

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

N/A
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**Financing facilities available**

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

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	17,000	16,282
3.2 Credit standby arrangements	-	-

## Reconciliation of cash

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

	Current Quarter \$A'000	Previous Quarter \$A'000
4.1 Cash on hand and at bank	2,765	5,458
4.2 Deposits at call		-
4.3 Bank overdraft	-	-
4.4 Other (please specify): Bank Guarantee Deposits	1,276	-
<b>Total cash at end of month (item 1.23)</b>	<b>4,041</b>	<b>5,458</b>

## Acquisitions and disposals of business entities

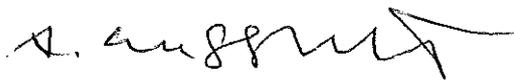
- 5.1 Name of entity
- 5.2 Place of incorporation or registration
- 5.3 Consideration for acquisition or disposal
- 5.4 Total net assets
- 5.5 Nature of business

Acquisitions (Item 1.9(a)) \$A'000	Disposals (Item 1.10(a)) \$A'000

### Additional Information

## Compliance statement

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



Andrew Wrigglesworth  
(Director/Company Secretary)