Intermoco Limited
ABN: 15 006 908 701
and controlled entities

Annual Report
for the year ended 30 June 2011

INTERMOCO LIMITED (ABN: 15 006 908 701) & CONTROLLED ENTITIES
ANNUAL REPORT
YEAR ENDED 30 JUNE 2011

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CHAIRMAN'S REPORT

The 2010/11 financial year has been one of further consolidation and change for the Intermoco Group. Since joining the Board of Intermoco Limited as Chairman in May 2011, I have witnessed first hand the variety and scope of opportunities that the Group currently has in front of it. With those opportunities of course will also come challenges, as are experienced by any growing business.

Financial Performance

During 2010/11, Intermoco largely completed its process of business consolidation and structural adjustment. A significant wind-down in the Group's former fee-for-service billing contracts has contributed to the reduction in revenue earned during 2010/11 compared to the prior year. However, it has also led to significant further reductions in the Group's cost base and, importantly, enabled management to devote a more concerted effort towards the Group's forward focus on the embedded networks business.

Net operating loss for 2010/11 was $(3.08m), a 23.3% improvement on the restated result of $(4.02m) in 2009/10, which in turn was a more than 40% improvement on 2008/09. As such, your Board is hopeful that, with the ongoing efforts of management towards building the embedded networks business, and continued focus on overhead cost reductions, this trend of improvement can be sustained in 2011/12.

As noted above, the 2009/10 financial results were required to be restated, and the Group's Half Year Report to December 2010 contained further details on the items impacting on this. The Group experienced a series of personnel changes during the latter part of 2009/10 and throughout much of 2010/11 within the Finance function of its management team, and also changed its auditors in late calendar 2010. This combination of factors led to a need to review the financial results and some alternative interpretations emerged. The financial statements and notes contained in this document provide the relevant details.

With the addition of Finance skills to the Board, and the appointment in August 2011 of a more suitably qualified Chief Financial Officer, we are confident these issues will not be repeated.

No dividends have been or will be declared in respect of the 2010/11 financial year.

Despite the improvement in net result achieved in 2010/11, the result was still disappointing, and not satisfactory in the view of the Board. As noted earlier, and also in the Chief Executive Officer's Report later in this document, the Group is heavily focused on implementing its new business model so as to deliver positive shareholder returns at the earliest opportunity.

Capital Structure

During 2010/11, the Group redeemed a convertible note, to the value of $2.1m, from the proceeds of fresh share issues in a placement to sophisticated investors and an underwritten rights issue. This leaves the Group in the position of having very little interest-bearing debt on its Balance Sheet, with only some small equipment finance balances remaining.

However, the result of this was a significant increase in the Group's number of issued shares. As shareholders would be aware, the Group attempted to deal with this situation by proposing a share consolidation in July 2011 which, while supported by a significant majority of shareholders, was unable to achieve the necessary 75% voting support. The Board remains of the view that the number of issued shares, and resultant share price, remain as a matter requiring further attention in the future.

CHAIRMAN'S REPORT

Business Model

As explained in more detail in the Chief Executive Officer's Report, the Group has continued to take further significant steps during 2010/11 towards full implementation of its new business model: a focus on the embedded networks business, supplemented by a utilities-related product sales business.

In this regard, the Group has been able to diversify its client base into a range of different industry sectors, including residential, commercial, retirement, and retail. Some important new contracts and industry partnerships were entered into, which should serve to provide the base for future growth about which we have previously spoken.

What is also important to remember is that, under the embedded networks model, Intermoco's earnings base is impacted heavily by the margin it makes on the retail supply of utilities. Traditionally, utilities is viewed as a defensive sector in the economy, which the Board views as a real positive in the uncertain economic times in which the world again seems to find itself.

With our Intermoco Connect model – providing financial benefits for building owners and body corporates, competitive rates for end-users, low-cost customer acquisition for our utilities partners, and a meaningful financial return to our Company – we should be well-placed to continue building the business towards a successful future.

Summary

I would like to thank my colleagues on the Board for their continued work and dedication towards the Group's objectives. We welcomed Bob Gestro back to the Board in May, and Bob adds significant further industry experience and contacts for our business. I also thank Mr Andrew Plympton, the previous Chairman who resigned at the end of April 2011, for his efforts while involved with the Group.

On behalf of the Board, I thank our Executive Management team, led by Ian Kiddle and Andrew Meehan, for their continued tireless efforts on transforming our business; this is never an easy task.

Lastly, I would like to thank our shareholders for their ongoing support of the Company during difficult times. We look forward to a future for Intermoco where we are all working together towards a common goal of improved returns.

John Evans
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Intermoco has taken major strides during the financial year 2011 in further establishing Intermoco Connect in the marketplace. Additionally Intermoco continues to develop a strong and stable pipeline of customers and contracts.

Intermoco Connect is a managed utility service that delivers Electricity, Water, Gas, Telephone and Internet to privately owned or operated environments that generates annuity incomes, both for Intermoco and for our business partners. Referred to as our 'embedded network' business, this is the classic "Win Win" relationship we have with our business partners. The typical contract term is five (5) plus years with five (5) year options beyond the initial period.

Intermoco manages the products, installation, maintenance, billing, collections and customer service within embedded networks. Throughout 2010/11 we have focused on the consolidation of the Intermoco Connect Model and refining and testing our model in different environments. A review of our signed contracts demonstrates that we have won contracts in the following markets:

- Residential
- Retirement Villages
- Commercial
- Student Accommodation
- Retail

We now fully understand the factors that operate in each of these markets to ensure we are well placed with our strategy for growth. It has not been easy getting to this position from where we have come, but we are now well placed for sustained and profitable growth.

Intermoco uses and deploys a range of technologies that we purchase from preferred suppliers. As we do not own any of our own product technology, we are free to select the "best of breed" for use with Intermoco Connect. We are continually exploring and evaluating the latest technologies to ensure we have the best service offering to our end users. We also place great emphasis on the control and flow of data from each of our sites. Our Data Services group continue to develop systems and Intellectual Property that ensures we are at the forefront in this area.

As at 30 June 2011, Intermoco had seven (7) embedded networks in operation, from which we are currently billing in line with expectations with billing expected to increase as the developments are fully tenanted. In addition the pipeline of opportunities remains robust with a number of contracts close to signing.

Product sales have been less than originally projected due to difficulties we have experienced in the delivery of products from our suppliers. This has predominantly been brought about by our suppliers' re-direction of product towards rectification works from the Queensland floods.

A major Queensland project on which we hold a Terms Sheet to the value of approximately $2.0m has been delayed due to some special legislative issues. This has led to a deferral of this revenue from the 2011 financial year, with a workaround currently being undertaken.

In addition to Intermoco Connect we continue to sell a range of gas and water products to Utilities such as Origin Energy, Sydney Water and Jemena. Product sales in this area were down on last year due to some difficulties we had with supply of product but this is not expected to be repeated in the 2012 financial year.

Innovation and experience are the key elements for success and we are fortunate that following our restructure over the past few years we now have a team that have both these qualities that will drive our growth going forward.

The financial performance of the Group was characterised by a decline in revenue as explained above from $5.34m in FY2010 to $3.38m this financial year but with expenses also down $2.90m from the previous year. In addition, the Convertible Note of $2.1m that became due in January was repaid following a Capital Raising leaving us with a lower geared balance sheet.

CHIEF EXECUTIVE OFFICER'S REPORT

On the Operational front we continued to reduce our cost base although we experienced some greater than anticipated expenses in the finance area due to staff and auditor changes. The addition to the Board of John Evans has also added additional strength in the finance area, and this will be supplemented further with a new CFO having commenced employment on 22 August 2011.

The 2010/11 Year in Review

In October, 2010 we signed a Strategic Agreement with the Retirement Village Association of Australia (RVA). The agreement marked the establishment of a strategic partnership between Intermoco and RVA. The RVA is Australia's peak body for the retirement village industry. With in excess of 800 village and associate members nationally, the RVA plays a critical role in the ongoing growth and sustainability of the retirement village industry.

The RVA operates from five regional offices located in Brisbane, Sydney, Melbourne, Adelaide and Perth providing a strong national footprint. The RVA member base consists of retirement village operators, managers, owners, developers, investors and industry specialists across Australia.

Under the terms of the Strategic Agreement, the RVA will offer its membership base Intermoco Connect, which will allow RVA members to benefit from accompanying annuity streams through a revenue sharing agreement that is standard under the terms of past agreements entered into by Intermoco.

In January, 2011 we entered into a five (5) year agreement with a Sydney based property development company, Statewide Developments, to supply and install embedded networks to two residential properties in New South Wales. The agreement is for the supply of electricity and voice services to tenants of the Aqua Villa and Sol Rio properties.

Intermoco expects to receive a total of $2.1 million in revenue from their projects over the five year period. This includes $600,000 from the Aqua Villa development in New South Wales with an additional $20,000 in capital costs and $1.6 million from the Sol Rio development in New South Wales with an additional $50,000 in capital costs to be received in the third quarter of FY2012. Further to this we then signed a five year Agreement for the supply of electricity, voice and data services to 425 tenants of the Kingsway Towers property which commenced the construction phase in February 2011.

The company expects to receive a total of $3.5 million in revenue over the five year period from the Kingsway Tower Project with an additional $118,000 in capital costs to be received in the third quarter of 2011/12 once the development is completed.

In April 2011 we entered into an agreement to provide Intermoco Connect to a new commercial property, constructed by leading Australian property development and investment company Corporate Property Management Pty Limited which is part of the Capital Corporation Group.

The contract will provide Intermoco with $1.5 million in revenue over the 5 year contract duration. The commercial property known as the Atlas Norwest located in Sydney comprises showrooms and office space, and started billing in June 2011.

Capital Corporation Group is a well-recognised property development and construction group, operational for 18 years. Capital Corporation Group has been instrumental in the construction of 140 properties and development of an additional 40 projects in the Sydney Metropolitan area. Capital Corporation's current portfolio of assets exceeds $300 million and the company has a number of future planned construction and development opportunities currently under consideration.

In May, 2011 we entered into a 5 year agreement to provide Intermoco Connect to a commercial property development, developed by MAB Corporation ("MAB") located in the Melbourne metropolitan area. The agreement is expected to provide Intermoco with $1.45 million over the term of the contract, and is the initial contract under an established partnership between Intermoco and MAB.

CHIEF EXECUTIVE OFFICER'S REPORT

Intermoco provides embedded network services to MAB's Industry Business Hub development, a commercial precinct with cutting edge contemporary workplace design. Under the agreement, Intermoco received $70,000 in capital costs at inception, with initial revenue generated in May 2011. MAB Corporation is a privately owned property development group currently with in excess of $2 billion in projects and generating $300 million in annual sales within the Melbourne metropolitan area.

The embedded networks status at the end of June saw the following:

- Intermoco Connect Sites	7
- Intermoco Connect Customers	827
- Annual Revenues (when Fully Tenanted)	$1.86m

Our target for the new financial year is for significant growth in each of these three key metrics.

On other matters, Energy Mad Limited, in which the company holds 2.78 Million shares, following a 2:1 consolidation, is still expected to be listed on the New Zealand stock exchange in September 2011 at a list price of NZ$1 per share.

Summary and Outlook

I believe that Intermoco is well placed for significant growth given the scalability of our business model and focus of the Board and executive management team. In addition the Board and Management are actively seeking new growth opportunities to leverage off our experience and skills for growth and the increased value of Intermoco.

The foundations to our success are our staff and management team and I am extremely grateful for all of their important contributions and enthusiasm. I would also like to thank my fellow Board members for their valuable input and leadership throughout the last year. Finally I would like to thank our shareholders for their continued support.

Ian Kiddle
Chief Executive Officer

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity, consisting of Intermoco Limited (“the Company”) and its controlled entities (collectively, “the Group”), for the year ended 30 June 2011.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Mr Ian Kiddle

Mr Simon Kemp

Mr Andrew Plympton, Resigned 30 April 2011

Mr Andrew Meehan

Mr Robert Gestro, Appointed 3 May 2011

Mr John Evans, Appointed 3 May 2011

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the consolidated entity for the year after providing for income tax amounted to $3,084,423 (2010: $4,022,502).

Review of Operations

During the year, the Group achieved a number of significant milestones, including:

- increase in the embedded networks business from one income-producing network at the commencement of the financial year to seven at year end, and extension of the model into commercial, retirement, and student accommodation properties;
- achievement of signed agreements on several further embedded networks, which will come on line in 2011/12; and
- signature of a strategic agreement with Retirement Villages Australia.

Further discussion regarding the operations can be found in the CEO’s review at the front of this document.

Significant Changes in State of Affairs

Significant changes in the consolidated entity's state of affairs that occurred during the financial year were:

- the Group experienced a decrease in net assets of $202,990; and
- during the year, the Company redeemed the $2.1m convertible note held by Belgravia Strategic Equities Pty Ltd. The redemption was funded by a share placement to sophisticated investors and an underwritten rights issue.

Principal Activities

The principal activity of the consolidated entity during the year was commercialisation of monitoring and control products and solutions, with particular emphasis on the installation and management of embedded networks, and associated product sales.

Since the previous year, the Group has increased its focus on the embedded networks component of its business.

Likely Developments

Future developments of the Consolidated Entity are outlined in the attached CEO and management review. Further information on likely developments in the operations of the Consolidated Entity and the expected results from those operations have not been included in this report as it is the opinion of the Directors that their disclosure could be prejudicial to the interests of the Consolidated Entity.

Environmental Regulation

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends Paid, Recommended and Declared

No dividends were paid or declared since the start of the year (2010: no dividends). No recommendation for payment of dividends has been made.

Information on Directors

Mr John Evans	Independent Non-Executive Chairman (Appointed 3 May 2011)
Qualifications:	B.Com (Hons), FCA, CPA, MAICD
Experience:	John is currently the principal of a Business Broking & Advisory practice, and advises a range of businesses in both the SME sector and larger corporate clients, on matters such as strategic planning, marketing, governance, and financial analysis. Prior to this, John held a series of positions in Finance and General Management over a 15 year period, across a wide range of industries including telecommunications, banking and insurance, superannuation and funds management, media, hospitality, and property development. John's approach to advising businesses balances the need for practical, achievable solutions with the need to always keep in sight the overall strategic objective. John is a director of two other listed companies, several private companies and one not-for-profit organisation, and provides Board consulting services to three other company groups.
Interest in Shares and Options:	5,800,000 ordinary shares
Directorships held in other listed entities in the last 3 years:	MediVac Limited (since December 2007) HealthLinx Limited (since April 2008)
Committee Memberships:	Member, Audit & Risk Committee Member, Nomination & Remuneration Committee

Mr Ian Kiddle	Executive Director Chief Executive Officer
Experience:	Ian Kiddle has 25 years experience at a senior management or managing director level. Ian has a strong commerce background and was previously a director of the Australian Division of Inchcape Telecommunications and was directly responsible for a sales force of approximately 100 sales staff. Since then, Ian was the managing director of Active Utilities which managed a number of major embedded networks.
Interest in Shares and Options:	23,222,223 ordinary shares
Directorships held in other listed entities in the last 3 years:	Nil
Committee Memberships:	Nil

Mr. Simon Kemp	Non-Executive Director
Experience:	Simon Kemp has many years experience in the electrical, communications and other industries. He has had senior management experience with what is now known as Downer Engineering and has served on the board of the National Electrical and Communications Association as a Federal and State Councillor and State President for three years. Simon was also instrumental in setting up one of the first group apprenticeship training schemes which went on to employ over four hundred apprentices. He has also set up several private companies of various disciplines all of which are trusted to provide service and continue to trade successfully. His skills are well suited to high tech companies such as Intermoco.
Interest in Shares and Options:	8,022,223 ordinary shares
Directorships held in other listed entities in the last 3 years:	Nil
Committee Memberships:	Chairman, Audit & Risk Committee Member, Nomination & Remuneration Committee

Mr Andrew Meehan	Executive Director Chief Operating Officer
Qualifications:	B.App.Sc (Surv), MBA
Experience:	Andrew has had an extensive career in the Utility Industry with particular emphasis in the Water Sector. Over the last twenty years he has been CEO or Director for a number of private companies involved in the Utility Industry including his role as co-founder and Managing Director of AMRS. Andrew's experience includes the management of Field Services as well as product and software development. Andrew also founded Utility Data Solutions and in his role as CEO managed the sale and transition to Intermoco in July 2007 and served as Chairman of an advisory committee to Melbourne Water from 2007 to 2010. Andrew is also currently a director of Energy Mad Limited.
Interest in Shares and Options:	28,222,224 ordinary shares
Directorships held in other listed entities in the last 3 years:	Nil
Committee Memberships:	Nil

Mr Robert Gestro	Non-Executive Director (Appointed 3 May 2011)
Qualifications:	Dip. Mech. Eng, B. Bus.
Experience:	Bob Gestro is an experienced General Manager/CEO and has been involved in metering for approximately 35 years. Bob has held positions with AGL, Email Metering and Schlumberger, then the world's largest metering manufacturer where he held the position of General Manager for some 10 years. He is a former member of the Institute of Engineers Australia, Institute of Gas Engineers, Australian Gas Association, and New Zealand Gas Association, and a former technical committee member for Australian Gas Association and Standards Australia. Bob has also served a previous period as Executive Chairman of the Company, concluding in March 2010.
Interest in Shares and Options:	100,333,068 ordinary shares
Directorships held in other listed entities in the last 3 years:	Nil
Committee Memberships:	Member, Audit & Risk Committee Chairman, Nomination & Remuneration Committee

Mr Andrew Plympton	Independent Non-Executive Chairman (Resigned 30 April 2011)
Experience	Andrew has had an extensive career in the Financial Services Sector, Sport Administration and more recently in the capacity as a director and Chairman of both ASX and unlisted companies. Over the last twenty years he has been CEO/Chairman of two Global Insurance Broking Firms' Asia Pacific operations. In addition Andrew served as Chairman of a Specialist Aviation Underwriting Company and Chairman of a high profile Captive Insurance operation. In the Public Company sector Andrew is the appointed Chairman of Beyond Sportswear International Ltd, The Swish Group Limited and is a Director of Newsat Limited. He is Chairman of MDHDG a private company involved with 5 Star hotel and marina developments and Chairman of New Zealand Company Energy Mad Limited. In sport, Andrew has a high profile, elected as an Executive Member of the Australian Olympic Committee and appointed director of the Australian Olympic Foundation Limited. He is also the longest serving President of Yachting Australia Inc and held for eight years the Chairmanship of AFL club St Kilda Football Club Limited. Andrew has been successful in sport, winning one World Championship in sailing. He holds numerous sporting achievement awards and life membership from two sporting organisations.
Interest in shares and options	Nil
Directorships held in other listed entities in the last 3 years:	Adeffective Limited (formerly Swish Group Limited) Newsat Limited Beyond Sportswear International Limited
Committee Memberships:	Member, Audit & Risk Committee

Information on Company Secretary

Mr Oliver Carton

Qualifications:	B.Juris, LLB.
Experience:	Oliver is a qualified lawyer with over 23 years experience in a variety of corporate roles. He currently runs his own consulting business, and was previously a Director of the Chartered Accounting firm KPMG where he managed its Corporate Secretarial Group. Prior to that, he was a senior legal officer with ASIC. Oliver is an experienced company secretary and is currently company secretary of a number of listed and unlisted companies, ranging from Intermoco Limited to the not for profit Melbourne Symphony Orchestra Pty Ltd.

Meetings of Directors

Directors	Directors' meetings		Audit Committee meetings		Remuneration Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr John Evans	2	2	-	-	1	1
Mr Andrew Plympton	11	11	-	-	-	-
Mr Ian Kiddle	13	13	-	-	-	-
Mr Simon Kemp	13	12	-	-	1	1
Mr Andrew Meehan	13	13	-	-	-	-
Mr Robert Gestro	2	2	-	-	1	1

Note: matters ordinarily undertaken by the Audit Committee were instead undertaken by the full Board during 2010/11.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and adhere to good corporate governance practices. The Consolidated Entity's corporate governance statement is contained in the following section of the Annual Report, 'Corporate Governance Statement'.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

(a) Principles used to determine the nature and amount of remuneration
(b) Details of remuneration
(c) Service agreements
(d) Share-based compensation
(e) Additional information.

The following persons were Directors and key management personnel in office at any time during the financial year:

Directors

Mr Ian Kiddle	Chief Executive Officer	
Mr Robert Gestro	Non-Executive Director	Appointed 3 May 2011
Mr Simon Kemp	Non-Executive Director	
Mr John Evans	Non-Executive Chairman	Appointed 3 May 2011
Mr Andrew Plympton	Non-Executive Chairman	Resigned 30 April 2011
Mr Andrew Meehan	Executive Director	

Other Key Management Personnel

Mr Stephen Moorhouse	Chief Financial Officer	Resigned 30 June 2011
Mr Oliver Carton	Company Secretary	
Mr. Geoff Bentley	Sales General Manager Intermoco Group Pty Ltd	Resigned 10 Sep 2010

Section A: Principles used to Determine the Nature and Amount of Remuneration

Remuneration Policy

The Board has formed a Remuneration Committee, consisting entirely of non-executive Directors, with effect from May 2011, and made amendments to a number of areas of remuneration policy, which are as set out below in this Remuneration Report.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

Taking into account market data on executive remuneration, the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic future profits as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of the possibility of future dividends and growth in share price, and delivering a future return on assets as well as focusing the executive on key non financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives.

Non-Executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board also consults industry data to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by Shareholders at the Annual General Meeting, and is currently $200,000. Fees for non-executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors interests with Shareholder interests, the Directors are encouraged to hold shares in the Company and non-executive Directors do on occasions receive share options.

Non-executive Directors who chair a committee also do not receive additional yearly fees for such roles. Additional fees are not payable to Directors for their membership on subsidiary boards.

Executive Pay

The Remuneration Committee is responsible for developing executive remuneration policy, and will review executive remuneration packages annually by reference to the Consolidated Entity's and the individual executive's performance, and comparable information from industry sectors.

The executive pay and reward framework has four components:

- Base pay and benefits
- Short term performance incentives
- Long term incentives through participation in the Group's Employee Option Plan, and
- Other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base Pay

Base pay is structured as a 'total employment cost' package which may be delivered as a combination of cash and prescribed non financial benefits at the executive's discretion, subject to Group guidelines.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Industry remuneration surveys provide analysis to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Some executives receive benefits consisting of car allowances.

Retirement Benefits

All remuneration paid to executives includes a superannuation guarantee contribution required by legislation, which is currently 9%. These benefits are paid into each executive's nominated superannuation fund. Executives do not receive any other retirement benefits.

Short term Incentives

In respect of the senior executives (currently, the CEO and COO), each year key performance indicators (KPIs) are set. The Remuneration Committee sets the KPIs for the CEO and COO. The KPIs generally include measures relating to the Group and the individual, and include financial, operational, strategy, and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

Financial performance objectives are based on achievement of certain sales and gross profit targets by the Group, and the growth of the Group's embedded networks business. For the 2011 financial year, no short-term incentives are payable, due to the performance of the Group during that year. Non-financial performance targets are based on achievement of additional strategic agreements for the Group, and other matters associated with the Group's strategic plan.

At the end of the financial year, the Remuneration Committee assesses the actual performance of the Group and the individual against the KPIs set at the beginning of the financial year. Minimum sales and gross profit targets are compared with actual results, and the terms achieved in respect of additional strategic agreements are compared with the Board's desired terms. A percentage of the pre-determined maximum is awarded depending on results. No bonus is awarded where performance falls below the minimum.

The Remuneration Committee recommends the cash incentive to be paid to the individuals for approval by the Board. The method of assessment was chosen as it provides the Committee with an objective assessment of the individuals' performances.

In respect of the 2010 financial year, adjustments were made to the financial results (refer to the Financial Statements and Notes later in this document). As a result, adjustments to remuneration are also being made.

Long-Term Incentive: Employee Option Plan

The Group currently does not have a general Employee Option Plan, or Directors & Executives' Option Plan. Consideration is being given to implementation of each of these two types of plan, at the appropriate time.

Valuation of Remuneration

All cash-based remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Shares issued to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes option pricing model.

Section B: Details of Remuneration

Details of Remuneration for Year Ended 30 June 2011

The remuneration for each Director and other Key Management Personnel (KMP) of the Consolidated Entity was as follows:

	Short-term employee benefits			Post-Employment Benefits	Share-based Payments		Total	% of Total Remun'n that is Performance Based
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super Contributions	Shares	Options		
	$	$	$	$	$	$	$	
Directors:								
Mr John Evans	10,090	-	-	908	-	-	10,998	-
Mr Robert Gestro	6,667	-	-	-	-	-	6,667	-
Mr Ian Kiddle	243,723	-	30,364	-	80,000	-	354,087	-
Mr Simon Kemp	54,359	-	-	-	-	-	54,359	-
Mr Andrew Plympton	51,999	-	-	-	-	-	51,999	-
Mr Andrew Meehan	247,500	-	-	-	80,000	-	327,500	-
Other KMP:								
Mr Oliver Carton	55,500	-	-	-	-	-	55,500	-
Mr Geoff Bentley	45,513	-	-	3,646	-	-	49,159	-
Mr Stephen Moorhouse	234,045	-	27,913	-	-	-	261,958	-
	949,396	-	58,277	4,554	160,000	-	1,172,227	-

Notes:

(i) Cash Salary amounts for Messrs Kiddle and Meehan include amounts of $3,723 and $30,000 (respectively) attributable to back pay for 2009/10 year, expensed and paid in 2010/11.
(ii) Details of maximum bonus amounts payable are included in Section C of the Remuneration Report.
(iii) The shares referred to above relate to remuneration for the year ended 30 June 2010, and were issued in November 2010 following receipt of shareholder approval. No grants of shares have been made in relation to 2010/11.

Details of Remuneration for Year Ended 30 June 2010

The remuneration for each Director and other Key Management Personnel (KMP) of the Consolidated Entity was as follows:

	Short-term employee benefits			Post-Employment Benefits	Share-based Payments		Total	% of Total Remun'n that is Performance Based
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super Contributions	Shares	Options		
	$	$	$	$	$	$	$	
Directors:								
Mr Robert Gestro	277,385	-	-	-	-	-	277,385	-
Mr Ian Kiddle	240,000	60,000	25,000	21,600	170,000	-	516,600	11.6%
Mr Simon Kemp	44,300	-	-	-	-	-	44,300	-
Mr Andrew Plympton	12,991	-	-	-	-	-	12,991	-
Mr Andrew Meehan	180,000	40,000	-	16,200	170,000	-	406,200	9.8%
Other KMP:								
Mr Oliver Carton	56,000	-	-	-	-	-	56,000	-
Mr Geoff Bentley	41,923	-	-	3,323	-	-	45,246	-
	852,599	100,000	25,000	41,123	340,000	-	1,358,722	7.4%

For the financial year, no new options were granted (2010: Nil). Nil amount (2010: $Nil) was recognised in compensation over the vesting period of existing options.

Section C: Service Agreements

The contracts for service between the Company and specified executives are formalised in service agreements. The major provisions in the agreements relating to remuneration are set out below.

I Kiddle, *Chief Executive Officer*

- Term of agreement commencing 1 January 2010 for a period of three years (subject to earlier termination in accordance with termination provisions (if applicable)).
- Base fee, inclusive of Director's Fee, for the year ended 30 June 2011 of $240,000.
- Provision of fully maintained motor vehicle to the value of $25,000 p.a.
- Short-term incentive of a maximum of $60,000, based on a series of key performance indicators.
- Issue of 10m shares in the year ending 30 June 2010 based on the performance of certain conditions (NB. there are no further share entitlements after 30 June 2010).
- Termination by provision of 6 months' notice by either party.

A Meehan, *Executive Director*

- Term of agreement commencing 1 January 2010 for a period of three years (subject to earlier termination in accordance with termination provisions (if applicable)).
- Base fee, inclusive of Director's Fee, for the year ended 30 June 2011 of $200,000.
- Motor vehicle allowance to the value of $25,000 p.a.
- Short-term incentive of a maximum of $50,000, based on a series of key performance indicators.
- Issue of 10m shares in the year ending 30 June 2010 based on the performance of certain conditions (NB. there are no further share entitlements after 30 June 2010).
- Termination by provision of 6 months' notice by either party.

Section D: Share-Based Compensation

Shares Granted as Remuneration

During the year ended 30 June 2011, there was an issue of shares to the Chief Executive Officer and Chief Operating Officer, as follows. These shares related to remuneration for the year ended 30 June 2010:

	Number of Shares	Total Value $
Name		
Ian Kiddle	10,000,000	80,000
Andrew Meehan	10,000,000	80,000
Total	20,000,000	160,000

During the year ended 30 June 2010, there was an issue of shares to the Chief Executive Officer and Chief Operating Officer, as follows. These shares related to remuneration for the year ended 30 June 2009:

	Number of Shares	Total Value $
Name		
Ian Kiddle	10,000,000	170,000
Andrew Meehan	10,000,000	170,000
Total	20,000,000	340,000

Options Granted as Remuneration

In prior years, the Remuneration of Directors and Executives included options over ordinary shares as issued by Intermoco Limited. These options were not issued based on performance criteria, but were issued to Directors and Executives of Intermoco Limited and its subsidiaries to increase goal congruence between Executives, Directors and Shareholders.

No options were issued as compensation in the financial years ended 30 June 2011 or 30 June 2010. No options vested or were forfeited during the financial years ended 30 June 2011 or 30 June 2010.

This marks the end of the audited Remuneration Report.

Indemnification & Insurance of Directors and Other Officers

During the financial year the Company entered into an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.

Share Options on Issue

At the date of this report, there were no unissued ordinary shares of Intermoco Limited under option.

Shares Issued as a Result of the Exercise of Options

During the year ended 30 June 2011, no ordinary shares of Intermoco Limited were issued as a result of the exercise of options. Since 30 June 2011 no options have been exercised.

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditors (PKF in 2009/10 and Pitcher Partners in 2010/11) for audit and non-audit services provided during the year are set out below.

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act* 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

The following fees were paid/payable to the external auditors during the year ended 30 June 2011:

	2011 $	2010 $
Amounts paid/payable to Pitcher Partners for audit and review work under *Corporations Act* 2001:		
- Auditing or reviewing the financial report	76,910	-
- Taxation services	26,770	-
- Emergency bookkeeping and 2010 Annual Report preparation	102,770	-
Amounts paid/payable to PKF for audit and review work under *Corporations Act* 2001:		
- Auditing or reviewing the financial report	-	60,000
- Other services	4,131	11,300
Total audit and assurance fees paid or payable	76,910	60,000
Total other services paid or payable	133,671	11,300
Total paid or payable	210,581	71,300

Auditor's Independence Declaration

The lead auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2011 has been received and can be found in the section titled 'Auditors Independence Declaration' within this Annual Report.

Events Subsequent to Reporting Date

Since the reporting date, the following significant events have occurred:

(a) The board of Energy Mad (in which the company holds an interest) has decided to seek quotation of its shares on the New Zealand Stock Exchange (NZX). Documentation has been lodged with NZX and Intermoco understands that a listing is anticipated at the end of September or early October.
(b) The Group has undertaken a small share placement to sophisticated investors (totalling $145,000) and has instituted a share purchase plan (SPP) to raise further capital to assist with the working capital requirements associated with roll-out of new embedded networks. The SPP closes on 6 September 2011 unless extended.
(c) The Group has obtained access to a short-term line of credit facility in the amount of $300,000, available for use (if required) between 1 October 2011 and 31 March 2012, for working capital needs associated with growth in the Group's embedded network business.

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

John Evans	**Ian Kiddle**
Chairman	Chief Executive Officer

Dated this 30th day of August 2011

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Intermoco Limited

In relation to the independent audit for the year ended 30 June 2011, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.

(ii) No contraventions of any applicable code of professional conduct.

D A KNOWLES
Partner
Date 31 August 2011

PITCHER PARTNERS
Melbourne

STATEMENT OF CORPORATE GOVERNANCE

a) Introduction

The Intermoco Board is responsible for establishing and maintaining a corporate governance framework, which ensures the enhancement and protection of shareholder value. In undertaking this responsibility, implementation of rigorous accountability and control processes are required.

The Company's website www.intermoco.com contains an Investor Section, which details the Company's Corporate Governance policies and procedures. This provides public access to all the information relevant to the Company meeting its corporate governance obligations.

b) The Board Lays Solid Foundations for Management and Oversight

The Board of Directors is responsible for setting the strategic direction of the Company and for overseeing and monitoring its business affairs. Directors are accountable to the shareholders for the Company's performance. The major responsibilities of the Board include:

- setting overall financial and business goals for the Company;
- approving annual financial plans and budgets;
- monitoring business performance and results;
- approving management recommendations on strategic issues including major capital expenditure, acquisitions, restructuring and funding;
- ensuring systems are in place which facilitate the effective monitoring and management of principal risks to which the Company is exposed;
- adopting a strategic plan to achieve the Company's goals;
- ensuring processes are in place for the effective communication with shareholders and other stakeholders; and
- reporting to shareholders on the Company's performance.

The Board Charter included in the Corporate Governance Section on the Company website details the principles and procedures, which guide the Board's operations.

The Board Charter delegates the day to day operations of the Company to the CEO.

c) Board Structure

The names and details of Directors in office at the date of this Annual Report are included in the Directors' Report Section of this Annual Report.

The composition of the Board is guided by the following principles:

- The Board should be comprised of a minimum of three and a maximum of ten Directors. There are currently five Directors.
- The Board should have a broad range of expertise.
- The Chairman shall be independent – for the 2011 year the Chairman was independent.
- A person cannot hold the responsibilities of Chairman and Chief Executive Officer – the current Chief Executive Officer is not the Chairman.
- A majority of the Board will be comprised of independent Directors. Directors of Intermoco are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The following Directors are considered to be Independent: Mr. John Evans and Mr. Simon Kemp. Messrs Kiddle and Meehan are not considered to be independent as they are executives of the Company. Mr Gestro is not considered to be independent as during the last three years he has been an employee of the Company. A majority of the directors are therefore not independent however the current structure gives any casting vote to an independent director and at this time the Board considers the current structure best serves the needs of the Company.

d) Nomination Committee

Given the size of the Board and recent Board restructuring, the Board has not formed a Nomination Committee. The Board as a whole carries out the functions of that Committee.

e) The Board Promotes Ethical and Responsible Decision-Making

The Board has a formal Code of Ethics and a Code of Conduct, which applies to all Intermoco employees, Directors and contractors. In addition the Board has introduced a Conflict of Interest Policy as well as a policy on Securities Trading by Directors and Employees. Copies of these policies and directives are available on the Company website within the Corporate Governance Section.

Directors are able to take independent professional advice at the expense of the Company.

f) The Board Safeguards the Integrity of Financial Reporting

The Chief Executive Officer and Acting Chief Financial Officer have provided the Board with a statement regarding the integrity of the financial statements. The sign off is based on the existence of processes which ensure that the resultant financial statements comply with accounting standards and provide a true and fair view of the Company's financial performance and position.

The Board has established an Audit, Risk & Compliance Committee when its composition and size enable it to do so. The Committee's responsibilities include reviewing the auditor's independence and management's response to the auditor's findings and recommendations. The overall responsibilities of the Committee are set out under a Charter and are to assist the Board in meeting its responsibility to exercise due care, diligence and skill in relation to:

- Financial Reporting
- Application of accounting policies
- Financial Management
- Internal Control
- Risk management and compliance monitoring
- External audit.

In discharging its role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent advice as it determines necessary.

During the Year a new Chairman and non-executive director were appointed, bringing the number of non-executive directors to three. The Audit Committee was reorganised and now consists of Mr Simon Kemp (Chairman), Mr Bob Gestro and Mr John Evans. The Audit Committee did not meet during the Year but has met following the end of the Year to oversee the production of this Annual Report.

The functions of the Audit Committee set out in its Charter include:

- monitoring corporate risk assessment and processes, and
- monitoring the establishment of an appropriate internal control framework.

g) The Board Makes Timely and Balanced Disclosure

The Board has in place a Continuous Disclosure Policy, which has been implemented across the Company. A copy of the Policy is available on the Corporate Governance section of the Company website.

h) The Board Respects the Rights of Shareholders

Intermoco has in place a Shareholder Communication Policy, which promotes effective communication with shareholders. A copy of the Policy is available on the Corporate Governance section of the Company website.

i) The Board Recognises and Manages Risk

The Board is responsible for ensuring that management's objectives and activities are aligned with expectations and risks identified by the Board.

During the year, the Company operated a risk management and internal control framework that can be described as follows:

- Financial reporting - actual results are regularly reported against budget and revised forecasts for the year are prepared regularly.
- The Company reports to shareholders half-yearly. Procedures are also in place to ensure that price-sensitive information is reported to the ASX in accordance with the Continuous Disclosure requirements of the ASX Listing Rules and the Corporation Act 2001.
- The Chief Executive Officer and Acting Chief Financial Officer have signed a statement to the Board for the full and half year financial reports confirming:
    - the Company's financial reports present a true and fair view, in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
    - the Statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
    - the statement given above is founded on a sound system of risk management and an internal compliance and control system is operating efficiently in all material respects.

j) Quality and integrity of personnel

Formal appraisals are conducted at least annually for management and staff. The Company has adopted a Code of Conduct for all employees. The Company has written policies and procedures concerning issues such as health and safety in the workplace, harassment and equal opportunity.

k) Investment appraisal

The Company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

l) The Board Encourages Enhanced Performance

The Chairman is responsible for reviewing the overall performance of the Board, Board Committees and individual Directors. The criteria and procedure for reviewing Board performance is detailed in the Intermoco Board and Directors Performance Evaluation statement in the Corporate Governance section of the Company's website.

m) The Board Remunerates Fairly and Responsibly

Following the appointment of the Chairman and Mr Gestro, the Board established a Remuneration Committee. The Remuneration Committee operates under a Charter, details of which are available on the Company's website.

The primary purpose of the Remuneration Committee is to support and advise the Board in meeting its obligations to the shareholders by:

- determining executive remuneration policy;
- reviewing remuneration of directors;
- determining the remuneration of executive directors;
- reviewing and approving the remuneration of direct reports to the Managing Director and other senior executives as appropriate, and
- reviewing and approving employee equity participation schemes.

The remuneration policy and procedures are further set out in the Remuneration Report section of the Directors' Report.

There are no schemes for retirement benefits for non-executive directors.

n) Recognition of the Legitimate Interests of Stakeholders

The Board has a formal code of Conduct and Ethics which is available on the Corporate Governance section of the Company's website.

The Board aims to ensure that shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated to shareholders as follows:

- The annual report contains a review of the operations of the consolidated entity during the year.
- The audited financial report is prepared in accordance with the requirements of Australian Accounting Standards and the Corporations Act 2001 and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange. The full financial report is available to all shareholders on request.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.
- Notice of all meetings of shareholders is given to all shareholders, with appropriate explanatory material.
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions. The Company's auditor attends the Annual General meeting to answer questions that shareholders may have, and appropriate time is allowed at the meeting for such questions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue			
Sales revenue	3	3,240,298	5,174,671
Other income	3	141,947	166,066
	3	3,382,245	5,340,737
Less: expenses			
Cost of goods sold		(1,525,072)	(2,589,183)
Employee benefits expense		(1,431,800)	(1,897,525)
Contractors and consultants		(1,692,497)	(1,108,635)
Depreciation and amortisation expense		(213,426)	(88,961)
Marketing expense		(73,033)	(84,085)
Impairment of financial assets	16	-	(1,442,000)
Finance costs	35	(298,907)	(261,578)
Legal fees		(68,186)	(132,286)
Share registry fees and expenses		(64,005)	(43,432)
Rent expenses	4(c)	(406,844)	(493,856)
Professional fees		(68,951)	(71,430)
Bad and doubtful debts expense		(9,111)	(131,662)
IT expenses		(81,136)	(119,470)
Other expenses		(533,700)	(899,136)
		(6,466,668)	(9,363,239)
Loss before income tax expense		(3,084,423)	(4,022,502)
Income tax expense	5	-	-
Loss from continuing operations		(3,084,423)	(4,022,502)
Other comprehensive income for the year			
Net change in fair value of available-for-sale financial assets	27	261,706	-
Total comprehensive income		(2,822,717)	(4,022,502)
Loss is attributable to:			
- Owners of Intermoco Limited		(3,084,423)	(4,022,502)
		(3,084,423)	(4,022,502)
Total comprehensive income is attributable to:			
- Owners of Intermoco Limited		(2,822,717)	(4,022,502)
		(2,822,717)	(4,022,502)
Earnings per share from continuing operations attributable to equity holders of the parent entity:			
Basic (loss) per share (cents per share)	11	(0.14)	(0.22)
Diluted (loss) per share (cents per share)	11	(0.14)	(0.22)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $	2010 $	2009 $
Current Assets				
Cash and cash equivalents	12	812,746	2,866,318	380,915
Trade and other receivables	13	768,612	1,196,347	1,006,136
Inventories	14	253,437	168,292	585,084
Other assets	20	5,380	9,050	-
Total Current Assets		1,840,175	4,240,007	1,972,135
Non-Current Assets				
Financial assets	16	1,039,706	778,000	2,220,000
Plant and equipment	18	532,930	710,735	215,036
Intangible assets	19	2,226,758	2,158,770	2,158,770
Total Non-Current Assets		3,799,394	3,647,505	4,593,806
Total Assets		5,639,569	7,887,512	6,565,941
Current Liabilities				
Trade and other payables	21	1,185,900	1,403,200	1,947,299
Short-term borrowings	22	107,313	34,017	-
Other financial liabilities	24	-	2,100,000	79,500
Short-term provisions	25	105,413	102,372	104,828
Total Current Liabilities		1,398,626	3,639,589	2,131,627
Non-Current Liabilities				
Long-term borrowings	22	436,816	212,336	-
Long-term provisions	25	6,826	35,296	71,756
Financial liabilities	24	-	-	2,100,000
Total Non-Current Liabilities		443,642	247,632	2,171,756
Total Liabilities		1,842,268	3,887,221	4,303,383
Net Assets		3,797,301	4,000,291	2,262,558
Equity				
Issued capital	26	136,328,127	134,622,480	128,897,445
Fair value reserve	27	261,706	-	-
Share based payment reserve		-	-	945,425
Accumulated losses	23	(132,792,532)	(130,622,189)	(127,580,312)
Total Equity		3,797,301	4,000,291	2,262,558

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Issued capital $	Fair value reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Consolidated					
Balance as at 1 July 2009	128,897,445	-	945,425	(127,580,312)	2,262,558
Net loss for the year (Note 37)	-	-	-	(4,022,502)	(4,022,502)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,022,502)	(4,022,502)
Transactions with owners in their capacity as owners:					
Shares issued net of costs	5,760,235	-		-	5,760,235
Option reserves transferred (in/out)	(35,200)	-	(945,425)	980,625	-
Total transactions with owners in their capacity as owners	5,725,035	-	(945,425)	980,625	5,760,235
Balance as at 30 June 2010	134,622,480	-	-	(130,622,189)	4,000,291
Balance as at 1 July 2010	134,622,480	-	-	(130,622,189)	4,000,291
Net loss for the year	-		-	(3,084,423)	(3,084,423)
Other comprehensive income for the year	-	261,706	-	-	261,706
Total comprehensive income for the year	-	261,706	-	(3,084,423)	(2,822,717)
Transactions with owners in their capacity as owners:					
Shares issued net of costs	2,459,727	-	-	-	2,459,727
Option reserves transferred (in/out)	(914,080)	-	-	914,080	-
Shares granted as remuneration	160,000	-	-	-	160,000
Total transactions with owners in their capacity as owners	1,705,647	-	-	914,080	2,619,727
Balance as at 30 June 2011	136,328,127	261,706	-	(132,792,532)	3,797,301

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Cash flow related to operating activities			
Receipts from customers and other income		4,479,067	5,472,683
Payments to suppliers and employees		(6,865,822)	(8,082,402)
Interest received		78,196	-
Interest and other costs of finance paid		(254,979)	(229,306)
Net cash flows used in operating activities	31(b)	(2,563,538)	(2,839,025)
Cash flow related to investing activities			
Payment for plant and equipment		(103,609)	(294,422)
Proceeds from sale of plant and equipment		-	-
Net cash (used in)/provided by investing activities		(103,609)	(294,422)
Cash flow related to financing activities			
Net proceeds from share issues		2,459,727	5,760,235
Repayment of finance leases		(131,664)	(78,267)
Proceeds from chattel mortgage		385,512	-
Repayment of borrowings		(2,100,000)	(63,118)
Net cash flows provided by financing activities		613,575	5,618,850
Reconciliation of cash			
Cash and cash equivalents at beginning of year		2,866,318	380,915
Net increase / (decrease) in cash and cash equivalents		(2,053,572)	2,485,403
Cash and cash equivalents at end of year	31(a)	812,746	2,866,318

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements cover Intermoco Limited ("Company" or "parent entity") and controlled entities as a consolidated entity (also referred to as "the Group"). Intermoco Limited is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Statement of Compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act* 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 30 August 2011.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the following items in the Statement of Financial Position:

- available for sale financial assets are measured at fair value; and
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

(c) Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(d) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Intermoco Limited as at 30 June 2011 and the results of all subsidiaries for the year then ended. Intermoco Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(e)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Comprehensive Income and Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Intermoco Limited.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Transaction costs that the Group incurs in connection with a business combination, including legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1(m)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets acquired, the difference is recognised directly in profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income Tax (Continued)

Tax Consolidation Legislation

Intermoco Limited and its wholly-owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Intermoco Limited is the head entity in the tax consolidated group. The separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly-owned subsidiaries that form part of the tax consolidated group.

'Taxation of Financial Arrangements' Legislation

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 ("TOFA legislation") provides a framework for the taxation of financial arrangements, potentially providing closer alignment between tax and accounting requirements. The regime also includes comprehensive tax hedging rules that would allow the tax recognition of gains and losses on many hedging instruments to be matched to the accounting recognition of gains and losses of the underlying hedged items.

At this point in time, the Group is well below the 'de minimis' threshold which governs the mandatory application of the TOFA legislation. As such, it is not expected to have any impact on the Group's financial statements at this time.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(h) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements	10-20%	Diminishing value
Plant and equipment	10-40%	Diminishing value
Motor vehicles	25%	Diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included net in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases

At the inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the period in which they are incurred. Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments

(i) Non-Derivative Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they become a party to the contractual provisions of the instrument. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets at Fair Value Through Profit or Loss

As at 30 June 2011, the Group does not hold any financial assets at fair value through profit or loss.

Held-to-Maturity Investments

If the Group has positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables (refer to Note 1(v)).

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and at-call deposits with original maturities of three months or less (refer to Note 1(q)).

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 1(j)(vi)) and foreign exchange differences on available-for-sale debt instruments (see Note 1(n)) are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss. As at 30 June 2011, the Group's holding in Energy Mad Limited is classified as an available-for-sale financial asset.

(ii) Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they they become a party to the contractual provisions of the instrument. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has (or has had during the reporting period) the following non-derivative financial liabilities: loans and borrowings, and trade and other payables. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial Instruments (Continued)

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

If the entity reacquires its own equity instruments, eg. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(iv) Derivative Financial Instruments

During the year ended 30 June 2011 and the prior year, the Group did not hold any derivative financial instruments.

(v) Compound Financial Instruments

Compound financial instruments consist of convertible notes that can be converted to share capital at the option of the holder. Upon conversion of the convertible notes, the number of shares to be issued does not vary with changes in their fair value.

The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Subsequent to initial recognition, the liability component of this compound financial instrument is measured at amortised cost using the effective interest method. Any equity component of this compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders will be recognised against equity, net of any tax benefit.

(vi) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries, and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If applicable, interest on an impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(l) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(m) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired entities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of a cash generating unit include the carrying amount of goodwill relating to that cash generating unit.

Impairment losses on goodwill cannot be reversed.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currency translations and balances

Functional and presentation currency

The functional currency of each entity in the consolidated entity is measured using the currency of the primary economic environment in which that consolidated entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into function currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

(o) Employee benefits

Wages & Salaries, Annual Leave & Sick Leave

Liabilities for wages and salaries, including non monetary benefits, are recognised in other payables, and for annual leave and accumulating sick leave expected to be settled within 12 months in provisions, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, on an undiscounted basis.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-Based Payments

Share based compensation benefits have in prior years been provided to employees via an employee share option scheme (refer to Note 7). During the year ended 30 June 2010, grants of ordinary shares were also made to executive directors, pursuant to contracts of engagement with those executives (also refer to Note 7).

The fair value of options granted under the employee share option scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of option grants for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of grants that do not meet the related service and non-market performance conditions at the vesting date. For grants with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee Benefits (Continued)

Profit Sharing & Bonus Plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance expense.

(q) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Cash at bank includes amounts held in various accounts controlled by the Group on behalf of various landlords for which utility invoicing and collection is performed. These funds are not available for use by the Group in its operating activities, and the cash asset brought to account is offset by a liability representing the landlords' retained funds.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, volume rebates, and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenue from services performed is recognised in accordance with contractual entitlements, generally on a monthly basis. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from sale of Group's products is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be reliably measured. Risks and rewards are considered to have been transferred to the customer when goods have been delivered to the customer.

Revenue from provision of utilities is recognised as the utility services are provided, in accordance with the timing of usage of the services by the customer.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

(s) Borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid in the establishment of loan facilities, which are not incremental costs relating to the draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Finance expenses comprise interest expense on borrowings including convertible notes, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

In respect of borrowing costs relating to qualifying assets, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Earnings per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Trade and Other Receivables

Trade receivables are recognised initially at cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered possible indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss in other expenses.

(w) Trade and Other Payables

Trade and other payables are carried at cost. They represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured.

(x) Operating Segments

The Group determines and presents operating segments based on the information that is internally provided to the Chief Executive Officer, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include revenue and expense items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities are not allocated to operating segments. Other unallocated items comprise mainly head office and Group-wide expenses, and income tax amounts.

(y) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Share-based payments

The Group measures the goods and services received by equity settled share based payment transactions as an increase in equity, directly, at the fair value of the goods or services rendered, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services rendered, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

If the equity instruments granted vest immediately, are unconditional and are not required to complete a specified period of service, the Group shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. On grant date the Group recognises the services rendered in full, with a corresponding increase in equity.

If the equity instruments granted do not vest until the counterparty completes a specified period of service, the Group shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The Group accounts for these services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

For the Group's policy on share based payments to employees, please refer to Note 1(n).

(aa) Going Concern

With the introduction over the previous 12 months of a newly developed business model, still in its early stages, the Group has experienced operating losses of $3,084,423 and net cash outflows from operating activities of $2,563,538. The continuing viability of the Group and its ability to continue as a going concern is dependent upon the Group being successful in its continuing efforts in growing its revenue base and/or accessing additional sources of capital.

As a result there is significant uncertainty whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the Directors believe that the Group will be able to access sufficient sources of funds and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2011.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

Significant matters considered by the Directors in determining that it is appropriate for the financial report to be prepared on a going concern basis include:

- the Group has in the past been able to successfully raise capital as and when required, including most recently in August 2011 when a placement of $145,000 to sophisticated investors occurred (note that this process was voluntarily discontinued by the Group when market conditions became unsuitable);
- the Group has also established a share purchase plan pursuant to which it expects to raise further capital in the short term;
- the Group may elect, if considered beneficial, to dispose of part or all of its shareholding in Energy Mad Limited subsequent to its anticipated NZX listing;
- pursuant to ongoing discussions with third parties, the Group anticipates that further sources of funding may become available if required. For example, the Group has obtained access to a short-term line of credit facility in the amount of $300,000, available for use (if required) between 1 October 2011 and 31 March 2012, for working capital needs associated with growth in the Group's embedded network business;
- the Group's embedded networks business has seen considerable growth over the past 6 months, with nine networks now generating revenue, and several more under contract and expected to commence revenue generation over the next 12 months, and the Group has a significant number of further pipeline opportunities in this business unit which are being negotiated at present;
- net profits and cashflows from this growing embedded networks business unit are higher than have been achieved in business activities in previous years, and further reductions in Group overhead costs have been achieved; and
- the Directors have taken into consideration the cash in bank at balance date and budgeted business performance over the next 12-18 months.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2011, and have not been applied in preparing these consolidated financial statements. Those with potential application to the Group are:

- revised IAS 24 *Related Party Disclosures*;
- IFRS 9 *Financial Instruments (2010)*;
- *Improvements to IFRSs 2010*, which comprises 11 amendments to 7 standards.
- *Disclosures – Transfers of Financial Assets: Amendments to IFRS 7.*

None of these is expected to have a significant effect on the consolidated financial statements of the Group. The Group does not plan to adopt these standards and amendments early, and the extent of any impact has not been determined.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Entity's Accounting Policies

The Company has identified the valuation of financial assets (Note 16), Intangible assets (Note 19) and their respective Note 1 accounting policies as areas under which significant judgements, estimates and assumptions are made, and where actual results may differ from those estimates under different assumptions and conditions.

	2011 $	2010 $
NOTE 3: REVENUE AND OTHER INCOME		
Revenue from operating activities		
Sales revenue	3,162,102	5,776,599
Interest income	78,196	-
Total operating revenue	3,240,298	5,776,599
Other income		
Rent on sub-lease of premises	126,483	-
Research and development tax concession	-	166,066
Other	15,464	-
Total other income	141,947	166,066
Total Revenue from continuing operations	3,382,245	5,942,665

NOTE 4: EXPENSES

(a) Impairment of financial assets

The Consolidated Entity holds 2,777,778 shares ("shares") in an unlisted public company, Energy Mad Limited, which it acquired for $4,444,444. Energy Mad undertook a 1 for 2 share consolidation in July 2011 (ie. the Group previously owned 5,555,556 Energy Mad shares).

In prior years, in the directors' opinion the fair value of this investment in shares in this company was unable to be reliably measured and it was therefore measured at cost less any allowance for impairment. The shares were written down in the 2009 financial year (impairment loss of $2,224,444) based on deteriorating global market conditions since the acquisition and the most recent prices at which shares in the investee company have been offered for sale.

in 2010, the view was adopted that it was appropriate to value the shares on the basis of four times EBIT. This valued the investment at $778,000. Consequently a further impairment of $1,442,000 was recognised in the 2010 financial year.

Refer to Note 16 for commentary in relation to determination of the carrying amount for these shares as at 30 June 2011.

(b) Impairment of goodwill

Nil impairment was recognised for the 2011 financial year (2010: Nil). Refer Note 19 for further details.

(c) Loss from ordinary activities

Loss before income tax includes the following specific expenses:

	2011 $	2010 $
Rental expenses on operating leases – minimum lease payments	406,844	493,856
Superannuation contributions	88,424	139,466

	2011 $	2010 $
NOTE 5: INCOME TAX		
(a) The components of tax benefit comprise:		
Current tax	-	-
Deferred tax	-	-
Total	-	-
(b) Prima facie tax expense on loss from ordinary activities before income tax at 30% is as follows:		
	(925,327)	(1,206,751)
Add tax effect of:		
Other (non assessable) / non-allowable items	4,944	2,762
Share based payment	48,000	102,000
Capital related legal expenses	-	35,365
	52,944	140,127
Tax effect of temporary differences not brought to account:		
Capitalised legal and other costs	(15,760)	-
Movement in provisions	13,806	58,374
Other	(28,715)	28,286
	(30,669)	86,660
Add: Benefit of tax losses not brought to account	903,052	979,964
Income tax attributable to profit	-	-

Carry Forward Tax Losses

A deferred tax asset of approximately $14,729,083 of tax losses (2010: $13,826,031) for the Consolidated Entity is potentially available for recoupment at 30 June 2011. Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 30 June 2011, because the Directors do not believe that it is appropriate to regard realisation of the future income tax benefits as probable.

Similarly, future benefits attributable to net temporary differences have not been brought to account, as the Directors do not regard the realisation of such benefits as probable.

The benefit for tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) the Company complies with the conditions for deductibility imposed by the tax legislation; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from deductions for the losses.

In addition, the availability of tax losses is subject to the Group successfully establishing deductibility, and in particular, satisfying either the continuity of ownership test or the same business test at the future time at which losses are sought to be recouped.

NOTE 6: FINANCIAL RISK MANAGEMENT

(a) Overview

The Company and the Group have exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit, Risk & Compliance Committee (ARCC), which is responsible for developing and monitoring risk management policies. The ARCC reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks affecting the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through training and management standards and procedures appropriate for a small organisation, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARCC oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group. Being a relatively small organisation, there is no formal Internal Audit function.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. For the Company, this is also the major source of credit risk.

Trade and Other Receivables

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the type of tenant for which utilities billings are generated, as these factors may have an influence on credit risk. The Group's largest customer comprised 16.2% of its revenue (2010: 16.7%).

The Company has a credit policy under which potential new customers are analysed individually for creditworthiness before payment terms are offered. The Group's review includes external databases where available and, in some cases, references. Purchase limits are in place for larger customers. If payment is not received within agreed credit terms, services or availability of goods may be suspended pending clearance of the outstanding balance. For end-user utility customers, various regulations govern the extent and scope of credit recovery action and cessation of services that can be undertaken.

More than 80% of the Group's operating revenue is from customers that have been transacting with the Group for two or more years, and doubtful debt losses have been relatively minimal. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail, or end-user customer, industry, ageing profile, maturity, and existence of previous financial difficulties. Senior management reviews and approves the terms of material new service contracts entered into with customers, including credit terms granted.

The Company and Group have reviewed the outstanding trade and other receivables at year end, and established an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Refer to Note 34 for an analysis of exposure to credit risk.

NOTE 6: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (Continued)

Guarantees

Neither the Company nor the Group has provided financial guarantees to any third party.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Through its capital raising and other ongoing initiatives, the Group aims to ensure it has sufficient cash reserves to meet operating expenses for at least the following 12 months, and regularly updates cash flow forecasts to monitor the cash position (refer also to Note 1(aa)).

Refer to Note 34 for an analysis of the contractual maturities of financial liabilities, including estimated interest payments.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is not exposed to material levels of market risk. The Group has a minor exposure to currency risk in relation to purchases that are denominated in a currency other than Australian dollars. However, such purchases represent only a small proportion of total Group expenses and entry into hedging activity in relation to such purchases is considered to be not warranted on a cost-benefit analysis.

The Group also has only a minor exposure to interest rate risk. Interest on credit card facilities is at a variable interest rate. Interest expense on these facilities is minor. Interest on Convertible Note facilities is at a fixed rate and hence not subject to market risk. Refer to Note 34 for sensitivity analysis relating to foreign exchange rates and interest rates.

(e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity. Recent changes in the Group's operating business model have been implemented in order to mitigate the extent of any future losses and return the Group to profitability.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Chief Executive Officer. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions (where possible in the context of the Group's low number of employees);
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is monitored by the Audit Risk & Compliance Committee of the Board.

	2011 $	2010 $

NOTE 6: FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Capital Management

The Board's policy is to maintain a sufficiently strong capital base so as to maintain investor, creditor, and market confidence and to sustain future progress on the Group's business activities. As the Group is still in the early growth phase of its embedded networks business, no dividends are yet paid by the Group as capital is conserved for reinvestment in this growth process.

As the Group has not yet reached the point of deriving sufficient income from its programs to generate net profits, it has not assessed a return on capital target, nor can a return on capital yet be adequately calculated. Capital management during the period leading up to profitability reflects a balance between further equity raisings and non-equity sources of finance, depending on market conditions. The weighted average interest expense on borrowings was 10.74% (2010: 11.63%). The Group does not have a defined share buy-back plan, or other proposal for the purchase on-market of its own shares.

There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	2011 $	2010 $
Total liabilities	1,842,268	3,887,221
Less: Cash and cash equivalents	(812,746)	(2,866,318)
Net debt	1,029,522	1,020,903
Total equity	3,797,301	4,000,291
Debt-to-adjusted-capital ratio at 30 June	27.1%	25.5%

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	2011 $	2010 $
Compensation received by key management personnel of the consolidated entity is set out below		
- short-term employee benefits	1,007,673	852,599
- long term employee benefits	-	-
- post-employment benefits	4,554	41,123
- short-term incentives	-	100,000
- termination benefits	-	-
- share-based payments	160,000	340,000
	1,172,227	1,333,722

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Options

During the 2010/11 financial year, no Directors or other Key Management Personnel of the consolidated entity held any options over ordinary shares in the Company.

The number of options over ordinary shares in the Company held during the previous financial year by each Director of Intermoco Limited and other Key Management Personnel of the consolidated entity, including their personally related parties, are set out below:

2010	Balance at start of the year **	Granted as Compensat'n	Options Exercised	Net Change Other *	Balance at end of the year **	Vested and exercisable	Unvested
Directors of Intermoco Limited							
Mr. Ian Kiddle	-	-	-	-	-	-	-
Mr. Simon Kemp	-	-	-	-	-	-	-
Mr. Andrew Plympton	-	-	-	-	-	-	-
Mr. Andrew Meehan	200,000	-	-	(200,000)	-	-	-
Mr. Robert Gestro	-	-	-	-	-	-	-
Other Key Management Personnel							
Mr. Geoff Bentley	-	-	-	-	-	-	-
Mr. Oliver Carton	-	-	-	-	-	-	-
	200,000	-	-	(200,000)	-	-	-

All Employee options granted vested one year after grant date and expired within four years after vesting.
* Net Change Other includes options that were forfeited or expired during the year.
** If a Director or Other Key Management Personnel has been appointed or left during the year, this is their holding at that date.

(c) Shareholdings

The number of shares in the Company held during the financial year by each Director of Intermoco Limited and other Key Management Personnel of the Consolidated Entity, including their personally related parties, are set out below:

2011	Balance at start of the year **	Granted as Compensation ***	Options Exercised	Net Change Other *	Balance at end of the year **
Directors of Intermoco Limited					
Mr Ian Kiddle	10,000,000	10,000,000	-	3,222,223	**23,222,223**
Mr John Evans	-	-	-	5,800,000	**5,800,000**
Mr Simon Kemp	4,570,000	-	-	3,452,223	**8,022,223**
Mr Andrew Plympton	-	-	-	-	**-**
Mr Andrew Meehan	14,500,000	10,000,000	-	3,722,224	**28,222,224**
Mr Robert Gestro	134,833,068	-	-	(34,500,000)	**100,333,068**
Other Key Management Personnel					
Mr Geoff Bentley	-	-	-	-	**-**
Mr Stephen Moorhouse	-	-	-	-	**-**
Mr Oliver Carton	1,000,000	-	-	5,096,136	**6,096,136**
	164,903,068	20,000,000	-	(13,207,194)	**171,695,874**

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Shareholdings (Continued)

2010	Balance at start of the year **	Granted as Compensation ***	Options Exercised	Net Change Other *	Balance at end of the year **
Directors of Intermoco Limited					
Mr Ian Kiddle	-	10,000,000	-	-	**10,000,000**
Mr Simon Kemp	3,224,038	-	-	1,345,962	**4,570,000**
Mr Andrew Plympton	-	-	-	-	**-**
Mr Andrew Meehan	3,552,500	10,000,000	-	947,500	**14,500,000**
Mr Robert Gestro	114,065,880	-	-	20,767,188	**134,833,068**
Other Key Management Personnel					
Mr Geoff Bentley	-	-	-	-	**-**
Mr Oliver Carton	1,000,000	-	-	-	**1,000,000**
	121,842,418	20,000,000	-	23,060,650	**164,903,068**

* Net change other refers to shares purchased or sold during the financial year.
** If a Director or Other Key Management Personnel has been appointed or left during the year, this is their holding at that date.
*** 20,000,000 (2010: 20,000,000) shares were issued at Nil consideration. The market value of the shares at issued date of 30 November 2010 was used to determine the fair value as disclosed in remuneration. Note: as the remuneration related to the 2009/10 year, it was reported as remuneration in 2009/10.

(d) Loans to Key Management Personnel

No loans were made to any Directors of Intermoco Limited or to any other key management personnel (or their related parties) of the Group during the year (2010: no loans).

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(e) Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel on an arm's length basis, unless otherwise stated.

Aggregate amounts of each of the above types of other transactions with key management personnel:

	2011 $	2010 $
Amounts recognised as expense:		
Consultancy fees to Carton Solicitors and Lennox Group Pty Ltd, companies associated with Oliver Carton (Company Secretary) (Note (i))	42,376	118,459
Consultancy fees to Meter Technology Pty Ltd, a company associated with Robert Gestro (Director) (Note (ii))	173,033	-
Rent expenses paid/payable to Meter Technology Pty Ltd, a company associated with Robert Gestro (Director) (Note (iii))	30,685	-
Purchase of products from Meter Technology Pty Ltd, a company associated with Robert Gestro (Director) (Note (iv))	316,833	-
Consulting fees to Rinnovate Pty Ltd, a company associated with John Evans (Director) (Note (v))	1,717	-
Total recognised as expense	564,644	118,459
Amounts recorded as liabilities (including GST):		
Amounts payable to Carton Solicitors and Lennox Group Pty Ltd	8,910	6,160
Amounts payable to Meter Technology Pty Ltd	71,663	-
Amounts payable to Rinnovate Pty Ltd	1,889	-
Total recorded as liabilities	82,462	6,160

(i) Intermoco has outsourced the company secretary role to Lennox Group Pty Ltd, which provides the services of Oliver Carton for a fixed monthly fee. Oliver Carton performs all the duties associated with the role of Company Secretary in return for this fee. The fee for Company Secretary for the year was $55,500 (2010: $56,000) and is disclosed in the Remuneration Report. Oliver Carton is also a solicitor and other payments to him shown in the above table were made to his law firm in return for legal services including review of and advice on various Group documentation, share capital matters, and compliance with other statutory obligations.

(ii) The amounts disclosed above are for the entire year 2010/11. Mr Gestro has been a non-executive Director of the Company only since 3 May 2011 (he also served an earlier period ending in March 2010 as Executive Chairman). These fees relate to a range of services associated with the Group's product sales business, and for personnel costs and reimbursement of other costs incurred by Meter Technology Pty Ltd in relation to this business. The amounts are on ordinary commercial terms and conditions.

(iii) The amounts disclosed above are for the entire year 2010/11. Mr Gestro has been a Director of the Company only since 3 May 2011 (he also served an earlier period ending in March 2010 as Executive Chairman). The majority of inventory for the Group's product sales business is held at a warehouse utilised by Meter Technology Pty Ltd. The share of rent payable is reflective of the amount of space occupied by the Group's inventory, and is more cost-effective than the Group renting a separate warehouse for storage of this inventory.

(iv) The amounts disclosed above are for the entire year 2010/11. Mr Gestro has been a Director of the Company only since 3 May 2011 (he also served an earlier period ending in March 2010 as Executive Chairman). The products purchased were purchased in the ordinary course of the Group's business, and on equivalent terms and conditions as apply to other suppliers in this business unit. The products are resold in the ordinary course of the Group's business, the costs of which are included in Cost of Goods Sold.

(v) Rinnovate Pty Ltd provides business advisory services to a range of clients. Prior to John Evans becoming a Director of the Company, consulting services were provided to the Group on normal commercial terms.

NOTE 8: RELATED PARTY TRANSACTIONS

(a) Parent Entity

The parent entity within the Group is Intermoco Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 17.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 7.

(d) Outstanding balances arising from sales / purchases of goods and services

There were no balances outstanding at the reporting date in relation to transactions with related parties, other than as disclosed in relation to Key Management Personnel in Note 7.

NOTE 9: AUDITORS' REMUNERATION

	2011 $	2010 $
Amounts paid/payable to Pitcher Partners for audit and review work under *Corporations Act* 2001:		
- Auditing or reviewing the financial report	76,910	-
- Taxation services	26,770	-
- Emergency bookkeeping and 2010 Annual Report preparation	102,770	-
Amounts paid/payable to PKF for audit and review work under *Corporations Act* 2001:		
- Auditing or reviewing the financial report	-	60,000
- Other services	4,131	11,300
Total audit and assurance fees paid or payable	76,910	60,000
Total other services paid or payable	133,671	11,300
Total paid or payable	210,581	71,300

NOTE 10: DIVIDENDS

During the year ended 30 June 2011, no dividends were paid or declared by the Consolidated Entity (2010: Nil)

NOTE 11: EARNINGS PER SHARE

	2011 $	2010 $
(a) Basis loss per share (cents per share)		
From continuing operations	(0.14)	(0.22)
From discontinued operations	-	-
Total basic loss per share	(0.14)	(0.22)
(b) Diluted profit/(loss) per share (cents per share)		
From continuing operations	(0.14)	(0.22)
From discontinued operations	-	-
Total diluted Profit/(loss) per share	(0.14)	(0.22)
(c) Total shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	2,157,857,673	1,856,697,640

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. None of the options on issue has the effect of diluting the loss per share. Therefore, they have been excluded from the calculation of diluted loss per share.

NOTE 12: CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash at bank and in hand	305,953	857,948
Cash on deposit	506,523	2,008,370
	812,746	2,866,318

Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earned interest rates between 1.25% and 4.5% (2010: 0.1% and 3.0%) depending on the level of funds from time to time. Cash at bank is subject to interest rate risk as it earns interest at floating rates. In 2011 the average floating interest rates for the Group were 2.4% (2010: 1.5%).

Included in Cash at Bank is an amount of $179,489 (2010: $207,363) of cash held in various accounts controlled by the Group on behalf of various landlords for which utility invoicing and collection is performed. These funds are offset by a liability representing the landlords' retained funds, and as such, the funds are not available for use by the Group in its operating activities.

Deposits

The deposits earned interest rates between 4.85% and 6.1% (2010: 4.35% to 5.35%) during the year. These deposits have a maturity range of 31 to 184 days. Deposits are subject to interest rate risk as they earn interest at floating rates. In 2011 the average floating interest rates for the Group were 5.4% (2010: 5.1%).

NOTE 13: TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
CURRENT		
Trade debtors	812,605	1,363,039
Allowance for doubtful debts	(128,361)	(194,581)
	684,244	1,168,458
Accrued income	84,368	27,889
	768,612	1,196,347

Refer to Note 34 for details on debtors that are past due, and details of impairment.

NOTE 14: INVENTORIES

	2011 $	2010 $
CURRENT		
At lower of cost and net realisable value		
Finished goods	253,437	168,292

In 2011, the writedown of inventories to net realisable value amounted to $146,295 (2010: $189,747). The writedown occurred as a result of a reassessment of stock values based on market prices and the saleability of stock, and comparison of physical stock quantities to recorded amounts.

NOTE 15: ASSOCIATED COMPANIES

(a) Associated entities

Interests are held in the following associated companies:

Associated entity details	Equity instrument	Ownership interest		Carrying amount of investment	
		2011 %	2010 %	2011 $	2010 $
KMSB Intermoco SDN. BHD Balance date: 30 June 2011 Country of incorporation: Malaysia	Ordinary shares	49	49	-	-
SMA Thailand Balance date: 30 June 2011 Country of incorporation: Thailand	Ordinary shares	49	49	-	-

The above companies are not active and the carrying values of their assets and liabilities are not material.

NOTE 16: FINANCIAL ASSETS

	2011 $	2010 $
NON CURRENT		
Available for sale investments		
At fair value		
Balance brought forward	778,000	2,220,000
Fair value adjustment	261,706	(1,442,000)
	1,039,706	778,000

In prior years, in the directors' opinion the fair value of this investment in shares in an unlisted company (Energy Mad) was not able to be reliably measured and it was therefore measured at cost less any allowance for impairment. The shares were written down in the 2009 financial year based on deteriorating global market conditions since the acquisition and the most recent prices at which shares in the investment company have been offered for sale. Further review in 2010 led to the view that it was appropriate to value the shares on the basis of four times EBIT. This valued the investment at $778,000. Consequently a further impairment of $1,442,000 was recognised in the 2010 financial year.

As at 30 June 2011, the directors believe that the fair value of these shares can be reliably measured. The board of Energy Mad has decided to seek quotation of its shares on the New Zealand Stock Exchange (NZX). Subsequent to balance date, documentation has been lodged with NZX and Intermoco understands that a listing is anticipated at the end of September or early October. As part of the process undertaken in the lead up to listing, late in 2010/11 new shares were issued to independent third parties. The price at which these shares were issued is considered to represent a reliable measure of fair value of the shares in Energy Mad as at 30 June 2011, and therefore the fair value method has been adopted at 30 June 2011.

The Directors note that the price proposal in the prospectus lodged with the NZX is in excess of the benchmark prices used to value the Company's investment as at 30 June 2011.

NOTE 17: CONTROLLED ENTITIES

	Country of incorporation	Ownership 2011 %	Ownership 2010 %
Subsidiaries of Intermoco Limited:			
Intermoco Solutions Pty Ltd	Australia	100	100
Australian Meter Company Pty Ltd	Australia	100	100
Intermoco Water Pty Ltd (formerly: Utiligy Water Pty Ltd)	Australia	100	100
Powersave Pty Ltd.	Australia	100	100
National Energy Management Agency Pty Ltd	Australia	100	100
Advanced Energy Limited	Australia	100	100
Sonoran Gold Pty Ltd	Australia	99	99
Mexex Gold Corporation SA de CV	Mexico	99	99
Intermoco Group Pty Ltd (formerly: Utiligy Pty Ltd)	Australia	100	100

NOTE 18: PROPERTY, PLANT AND EQUIPMENT

	2011 $	2010 $
Leasehold improvements		
At cost	452,093	452,093
Accumulated depreciation	(234,589)	(138,718)
	217,504	313,375
Plant and equipment		
Plant and equipment at cost	335,650	326,815
Accumulated depreciation	(208,387)	(172,495)
	127,263	154,320
Motor vehicles under lease	288,968	288,968
Accumulated depreciation	(100,805)	(45,928)
	188,163	243,040
Total plant and equipment	315,426	397,360
Total property, plant and equipment	532,930	710,735

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2011 $	2010 $
Leasehold improvements		
Opening carrying amount	313,375	121,175
Additions	-	217,461
Depreciation expense	(95,871)	(25,261)
Closing carrying amount	217,504	313,375
Motor vehicles at cost		
Opening carrying amount	-	3,308
Additions	-	-
Disposals	-	(3,308)
Depreciation expense	-	-
Closing carrying amount	-	-

NOTE 18: PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (Continued)

	2011 $	2010 $
Plant and equipment		
Opening carrying amount	154,320	90,553
Additions	8,835	81,539
Depreciation expense	(35,892)	(17,772)
Closing carrying amount	127,263	154,320
Motor vehicles under lease		
Opening carrying amount	243,040	-
Additions - under finance lease	-	288,968
Depreciation expense	(54,877)	(45,928)
Closing carrying amount	188,163	243,040
Total property, plant and equipment		
Opening carrying amount	710,735	215,036
Additions	8,835	587,968
Disposals	-	(3,308)
Depreciation expense	(186,640)	(88,961)
Closing carrying amount	532,930	710,735

(b) Assets Pledged as Security

Equipment and vehicles under finance lease have been pledged as security in relation to the finance lease arrangements (disclosed at Note 22).

NOTE 19: INTANGIBLE ASSETS

	2011 $	2010 $
Goodwill at cost	2,158,770	2,158,770
Accumulated impairment loss	-	-
	2,158,770	2,158,770
Computer software	109,645	14,871
Accumulated amortisation	(41,657)	(14,871)
	67,988	-
Total intangible assets	2,226,758	2,158,770

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2011 $	2010 $
Goodwill at cost		
Opening balance	2,158,770	2,158,770
Additions	-	-
Disposals	-	-
Impairment	-	-
Closing balance	2,158,770	2,158,770
Computer software at cost		
Opening balance	-	-
Additions	94,774	-
Disposals	-	-
Amortisation	(26,786)	-
Closing balance	67,988	-

(b) Reallocation of Goodwill

Net carrying value of Goodwill originally represented goodwill relating to Utiligy Pty Ltd (since renamed Intermoco Group Pty Ltd), Australian Meter Pty Ltd and Utiligy Water Pty Ltd.

During the period ended 30 June 2010, the business affairs of these entities were transferred to the combined group and these companies no longer traded under their separately branded business names. This has resulted in a reallocation of goodwill to the newly identified cash generating unit, being the combined group. The reallocation has not resulted in any impairment of the goodwill.

(c) Impairment

The carrying amounts of the Consolidated Entity's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the Statement of Comprehensive Income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill assigned to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

		2011 $	2010 $

NOTE 19: INTANGIBLE ASSETS (CONTINUED)

(c) Impairment (Continued)

The following assumptions were used in the value-in-use calculation:
- Cash flow projections based on financial budgets approved by the Board covering a 5 year period (2010: 4 years).
- Forecast cash flows include only local sales. The cash flows were then discounted at a rate of 20% (2010: 25%).
- Growth rates of 3.5% (2010: 3.5%), which reflect contracts and revenue streams substantially in place at the date of this report, and a sustainable long term growth rate also of 3.5% (2010: 3.5%) for the next 5 years. Budgeted gross margins have been calculated based on analysis of forecast revenues and costs of sales, as per the budget for the restructured entity.

NOTE 20: OTHER ASSETS

	2011 $	2010 $
CURRENT		
Prepayments	5,380	8,800
Bonds and security deposits	-	250
	5,380	9,050

NOTE 21: TRADE AND OTHER PAYABLES

	2011 $	2010 $
CURRENT		
Unsecured liabilities		
Trade creditors	752,588	794,948
Other payables and accrued expenses	433,312	608,252
	1,185,900	1,403,200

Payables are non-interest bearing and are payable within one year.

NOTE 22: BORROWINGS

		2011 $	2010 $
CURRENT			
Secured liabilities			
Finance lease liability		54,201	54,080
Future leasing finance charges		(17,149)	(20,063)
Chattel mortgage liability		92,952	-
Future finance charges		(22,691)	-
		107,313	34,017
	Note 28	107,313	34,017
NON CURRENT			
Secured liabilities			
Finance lease liability		197,296	251,495
Future leasing finance charges		(22,010)	(39,159)
Chattel mortgage liability		294,348	-
Future finance charges		(32,818)	-
	Note 28	436,816	212,336

NOTE 23: ACCUMULATED LOSSES

		2011 $	2010 $
Accumulated losses at beginning of financial year		(130,622,189)	(127,580,312)
Transfer of expired share options	Note 26(b)	914,080	980,625
Net loss for the period		(3,084,423)	(4,022,502)
Deferred income		(132,792,532)	(130,622,189)

		2011 $	2010 $

NOTE 24: OTHER FINANCIAL LIABILITIES

		2011 $	2010 $
CURRENT			
Convertible note	(a)	-	2,100,000

(a) The convertible note matured in January 2011. The note holder did not exercise its right to convert to equity in Intermoco Ltd. The convertible note carried annual interest of 12%. As the interest rate on the convertible note was fixed, there was no interest rate risk exposure in respect of long-term borrowings.

NOTE 25: PROVISIONS

	2011 $	2010 $
CURRENT		
Employee benefits	105,413	102,372
NON CURRENT		
Employee benefits	6,826	35,296
Aggregate employee benefits liability	112,239	137,668

NOTE 26: SHARE CAPITAL

		2011 $	2010 $
- 2,475,737,737 (2010: 1,934,835,922) Ordinary shares	(a)	136,328,127	133,708,400
- Nil (2010: 38,181,818) Options	(b)	-	914,080
		136,328,127	134,622,480

	2011 Number	2011 $	2010 Number	2010 $
(a) Ordinary Shares – Parent Entity				
Opening balance	1,934,835,922	133,708,400	1,530,760,519	127,948,165
Shares issued:				
23 December 2009	-	-	20,000,000	340,000
16 September 2009	-	-	290,142,071	4,011,235
29 July 2009	-	-	93,333,332	1,400,000
30 November 2010	20,000,000	160,000	-	-
10 January 2011	290,000,000	1,450,000	-	-
25 February 2011	46,646,402	233,232	-	-
4 March 2011	184,255,413	921,277	-	-
Transaction costs relating to shares issues	-	(144,782)	600,000	9,000
	540,901,815	2,619,727	404,075,403	5,760,235
At reporting date	2,475,737,737	136,328,127	1,934,835,922	133,708,400

NOTE 26: SHARE CAPITAL (CONTINUED)

(b) Options

	2011 Number	2011 $	2010 Number	2010 $
Opening balance	38,181,818	914,080	238,181,818	949,280
Options transferred to accumulated losses on expiry	(38,181,818)	(914,080)	(200,000,000)	(35,200)
At reporting date	-	-	38,181,818	914,080

During the year 38,181,818 options expired unexercised (2010: 200,000,000).

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) Issuance of Ordinary Shares

The following share issues occurred during the year:

- On 30 November 2010 following receipt of shareholder approval, 20,000,000 shares were issued, 50% each to Mr Ian Kiddle and Mr Andrew Meehan, as remuneration for the 2009/10 financial year pursuant to their service agreements with the Group (refer to the 2009/10 Annual Report for further details).
- On 10 January 2011, 290,000,000 shares were issued in a placement to sophisticated investors at 0.5c/share, for the purposes of partial redemption of the convertible note held by Belgravia Strategic Equities Pty Ltd.
- On 25 February 2011, 46,646,402 shares were issued at 0.5c/share, to shareholders pursuant to an underwritten rights issue undertaken by the Company to redeem the remainder of the Belgravia convertible note.
- On 4 March 2011, 184,255,413 shares were issued to the underwriter of the rights issue, also at 0.5c/share.

NOTE 27: RESERVES – FAIR VALUE RESERVE

Other Comprehensive Income	2011 $	2010 $
Net change in fair value of available for sale financial assets, net of tax	261,706	-
Total Other Comprehensive Income	261,706	-

The Fair Value Reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

	2011 $	2010 $

NOTE 28: CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing commitments

	2011 $	2010 $
Payable		
- not later than one year	54,201	54,080
- later than one year and not later than five years	197,296	270,246
Minimum lease payments	251,497	324,326
Less future finance charges	(39,159)	(59,007)
Total finance lease liability	212,338	265,319
Represented by:		
Current liability	37,052	34,032
Non-current liability	175,286	231,287
	212,338	265,319

(b) Chattel mortgage commitments

	2011 $	2010 $
Payable		
- not later than one year	92,952	-
- later than one year and not later than five years	294,348	-
Minimum lease payments	387,300	-
Less future finance charges	(55,509)	-
Total finance lease liability	331,791	-
Represented by:		
Current liability	70,261	-
Non-current liability	261,530	-
	331,791	-

(c) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2011 $	2010 $
Payable		
- not later than one year	260,500	254,063
- later than one year and not later than five years	656,512	680,858
- later than five years	681,311	780,149
	1,598,323	1,715,070

(c) Capital commitments

There were no capital commitments at 30 June 2011.

NOTE 29: CONTINGENT LIABILITIES

At the date of this report there were no contingent liabilities or contingent assets.

NOTE 30: OPERATING SEGMENTS

Segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (Chief Executive Officer). Goodwill has been reallocated accordingly to a single cash generating unit which cannot be greater than a segment. On reallocation, no additional goodwill impairment was required.

(a) Description of Segments

As no disaggregation of financial information is provided to the chief operating decision maker, the Group is considered to have only one reportable segment, being the commercialisation of monitoring and control products and solutions in the utilities industry.

(b) Entity-Wide Disclosures

Revenue from each product or service provided or sold by the Group is as follows:

Revenue from end-users of utilities	$1,211,664	(2010: $467,401)
Revenue from product sales	$1,568,893	(2010: $4,115,715)
Other operating revenue	$381,545	(2010: $926,132)

All revenue from external customers was from customers located in Australia. All non-current assets are located in Australia.

Revenue from customers individually comprising more than 10% of the Group's revenue is as follows:

Customer A	$512,282	(2010: $962,353)

	2011 $	2010 $

NOTE 31: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2011 $	2010 $
Cash at bank and on hand	306,223	857,948
At call deposits with financial institutions	506,523	2,008,370
	812,746	2,866,318

(b) Reconciliation of cash flow from operations with loss after income tax

	2011 $	2010 $
Loss from ordinary activities after income tax	(3,084,423)	(4,022,502)
Adjustments and non-cash items		
Depreciation and amortisation expense	213,426	88,961
Impairment of other financial assets	-	1,442,000
Share-based payments	160,000	-
Loss on disposal of property, plant and equipment	-	3,308
Finance lease interest reclassified as financing activities	43,928	14,692
Changes in assets and liabilities		
Trade and other receivables	427,735	(190,211)
Other assets	3,670	(9,050)
Inventories	(85,145)	416,792
Trade and other payables	(217,300)	(544,099)
Provisions	(25,429)	(38,916)
	520,885	1,183,477
Cash flows from operating activities	(2,563,538)	(2,839,025)

(c) Non cash investing and financing activities

During the period the consolidated entity entered into a chattel mortgage facility of $385,512 (2010: finance lease facility of $288,968) in relation to plant and equipment.

NOTE 32: SHARE BASED PAYMENTS

(a) Share Options

Details of the options granted are provided below:

2011

	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at end of the year
Employee share options	$	-	-	-	-	-	-
Other options	$ 0.10	38,181,818	-	-	(38,181,818)	-	-
		38,181,818	-	-	(38,181,818)	-	-
Weighted average exercise price:		$ 0.10	$ -	$ -	$ -	$ -	$ -

No options were granted during the current year.

2010

	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at end of the year
Employee share options	$ 0.05	22,300,000	-	-	(22,300,000)	-	-
Other options	$ 0.10	238,181,818	-	-	(200,000,000)	38,181,818	38,181,818
		260,481,818	-	-	(222,300,000)	38,181,818	38,181,818
Weighted average exercise price:		$ 0.05	$ -	$ -	$ -	$ 0.05	$ 0.05

No options were granted during the prior year.

(b) Equity Instruments Granted for Services Rendered

During the year, equity instruments were issued for services rendered. The details are set out below:

	2011 $	2010 $
Fair value of shares issued to key management personnel in return for services rendered in the year ended 30 June 2010 (comparative: year ended 30 June 2009)	160,000	340,000
Total	160,000	340,000

Fair value of equity securities was determined by reference to their quoted closing bid price at the date of issue.

NOTE 33: EVENTS SUBSEQUENT TO REPORTING DATE

Since the reporting date, the following significant events have occurred:

- The board of Energy Mad Limited (in which the company holds an interest) has decided to seek quotation of its shares on the New Zealand Stock Exchange (NZX). Documentation has been lodged with NZX and Intermoco understands that a listing is anticipated at the end of September or early October.
- The Group has undertaken a small share placement to sophisticated investors (totalling $145,000) and has instituted a share purchase plan (SPP) to raise further capital to assist with the working capital requirements associated with roll-out of new embedded networks. The SPP closing date is 6 September 2011, unless extended.
- The Group has obtained access to a short-term line of credit facility in the amount of $300,000, available for use (if required) between 1 October 2011 and 31 March 2012, for working capital needs associated with growth in the Group's embedded network business.

NOTE 34: FINANCIAL INSTRUMENTS

The Group's approach to financial risk management is outlined in Note 6. Set out below are the Group's specific financial instrument exposures.

(a) Credit Risk

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount 2011 $	2010 $
Cash & Cash Equivalents	12	812,746	2,866,318
Trade & Other Receivables	13	768,612	1,196,347
Available for Sale Financial Assets	16	1,039,706	778,000
		2,621,064	4,840,665

The Group's maximum exposure to credit risk for Trade Receivables at the reporting date was $684,244 (2010: $1,168,458).

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

	Carrying Amount 2011 $	2010 $
Australia	768,612	1,196,347
	768,612	1,196,347

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

	Carrying Amount 2011 $	2010 $
Product sale customers	343,463	861,208
Other retail customers	339,462	500,425
Embedded network customers	214,048	29,295
Provision for doubtful debts	(128,361)	(194,581)
	768,612	1,196,347

The Group's most significant customer, accounted for $28,283 of the Trade Receivables carrying amount of $684,244 at 30 June 2011 (2010: $328,937).

34. Financial Instruments (Continued)

(a) Credit Risk (Continued)

Allowance for Impairment Losses

The ageing of the Company's and Group's Trade Receivables at the reporting date was:

	Gross 2011 $	Impairment 2011 $	Gross 2010 $	Impairment 2010 $
Not past due	274,107	(46,200)	718,609	-
Past due 0 – 30 days	94,272	-	171,928	-
Past due 31-60 days	46,804	-	29,061	-
Past due over 60 days	397,422	(82,161)	443,441	(194,581)
	812,605	(128,361)	1,363,039	(194,581)

Impairment

Trade receivables are non-interest bearing with 30 day terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within bad and doubtful debt expenses in the Statement of Comprehensive Income. All trade receivables that are overdue but not impaired have been reviewed and are expected to be received within the short term.

	2011 $	**2010 $**
Opening balance 1 July	194,581	-
Amounts provided during the year	(42,093)	194,581
Provision utilised during the year	(24,127)	-
Closing balance at 30 June	128,361	194,581

(b) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, for the Group:

30 June 2011

	Carrying Amount $	Contract C/Flows $	6 months or less $	6 -12 months $	1 - 5 years **$**	More than 5 years **$**
Non-Derivative Financial Liabilities						
Trade and other payables	1,185,900	1,185,900	1,185,900	-	-	-
Borrowings	544,129	638,797	73,516	73,516	491,765	-
Derivative Financial Liabilities						
None						
	1,730,029	1,824,697	1,259,416	73,516	491,765	-

34. Financial Instruments (Continued)

(b) Liquidity Risk (Continued)

30 June 2010

	Carrying Amount $	Contract C/Flows $	6 months or less $	6 -12 months $	1 - 5 years $	More than 5 years $
Non-Derivative Financial Liabilities						
Trade and other payables	1,403,200	1,403,200	1,403,200	-	-	-
Borrowings	265,319	265,319	16,656	17,376	231,287	-
Other financial liabilities	2,100,000	2,100,000	-	2,100,000	-	-
Derivative Financial Liabilities						
None						
	3,768,519	3,768,519	1,419,856	2,117,376	231,287	-

(c) Currency Risk

Exposure to Currency Risk

The Group's exposure (shown as Asset/(Liability) and Revenue/(Expense)) to foreign currency risk at reporting date was as follows, based on notional amounts (all amounts are shown as AUD equivalents, with column headings denoting the invoice-denominated currency):

30 June 2011	NZD	EUR	USD
Trade and other payables	-	(42,647)	-
Financial assets	1,039,706		
Gross Balance Sheet exposure	1,039,706	(42,647)	-
Estimated forecast sales	-	-	-
Estimated forecast purchases	-	(250,000)	-
Gross profit or loss exposure	-	(250,000)	-
Net Exposure	1,039,706	(292,647)	-

30 June 2010	NZD	EUR	USD
Trade and other payables	-	-	(1,130)
Financial assets	778,000	-	-
Gross Balance Sheet exposure	778,000	-	(1,130)
Estimated forecast sales	-	-	-
Estimated forecast purchases	-	(50,000)	-
Gross profit or loss exposure	-	(50,000)	-
Net Exposure	778,000	(50,000)	(1,130)

34. Financial Instruments (Continued)

(c) Currency Risk (Continued)

Exposure to Currency Risk (Continued)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
AUD	**2011**	**2010**	**2011**	**2010**
USD	0.9467	0.9042	1.0437	0.8734
EUR	0.7504	0.6513	0.7677	0.7142

Sensitivity Analysis

As at reporting date, the Group is not aware of any market circumstances that would lead to a material risk of the Australian dollar varying by more than 10 percent from the levels inherent in the financial report. A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	Consolidated	
	Equity A$	Profit or Loss A$
30 June 2011		
USD	5,463	5,463
EUR	8,009	8,009
30 June 2010		
USD	4,679	4,679
EUR	30,636	30,636

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

34. Financial Instruments (Continued)

(d) Interest Rate Risk

Profile

At the reporting date, the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying Amount	
	2011	2010
	$	$
Fixed Rate Instruments		
Leases & Chattel Mortgages	(544,129)	(265,319)
Other financial liabilities	-	(2,100,000)
Variable Rate Instruments		
Financial liabilities	(16,970)	(8,717)
Cash	812,746	2,866,318

Fair Value Sensitivity for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, nor does it have any derivatives designated as hedging instruments under a fair value hedge accounting model. Therefore a fair value change in interest rates at the reporting date would not affect profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

As at reporting date, the Group is not aware of any market circumstances that would lead to a material risk of the prevailing interest rates varying by more than 100 basis points from the levels inherent in the financial report. An increase of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 2010. A 100 basis point decrease would have the opposite financial impact.

	Profit or loss	Equity
	Consolidated 100bp increase	Consolidated 100bp increase
30 June 2011		
Variable rate instruments	7,820	7,820
30 June 2010		
Variable rate instruments	15,199	15,199

34. Financial Instruments (Continued)

(e) Fair Values

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2011		30 June 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated				
Trade and other receivables	768,612	768,612	1,196,347	1,196,347
Cash and cash equivalents	812,746	812,746	2,866,318	2,866,318
Available for sale financial assets (Note (i)	1,039,706	1,039,706	778,000	778,000
Other financial liabilities	-	-	(2,100,000)	(2,100,000)
Leases & chattel mortgages	(544,129)	(544,129)	(246,353)	(246,353)
Trade and other payables	(1,185,900)	(1,185,900)	(1,403,200)	(1,250,191)
	891,035	891,035	1,091,112	1,091,112

(i) Fair value of available for sale financial assets as at 30 June 2010 was not able to be reliably measured (refer Note 16).

(ii) Fair value of all financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For convertible notes, the market rate of interest is determined by reference to likely rates available on similar debt financing facilities, having regard to market conditions and the Group's credit status.

Fair Value Hierarchy

Financial instruments carried at fair value consist only of Available for Sale Financial Assets. The valuation method used is Level 2 (inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (ie. as prices) or indirectly (ie. derived from prices). Refer to Note 16 for further details.

35. Finance Income and Expense

Recognised in Profit or Loss:

	Consolidated	
	2011	2010
	$	$
Interest income on bank deposits	76,168	82,009
Net foreign exchange gain	2,028	2,281
Finance Income	78,196	84,290
Interest expense on convertible notes	(251,000)	(254,110)
Interest expense on leases and chattel mortgages	(43,794)	(14,692)
Other interest expense	(4,113)	(430)
Finance Expense	(298,907)	(269,232)
Net Finance Income/(Expense)	(220,711)	(184,942)

No Finance Income or Expense was recognised directly in equity (2010: Nil).

NOTE 36: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Intermoco Limited, financial statements:

(a) Summarised statement of financial position

	2011 $	2010 $
Assets		
Current assets	529,285	2,576,068
Non-current assets	3,543,335	4,881,625
Total assets	4,072,620	7,457,693
Liabilities		
Current liabilities	212,642	2,521,720
Non-current liabilities	62,777	186,146
Total liabilities	275,419	2,707,866
Net assets	3,797,201	4,749,827
Equity		
Share capital	136,328,127	134,622,480
Retained earnings	(132,792,632)	(129,872,653)
Reserves	261,706	-
Total equity	3,797,201	4,749,827

(b) Summarised statement of comprehensive income

	2011 $	2010 $
Loss for the year	(3,887,378)	(2,898,045)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(3,887,378)	(2,898,045)

The parent company has not guaranteed any loans of the Group.

As detailed in Note 29, there are no contingent liabilities as at 30 June 2011.

As detailed in Note 28(c), there are no capital commitments at 30 June 2011.

NOTE 37: CORRECTION OF ERROR

Correction of error in inventory in the previous financial year

During the year ended 30 June 2011, certain inventory losses were noted relating to the financial year ended 30 June 2010 that were only identified subsequent to the preparation of the 30 June 2010 Financial Statements through a formal Stocktake. These errors were corrected by retrospectively adjusting the carrying value of inventory as at 30 June 2010.

Correction of error in revenue in the previous financial year

Following a review, it has been identified that certain invoices raised as at 30 June 2010, represented unearned revenue. The amounts that relate to more than one financial year have been reversed as at 30 June 2010 or treated as income in advance and recognised as a liability. The amounts that relate to the year ended 30 June 2011 have been reversed as at 30 June 2010 and subsequently invoiced in accordance with the contractual agreements and the company's revenue recognition policy.

For the year to 30 June 2011, the error identified had the effect of understating profit by $175,000. The error also had the effect of understating receivables and total current assets by $175,000 and retained earnings by $175,000.

Further review identified certain invoices being raised during the year ended 30 June 2010, where the subsequent revenue did not crystallise requiring the issue of credit notes during the year to 30 June 2011. Where revenue was recognised in contravention of the company's revenue policy, the revenue was restated at 30 June 2010 accordingly.

NOTE 37: CORRECTION OF ERROR (CONTINUED)

Correction of error in Plant and equipment and lease liabilities in the previous financial year

The carrying values of Plant and equipment and lease liabilities have been adjusted as at 30 June 2010 to more accurately reflect the correct carrying value of assets held and contractual obligations whilst concurrently correcting misstated depreciation and interest expenses.

The total impact on the financial statements of the correction of errors is set out below:

Consolidated Statement of Financial Position	**Prior period 30 June 2010**	**Impact of errors**	**Restated 30 June 2010**
	$	**$**	**$**
Cash and cash equivalents	2,658,955	207,363	2,866,318
Trade and other receivables	1,889,005	(692,658)	1,196,347
Inventories	337,553	(169,261)	168,292
Other assets	9,050	-	9,050
Total current assets	4,894,563	(654,556)	4,240,007
Financial assets	778,000	-	778,000
Plant and equipment	697,515	13,220	710,735
Goodwill	2,158,770	-	2,158,770
Total non-current assets	3,634,285	13,220	3,647,505
Total assets	8,528,848	(641,336)	7,887,512
Trade and other payables	1,250,191	153,009	1,403,200
Borrowings	34,032	(15)	34,017
Provisions	102,372	-	102,372
Other financial liabilities	2,100,000	-	2,100,000
Total current liabilities	3,486,595	152,994	3,639,589
Borrowings	231,287	(18,951)	212,336
Provisions	35,296	-	35,296
Total non-current liabilities	266,583	(18,951)	247,632
Total liabilities	3,753,178	134,043	3,887,221
Net assets	4,775,670	(775,379)	4,000,291
Retained earnings / (accumulated losses)	(129,846,810)	(775,379)	(130,622,189)

Consolidated Statement of Comprehensive Income	**Prior period 30 June 2010**	**Impact of errors**	**Restated 30 June 2010**
	$	**$**	**$**
Sales revenue	5,776,599	(601,928)	5,174,671
Cost of goods sold	(2,399,436)	(189,747)	(2,589,183)
Depreciation and amortisation	(97,603)	8,642	(88,961)
Finance costs	(269,232)	7,654	(261,578)
Net profit from continuing operations	(3,247,123)	(775,379)	(4,022,502)

Earnings per share for the prior period has been restated by (0.05c) to (0.22c) as a result of the correction.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors opinion the financial statements and notes, as set out on pages 25 to 71 are in accordance with the *Corporations Act 2001*:

   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   (b) as stated in Note 1, the consolidated financial statements also comply with *International Financial Reporting Standards* issued by the International Accounting Standards Board (IASB) and

   (c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2011 and its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration has been made after receiving the declarations required by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.

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

Director: ______________________________

Mr. Ian Kiddle

Dated this 30th day of August 2011

INTERMOCO LIMITED
ABN 15 006 908 701
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INTERMOCO LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Intermoco Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

INTERMOCO LIMITED
ABN 15 006 908 701
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INTERMOCO LIMITED

Opinion

In our opinion:

(a) the financial report of Intermoco Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 (aa) in the financial report which indicates that the group incurred a net loss of $3,084,423 during the year ended 30 June 2011 (2010: $4,022,502) and net cash outflows from operating activities of $2,563,538 (2010: $2,878,951). These conditions, along with other matters as set forth in Note 1 (aa), indicate the existence of a material uncertainty which may cast significant doubt about the company’s ability to continue as a going concern, however the directors have prepared the financial report on a going concern basis after consideration of the other matters set out in Note 1 (aa).

If the going concern basis of accounting is found to be no longer appropriate, the recoverable amount of the assets shown in the consolidated statement of financial position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the consolidated statement of financial position.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Intermoco Limited and controlled entities for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

D A KNOWLES
Partner
Date 31 August 2011

PITCHER PARTNERS
Melbourne

ASX ADDITIONAL INFORMATION

As at 18 August 2011

Number of holders of equity securities

Ordinary Shares
- 2,475,737,737 fully paid ordinary shares held by 3,136 individual shareholders
- All ordinary shares carry one vote per share

Options

Number under Option	Exercise Price (cents)	Fair value at grant date (cents)	Date of Expiry	Nature

Nil

Distribution of holders in each class of equity securities

Shareholders	Fully paid ordinary shares
1 - 1,000	89
1,001 - 5,000	109
5,001 - 10,000	322
10,001 - 100,000	1,250
100,001 - 9,999,999,999	1,366
Unmarketable parcels	2,040

	Shareholders	Number	Fully paid ordinary shares %
1.	Entity Holdings Pte Ltd	147,413,107	5.95
2.	Mr Bob Gestro + Mrs Penelope Gestro (Gestro Super Fund A/c)	100,333,068	4.05
3.	HSBC Custody Nominees (Australia) Limited	98,496,069	3.98
4.	Aurisch Investments Pty Ltd	54,333,333	2.19
5.	Mrs Annette Rae O'Brien + Mr William Joseph O'Brien (Arob S/F A/C)	51,238,960	2.07
6.	Picton Cove Pty Ltd	50,000,000	2.02
7.	Supermax Pty Ltd (Supermax Super Fund A/c)	46,666,666	1.88
8.	HSBC Custody Nominees (Australia) Limited (CW A/c)	46,333,333	1.87
9.	Mr Kiril Ruvinsky	45,044,034	1.82
10.	HSBC Custody Nominees (Australia) Limited (EY A/c)	44,901,614	1.81
11.	Mr George Georges	40,889,319	1.65
12.	Thirty-Fifth Celebrations Pty Ltd (J C McBain Super Fund A/c)	39,899,083	1.61
13.	Early Force Pty Ltd	31,919,266	1.29
14.	Newlake Services Pty Limited (Provident Fund Account)	30,000,000	1.21
15.	HSBC Custody Nominees (Australia) Limited (ST A/c)	27,500,000	1.11
16.	Hochlunch Pty Ltd (Daleham Super Fund A/C)	25,000,000	1.01
17.	Ian Kiddle	22,222,223	0.90
18.	Mr Aleksandar Vidacic + Mr Lazo Vidacic	20,464,089	0.83
19.	Marshall Trading Pty Ltd	20,000,000	0.81
20.	NLG Dental Pty Ltd	20,000,000	0.81
	Total	**962,653,894**	**38.88**

ASX ADDITIONAL INFORMATION

Unquoted equity securities holdings greater than 20%
Nil

Substantial shareholders
The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act are:

Entity Holdings Pte Ltd
147,413,107 ordinary shares (5.9%)

Copulos Group
263,897,682 shares (10.7%)

Shareholder enquiries

Shareholders with enquiries about their shares should contact the share registry:
Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067
Telephone +61 3 1300 137 328
Facsimile +61 3 1300 137 341

Change of address, change of name, consolidation of shareholding
Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

Removal from the annual report mailing list
Shareholders who do not wish to receive the Annual Report should advise the Share Registry in writing. These shareholders will continue to receive all other shareholder information.

Tax File Numbers
It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHESS (Clearing House Electronic Subregister System)
Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange CHESS system should contant their stockbroker.

Uncertified share register
Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of holding.

CORPORATE DIRECTORY

Directors

Mr John Evans
Chairman

Mr Ian Kiddle
Chief Executive Officer

Mr Andrew Meehan
Executive Director

Mr Simon Kemp
Non-Executive Director

Mr Bob Gestro
Non-Executive Director

Company Secretary

Mr Oliver Carton

Registered Office
Intermoco Limited
19 Shierlaw Avenue
Canterbury, Victoria 3126

Principal Place of Business
Intermoco Limited
19 Shierlaw Avenue,
Canterbury, Victoria 3126

Auditors
Pitcher Partners
Chartered Accountants
Level 19, 15 William Street
Melbourne, Victoria 3000

Telephone +61 3 8610 5000
Facsimile +61 3 8610 5999

Share Registry
Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067
Telephone +61 3 1300 137 328
Facsimile +61 3 1300 137 341

Securities Quoted
Code: INT

Website
www.intermoco.com