

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (“AGM”) of the members of Intermoco Limited ACN 006 908 701 (“Intermoco” or “Company”) will be held at **85 Buckhurst Street, South Melbourne Victoria at 10.00 am on 27 November 2008.**

BUSINESS

General Business

1 FINANCIAL REPORT

- 1.1 To consider and receive the annual Financial Statements, the Directors’ Report and Audit Report of the Company.
- 1.2 To consider and, if thought fit, to pass the following ordinary resolution:

“That the Remuneration Report contained in the Directors’ Report be adopted.”

Short explanation

The above documents are contained in the Annual Report. Shareholders who have elected to receive an electronic copy of the Annual Report can download a copy at “<http://www.intermoco.com/investors/investors.html>”. Shareholders who have elected to receive a hard copy of the Annual Report will receive one with this Notice of Meeting.

The Corporations Act 2001 requires listed companies to put to Shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors’ Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the AGM.

As stated, the resolution is non-binding.

2 RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF CONSTITUTION

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

- 2.1 *“That having been appointed by the Board during the year and retired pursuant to the Constitution, Desmond Wesley Ferguson be re-elected as a director.”*
- 2.2 *“That having been appointed by the Board during the year and retired pursuant to the Constitution, Simon Kemp be re-elected as a director.”*

Short explanation

The Company’s Constitution requires one third of the directors (other than the Managing Director or directors appointed during the year) to retire at each AGM, being the directors longest in office without having retired at an AGM. Directors retiring are eligible for re-election. The Company’s Constitution also requires directors who are appointed during the year to retire at the first AGM held after their appointment. Retiring directors are eligible for re-election.

Desmond Wesley Ferguson and Simon Kemp were appointed during the year and have offered themselves for re-election. Jeff Robertson recommends that they be re-elected.

Details of Desmond Wesley Ferguson and Simon Kemp are contained in the Annual Report.

To be appointed, any of the above directors must receive more votes in favour of the resolution appointing them than against.

Special Business

3 RATIFICATION OF ISSUE OF SECURITIES

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

“That pursuant to ASX Listing Rule 7.4, the Company approves and ratifies the issue and allotment of the fully paid Shares to the entities described in paragraph 2.1 of the Explanatory Memorandum.”

Short Explanation

Intermoco has issued a number of ordinary fully paid Shares (“Shares”) to the entities described in paragraph 2.1 of the Explanatory Memorandum, at various dates. Funds raised have been used for the purposes set out in the Explanatory Memorandum.

The Board of Intermoco is allowed to issue up to 15% of its issued capital without Shareholder approval each 12 months. The Shares described above were issued without Shareholder approval and were within this limit. Under the Listing Rules, Intermoco can seek Shareholder ratification of an issue made within the 15% limit, and, if given, the effect of the ratification is to deem that the Shares issues were issued with Shareholder approval, meaning that, from the date of the approval, the Board is again able to issue up to a further 15% of the issued capital without Shareholder approval.

The purpose of this resolution is to seek this ratification.

Further details of both resolutions are set out in the attached Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by the entities described in paragraph 2.1 of the Explanatory Memorandum or any associates of those entities.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

4 APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTORS

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

4.1 *“That approval is given under Listing Rule 10.11 for the Company to issue and allot the Performance Rights on the terms as described in paragraph 3.1 of the Explanatory Memorandum to Jeff Robertson.”*

4.2 *“That approval is given under Listing Rule 10.11 for the Company to issue and allot the Performance Rights on the terms as described in paragraph 3.1 of the Explanatory Memorandum to Desmond Ferguson.”*

4.3 *“That approval is given under Listing Rule 10.11 for the Company to issue and allot the Performance Rights on the terms as described in paragraph 3.1 of the Explanatory Memorandum to Simon Kemp.”*

Short explanation

The Board proposes to issue the Performance Rights set out in paragraph 3.1 of the Explanatory Memorandum on the terms set out in that paragraph. The Performance Rights convert to ordinary fully paid shares when the Company's earnings per share before tax and Director shareholder payments hit certain targets, thereby rewarding directors only if shareholder value is enhanced. The issue of the Performance Rights further aligns the interests of the Directors with those of Shareholders.

Shareholder approval is required under Listing Rule 10.11 before the Performance Rights can be issued. This resolution seeks that approval.

Further details of this resolution are set out in the Explanatory Memorandum. Capitalised terms used in this resolution are defined in the Explanatory Memorandum.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution by the proposed recipients of the Performance Rights, and any associate of theirs.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

5 APPROVAL TO ISSUE PERFORMANCE RIGHTS TO COMPANY SECRETARY

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

“That approval is given under Listing Rule 7.1 for the Company to issue and allot the Performance Rights on the terms as described in paragraph 4.1 of the Explanatory Memorandum to the Company Secretary described in paragraph 4.1 of the Explanatory Memorandum.”

Short explanation

Oliver Carton is an experienced company secretary and lawyer, and has been appointed company secretary of the Company to assist with restoring the Company's operations. The Board proposes to issue him with Performance Rights to further align his interests with shareholders.

The Board of the Company is allowed to issue up to 15% of its issued capital without shareholder approval each 12 months. The Company seeks shareholder approval for the issue of options to Mr Carton so that the options issued do not count towards this 15% limit.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 5 by Mr Carton, or any associate of Mr Carton.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

Further details of this resolution are set out in the Explanatory Memorandum.

6 APPROVAL TO ISSUE SHARES AS PART CONSIDERATION FOR AQUISITION

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

“That approval is given under Listing Rule 7.1 for the Company to issue and allot the number of shares as described in paragraph 6.1 of the Explanatory Memorandum to the entity described in paragraph 6.1 of the Explanatory Memorandum.”

Short explanation

In December 2007 the Company completed the acquisition of Ausmeter. Shareholders have previously resolved to issue shares to fund the initial consideration payable for this acquisition.

The acquisition agreement under which the Company acquired Ausmeter requires the Company to pay a post completion payment of a maximum of \$700,000 depending on EBIT performance. The payment is payable in cash or shares on 21 December 2008.

The Board of the Company is allowed to issue up to 15% of its issued capital without shareholder approval each 12 months. The Company seeks shareholder approval for the issue of Shares to the vendor of Ausmeter so that the Shares issued do not count towards this 15% limit.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 5 by the entity described in the Explanatory Memorandum, or any associate of that entity.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

Further details of this resolution are set out in the Explanatory Memorandum.

By order of the Board:



Company secretary
16 October 2008

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to vote instead of the member. A proxy may be a person or a company.
2. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes.

A proxy need not be a member of the Company.
- 3.
4. The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed under seal or signed under the hand of a duly authorised officer or attorney.
5. To be valid, the enclosed proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged at the registered office of the Company 85 Buckhurst Street, South Melbourne VIC 3205 or on fax number (03) 8699 8700, not later than 48 hours before the time for commencement of the meeting.
6. A person may attend the meeting under an appointment of corporate representative pursuant to section 250D of the Corporations Act (including as representative of a corporate proxy) or Power of Attorney only if a copy of that appointment or Power of Attorney is provided to the Company before the meeting. Documents can be provided by post or facsimile to 85 Buckhurst Street, South Melbourne VIC 3205 or on fax number (03) 8699 8700.
7. The Directors have determined that, for the purpose of voting at the meeting, Shares will be taken to be held by the registered holders at 7.00pm on **25 November 2008**.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The following information provides a detailed explanation on resolutions 3 to 6 as set out in the Notice of AGM.

2 RESOLUTION 3 – RATIFICATION OF ISSUE OF SECURITIES

2.1 Summary of proposal

The Company has issued the following ordinary fully paid ordinary shares (“Shares”) to the following entities on the following dates (“Placement”).

Table 1

Date	No of Shares	Issue price per Share	Purpose	Placee
30.06.2008	13,333,333	1.36 cents	Part consideration of Australian Meter Company Pty Ltd	Bob and Penelope Gestro as trustees of the Gestro Superannuation Fund
21.08.2008	45,526,838	2.5 cents	Consideration for acquisition of shares in Utiligy Pty Ltd	Entity Holdings Pte Ltd

The Company has also issued other shares since the last Annual General Meeting without shareholder approval, however these shares were issued by the former Board of Directors. The current Board is not in a position to determine if it would recommend that shareholders approve those issues of shares as none of the current Board members were involved in the decision to issue them. Accordingly, no ratification is sought concerning those issues.

2.2 Purposes of placement

(a) Part consideration of Australian Meter Company Pty Ltd

On 17 December 2007 shareholders approved a placement of shares to raise funds to acquire Australian Meter Company Pty Ltd (**Ausmeter**) for \$1,320,000 of which \$200,000 was payable in cash on completion and the balance to be settled by cash and/or the issue of shares in the Company priced at the Volume Weighted Average Price of the Company's shares in the 5 trading days preceding their issue.

The Company was obliged to pay \$200,000 as part consideration for the acquisition on 30 June 2008. In order to preserve its cash position, the Company issued the shares shown in Table 1 to the placee.

(b) Consideration for acquisition of shares in Utiligy Pty Ltd (Formerly PRI Utiligy Pty Ltd)

As previously announced to the market, on 21 August 2008 the Company completed a restructure of its relationship with the PRI Group whereby it sold assets of Intermoco Solutions Pty Ltd to PRI Australasia

Pty Ltd and bought the shares in Utiligy Pty Ltd it did not own so that Utiligy Pty Ltd became a wholly owned subsidiary of the Company.

The rationale for the restructure has been exhaustively set out in previous announcements to the market.

The Company acquired the shares in Utiligy Pty Ltd for shares which were issued at a nominated value of 2.5 cents per share.

2.3 Listing Rule requirements for resolution 3

(a) ASX Listing Rule 7.4

Listing Rule 7.4 enables the Company to ratify an issue of Shares made without prior Shareholder approval under Listing Rule 7.1 if:

- (i) the issue of Shares did not breach Listing Rule 7.1; and
- (ii) Shareholders subsequently approve the issue of those Shares by the Company.

In general terms, Listing Rule 7.1 allows the Company to issue up to 15% of its issued capital without the need for approval from Shareholders, with some exceptions. The issue of the Shares set out in Table 1 was not in breach of Listing Rule 7.1.

The Directors seek approval and ratification from Shareholders pursuant to Listing Rule 7.4 for the issue of the Shares set out in Table 1.

(b) ASX Listing Rule 7.5

ASX Listing Rule 7.5 lists information which must be contained in the Notice of General Meeting and Explanatory Memorandum where Shareholders will consider a resolution pursuant to ASX Listing Rule 7.4. This information is set out below:

- (i) *The number of securities allotted:* See table 1.
- (ii) *The issue price of the securities:* See table 1.
- (iii) *The names of the allottees:* See table 1.
- (iv) *The terms of the securities:* The Shares are fully paid ordinary shares in the Company and rank pari passu with other fully paid ordinary shares on issue.
- (v) *The use or intended use of the funds raised:* See paragraph 2.2.
- (vi) *A voting exclusion statement:* This information is set out in the Notice of Meeting.

3 RESOLUTION 4 - APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTORS

3.1 Summary of proposal

The Board of Intermoco is seeking shareholder approval to issue ordinary shares to the Managing Director and Independent Directors subject to the conditions referred to below (“Performance Rights”). Each Performance Right equates to one fully paid ordinary share in the Company.

The Directors were appointed as directors in May 2008 to restore business operations and drive the Company’s business forward. Their backgrounds and experience are set out in the Directors’ Report section of the Annual Report.

The rationale for the proposed issue of Performance Rights is:

- To reward directors for assuming the role of director in difficult circumstances, and actions taken to date in restoring the Company's operations;
- To retain directors;
- To reward directors for future performance in restoring shareholder value;
- To further align the interests of Directors with those of shareholders.

The conditions to the proposed issue of Performance Rights reflect the rationale. The number of Shares that may be issued on exercise of a Performance Right is linked to the audited annual Earnings Per Share performance of the Company based on earnings of revenue for the year in question not including tax and securities based payments to Directors, but including depreciation and interest (EPS). The Directors' long term strategy is to maximise the Company's exciting business opportunities and thus restore shareholder value. The most appropriate measure of success of this strategy, and the basis for calculating the number of Shares to be issued, is the amount each share earns, being EPS.

It is proposed to convert Performance Rights into Shares in three tranches subject to performance conditions as follows:

First Tranche

Number of Shares	1.5 million Shares
Issue price	Nil
Date of conversion	30 November 2008
Conditions	Director must be a director at date of issue

Second tranche

Number of Shares	the number determined by EPS performance as set out in table 2
Issue price	Nil
Date of conversion	30 September 2009
Conditions	Director must be a director at 30 June 2009 EPS must meet targets set out in Table 2

Third tranche

Number of Shares	the number determined by EPS performance as set out in table 2
Issue price	Nil
Date of conversion	30 September 2010
Conditions	Director must be a director at 30 June 2010 EPS must meet targets set out in Table 2

The number of second and third tranches of Shares to be issued depends on EPS performance. The directors propose a substantial improvement in EPS performance be achieved before any Shares can be issued. For the last two financial years, the EPS has been a loss per share and was as follows:

FY2007	(0.32 cents per share)
FY2008	(1.19 cents per share)
FY2008 continuing operations	(0.32 cents per share)

The directors propose that the threshold EPS, below which no second or third tranche Shares will be issued, is 0.2c per share. Given that there are approximately 1.29 billion shares on issue, this equates to profit before tax of approximately \$2.58 million. This should be contrasted to the financial performance for FY2008 which was a loss from continuing operations of \$3.56 million, meaning a turnaround of \$6.14 million is required before any Second or Third Tranche Shares are issued.

The table below sets out the number of Shares that may be issued depending on EPS performance. It is important to note that the targets are not cumulative and not pro rated. Thus if EPS were 0.19c for FY2009 and 0.29c for FY2010 the Independent Director would receive no Shares for FY2009 and 3.33 million Shares for FY2010.

Table 2

Person	No of Shares per EPS Target		
	0.2c	0.25c	0.3c
Managing Director – Jeff Robertson	6,666,666	10,000,000	13,333,333
Chairman – Desmond Ferguson	4,444,444	6,666,666	8,888,888
Independent Director – Simon Kemp	2,222,222	3,333,333	4,444,444

The directors consider that using EPS is the most appropriate method of determining improvement in business performance for the reasons stated above. Other measurements, such as profit or share price, can be distorted by behavior not necessarily in the long term interests of shareholders or under the control of the Company.

The number of Shares was calculated using the share price at the date of this Notice of Meeting (being 1 cent) uplifted by 50% to take into account the expected increase in share price due to good performance by the Company. The calculation results in a nominal benefit valued at, for example, \$100,000, \$150,000 or \$200,000 for the Managing Director for each respective target depending on which target (if any) is met. The actual value will vary depending on the share price at the time, which may be more or less than 1.5 cents, but shareholders should note that as stated the EPS targets if met would deliver profit before tax of \$2.58 million, \$3.225 million or \$3.87 million respectively.

Different amounts of Shares are proposed to be issued to the different Directors to reflect their different day to day involvement with the Company's business and operations.

3.2 Valuation of Performance Rights

For the benefit of shareholders, the Company has obtained third party advice concerning the valuation of Performance Rights.

(a) First Tranche

Valuation of the First Tranche of Performance Rights is simply a matter of multiplying the number of Shares to be issued on conversion by the Share price. At the date of this Notice the share price was 1c, giving a total value per director of \$15,000.

(b) Second and Third Tranches

As no Shares will be issued at the date of this meeting under the Second and Third Tranches, valuation of the Performance Rights and resulting Shares that may be issued in the future is more complicated. The variables to this valuation are:

- The number of Shares that may be issued as determined by the EPS; and
- The future Share price at the date of issue.

The number of shares that may be issued in 2009 and 2010 will range from nil to the maximum number shown in Table 2 for each Director. The share price will be determined by a number of factors including

the EPS of Intermoco. It may therefore be assumed that, in the absence of other factors, if EPS increases, the share price should increase.

Table 2 has been converted as Table 2A to show the value of Shares that may be issued assuming the share price current at the date of this Notice of 1 cent. If the share price is higher or lower than 1 cent, the value of the Shares, and therefore the Performance Rights, will be correspondingly higher or lower.

Table 2A

Person	Value of Shares per EPS Target		
	0.2c	0.25c	0.3c
Managing Director – Jeff Robertson	\$66,666	\$100,000	\$133,333
Chairman – Desmond Ferguson	\$44,444	\$66,666	\$88,888
Independent Director – Simon Kemp	\$22,222	\$33,333	\$44,444

Shareholders should note:

- The values are not cumulative; only one of the above values may be earned each year; and
- The values are not pro rated. Thus for example if EPS is 0.19 cents no Shares will be issued.

3.3 Other information

The Directors' current interest in securities is as follows:

Director	Ordinary shares	Options over ordinary shares
Jeff Robertson	2,004,000	nil
Desmond Ferguson	2,000,000	nil
Simon Kemp	994,038	nil

As there are approximately 1.29 billion shares on issue, the proposed issue of Performance Rights is not considered dilutive and will not result in any director becoming a substantial shareholder of the Company.

Shareholders should note that a Share in the Company has traded in the range of between 7 cents to 0.9 cents during the last 12 months. The share price of the Company's shares at the date of this Notice was 1 cent.

Mr Ferguson and Mr Kemp recommend that shareholders approve the issue of Performance Rights to Mr Robertson for the reasons set out in paragraph 3.1. Mr Robertson declines to make a recommendation. Mr Robertson as Managing Director will drive the restructured business forward and restore shareholder value.

Mr Robertson and Mr Kemp recommend that shareholders approve the issue of Performance Rights to Mr Ferguson for the reasons set out in paragraph 3.1. Mr Ferguson declines to make a recommendation. Mr Ferguson has significant experience in turning around businesses and has already played a significant role in leading negotiations on behalf of the Company with the PRI Group.

Mr Ferguson and Mr Robertson recommend that shareholders approve the issue of Performance Rights to Mr Kemp for the reasons set out in paragraph 3.1. Mr Kemp declines to make a recommendation. Mr Kemp brings significant industry experience to his role as Independent Director and is an important resource for management.

3.4 Listing Rule requirements for resolution 4

(a) Listing Rule 7.4

As stated above in paragraph 2.1, Listing Rule 7.1 provides that a company must not issue more equity securities than the number calculated in accordance with a formula contained in that Listing Rule without the approval of its shareholders. There is an exception however for shares issued with shareholder approval under Listing Rule 10.11. The effect of this is that the issue of Performance Rights and resulting issue of Shares will not count towards the 15% limit.

(b) Listing Rule 10.11 and 10.13

Listing Rule 10.11 prohibits an issue of securities to related parties, including directors, without shareholder approval. This resolution seeks that approval.

Listing Rule 10.13 requires certain information to be contained in the Notice of General Meeting and Explanatory Memorandum where shareholders will consider a resolution under Listing Rule 10.11. This information is set out below in relation to the proposed issue of Performance Rights.

- (i) *The name of the person:* See table 2.
- (ii) *The maximum number of securities to be issued:* See table 2.
- (iii) *The date by which the securities will be issued:* Performance Rights will be issued within 1 month of the date of this meeting.
- (iv) *The issue price of the securities:* Nil;
- (v) *The terms of the securities:* Performance Rights will be issued on the terms set out in paragraph 3.1.
- (vi) *The intended use of the funds raised:* No funds will be raised on the issue of the Performance Rights.
- (vii) *A voting exclusion statement:* This has been set out in the Notice of Meeting.

4 RESOLUTION 5 - APPROVAL TO ISSUE PERFORMANCE RIGHTS TO COMPANY SECRETARY

4.1 Summary of proposal

Oliver Carton is an experienced company secretary and is currently company secretary of a number of listed and unlisted companies, ranging from the Company to the not for profit Melbourne Symphony Orchestra Pty Ltd.

Mr Carton is a qualified lawyer with over 19 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 ran its Corporate Secretarial Group. Prior to that, he was a senior legal officer with ASIC.

Mr Carton was approached to become company secretary as part of the Board changes in May 2008. He has provided advice and services to the Board and management concerning matters such as the restructure of the Company's business, periodic reporting and corporate governance issues.

The Board proposes to issue Mr Carton with Performance Rights converting into Shares set out in Table 3. The terms of and rationale for the issue of the Performance Rights is the same as set out in paragraph 3.1. Performance Rights are to be issued in three tranches as follows:

First Tranche

Number of Shares	1 million ordinary shares
Issue price	Nil
Date of conversion	30 November 2008
Conditions	Mr Carton must be the Secretary at date of issue

Second tranche

Number of Shares	the number determined by EPS performance as set out in table 3
Issue price	Nil
Date of conversion	30 September 2009
Conditions	Mr Carton must be the Secretary at date of issue EPS must meet targets set out in Table 3

Third tranche

Number of Shares	the number determined by EPS performance as set out in table 3
Issue price	Nil
Date of conversion	30 September 2010
Conditions	Mr Carton must be the Secretary at date of issue EPS must meet targets set out in Table 3

Table 3

Person	No of Shares per EPS Target		
	0.2c	0.25c	0.3c
Oliver Carton	1,333,333	2,000,000	2,500,000

The Board recommends that shareholders approve the issue of the Performance Rights given the rationale for their issue set out above.

4.2 Listing Rule requirements for resolution 5

(a) Listing Rule 7.1

As stated above in paragraph 2.1, Listing Rule 7.1 provides that a company must not issue more equity securities than the number calculated in accordance with a formula contained in that Listing Rule without the approval of its Shareholders.

The Directors seek approval from Shareholders under Listing Rule 7.1 for the issue of the Performance Rights described in paragraph 4.1.

(b) Listing Rule 7.3

Listing Rule 7.3 requires certain information to be contained in the Notice of General Meeting and Explanatory Memorandum where Shareholders will consider a resolution under Listing Rule 7.1. This information is set out below in relation to the proposed allotment of Performance Rights.

- (i) *The maximum number of securities to be issued:* See Table 3.
- (ii) *The date by which the securities will be issued:* Performance Rights will be issued within 1 month of the date of this meeting .
- (iii) *The issue price of the securities:* See Table 3.
- (iv) *The names of the allottees (if known) or the bases upon which the allottees will be determined:*
Oliver Carton
- (v) *The terms of the securities:* This information is set out in section 4.1
- (vi) *The intended use of the funds raised:* No funds will be raised.
- (vii) *The dates of allotment or a statement that allotment will occur progressively:* See Table 3
- (viii) *A voting exclusion statement:* This has been set out in the Notice of Meeting.

5 RESOLUTION 6 - APPROVAL TO ISSUE SHARES AS PART CONSIDERATION FOR AQUISITION

5.1 Summary of proposal

On 21 December 2007 the Company entered into an agreement to acquire Ausmeter. The vendor is Bob and Penelope Gestro as trustees of the Gestro Superannuation Fund (**Vendor**).

Ausmeter provides support to the energy/utility market in the areas of equipment, software and services. Its customer base includes major water and gas utilities as well as contracting and engineering firms.

The Company purchased the business and assets of Ausmeter for the sum of \$1,320,000 of which AUS \$200,000 was paid in cash on completion and the balance to be settled by cash and/or the issue of shares in the Company (the **Consideration Shares**) priced at the Volume Weighted Average Price of the Company's shares in the 5 trading days preceding their issue.

On 17 December 2007 shareholders approved an issue of Shares to raise funds to pay the initial \$200,000. Further Shares were issued on 30 June 2008, which are the subject of resolution 3. A final payment is due on 21 December 2008 of a maximum of \$700,000 depending on earnings before interest and tax (**EBIT**) of the Ausmeter business. The Company is pleased to report that the Ausmeter business has exceeded the EBIT target and therefore \$700,000 is payable.

The final consideration is payable in cash and/or Shares at the election of the Company. As stated, any Shares issued will be priced at the Volume Weighted Average Price of the Company's shares in the 5 trading days preceding their issue.

The Board recognises that given the current depressed Share price, a cash payment is preferable, however the mix of cash and Shares will be determined by the cash requirements of the Company at the date the final consideration is due. Directors are seeking approval to issue the maximum number of Shares that might be issued, so that any further approvals are not required.

5.2 Listing Rule requirements for resolution 6

(a) Listing Rule 7.1

As stated above in paragraph 2.1, Listing Rule 7.1 provides that a company must not issue more equity securities than the number calculated in accordance with a formula contained in that Listing Rule without the approval of its Shareholders.

The Directors seek approval from Shareholders under Listing Rule 7.1 for the issue of the Shares described in paragraph 5.1.

(b) Listing Rule 7.3

Listing Rule 7.3 requires certain information to be contained in the Notice of General Meeting and Explanatory Memorandum where Shareholders will consider a resolution under Listing Rule 7.1. This information is set out below in relation to the proposed allotment of Shares.

- (i) *The maximum number of securities to be issued:* The maximum number of securities to be issued will be \$700,000 worth of Shares calculated by using the Volume Weighted Average Price of the Shares in the 5 trading days preceding their issue on or about 21 December 2008. Less Shares may be issued if the Company determines to pay cash for some or all of the final consideration as described in paragraph 5.1.
- (ii) *The date by which the securities will be issued:* Securities will be issued within 3 months of the date of this meeting.
- (iii) *The issue price of the securities:* The Volume Weighted Average Price of the Shares in the 5 trading days preceding their issue.
- (iv) *The names of the allottees (if known) or the bases upon which the allottees will be determined:* The Vendor.
- (v) *The terms of the securities:* Ordinary fully paid shares.
- (vi) *The intended use of the funds raised:* Part acquisition of Ausmeter.
- (vii) *The dates of allotment or a statement that allotment will occur progressively:* Consideration Shares will be allotted within 3 months of the date of this meeting.
- (viii) *A voting exclusion statement:* This has been set out in the Notice of Meeting.

NOTES

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