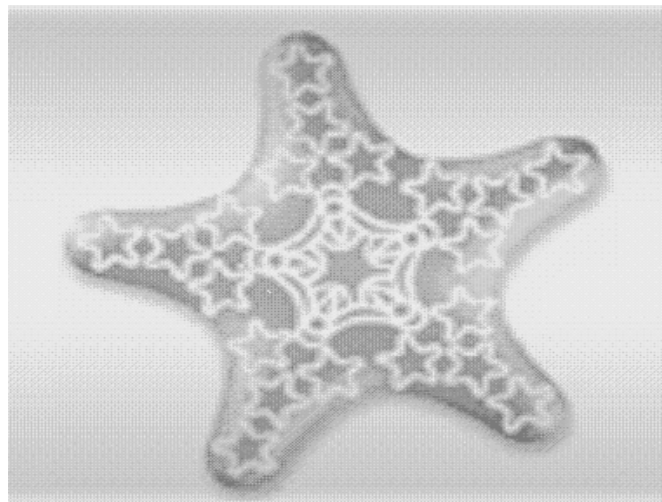


INTERMOCO LIMITED AND CONTROLLED ENTITIES

ABN: 15 006 908 701

**Annual Financial Report For The Year Ended
30 June 2008**



INTERMOCO LIMITED
ABN: 15 006 908 701
DIRECTORS' REPORT

The Directors of Intermoco Limited (the 'Company') and its controlled entities (the 'Consolidated Entity') present the annual financial report for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

DIRECTORS

The name of Directors in office at any time during or since the end of year are:

Mr. Desmond (Wes) Ferguson	appointed	1 May 2008
Mr. Jeffrey W. Robertson	appointed	1 May 2008
Mr. Simon Kemp	appointed	1 May 2008
Mr. Stephen F. Black	appointed	6 December 2005 and retired 15 September 2008
Mr. Jeffrey H Bennett	appointed	7 December 2006 and retired 1 May 2008
Mr. Harvey Parker	appointed	2 May 2007 and retired 1 May 2008

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

Below is further information on the current Directors in office:

Mr. Desmond (Wes) Ferguson	Non-Executive Chairman
Appointed	1 May 2008
Qualifications	F.A.I.C.D
Experience	Wes has over 25 years experience nationally and internationally in the communications, card management and processing, energy consulting, banking, finance and venture capital markets. He is experienced in company restructuring and taking companies to profit, then expansion nationally and internationally. He has been a director of other public companies, both listed and unlisted. Recently Wes played a leading role in the restructuring of ASX listed DCS Technologies Limited (DCS) which was later renamed OnCard Limited (ONC). As an advisor to the board of United Energy Limited, the first major electricity company to be privatised in Victoria, he assisted with strategic planning and project management, and played a lead role in the company's listing on ASX and major asset acquisitions and sales.
Interest in Shares and Options	2,000,000 ordinary shares
Committee Membership	Audit Committee member
Directorships held in other listed entities	Nil

Mr. Jeffrey W. Robertson	Chief Executive Officer & Director
Appointed	1 May 2008
Experience	Jeff has had more than 30 years of sales and marketing experience, nationally and internationally, across a range of technologies, from marketing, advertising, e-commerce, online portals, finance and telecommunications. After successfully building his own company, Roc Pty Ltd, in the field of online solutions and payment gateways, the company was sold to a major publisher in Hong Kong, with a separate component sold to Primus (Australia). Jeff has the ability to develop a strong and targeted sales force. He brings a particular focus on identifying future trends within the Australasian market, developing and delivering relevant solutions through an extensive network of strategic relationships at senior levels.
Interest in Shares and Options	2,004,000 ordinary shares
Directorships held in other listed entities	Nil

Mr. Simon Kemp	Non-Executive Director
Appointed	1 May 2008
Experience	Simon has many years experience in the electrical industry. He has had senior management experience with what is known as Downer Engineering and has served on the Board of the National Electrical and Communications Association as Federal and State Councillor and State President for 3 years.
Interest in Shares and Options	994,038 ordinary shares
Committee Membership	Audit Committee Chairman
Directorships held in other listed entities	Nil

COMPANY SECRETARY

The following persons held the position of Company Secretary at any time during or since the end of the year:

Mr Oliver Carton has served as the Company's Company Secretary since 1 May 2008. Mr Carton is an experienced Company Secretary and is currently Company Secretary of a number of listed and unlisted companies. He 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.

Prior to Mr Carton's appointment, the role of Company Secretary was held by Mr Jeffrey Bennett.

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity was the development and commercialisation of monitoring and control products and solutions. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

DIVIDENDS

During the year ended 30 June 2008, no dividends were paid or declared by the Consolidated Entity.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the nature of the Consolidated Entity's principal activities during the financial year, however, the Consolidated Entity has acquired three new subsidiaries as set out in Notes 5, 17 and 28.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 21 August 2008, the Consolidated Entity completed the agreement with PRI Pte Ltd, under which it acquired the remaining 60% of PRI Utiligy Pty Ltd and PRI Pte Ltd acquired certain assets and liabilities of Intermoco Solutions Pty Ltd. As part of this agreement, Intermoco Limited issued 45,526,838 ordinary shares. Refer to Notes 5 and 15 for further information.

There has not been any other matter or circumstance, other than that referred to above or disclosed elsewhere in this Annual Report that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Future developments of the Consolidated Entity are outlined in the Chairman's Letter and the Review of Operations. 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 in the opinion of the Directors that their disclosure could be prejudicial to the interests of the Consolidated Entity.

REVIEW AND RESULTS OF OPERATIONS

The net loss of the Consolidated Entity was:

	2008	2007
	\$	\$
Loss before income tax expense	(3,562,162)	(951,896)
Income tax expense	-	-
Loss from continuing operations	(3,562,162)	(951,896)
Loss from discontinuing operations	(9,869,818)	(1,915,516)
Loss for the year	(13,431,980)	(2,867,412)

Significant non-cash transactions contributed to the overall loss for the year including the expensing of options issued to a convertible note holder of \$914k and goodwill impairment of \$8.2m. Transactions already notified to Shareholders since balance date have resulted in a significant improvement in the Consolidated Entity's cash position and the outlook for trading for the current year remains strong.

Net tangible assets of the Consolidated Entity as at 30 June 2008 was 0.07 cents. An improvement on 30 June 2007 at which time the net tangible assets of the Company was negative 0.06 cents. Revenues increased during the year resulting in a positive improvement in gross profit.

ENVIRONMENTAL REGULATION AND PERFORMANCE

To the best of the Consolidated Entity's knowledge, their activities are in full compliance with all prescribed environmental regulations.

MEETINGS OF DIRECTORS

During the financial year, 13 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	No. eligible to attend	No. attended
Mr. Desmond (Wes) Ferguson	4	4
Mr. Jeffrey W. Robertson	4	4
Mr. Simon Kemp	4	4
Mr. Stephen F. Black	13	13
Mr. Jeffrey H Bennett	11	11
Mr. Harvey Parker	11	11

INDEMNIFICATION AND 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, the unissued ordinary shares of Intermoco Limited under options are as follows:

Number under option	Exercise Price (cents)	Date of Expiry
38,181,818	6.5	1 January 2011
200,000,000	12.5	13 March 2010
10,850,000	6.4	13 May 2011
8,500,000	3	18 April 2011

Optionholders do not have any right, by virtue of the options, to participate in any share issue of the Consolidated Entity.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the year ended 30 June 2008, no ordinary shares of Intermoco Limited were issued as a result of the exercise of options. Since 30 June 2008 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 following non-audit services were provided by the Consolidated Entity's auditor, PKF. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not comprised.

PKF received or are due to receive the following amounts for the provision of non-audit services:

	2008	2007
	\$	\$
Taxation services	44,612	21,157

AUDITORS' INDEPENDENCE DECLARATION

The lead auditors Independence Declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2008 has been received and can be found in the section titled 'Auditors Independence Declaration' within the Annual Report.

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)

This Remuneration Report outlines the Directors and Executive remuneration arrangements of the Consolidated Entity and Intermoco Limited as required by the Corporations Act 2001 and its Regulations.

This report details the nature and amount of remuneration of each Director of Intermoco Limited and all other Key Management Personnel of the Consolidated Entity.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether Executive or otherwise) of the Consolidated Entity.

For the purposes of this report, the term 'Executive' encompasses the Chief Executive, Senior Executives, general managers and secretaries of the Consolidated Entity.

The Directors of Intermoco Limited during the 2008 and 2007 years were:

Mr. Desmond (Wes) Ferguson	Non-Executive Chairman	appointed	1 May 2008
Mr. Jeffrey W. Robertson	Chief Executive Officer & Director	appointed	1 May 2008
Mr. Simon Kemp	Non-Executive Director	appointed	1 May 2008
Mr. Stephen F. Black	Non-Executive Director	retired	15 September 2008
Mr. Jeffrey H Bennett	Chief Financial Officer and Company Secretary	retired	1 May 2008
Mr. Harvey Parker	Chairman	retired	1 May 2008
Mr. Graeme Shearer	Chairman	retired	16 May 2007
Mr. Martin Yii	Managing Director	retired	7 December 2006
Mr. Saiful A. Shahabudin	Non-Executive Director	retired	8 August 2006
Ir. Dr. Azman bin Ahmad	Non-Executive Director	retired	8 August 2006

The other Key Management Personnel of the Consolidated Entity during the 2008 and 2007 years were:

Mr. Andrew Meehan	General Manager	UDS Pty Ltd	
Mr. Bob Gestro	General Manager	Ausmeter Pty Ltd	
Mr. Ken Benson	General Manager	Powersave Pty Ltd	
Mr. Peter Taylor	General Manager - Engineering	Intermoco Solutions Pty Ltd	
Mr. John Howell	General Manager - Operations	Intermoco Solutions Pty Ltd	resigned 1 February 2007
Mr. Nigel Maitland	General Manager - Marketing	Intermoco Solutions Pty Ltd	resigned 1 February 2007

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

Remuneration Policy

The remuneration policy of Intermoco Limited has been designed to align Director and Executive objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The Board of Intermoco Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Consolidated Entity and create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior Executives of the Consolidated Entity is as follows:

- * The remuneration policy, setting the terms and conditions for the Executive Directors and other senior Executives, was developed by the Remuneration Committee and approved by the Board.
- * All Executives receive remuneration which may include any of: base salary; superannuation; fringe benefits; options and performance incentives.
- * The Remuneration Committee reviews Executive packages annually by reference to the Consolidated Entity's performance, Executive performance and comparable information from industry sectors.

The performance of Executives is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Consolidated Entity's profits and Shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest caliber of Executives and reward them for performance that results in long-term growth in Shareholder wealth.

Executives are also entitled to participate in the employee option arrangements.

All remuneration paid to Executive Directors and Executives includes a superannuation guarantee contribution required by the government, which is currently 9%. They do not receive any other retirement benefits.

All remuneration paid to Directors and Executives is valued to the cost to the Company and expensed. Shares given 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 binomial pricing model.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. 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. 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 are able to participate in the Directors' and Executive's option plan.

Performance Based Remuneration

As part of each Executive Director and Executives remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between Directors/Executives with that of the business and Shareholders. The KPIs are set annually, with a certain level of consultation with Directors/Executives to ensure buy-in. The measures are specifically tailored to the areas each Director/Executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short-and long-term goals. The level set for each KPI is based on budget figures for the Consolidated Entity and respective industry standards. In determining whether or not a KPI has been achieved, Intermoco Limited bases the assessment on audited figures.

The Company's performance in terms of earnings has historically been negative whilst the Company has been in a research and development phase. Shareholder wealth reflects the speculative and volatile market sector. This pattern is indicative of the Company's performance over the past five years.

Section B: Details of Remuneration

Details of Remuneration for Year Ended 30 June 2008

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

	Short-term employee benefits			Post-Employment Benefits	Share-based Payments		Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation Contributions	Shares	Options	
	\$	\$	\$	\$	\$	\$	
Directors							
Mr. Desmond (Wes) Ferguson	74,167	-	-	-	-	-	74,167
Mr. Jeffrey W. Robertson	72,292	-	-	-	-	-	72,292
Mr. Simon Kemp	2,292	-	-	-	-	-	2,292
Mr. Stephen F. Black	183,845	-	-	16,546	-	17,167	217,558
Mr. Jeffrey H Bennett	165,666	-	-	-	-	-	165,666
Mr. Harvey Parker	16,667	-	-	-	-	33,025	49,692
	514,929	-	-	16,546	-	50,192	581,667
Other Key Management Personnel							
Mr. Andrew Meehan	103,966	-	-	8,550	-	-	112,516
Mr. Bob Gestro	30,331	-	-	2,505	-	-	32,836
Mr. Ken Benson	18,750	-	-	1,688	-	-	20,438
Mr. Peter Taylor	124,216	-	-	11,179	32,500	6,028	173,923
	277,263	-	-	23,922	32,500	6,028	339,713

Details of Remuneration for Year Ended 30 June 2007

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

	Short-term employee benefits			Post-Employment Benefits	Share-based Payments		Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation Contributions	Shares	Options	
	\$	\$	\$	\$	\$	\$	
Directors							
Mr. Stephen F. Black	174,000	-	-	15,660	-	-	189,660
Mr. Jeffrey H Bennett	131,665	-	-	11,850	-	-	143,515
Mr. Harvey Parker	4,167	-	-	-	-	9,252	13,419
Mr. Graeme Shearer	102,250	-	-	-	-	-	102,250
Mr. Martin Yii	-	-	-	-	-	-	-
Mr. Saiful A. Shahabudin	-	-	-	-	-	-	-
Ir. Dr. Azman bin Ahmad	-	-	-	-	-	-	-
	412,082	-	-	27,510	-	9,252	448,844
Other Key Management Personnel							
Mr. John Howell	69,510	-	-	6,256	-	3,980	79,746
Mr. Peter Taylor	93,371	-	-	8,403	30,000	8,935	140,709
Mr. Nigel Maitland	72,800	-	-	6,552	-	3,980	83,332
	235,681	-	-	21,211	30,000	16,895	303,787

The following performance based remuneration was issued:

	2008	2007
Mr. Peter Taylor	650,000 ordinary shares	1,000,000 ordinary shares

Section C: Share-based Compensation

The Remuneration of Directors and Executives may include options over ordinary shares as issued by Intermoco Limited. These options are not issued based on performance criteria, but are issued to Directors and Executives of Intermoco Limited and its subsidiaries to increase goal congruence between Executives, Directors and Shareholders.

Options granted vest one year after grant date and expire within four years. All options were granted for nil consideration.

No options were issued as compensation in the financial year ended 30 June 2008.

Options issued as part of Remuneration for the year ended 30 June 2007

	Vested No.	Granted No.	Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
Directors						
Mr. Stephen F. Black	-	-				
Mr. Jeffrey H Bennett	-	-				
Mr. Harvey Parker	-	4,000,000	14 May 2007	\$ 0.035	13 August 2008	13 May 2011
Mr. Graeme Shearer	-	-				
Mr. Martin Yii	-	-				
Mr. Saiful A. Shahabudin	-	-				
Ir. Dr. Azman bin Ahmad	-	-				
	-	4,000,000				
Other Key Management Personnel						
Mr. John Howell	-	400,000	19 April 2007	\$ 0.030	18 April 2008	3 March 2010
Mr. Peter Taylor	-	900,000	19 April 2007	\$ 0.030	18 April 2008	3 March 2010
Mr. Nigel Maitland	-	400,000	19 April 2007	\$ 0.030	18 April 2008	3 March 2010
	-	1,700,000				

	Options Granted as part of Remuneration	Remuneration Represented by Options	Options Exercised	Options Lapsed	Total	Total option value in year
	No.	%	No.	(No.)	No.	\$
Directors						
Mr. Stephen F. Black	-	-	-	-	-	-
Mr. Jeffrey H Bennett	-	-	-	-	-	-
Mr. Harvey Parker	4,000,000	68.95%	-	-	4,000,000	9,252
Mr. Graeme Shearer	-	-	-	-	-	-
Mr. Martin Yii	-	-	-	-	-	-
Mr. Saiful A. Shahabudin	-	-	-	-	-	-
Ir. Dr. Azman bin Ahmad	-	-	-	-	-	-
	4,000,000		-	-	4,000,000	9,252
Other Key Management Personnel						
Mr. John Howell	400,000	4.99%	-	-	400,000	3,980
Mr. Peter Taylor	900,000	6.35%	-	-	900,000	8,935
Mr. Nigel Maitland	400,000	4.78%	-	-	400,000	3,980
	1,700,000		-	-	1,700,000	16,895

Section D: Employment Contracts of Key Management Personnel

The Consolidated Entity has a contract with Mr. Bob Gestro under which Mr Gestro has agreed to remain with the Consolidated Entity until 21 December 2008. Post this date the services of Mr Gestro may continue at the option of either party. The Consolidated Entity also has an agreement with Mr. Andrew Meehan. The services of Mr. Meehan can be terminated by either party with 3 months notice.

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

Jeffrey W. Robertson Director

Dated this 30th day of September 2008

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INTERMOCO LIMITED
APM- 15 006 008 701**

<PKF to provide>

INTERMOCO LIMITED
ABN: 15 006 908 701
CORPORATE GOVERNANCE REPORT

Corporate Governance Statement

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.

Intermoco has a strong commitment to effective corporate governance and endorsed the Australian Stock Exchange Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations published in March 2003.

Membership of the Board has undergone significant change during the course of the previous two years and its structure has not enabled full compliance with regard to Board Structure and Board Committees. The Board restructure will continue, with a view to full compliance over time.

The Company's website 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.

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 stakeholder, 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.

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. 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 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 three Directors;
- The Board should have a broad range of expertise
- The Chairman shall be independent - the current Chairman is an Independent Director;
- 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 - the following Directors are considered to be Independent:
Mr. Desmond (Wes) Ferguson
Mr. Simon Kemp

At the date of this report, a majority of Directors were independent.

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.

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 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.

The Board Safeguards the Integrity of Financial Reporting

The Chief Executive Officer and Chief Financial Officer have provided the Board with an unqualified statement regarding the integrity of the financial statements. The sign off is based on the existence of close process which ensures 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 establishes an Audit, Risk and Compliance Committee when its composition and size enable it to do so. When established, the Committee's responsibilities include reviewing the auditor's independence and management's response to the auditor's findings and recommendations. The overall responsibility of the Committee are set out under a Charter and is 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
- 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 period an Audit Committee was not established. The Board has assumed all responsibilities and functions normally undertaken by the Committee. The Board re-established the Committee following the end of the period, consisting of: Mr Simon Kemp (Chairman); Mr Desmond (Wes) Ferguson.

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.

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.

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 period, 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 Chief Financial Officer have signed statements to the Board for the full and half year financial reports
 - 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;
 - 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.

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.

Audit Committee

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.

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.

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 website.

The Board Remunerates Fairly and Responsibly

The Board establishes a Remuneration Committee when its composition and size enable it to do so. When established, the Committee makes recommendations to the Board on matters of remuneration policy and its implementation. It has authority to approve arrangements for senior management with the exclusion of the Managing Director.

The primary purpose of the 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

Since November 2006 the size and composition of the Board has not enabled the Committee to continue to operate. The Board has assumed all responsibilities and functions previously undertaken by the Committee. The board will re-establish the Committee when it possible to do so.

Recognition of the Legitimate Interests of Stakeholders

The Board has formal code of Conduct and Ethics which is available on the Corporate Governance website.

INTERMOCO LIMITED
ABN: 15 006 908 701
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Continuing Operations					
Sales revenue	2	2,486,329	50,287	127,804	-
Cost of goods sold		(1,584,506)	(53,376)	(31,201)	-
Gross profit / (loss)		901,823	(3,089)	96,603	-
Other income	2	408,796	901,931	407,006	1,210,395
Employee benefit expenses		(1,165,661)	(350,883)	(874,625)	(305,345)
Depreciation and amortisation expenses		(17,983)	(15,380)	(15,310)	(15,381)
Impairment of loans		-	-	(2,601,697)	(2,652,627)
Loss on sale of investments		-	(59,498)	-	(348,304)
Finance costs		(1,157,735)	(475,770)	(1,148,546)	(475,770)
Legal fees		(231,146)	(42,149)	(229,812)	(42,149)
Share registry fees and expenses		(104,852)	(75,916)	(104,852)	(75,916)
Impairment of investments		-	-	(7,753,902)	-
Accommodation expenses		(333,445)	(298,884)	(333,445)	(298,884)
Professional fees		(783,314)	(189,802)	(698,519)	(189,802)
Impairment of goodwill		(345,117)	-	-	-
Share of net losses from associates and joint ventures		(321,624)	(178,376)	-	-
Other expenses		(411,904)	(164,080)	(341,947)	(121,199)
Loss before income tax		(3,562,162)	(951,896)	(13,599,046)	(3,314,982)
Income tax expense	4	-	-	-	-
Loss from continuing operations		(3,562,162)	(951,896)	(13,599,046)	(3,314,982)
Loss from discontinued operations	2&3	(9,869,818)	(1,915,516)	-	-
Loss for the year		<u>(13,431,980)</u>	<u>(2,867,412)</u>	<u>(13,599,046)</u>	<u>(3,314,982)</u>
Overall Operations					
Basic loss per share (cents per share)	9	(1.19)	(0.32)		
Diluted loss per share (cents per share)	9	(1.19)	(0.32)		
Continuing Operations					
Basic loss per share (cents per share)	9	(0.32)	(0.11)		
Diluted loss per share (cents per share)	9	(0.32)	(0.11)		
Discontinued Operations					
Basic loss per share (cents per share)	9	(0.87)	(0.21)		
Diluted loss per share (cents per share)	9	(0.87)	(0.21)		

The accompanying notes form part of these financial statements.

INTERMOCO LIMITED
ABN: 15 006 908 701
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	10	1,058,338	672,589	212,360	569,143
Trade and other receivables	11	1,600,370	420,254	103,985	164,191
Other financial assets	16	-	225,000	-	225,000
Inventories	12	472,407	648,680	76,544	-
Assets classified as held for sale	5	524,152	-	-	-
TOTAL CURRENT ASSETS		3,655,267	1,966,523	392,889	958,334
NON-CURRENT ASSETS					
Investments accounted for using the equity method	13	-	321,624	500,000	500,000
Other financial assets	16	4,578,919	-	10,568,106	10,064,591
Plant and equipment	18	188,231	327,734	104,300	119,610
Goodwill	19	5,926,110	10,378,737	-	-
TOTAL NON-CURRENT ASSETS		10,693,260	11,028,095	11,172,406	10,684,201
TOTAL ASSETS		14,348,527	12,994,618	11,565,295	11,642,535
CURRENT LIABILITIES					
Trade and other payables	20	3,731,374	2,153,369	2,568,811	1,391,807
Other financial liabilities	21	1,241,690	690,122	718,667	655,588
Provisions	22	62,678	96,057	11,858	23,646
Liabilities classified as held for sale	5	432,190	-	-	-
TOTAL CURRENT LIABILITIES		5,467,932	2,939,548	3,299,336	2,071,041
NON-CURRENT LIABILITIES					
Trade and other payables	20	-	283,773	-	283,773
Other financial liabilities	21	2,100,000	23,024	2,100,000	-
Provisions	22	54	19,892	54	6,910
TOTAL NON-CURRENT LIABILITIES		2,100,054	326,689	2,100,054	290,683
TOTAL LIABILITIES		7,567,986	3,266,237	5,399,390	2,361,724
NET ASSETS		6,780,541	9,728,381	6,165,905	9,280,811
EQUITY					
Issued capital	23	126,611,543	116,287,380	126,611,543	116,287,380
Reserves	24	943,237	783,260	943,237	783,260
Accumulated losses		(120,774,239)	#####	(121,388,875)	(107,789,829)
TOTAL EQUITY		6,780,541	9,728,381	6,165,905	9,280,811

The accompanying notes form part of these financial statements.

INTERMOCO LIMITED
ABN: 15 006 908 701
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS RELATED TO OPERATING ACTIVITIES					
Receipts from customers		2,464,639	1,913,552	1,100,663	151,303
Payments to suppliers and employees		(5,539,073)	(5,750,135)	(2,677,868)	(1,470,290)
Interest received		67,036	21,091	63,046	19,275
Interest and other costs of finance paid		(126,055)	(115,000)	(126,055)	(115,000)
Income received in advance		1,020,663	874,892	1,020,663	874,892
NET CASH FLOWS USED IN OPERATING ACTIVITIES	28a	(2,112,790)	(3,055,600)	(619,551)	(539,820)
CASH FLOWS RELATED TO INVESTING ACTIVITIES					
Payment for purchases of plant and equipment		(138,216)	(106,122)	-	-
Proceeds from sales of equity investments		-	151,696	-	151,696
Payment for purchases of equity investments		(576,270)	(195,538)	(576,270)	(195,538)
Payment for minority interest		(4,444,444)	-	(4,444,444)	-
Proceeds from bond or deposit		225,000	-	225,000	-
Payment of bond or deposit		-	(225,000)	-	(225,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(4,933,930)	(374,964)	(4,795,714)	(268,842)
CASH FLOWS RELATED TO FINANCING ACTIVITIES					
Proceeds from issues of securities		6,000,000	4,157,539	6,000,000	4,157,539
Capital raising expenses		(394,999)	(163,882)	(394,999)	(163,882)
Proceeds from borrowings		2,000,000	115,000	2,000,000	115,000
Repayment of borrowings		-	(71,433)	-	(79,299)
Repayment of finance leases		(38,056)	-	-	-
Net advances to related parties		(134,476)	-	(2,546,519)	(2,652,626)
NET CASH FLOWS FROM FINANCING ACTIVITIES		7,432,469	4,037,224	5,058,482	1,376,732
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		385,749	606,660	(356,783)	568,070
Cash and cash equivalents at the beginning of the year		672,589	65,929	569,143	1,073
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	1,058,338	672,589	212,360	569,143

The accompanying notes form part of these financial statements.

INTERMOCO LIMITED
ABN: 15 006 908 701
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Consolidated Entity of Intermoco Limited and its controlled entities, and Intermoco Limited as an individual Parent Entity. Intermoco Limited is a listed public Company, incorporated and domiciled in Australia.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Intermoco Limited comply with International Financial Reporting Standards (IFRS).

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

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity where Intermoco Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 17 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Parent Entity.

Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(d) Plant and Equipment

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

Plant and equipment

Plant and equipment are 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 these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Consolidated Entity 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.

INTERMOCO LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Leasehold improvements	11%
Plant and equipment	25%
Plant and equipment leased to external parties	37%
Leased plant and equipment	8%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 gains and losses are included in the income statement.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Consolidated Entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Recognition

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost on trade date, which includes transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Consolidated Entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments are non-derivative financial assets that have fixed maturities, and it is the Consolidated Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Consolidated Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not included in the above categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

INTERMOCO LIMITED
ABN: 15 006 908 701
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

(g) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Consolidated Entity's share of post acquisition reserves of its associates.

(i) Interests in Joint Ventures

The Consolidated Entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Entity's interests are shown in Note 15.

The Consolidated Entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The Parent Entity's interests in joint venture entities are brought to account using the cost method.

(j) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intellectual Property

Intellectual property is recognised at cost of acquisition. Intellectual property has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Intellectual property is amortised over its useful life being 5 years.

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. 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 the income statement, 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 the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(l) Employee Benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

INTERMOCO LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(o) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(q) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(t) Trade and Other Receivables

Trade receivables are recognised at fair value. Collectibility of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment.

(u) Trade and Other Payables

Trade and other payable 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.

(v) Comparative Figures

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

(w) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity's.

Key estimates — Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

INTERMOCO LIMITED
ABN: 15 006 908 701
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 2 Revenue

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales revenue	2,486,329	50,287	127,804	-
Other income				
- Other income	691	450,013	-	450,013
- Interest income	76,814	21,091	75,715	19,275
- Research and development tax concession	331,291	307,462	331,291	307,462
- Gain on transfer of assets	-	123,365	-	433,645
Total other income	408,796	901,931	407,006	1,210,395
Total Revenue from continuing operations	2,895,125	952,218	534,810	1,210,395
Total Revenue from discontinuing operations	752,412	1,422,237	-	-
Interest Revenue from:				
- Ultimate Parent Entity	75,715	19,275	75,715	19,275
- Wholly-owned controlled entities	1,099	1,816	-	-
Total interest revenue	76,814	21,091	75,715	19,275

Note 3 Expenses

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Expenses from discontinuing operations - trading	(2,791,895)	(3,337,753)	-	-
Expenses from discontinuing operations - goodwill impairment	(7,830,335)	-	-	-
	(10,622,230)	(3,337,753)	-	-

Note 4 Income Tax Expense

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
The prima facie tax, using tax rates applicable in the country of origin, on the operating loss differs from the income tax provided in the financial statements as follows:				
Operating loss before income tax	(13,431,980)	(2,867,412)	(13,599,046)	(3,314,982)
Prima facie tax payable on loss from ordinary activities before income tax at 30% is as follows:				
— Consolidated Entity	(4,029,594)	(860,224)		
— Parent Entity			(4,079,714)	(994,495)
Add:				
Tax effect of:				
— non-deductible depreciation and amortisation	-	2,717	-	-
— other assessable income	323,920	-	306,199	-
— other (non-assessable) / non-allowable items	(52,420)	20,762	(55,497)	-
— impairment of goodwill / investments	2,452,636	-	2,326,171	-
— impairment of loans	-	-	780,509	-
— share options expensed during year	465,579	125,655	465,579	125,655
— Borrowing costs	-	127,609	-	127,609
— Section 40-880	(47,657)	-	(47,657)	-
— Share of net loss of joint venture entity	96,487	72,875	-	72,875
	3,238,545	349,618	3,775,303	326,139
Income tax benefit arising from current year	(791,049)	(510,606)	(304,411)	(668,356)
Add: benefit of tax losses not brought to account	791,049	510,606	304,411	668,356
Income tax attributable to entity	-	-	-	-

Consolidated Group

For tax purposes, Intermoco Limited and its wholly-owned Australian subsidiaries at 30 June 2007 had formed a tax consolidated group under the tax consolidation regime. It is the Consolidated Entity's intention, for the wholly-owned Australian subsidiaries acquired in the financial year ended 30 June 2008 to join this tax consolidated group. Intermoco Limited is responsible for recognising the current and deferred tax assets arising from tax losses, if any for the tax consolidated group as it is the head entity. Each company within the tax consolidated group contributes to any income tax payable, if any, in proportion to their contribution to the net profit before tax of the tax consolidated group.

Carry forward tax losses

A deferred tax asset of approximately \$11,587,705 of tax losses (2007:\$10,796,656) for the Consolidated Entity is available for recoupment at 30 June 2008.

Recoupment of prior period tax losses is contingent upon:

- the Consolidated Entity deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised.
- the conditions of deductibility imposed by tax legislation continuing to be complied with; and
- there being no changes in tax legislation which would adversely effect the Consolidated Entity from realising the benefits from the losses.

No deferred tax losses have been brought to account at 30 June 2008 (2007: Nil) as the Directors do not consider it probable that the losses will be realised in the short term.

INTERMOCO LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 5 Discontinued Operations

	Consolidated Entity	
	2008	2007
	\$	\$

(i) On 7 December 2006, the Consolidated Entity announced the sale of Vircom Pty Ltd.

The financial performance of the discontinued operation to the date of sale which is included in profit from discontinued operations for the Income Statement is as follows:

Revenue	-	292,757
Expenses	-	(215,921)
Profit before income tax	-	76,836
Income tax expense	-	-
Profit attributable to members of the Parent Entity	-	76,836
<u>(Loss) on sale of Vircom Pty Ltd included in loss from discontinued operations per the income statement</u>	<u>-</u>	<u>(59,498)</u>
Profit for the period	-	17,338

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

Net cash flow from operating activities	-	14,851
Net cash flow from financing activities	-	21,865
<u>Net cash increase in cash generated by the discontinuing division</u>	<u>-</u>	<u>36,716</u>

(ii) On 23 June 2008, the Consolidated Entity announced the sale of certain assets and liabilities owned by Intermoco Solutions Pty Ltd. This sale was finalised on 21 August 2008. The Consolidated Entity continues in the monitoring and control industry focusing on the products and solutions for the utility industry.

The financial performance of the discontinued assets and liabilities for the years ended 30 June 2008 and 2007 which is included in loss from discontinued operations for the Income Statement is as follows:

Revenue	752,412	1,129,480
Cost of goods sold	(440,312)	(274,365)
Expenses	(2,351,583)	(2,787,969)
Goodwill impairment	(7,830,335)	-
<u>(Loss) before income tax</u>	<u>(9,869,818)</u>	<u>(1,932,854)</u>
Income tax expense	-	-
<u>(Loss) attributable to members of the Parent Entity</u>	<u>(9,869,818)</u>	<u>(1,932,854)</u>

The carrying value of assets and liabilities sold is as follows:

Assets		
Plant and Equipment	195,816	
Inventory	328,336	
Liabilities		
Trade and Other Payables	(357,116)	
Provision for Annual Leave and Long Service Leave	(75,074)	
	91,962	

The net cash flow of the discontinuing assets and liabilities which have been incorporated into the statement of cash flows are as follows:

Net cash outflows from operating activities	(1,548,791)	(2,601,306)
Net cash flow/(outflows) from investing activities	(138,217)	58,415
Net cash flow/(outflow) from financing activities	(34,535)	34,535
<u>Net cash increase/(decrease) in cash generated by the discontinuing assets and liabilities</u>	<u>(1,721,543)</u>	<u>(2,508,356)</u>

Cash consideration for the sale of certain assets and liabilities of Intermoco Solutions Pty Ltd	2,123,709	
Assets held for sale	524,152	
Goodwill	2,095,990	
Liabilities held for sale	(432,190)	
Additional trade payables since 30 June 2008	(64,243)	
<u>Net assets disposed</u>	<u>2,123,709</u>	
<u>Gain/(loss) on disposal</u>	<u>-</u>	

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Note 6 Key Management Personnel Compensation

(a) Key Management Personnel compensation

The aggregate compensation made to Key Management Personnel of the Consolidated Entity and the Company is set out below:

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	792,192	647,763	514,929	412,082
Post-employment benefits	40,468	48,721	16,546	27,510
Long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	88,720	56,147	50,192	9,252
	<u>921,380</u>	<u>752,631</u>	<u>581,667</u>	<u>448,844</u>

(b) Options

The number of options over ordinary 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:

	Balance at start of the year **	Granted as Compensation	Options Exercised	Net Change Other *	Balance at end of the year **	Vested and exercisable	Unvested
2008							
Directors of Intermoco Limited							
Mr. Desmond (Wes) Ferguson	-	-	-	-	-	-	-
Mr. Jeffrey W. Robertson	-	-	-	-	-	-	-
Mr. Simon Kemp	-	-	-	-	-	-	-
Mr. Stephen F. Black***	4,000,000	-	-	-	4,000,000	4,000,000	-
Mr. Jeffrey H Bennett***	3,500,000	-	-	-	3,500,000	3,500,000	-
Mr. Harvey Parker***	4,000,000	-	-	-	4,000,000	2,000,000	2,000,000
Other Key Management Personnel							
Mr. Andrew Meehan	200,000	-	-	-	200,000	200,000	-
Mr. Bob Gestro	-	-	-	-	-	-	-
Mr. Ken Benson	-	-	-	-	-	-	-
Mr. Peter Taylor	2,400,000	-	-	-	2,400,000	1,950,000	450,000
	<u>14,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,100,000</u>	<u>11,650,000</u>	<u>2,450,000</u>
2007							
Directors of Intermoco Limited							
Mr. Stephen F. Black	4,000,000	-	-	-	4,000,000	2,000,000	2,000,000
Mr. Jeffrey H Bennett	3,500,000	-	-	-	3,500,000	3,500,000	-
Mr. Harvey Parker	-	4,000,000	-	-	4,000,000	-	4,000,000
Mr. Graeme Shearer	4,000,000	-	-	-	4,000,000	2,000,000	2,000,000
Mr. Martin Yii	4,000,000	-	-	(4,000,000)	-	-	-
Mr. Saiful A. Shahabudin	4,000,000	-	-	(4,000,000)	-	-	-
Ir. Dr. Azman bin Ahmad	4,000,000	-	-	(4,000,000)	-	-	-
Other Key Management Personnel							
Mr. John Howell	1,500,000	400,000	-	-	1,900,000	1,500,000	400,000
Mr. Peter Taylor	1,500,000	900,000	-	-	2,400,000	1,500,000	900,000
Mr. Nigel Maitland	2,000,000	400,000	-	-	2,400,000	2,000,000	400,000
	<u>28,500,000</u>	<u>5,700,000</u>	<u>-</u>	<u>(12,000,000)</u>	<u>22,200,000</u>	<u>12,500,000</u>	<u>9,700,000</u>

* Net Change Other includes options that were forfeited 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.

*** These options lapsed post 30 June 2008 due to the retirement of Directors.

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(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:

	Balance at the start of the year **	Received as Compensation	Options Exercised	Net Change Other*	Balance at the end of the year **
2008					
Directors of Intermoco Limited					
Mr. Desmond (Wes) Ferguson	-	-	-	-	-
Mr. Jeffrey W. Robertson	145,000	-	-	-	145,000
Mr. Simon Kemp	-	-	-	-	-
Mr. Stephen F. Black	-	-	-	5,224,560	5,224,560
Mr. Jeffrey H Bennett	6,943,224	-	-	(6,943,224)	-
Mr. Harvey Parker	-	-	-	1,400,000	1,400,000
Other Key Management Personnel					
Mr. Andrew Meehan	-	-	-	-	-
Mr. Bob Gestro	-	-	-	13,333,333	13,333,333
Mr. Ken Benson	-	-	-	-	-
Mr. Peter Taylor	1,765,957	650,000	-	360,000	2,775,957
	<u>8,854,181</u>	<u>650,000</u>	<u>-</u>	<u>13,374,669</u>	<u>22,878,850</u>

* Net change other refers to shares purchased or sold during the financial year.

	Balance at the start of the year **	Received as Compensation	Options Exercised	Net Change Other*	Balance at the end of the year **
2007					
Directors of Intermoco Limited					
Mr. Stephen F. Black	-	-	-	-	-
Mr. Jeffrey H Bennett	5,282,865	-	-	1,660,359	6,943,224
Mr. Harvey Parker	-	-	-	-	-
Mr. Graeme Shearer	-	-	-	-	-
Mr. Martin Yii	-	-	-	-	-
Mr. Saiful A. Shahabudin	-	-	-	-	-
Ir. Dr. Azman bin Ahmad	-	-	-	-	-
Other Key Management Personnel					
Mr. John Howell	-	-	-	-	-
Mr. Peter Taylor	765,957	1,000,000	-	-	1,765,957
Mr. Nigel Maitland	787,500	-	-	(787,500)	-
	<u>6,836,322</u>	<u>1,000,000</u>	<u>-</u>	<u>872,859</u>	<u>8,709,181</u>

* 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.

(g) **Loans to Key Management Personnel**

There were no loans made to the Directors or other Key Management Personnel of the Consolidated Entity, including their personally related parties.

(h) **Other transactions with Key Management Personnel**

There were no further transactions with Key Management Personnel not disclosed above or in note 31.

Note 7 Auditors' Remuneration

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Remuneration of the auditor of the Parent Entity for:				
— auditing or reviewing the financial report	64,585	58,000	64,585	58,000
— taxation services	44,612	27,157	44,612	27,157
	<u>109,197</u>	<u>85,157</u>	<u>109,197</u>	<u>85,157</u>

Note 8 Dividends

During the year ended 30 June 2008, no dividends were paid or declared by the Consolidated Entity.

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Note 9 Loss per Share

	Consolidated Entity	
	2008	2007
	Cents per Share	Cents per share
Basic loss per share		
From continuing operations	(0.32)	(0.11)
From discontinued operations	(0.87)	(0.21)
Total basic loss per share	(1.19)	(0.32)
Diluted loss per share		
From continuing operations	(0.32)	(0.11)
From discontinued operations	(0.87)	(0.21)
Total diluted loss per share	(1.19)	(0.32)

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	1,130,290,027	886,525,405

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. All the options on issue do not have the effect to dilute the loss per share. Therefore, they have been excluded from the calculation of diluted loss per share.

Note 10 Cash and Cash Equivalents

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reconciliation of cash				
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Balance Sheet as follows:				
Cash and cash equivalents	1,058,338	672,589	212,360	569,143

Note 11 Trade and Other Receivables

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Trade and other receivables	1,600,370	420,254	103,985	164,191

Note 12 Inventories

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
At cost				
Raw materials and stores	167,456	253,131	-	-
Finished goods	304,951	395,549	76,544	-
	472,407	648,680	76,544	-

Note 13 Investments Accounted for Using the Equity Method

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Interests in joint venture entities	15	-	321,624	500,000	500,000

Note 14 Associated Companies

Name	Date of Incorporation	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				2008	2007	2008	2007
				%	%	\$	\$
Interests are held in the following associated companies							
KMSB Intermoco SDN. BHD	28 February 2002	Malaysia	Ordinary	49	49	-	-
SMA Thailand	16 October 2003	Thailand	Ordinary	49	49	-	-

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

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Note 15 Joint Venture

Name	Date of Incorporation	Country of Incorporation	Shares	Ownership Interest	
				2008 %	2007 %
Unlisted:					
PRI Utiligy Pty Ltd	7 January 2007	Australia	Ordinary	40	40

Principal Activity of Joint Venture

The principal activity of PRI Utiligy Pty Ltd is the sale of Intermoco Utility AMR solution to the utility secondary market in Australia.

Reporting Date of Joint Venture

PRI Utiligy has a reporting date of 31 March 2007. It's next reporting date will be 31 March 2008. The difference in reporting date to the Company's is due to it being in line with the majority shareholder. The accounts have been calculated to take into account the difference in reporting date.

Subsequent to Reporting Date

On 23 June 2008 the Consolidated Entity advised the market that it had entered an agreement to acquire 100% of the Joint Venture - PRI Utiligy Pty Ltd. This acquisition was finalised on 21 August 2008.

	Consolidated Entity		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
(i) Carrying amount of investment in joint venture entity:				
Balance at the beginning of the financial year				
- Initial Investment	500,000	500,000	500,000	500,000
- Share of joint venture's loss after income tax	(500,000)	(178,376)	-	-
Balance at the end of the financial year	-	321,624	500,000	500,000

At 30 June 2008, the joint venture had accumulated losses of \$1,637,480. The Consolidated Entity has recognised 40% of these losses up to the value of its investment. These losses exceeded the value of the investment by \$154,992 during the financial year ended 30 June 2008.

(ii) Summary of financial information for equity accounted investments, not adjusted for the percentage ownership held by the group.

Current Assets	1,168,866	705,854	-	-
Non-Current Assets	431,735	431,735	-	-
Total Assets	1,600,601	1,137,589	-	-
Current Liabilities	1,969,896	328,316	-	-
Non-current liabilities	19,744	8,271	-	-
Total liabilities	1,989,640	336,587	-	-
Revenues	1,939,007	526,945	-	-
Costs of good sold	(1,145,706)	(280,965)	-	-
Expenses	(1,984,842)	(691,919)	-	-
Loss before income tax	(1,191,541)	(445,939)	-	-
Income tax expense	-	-	-	-
Loss after income tax	(1,191,541)	(445,939)	-	-

(iii) Summary of acquisition of PRI Utiligy Pty Ltd:

On 21 August 2008, the Consolidated Entity acquired the remaining 60% stake in PRI Utiligy Pty Ltd. The Consolidated Entity has provisionally determined the acquisition accounting with work continuing to finalise the valuation and accounting for the assets. Provisional details of the fair value of the assets and liabilities acquired are as follows:

<u>Purchase Consideration</u>	
45,526,838 shares issued at 1.5 cents each	682,903
Debts converted to equity	746,506
Licence fees paid to Intermoco Ltd	(1,895,555)
Total consideration	(466,146)
<u>Assets</u>	
Cash	238,336
Other assets	63,068
Debtors	419,463
Plant and Equipment and other assets	497,399
Inventory	103,770
<u>Liabilities</u>	
Trade creditors	(440,304)
Other payables	(89,964)
Provisions	(103,691)
Net assets acquired	688,077
Discount on acquisition	(1,154,223)

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Note 16 Financial Assets

	Note	Consolidated Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Current					
Bonds and security deposits	(i)	-	225,000	-	225,000
Less: allowance for diminution		-	-	-	-
		-	225,000	-	225,000
Non-current					
Shares in controlled entities at cost		-	-	70,216,997	66,531,694
Less: allowance for diminution		-	-	(64,221,007)	(56,467,103)
	(ii)	-	-	5,995,990	10,064,591
Shares in other entities at cost	(iii)	4,444,444	-	4,444,444	-
Loan to other entities at cost	(iv)	134,475	-	127,672	-
		4,578,919	-	10,568,106	10,064,591

(i) The terms of this unsecured deposit are as follows:	Date Accepted	Rate of interest	Term and Interest Payment	Maturity
	25 March 2007	8.95%	Compounded Annually	23 February 2009

This unsecured deposit was repaid in August 2007.

(ii) The value at 30 June 2008, represents the carrying value of Intermoco Ltd's investment in Intermoco Solutions Pty Ltd, Utility Data Solutions Pty Ltd, Powersave Pty Ltd and Australian Meter Company Pty Ltd.

(iii) The shares are carried at cost as there is no quoted market price for this investment to enable fair value to be measured reliably.

(iv) This loan is to the Joint Venture, PRI Utiligy Pty Ltd that Intermoco Limited acquired post balance date, see note 30 for further detail.

Note 17 Controlled Entities

(a) Controlled Entities

	Country of Incorporation	Percentage Owned (%)*	
		2008	2007
Parent Entity:			
Intermoco Limited	Australia		
Subsidiaries of Intermoco Limited:			
Intermoco Solutions Pty Ltd	Australia	100	100
Australian Meter Company Pty Ltd	Australia	100	-
Utility Data Solutions Pty Ltd	Australia	100	100
Powersave Pty. Ltd.	Australia	100	-
National Energy Management Agency Pty Ltd	Australia	100	100
Advanced Energy Limited	Australia	100	-
Sonoran Gold Pty Ltd	Australia	99	99
Mexex Gold Corporation SA de CV	Mexico	99	99

* Percentage of voting power is in proportion to ownership

(b) Acquisition of Controlled Entities

- On 2 December 2007 Intermoco Limited acquired 100% of Australian Meter Company Pty Ltd, with Intermoco Limited entitled to all profits earned from 2 December 2007 for a purchase consideration of \$1,476,173.
- On 20 December 2007 Intermoco Limited acquired 100% of Powersave Pty Ltd, with Intermoco Limited entitled to all profits earned from 20 December 2007 for a purchase consideration of \$2,282,850.
- On 11 March 2008 Intermoco Limited acquired 100% of Advanced Energy Ltd, with Intermoco Limited entitled to all profits earned from 11 March 2008 for a purchase consideration of \$285,300.
- On 1 April 2007 Intermoco Limited acquired 100% of Utility Data Solutions Pty Ltd, with Intermoco Limited entitled to all profits earned from 1 April 2007 for a purchase consideration of \$500,000.

(c) Disposal of Controlled Entities

On 7 December 2006, Intermoco Limited disposal of Vircom Pty Ltd. An operating profit of \$17,338 after income tax was attributable to members of the Parent Entity from the disposal. No remaining interest in the entity was held by any member of the Consolidated Entity.

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Note 18 Plant and Equipment

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and equipment				
At cost	188,527	670,482	58,543	58,543
Accumulated depreciation	(131,715)	(526,773)	(55,720)	(55,188)
	56,812	143,709	2,823	3,355
Leasehold improvements				
At cost	226,972	213,927	178,618	178,618
Accumulated amortisation	(95,553)	(75,938)	(77,141)	(62,363)
	131,419	137,989	101,477	116,255
Leased plant and equipment				
At cost	-	55,092	-	-
Accumulated amortisation	-	(9,056)	-	-
	-	46,036	-	-
Total Property, Plant and Equipment	188,231	327,734	104,300	119,610

Movements in Carrying Amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$	\$
Consolidated Entity:				
Balance at 1 July 2006	145,858	236,059	-	381,917
Additions	8,020	35,631	62,472	106,123
Disposals	-	(58,975)	(7,380)	(66,355)
Additions through acquisition of entity	-	2,401	-	2,401
Depreciation expense	(15,889)	(51,893)	(9,056)	(76,838)
Disposal of assets on sale of subsidiary	-	(19,514)	-	(19,514)
Balance at 30 June 2007	137,989	143,709	46,036	327,734
Additions	13,045	125,171	-	138,216
Disposals	-	(171,877)	(23,939)	(195,816)
Additions through acquisition of entity	-	18,182	-	18,182
Depreciation expense	(19,615)	(58,373)	(22,097)	(100,085)
Balance at 30 June 2008	131,419	56,812	-	188,231
Parent Entity:				
Balance at 1 July 2006	130,991	4,000	-	134,991
Depreciation expense	(14,736)	(645)	-	(15,381)
Balance at 30 June 2007	116,255	3,355	-	119,610
Depreciation expense	(14,778)	(532)	-	(15,310)
Balance at 30 June 2008	101,477	2,823	-	104,300

Note 19 Intangible Assets

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Goodwill					
Cost		52,815,721	49,092,896	-	-
Accumulated impairment losses		(46,889,611)	(38,714,159)	-	-
Net carrying value	(i)	5,926,110	10,378,737	-	-

(i) The value at 30 June 2008, represents the carrying value of Goodwill for Intermoco Solutions Pty Ltd, Utility Data Solutions Pty Ltd, Powersave Pty Ltd and Australian Meter Company Pty Ltd.

	Goodwill \$
Consolidated Entity	
Year ended 30 June 2007	
Balance at the beginning of year	10,448,296
Additions	452,412
Disposals	(521,971)
Closing carrying value at 30 June 2007	10,378,737
Year ended 30 June 2008	
Additions	3,722,825
Impairment losses	(8,175,452)
Closing carrying value at 30 June 2008	5,926,110

Goodwill has an indefinite life.

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Impairment Disclosures

The carrying amounts of the Consolidated Entity's assets are reviewed at each balance sheet 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 the income statement, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the income statement.

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.

The following assumptions were used in the value-in-use calculation.

1. Cash flow projections based on financial budgets approved by senior management covering a 5 year period.
2. Forecast cash flows include only local sales. The cash flows were then discounted at a rate of 27%.
3. We have based the calculation on growth rates of 19% in the first year tapering to a sustainable long term growth rate of 3.5% in 5 years. Budgeting gross margins have been calculated based on analysis of forecasted revenues and costs of sales, as per the business plan for the restructured entity.

Note 20 Trade and Other Payables

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current					
Unsecured liabilities					
Trade payables		1,023,488	476,571	302,081	184,331
Sundry payables and accrued expenses		672,436	756,906	231,280	287,584
License fees	i)	1,895,555	874,892	1,895,555	874,892
Amounts payable to:					
— Directors		116,416	45,000	116,416	45,000
— Management and executives		23,479	-	23,479	-
		3,731,374	2,153,369	2,568,811	1,391,807
i) Part payment of license fees from PRI Limited. Upon settlement of the acquisition of the Joint Venture PRI Utility Ltd, this will form part of the cost of acquisition, refer note 15(iii).					
Non-current					
Amounts payable to:					
— Directors		-	130,500	-	130,500
— Management and executives		-	153,273	-	153,273
		-	283,773	-	283,773

Note 21 Financial Liabilities

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current					
Unsecured loan	i)	-	655,588	-	655,588
Lease Liability		23,023	34,534	-	-
Advanced payment for sale of assets		500,000	-	-	-
Deferred consideration on acquisition of subsidiary		718,667	-	718,667	-
		1,241,690	690,122	718,667	655,588
Non Current					
Lease liability		-	23,024	-	-
Convertible Note	ii)	2,100,000	-	2,100,000	-
		2,100,000	23,024	2,100,000	-

i) The unsecured loan has an effective interest rate of 7 percent payable annually. The settlement date for this loan is 1 May 2008.

ii) The convertible note has a maturity of 3 years. The note holder has the right to convert to equity in Intermoco Ltd at a conversion price of \$0.055 per share.

Note 22 Provisions

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current - Annual Leave	62,678	96,057	11,858	23,646
Non-current - Long Service Leave	54	19,892	54	6,910
	62,732	115,949	11,912	30,556
Annual Leave				
At the beginning of reporting period	96,057	163,080	23,646	45,436
Additions / (used)	33,724	(67,023)	(11,788)	(21,790)
Amounts transfers to liabilities classified as held for sale	(67,103)	-	-	-
	62,678	96,057	11,858	23,646

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Long Service Leave

At the beginning of reporting period	19,892	23,552	6,910	3,644
Additions / (used)	(11,867)	(3,660)	(6,856)	3,266
Amounts transfers to liabilities classified as held for sale	(7,971)	-	-	-
	54	19,892	54	6,910

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 23 Issued Capital

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
1,247,274,826 (2007:1,023,003,761) fully paid ordinary shares	23a	125,662,263	116,287,380	125,662,263	116,287,380
238,181,818 (2007:nil) options	23b	949,280	-	949,280	-
		126,611,543	116,287,380	126,611,543	116,287,380

		2008		2007	
		No.	\$	No.	\$
(a) Ordinary Shares					
At the beginning of reporting period		1,023,003,344	116,287,380	805,523,924	111,173,359
Shares issued for cash	(i)	120,000,000	6,000,000	203,307,423	4,157,539
Shares issued for operating activities	(ii)	10,581,440	442,672	9,000,000	172,000
Shares issued for acquisition	(iii)	77,235,259	2,864,183	5,172,414	150,000
Shares issued to eliminate financial liabilities	(iv)	12,054,783	443,027	-	798,364
Shares issued to settle capital raising costs	(iv)	4,400,000	220,000	-	-
Less capital raising expenses reported directly in equity		-	(594,999)	-	(163,882)
		1,247,274,826	125,662,263	1,023,003,761	116,287,380

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.

(i) 2008	Details	Number	Issue Price \$	\$
17 December 2007	Issue to investors	120,000,000	0.05	6,000,000
(ii) 2008	Details	Number	Issue Price \$	\$
21 December 2007	Issue to a consultant	4,531,440	0.05	226,572
21 December 2007	Issue to a Key Management Personnel	650,000	0.05	32,500
13 March 2008	Issue to a Director	2,000,000	0.03	68,000
13 March 2008	Issue to a Director	2,000,000	0.03	68,000
13 March 2008	Issue to a Director	1,400,000	0.03	47,600
		10,581,440		442,672
(iii) 2008	Details	Number	Issue Price \$	\$
3 September 2007	Acquisition of Utility Data Solutions Pty Ltd	4,689,370	0.03	150,000
21 December 2007	Acquisition of Powersave Pty Ltd	23,657,000	0.05	1,182,850
21 December 2007	Acquisition of Advance Energy Ltd	5,000,000	0.05	250,000
31 March 2008	Acquisition of Powersave Pty Ltd	30,555,556	0.04	1,100,000
30 June 2008	Acquisition of Australian Meter Company Pty Ltd	13,333,333	0.01	181,333
		77,235,259		2,864,183
(iv) 2008	Details	Number	Issue Price \$	\$
3 September 2007	Extinguish long term debt	11,054,783	0.04	409,027
7 September 2007	Extinguish long term debt	1,000,000	0.03	34,000
		12,054,783		443,027
(iv) 2008	Details	Number	Issue Price \$	\$
21 December 2007	Capital raising costs	4,400,000	0.05	220,000
(b) Options		2008		2007
		No.	\$	No.
At the beginning of reporting period		-	-	-
Options issued for operating activities	(i)	38,181,818	914,080	-
Options issued for acquisition	(ii)	200,000,000	35,200	-
At reporting date		238,181,818	949,280	-
(i) 2008	Details	Number	Issue Price \$	\$
2 January 2008	Issued to convertible note holder	38,181,818	0.02	914,080
(ii) 2008	Details	Number	Issue Price \$	\$
13 March 2008	Acquisition of Advanced Energy Ltd	200,000,000	0.00	35,200

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(b) Acquisitions of Entities

	Australian Meter Company Pty Ltd	Powersave Pty Ltd	Advanced Energy Ltd	Utility Data Solutions Pty Ltd
Acquisition Date	2/12/2007	20/12/2007	11/3/2008	1/4/2007
Percentage Acquired	100%	100%	100%	100%
Goodwill on Acquisition	\$	\$	\$	\$
Cash paid	576,173	-	100	200,000
Shares issued	181,333	2,282,850	250,000	300,000
Options issued	-	-	35,200	-
Deferred consideration	718,667	-	-	-
Total consideration	<u>1,476,173</u>	<u>2,282,850</u>	<u>285,300</u>	<u>500,000</u>
Assets				
Cash	-	3	-	4,462
Trade and other receivables	-	34,641	-	158,722
Inventory	156,173	182,390	-	100,000
Plant and equipment	20,000	-	-	2,401
Total assets acquired	<u>176,173</u>	<u>217,034</u>	<u>-</u>	<u>265,585</u>
Liabilities				
Trade and other payables	-	7,370	59,817	208,697
Loan to related party	-	4,521	-	-
Provisions	-	-	-	9,300
Total liabilities	<u>-</u>	<u>11,891</u>	<u>59,817</u>	<u>217,997</u>
Net assets / (liabilities) acquired	176,173	205,143	(59,817)	47,588
Goodwill on acquisition	<u>1,300,000</u>	<u>2,077,707</u>	<u>345,117</u>	<u>452,412</u>

Goodwill on acquisition of Powersave Pty Ltd, Australian Meter Company Pty Ltd and Utility Data Solutions Pty Ltd continues to be carried. The goodwill of Advanced Energy Limited was impaired to nil.

(b) Disposal of Entities

During the year ended 30 June 2007, Vircom Pty Ltd was sold. Aggregate details of this transaction are:

	2007 \$
Disposal price	151,696
Cash consideration	<u>151,696</u>
Assets and liabilities held at disposal date:	
Goodwill	(211,691)
Property, plant and equipment	(19,514)
Employee provisions	20,011
	<u>(211,194)</u>
Loss on sale of Vircom Pty Ltd included in loss from discontinued operations per the income statement	<u>(59,498)</u>

(c) Non-cash Financing and Investing Activities

Refer to notes 23 and 24 for issues of equity for nil consideration. During the financial year ended 30 June 2007, \$55,092 of plant and equipment was acquired via a finance lease.

Note 29 Share-based Payments

The following share-based payment arrangements existed at 30 June 2008.

	Consolidated Entity			
	2008		2007	
	Number of Options	Average Exercise Price	Number of Options	Average Exercise Price
Year end 30 June 2008				
Outstanding at the beginning of the year	40,100,000	5.2 cents	40,070,000	6.4 cents
Granted	-	-	14,800,000	3.2 cents
Forfeited	-	-	(18,770,000)	3.2 cents
Exercised	-	-	-	
Expired	-	-	-	
Outstanding at year-end	<u>40,100,000</u>		<u>40,100,000</u>	
Exercisable at year-end	<u>35,400,000</u>		<u>25,300,000</u>	

On 19 April 2007, 10,800,000 share options were granted to employees under the Intermoco Limited employee option plan to take up ordinary shares at an exercise price of 3 cents each. The options are exercisable after 12 months. The options hold no voting or dividend rights and are not transferable.

On 14 May 2007, 4,000,000 share options were granted to Directors under the Intermoco Limited employee option plan to take up ordinary shares at an exercise price of 3 cents each. The options are not exercisable in the first 12 months. The options hold no voting or dividend rights and are not transferable. These options lapsed post 30 June 2008 due to the retirement of Directors.

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The weighted average fair value of options granted during the 2007 year was 1.28 cents

Options granted to Directors, and employees during the 2007 financial year were priced using a binomial pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past two years.

Inputs into the model were as follows:

Weighted average exercise price	3.2 cents
Weighted average life of the option	3 years
Underlying share price 3.0 cents	3.0 cents
Expected share price volatility	55 percent
Risk free interest rate	6.75 percent

Note 30 Events After the Balance Sheet Date

On 21 August 2008, the Consolidated Entity completed the agreement with PRI Pte Ltd, under which it acquired the remaining 60% of PRI Utiligy Pty Ltd and PRI Pte Ltd acquired certain assets and liabilities of Intermoco Solutions Pty Ltd. As part of this agreement, Intermoco Limited issued 45,526,838 ordinary shares. Refer to Notes 5 and 15 for further information.

There has not been any other matter or circumstance, other than that referred to above or disclosed elsewhere in this Annual Report that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Note 31 Related Party Transactions

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties:				
Payment of consultancy fees to Springwell Australia Pty Ltd, a company associated with Graeme Shearer (Director)	-	103,477	-	103,477

Harvey Parker, a former Director of the Consolidated Entity was also a vendor of Powersave Pty Ltd. Refer to note 28(b) for detail regarding the acquisition of Powersave Pty Ltd.

Note 32 Financial Instruments

a) Financial Instruments

The Consolidated Entity's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables.

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash and cash equivalents	1,058,338	672,589	212,360	569,143
Trade and other receivables	1,600,370	420,254	103,985	164,191
Other financial assets	-	225,000	-	225,000
Trade and other payables	3,731,374	2,153,369	2,568,811	1,391,807
Other financial liabilities	3,341,690	713,146	2,818,667	655,588

The Consolidated Entity does not have any derivative instruments at 30 June 2008.

b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Consolidated Entity's implementation of the system on a regular basis.

c) Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables represents their fair values determined in accordance with the accounting policies disclosed in note 1.

d) Capital Risk Management

The Consolidated Entity's objectives when managing capital are to safeguard the Consolidated Entity's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Consolidated Entity may issue new shares or reduce its capital, subject to the provisions of Intermoco Ltd's constitution. The capital structure of the Consolidated Entity consists of equity attributed to equity holders of Intermoco Ltd, comprising issued capital, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Consolidated Entity's management the Board monitors the need to raise additional equity from the equity markets. The Consolidated Entity is not subject to externally imposed capital requirements.

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e) Financial Risk Management

The main risks the Consolidated Entity is exposed to through its operations are interest rate risk, credit risk and liquidity risk.

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risks via cash and cash equivalents that it holds and other financial liabilities. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the Consolidated Entity's exposure to fluctuations in interest rate that might impact its interest revenue and interest expense and therefore its cashflow.

The Consolidated Entity's exposure to interest rate risk and the weighted average interest rates on the Consolidated Entity's financial assets and financial liabilities is as follows:

Year end 30 June 2008	Fixed interest rate maturity						Total
	Weighted average effective interest rate %	Floating interest rate \$	Less 1 year \$	1-5 years \$	More than 5 years \$	Non-interest bearing \$	
2008							
<u>Financial Assets</u>							
Cash and cash equivalents	5.30	1,058,338	-	-	-	-	1,058,338
Trade and other receivables		-	-	-	-	1,600,370	1,600,370
Other financial assets		-	-	-	-	-	-
Total financial Assets		1,058,338	-	-	-	1,600,370	2,658,708
<u>Financial Liabilities</u>							
Trade and other payables		-	-	-	-	3,731,374	3,731,374
Other financial liabilities	12.00	-	-	2,100,000	-	1,241,690	3,341,690
Total Financial Liabilities		-	-	2,100,000	-	4,973,064	7,073,064
2007							
<u>Financial Assets</u>							
Cash and cash equivalents	4.50	672,589	-	-	-	-	672,589
Trade and other receivables		-	-	-	-	420,254	420,254
Other financial assets	8.95	-	225,000	-	-	-	225,000
Total financial Assets		672,589	225,000	-	-	420,254	1,317,843
<u>Financial Liabilities</u>							
Trade and other payables		-	-	-	-	2,153,369	2,153,369
Other financial liabilities	7.12	-	690,122	23,024	-	-	713,146
Total Financial Liabilities		-	690,122	23,024	-	2,153,369	2,866,515

The Parent Entity's exposure to interest rate risk and the weighted average interest rates on the Parent Entity's financial assets and financial liabilities is as follows:

Year end 30 June 2008	Fixed interest rate maturity						Total
	Weighted average effective interest rate %	Floating interest rate \$	Less 1 year \$	1-5 years \$	More than 5 years \$	Non-interest bearing \$	
2008							
<u>Financial Assets</u>							
Cash and cash equivalents	5.30	212,360	-	-	-	-	212,360
Trade and other receivables		-	-	-	-	103,985	103,985
Other financial assets		-	-	-	-	-	-
Total financial Assets		212,360	-	-	-	103,985	316,345
<u>Financial Liabilities</u>							
Trade and other payables		-	-	-	-	2,568,811	2,568,811
Other financial liabilities	12.00	-	-	2,100,000	-	718,667	2,818,667
Total Financial Liabilities		-	-	2,100,000	-	3,287,478	5,387,478

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2007

Financial Assets

Cash and cash equivalents	4.50	569,143	-	-	-	-	569,143
Trade and other receivables		-	-	-	-	164,191	164,191
Other financial assets	8.95	-	225,000	-	-	-	225,000
Total financial Assets		569,143	225,000	-	-	164,191	958,334

Financial Liabilities

Trade and other payables		-	-	-	-	1,675,580	1,675,580
Other financial liabilities	7.00	-	655,588	-	-	-	655,588
Total Financial Liabilities			655,588	-	-	1,675,580	2,331,168

There has been no material change in the Consolidated Entity's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2008.

The Consolidated Entity has conducted a sensitivity analysis of the Consolidated Entity's exposure to interest rate risk. The analysis shows that if the Consolidated Entity's interest rate was to fluctuate as disclosed below and all other variables had remained constant, then the interest rate sensitivity impact on the Consolidated Entity's loss after tax and equity would be as follows:

	Consolidated Entity		Parent Entity	
	2008 (Higher) / Lower	2007 (Higher) / Lower	2008 (Higher) / Lower	2007 (Higher) / Lower
+1% (100 basis points)	(10,583)	(1,844)	(2,124)	(1,386)
+1% (100 basis points)	10,583	1,844	2,124	1,386

Credit Risk

The Consolidated Entity is exposed to credit risk via its cash and cash equivalents, trade and other receivables and other financial assets. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Consolidated Entity. To reduce risk exposure to the Consolidated Entity's cash and cash equivalents, it places them with high credit quality financial institutions.

The Consolidated Entity has analysed its trade and other receivables below. All trade and other receivables disclosed below have not been impaired. The majority of the trade and other receivables that are 90+ days at 30 June 2008 relate to amounts outstanding from the Joint Venture. These amounts were settled as part of the subsequent acquisition of the Joint Venture.

2008	0-30 days	30-60 days	60-90 days	90+ days
Trade and other receivables	698,556	214,635	54,365	632,814

2007	0-30 days	30-60 days	60-90 days	90+ days
Trade and other receivables	364,920	4,702	9,514	41,118

The Parent Entity has analysed its trade and other receivables below. All trade and other receivables disclosed below have not been impaired.

2008	0-30 days	30-60 days	60-90 days	90+ days
Trade and other receivables	103,985	-	-	-

2007	0-30 days	30-60 days	60-90 days	90+ days
Trade and other receivables	164,191	-	-	-

Liquidity Risk

The Consolidated Entity is exposed to liquidity risk via its trade and other payables and financial liabilities. Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Company's Management at Board meetings to ensure that the Consolidated Entity continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board believes that their is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flow forecasts whether the Consolidated Entity needs to raise additional funding from the equity markets.

The Consolidated Entity has analysed its trade and other payables below.

2008	0-30 days	30-60 days	60-90 days	90+ days
Trade and other payables	1,172,444	247,022	114,043	2,197,865

2007	0-30 days	30-60 days	60-90 days	90+ days
Trade and other payables	633,169	161,677	39,732	1,318,791

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The Parent Entity has analysed its trade and other payables below.

2008	0-30 days	30-60 days	60-90 days	90+ days
Trade and other payables	404,615	70,333	21,319	2,072,544

2007	0-30 days	30-60 days	60-90 days	90+ days
Trade and other payables	140,395	155,577	3,728	1,092,107

At 30 June 2008, \$1.9m of the 90+ days trade and other payables related to deferred income and the balance related to payments under review.

Note 33 Changes in Accounting Policy

The following Australian Accounting Standards have been issued or amended and are applicable to the Parent Entity and Consolidated Entity but are not yet effective. They have not been adopted in presentation of the financial statements at reporting date.

Reference	Title	Outline of Amendment	Impact on Consolidated Entity's Financial Report	Application date for Consolidated Entity
AASB 8	Operating Segments	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	AASB 8 is a disclosure standard. The amounts presented in the financial statements will not change but the amounts presented in the segment reporting note may differ as a result of AASB 8 requiring the amounts presented to be based on those seen by the entity's chief operating decision maker.	1 July 2009
AASB 101	Presentation of Financial Statements	AASB 101 amended changes how an entity presents changes in equity and especially how it reports changes in equity that arise from transactions with owners in their capacity as owners. The amended standard also changes presentation and terminology of the primary financial statements. The new rules do not change the recognition, measurement or disclosure of specific transactions and other events.	The introduction of AASB 101 (amended) will not have a material impact on the amounts presented within the financial statement but it likely to result in a substantial change in the presentation and terminology of the primary financial statements.	1 July 2009
AASB 123	Borrowing Costs	In relation to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, AASB 123 as issued in July 2004 permitted entities to either: (a) immediately recognise them as an expense; or (b) capitalise them as part of the carrying amount of a qualifying asset. Under this Standard, only the capitalisation treatment is permitted.	Adoption of the revised AASB 123 will result in the capitalisation of all interest expenses on qualifying assets. The Consolidated Entity has been unable to assess (as at authorisation of this financial report) the financial impact of this change on the Consolidated Entity's financial report in the period of initial application.	1 July 2009
AASB 3	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations. The most significant is allow entities a choice to measure a non-controlling interest in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets.	Adoption of the revised AASB 3 is likely to result in substantial changes in the way in which the Consolidated Entity accounts for business combinations. The Consolidated Entity has been unable to assess (as at authorisation of this financial report) the financial impact of this change on the Consolidated Entity's financial report in the period of initial application.	1 July 2009

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AASB 127	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	Adoption of the revised AASB 127 is likely to result in changes in the way in which the Consolidated Entity accounts for changes in Consolidated and Separate Financial Statements. The Consolidated Entity has been unable to assess (as at authorisation of this financial report) the financial impact of this change on the Consolidated Entity's financial report in the period of initial application.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations	AASB 2008-1 clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.	The Consolidated Entity has sharebased payment arrangements that may be affected by these amendments. However, it has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	AASB 2008-5 results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs.	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	AASB 2008-6 amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	The Consolidated Entity has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>(a) amends AASB 1 to allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate.</p> <p>(b) removes from AASB 118 the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate.</p> <p>(c) amends AASB 127 to require, in particular circumstances, a new parent entity established in a group reorganisation to measure the cost of its investment at the carrying amount of the share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation.</p> <p>(d) amends AASB 136 to include recognising a dividend from a subsidiary, jointly controlled entity or associate, together with other evidence, as an indication that the investment in the subsidiary, jointly controlled entity or associate may be impaired.</p>	The Consolidated Entity has not yet determined the extent of the impact, if any.	1 July 2009

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Note 34 Company Details

The registered office of the Company is:

Intermoco Limited
85 Buckhurst Street
South Melbourne
3205 Victoria

The principal place of business is:

Intermoco Limited
85 Buckhurst Street
South Melbourne
3205 Victoria

INTERMOCO LIMITED
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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 10 to 35, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and Consolidated Entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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.

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

Director Mr. Desmond (Wes) Ferguson

Dated this 30th day of September 2008

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF INTERMOCO LIMITED**

<PKF TO PROVIDE>

**INTERMOCO LIMITED
SHAREHOLDER INFORMATION**

As at 24 September 2008

NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary Shares

1,292,801,664 fully paid ordinary shares are held by 3,135 individual shareholders
All ordinary shares carry one vote per share

Options

38,181,818 options exercisable at \$0.065 on or before 1 January 2011 are held by 1 individual shareholders
200,000,000 options exercisable at \$0.125 on or before 13 March 2010, are held by 2 individual shareholders
10,850,000 options exercisable at \$0.064 on or before 13 May 2011, are held by 18 individual shareholders
8,500,000 options exercisable at \$0.03 on or before 18 April 2011, are held by 26 individual shareholders

Options do not carry a right to vote. Voting rights will be attached to the unissued shares when the options have been exercised.

DISTRIBUTION OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES

	Fully paid ordinary shares
1 - 1,000	43
1,001 - 5,000	115
5,001 - 10,000	394
10,001 - 100,000	1,417
100,001 - and over	1,166
Total number of shareholders	3,135
Unmarketable parcels	1,378

TWENTY LARGEST HOLDERS OF QUOTED SECURITIES

Shareholders	Fully Paid Ordinary Shares	
	Number	%
1 Entity Holdings Pte Ltd	147,413,107	11.40
2 Mr George Georges	40,889,319	3.16
3 Meridian Fertilisers Pty Ltd	36,793,421	2.85
4 Eyeon Investments Pty Ltd	26,600,000	2.06
5 Ausrisch Investments Pty Ltd	21,000,000	1.62
6 Dr Leon Pretorius	20,247,517	1.57
7 Hochlunch Pty Ltd	20,000,000	1.55
8 Citicorp Nominees Pty Ltd	15,696,643	1.21
9 RBC Dexia Investor Services Australia Nominees Pty Ltd	12,070,976	0.93
10 Mr Robert Henderson and Mrs Susan Henderson	12,000,000	0.93
11 Rocati Pty Ltd	11,000,000	0.85
12 Mr George Varlamos	11,000,000	0.85
13 Ms Danielle Nutton	10,448,969	0.81
14 Mr Frank Rotar and Mr Lindo Rotar	9,107,143	0.70
15 Ombord Pty Ltd	9,000,000	0.70
16 Mr Phillip Langdon and Mrs Robyn Langdon	8,500,000	0.66
17 Development Financing Pty Ltd	7,849,784	0.61
18 John Daniels Holdings Pty Ltd	7,789,510	0.60
19 Mr Kiril Ruvinsky	7,739,630	0.60
20 TCK Investments Pty Ltd	7,000,000	0.54
	442,146,019	34.20

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 (11.40%)
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SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholders 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 SHAREHOLDINGS

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 uncertificated holdings under the Australian Stock Exchange CHESS system should contact their stockbroker.

UNCERTIFICATED SHARE REGISTER

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

**INTERMOCO LIMITED
CORPORATE DIRECTORY**

DIRECTORS

Mr. Desmond (Wes) Ferguson	Non-Executive Chairman
Mr. Jeffrey W. Robertson	Chief Executive Officer & Director
Mr. Simon Kemp	Non-Executive Director

COMPANY SECRETARY

Mr Oliver Carton

REGISTERED OFFICE

Intermoco Limited
85 Buckhurst Street
South Melbourne
3205 Victoria

PRINCIPLE PLACE OF BUSINESS

Intermoco Limited
85 Buckhurst Street
South Melbourne

AUDITORS

PKF
Chartered Accountants
Level 14, 140 Williams Street
Melbourne, Victoria, 3000
Telephone +61 3 9603 1700
Facsimile + 61 3 9602 3870

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 Shares

WEBSITE

www.intermoco.com