



7 July 2011

Dear fellow Shareholder,

General Meeting - Share consolidation

As you are aware, Intermoco Limited has called a General Meeting of Shareholders to approve a resolution to consolidate the number of shares it has on issue on a one for twenty basis. The meeting is to be held on 29 July 2011.

I would like to take this opportunity to give further guidance on the reasons why Intermoco is seeking this approval from Shareholders.

Intermoco has approximately 2.475 billion shares on issue and its share price is trading in fractions of cents. As with other listed companies with the same number of issued shares and share price, Intermoco attracts a large number of day traders and other short term holders looking to make a significant short term percentage return on small investments. This is a factor affecting our share price and medium term share price growth.

Further, Intermoco's core business of Embedded Networks involves close interaction with major developers and construction companies. Those entities see value in Intermoco's business model, but, put simply, are not interested in investing in a company with the number of shares and share price of Intermoco's. We are confident of attracting substantial, longer term investment in Intermoco once the consolidation has been approved.

While Intermoco can understand the concerns expressed by some shareholders, Intermoco sees the consolidation as beneficial to its investment attractiveness and hopefully, as a consequence, its share price. We believe that, with its current price and number of shares, Intermoco is simply "off the radar screen" of many potential strategic investors. The Board urges you to carefully consider these issues and vote in favour of the proposed resolution. All Board members have advised they will vote in favour of it.

If you have any queries please contact Andrew Meehan on (03) 9914 7600.

Yours faithfully

A handwritten signature in black ink, appearing to be "John Evans".

John Evans
Chairman

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