

Market update

MELBOURNE 19 July 2012. Utilities management provider, Intermoco Limited (ASX: INT) today updates the market on various matters associated with its ongoing business activities.

Embedded Networks Business

The Company continues to make solid progress on the roll-out of its embedded networks model across multiple sectors. There are now 11 sites fully implemented and income-producing. Some of these sites have been at targeted 'capacity' income levels for some time, and others are still growing whilst occupancy of those buildings builds up and/or we increase our penetration of take-up of embedded network services among the occupiers of those buildings.

Since the Company's last market update, three new sites have been contracted, being three further embedded networks within the Willow Park development. The Company has decided after further investigation not to pursue three other sites previously announced. With the breadth of opportunities now presenting themselves to the Company, we are able to be more selective in assessing sites that generate a sufficient level of return.

This leaves the total number of sites signed up at 29 (including the 11 that are currently income-producing). Three further sites (including the site referred by director Simon Kemp, and one of the announced retirement sector sites) are expected to commence billing in August 2012, meaning that over the last 12 months, the Company has doubled its number of income-producing sites.

Work continues on implementation of the remaining 8 retirement sector sites announced in November 2011. Some of these sites have experienced delays associated with determination of the applicable electricity tariff and rebates in NSW; however, these issues are now resolved and billing should commence on all or most of these sites in the first half of 2012/13.

Most pleasing to the Company is the recent initiation of discussions on a number of 'repeat business' sites; that is, additional sites owned by the same principals as sites where the Company is already operating an embedded network. These include another greenfield retirement village site (expected over 200 occupants) and three brownfield (ie. existing) office towers.

In addition, the Company is in negotiations on various other projects, including:

- a major metropolitan CBD residential development, expected to house over 400 occupants;
- three further residential towers (with the one owner), expected 700 occupants; and
- two residential and one office complex referred by a property industry intermediary, again expected to total approximately 700 occupants.



The Company remains very positive about the continued growth in our embedded networks business. Chief Executive Ian Kiddle commented: "The breadth of opportunities now presenting themselves to us is really exciting. We are gaining exposure to a range of different sectors and seeing our model accepted across all of them. We're very happy with the outlook for the next couple of years".

Funding Update

As previously announced, Intermoco is not currently being provided with funding pursuant to the La Jolla Cove Investors agreement. There have not been any further drawdowns since this last announcement. The Company's partly underwritten rights issue and shortfall placement in the June quarter, together with an improved trading performance, has left cash resources relatively stable. The Company continues to closely monitor its funding position and will update the market with any developments accordingly.

Financial Results

The Company is currently finalising the determination of 2011/12 financial year results. Despite a number of non-recurring expenses, and the reduction in revenue from our Product Sales business (associated with the dispute with Meter Technology Australia), the Company expects (subject to completion of the statutory audit) to report an improved result compared to 2010/11, continuing the trend of improvement over the past 2-3 years. Part of this improvement has arisen from a reduction in overhead costs of around 20% from the prior year. This is pleasing, and consistent with our objective as foreshadowed in previous announcements.

Product Business

As announced in the Company's Half Year Report, the Company is in dispute with former director Bob Gestro and Meter Technology Australia Pty Ltd (MTA), a controlled entity of Mr Gestro. This dispute remains unresolved, with the Company (on legal advice) having raised a number of matters with Mr Gestro and MTA in response to matters raised by them. The Company will update the market accordingly as further developments occur.

Energy Mad Investment

The Company continues to gradually sell down its investment in Energy Mad Limited. To date, the Company has realised approximately 70% of its investment, at a small profit to 30 June 2011 book value. Should a suitably priced offer become available, the Company may consider a further sell-down of this asset as it is not considered a core asset.

Outlook

Overall, the directors are pleased at the progress made by the Company over the last 12-15 months, coming as it has in a still quite difficult economic environment. We are optimistic about the outlook for 2012/13 and beyond, and will provide further detail in the upcoming 2011/12 Financial Report.

-ENDS-





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About Intermoco Limited

Intermoco is an Australian public company listed on the Australian Stock Exchange (ASX: INT) based in Melbourne. The company is a leading provider of water, energy voice and data management solutions with a focus on the provision of embedded networks. Intermoco (under the former Utiligy brand) provides a world class end-to-end internet-enabled energy metering and resource management solution to utilities, corporations, local councils and government departments to help them monitor, manage and minimise their consumption of electricity, gas and water.

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