



Preliminary Financial Report

for the year ended
30 June 2008

(and previous corresponding period: year ended 30 June 2007)

In compliance with Listing Rule 4.3A

DIRECTORS' REPORT

Your directors present their report on the economic entity consisting of Intermoco Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008.

Directors

The following persons were directors of Intermoco Limited during the financial year and up to the date of this report:

Mr. Desmond (Wes) Ferguson	Appointed	2 May 2008
Mr. Jeffrey Robertson (CEO)	Appointed	2 May 2008
Mr. Simon Kemp	Appointed	2 May 2008
Mr. Stephen Black	Appointed	28 November 2006
Mr. Jeffrey Bennett	Retired	1 May 2008
Mr. Harvey Parker	Retired	1 May 2008
Mr. Martin Yii	Retired	7 December 2007
Mr. Saiful A. Shahabudin	Retired	8 August 2007
Ir. Dr. Azman bin Ahmad	Retired	8 August 2007

Review of Operations

Net tangible assets of the Company as at 30 June 2008 were 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. Significant non-cash transactions contributed to the overall loss for the year including the issue of equity to the 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 Company's cash position and the outlook for trading for the current year remains strong.

This report is made in accordance with a resolution of directors.

Melbourne
Dated 29 August 2008

Appendix 4E for the Year Ended 30 June 2008

Results for announcement to the market

Current Reporting Period - Year Ended 30 June 2008
 Previous Reporting Period - Year Ended 30 June 2007

Revenue	up	4844.28%	to	\$2,486,329
Loss after tax attributable to members	up	368.44%	to	(\$13,431,980)
Net loss for the period attributable to members	up	368.44%	to	(\$13,431,980)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Net Tangible Asset per Security (cents per security)		
As at 30 June 2008	0.07	
As at 30 June 2007	(0.06)	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)		n/a
Explanation of the above information:		
Refer to the Directors' Report - Review of Operations.		

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity		
	30 June 2008	30 June 2007	
	\$	\$	
Continuing Operations			
Revenue	2,486,329	50,287	
Cost of goods sold	(1,584,506)	(53,376)	
Gross profit	901,823	(3,089)	
Other income	408,796	901,931	
Employee benefits expenses	(1,165,661)	(350,883)	
Depreciation and amortisation expenses	(17,983)	(15,380)	
Other expenses	(411,904)	(164,080)	
Loss on sale of investments	-	(59,498)	
Finance costs	(1,157,735)	(475,770)	
Legal fees	(231,146)	(42,149)	
Share registry fees and expenses	(104,852)	(75,916)	
Accommodation expenses	(333,445)	(298,884)	
Professional fees	(783,314)	(189,802)	
Impairment of goodwill	(345,117)	-	
Share of net losses from associates and joint ventures	(321,624)	(178,376)	
LOSS BEFORE INCOME TAX	(3,562,162)	(951,896)	
INCOME TAX EXPENSE	-	-	
LOSS FROM CONTINUING OPERATIONS	(3,562,162)	(951,896)	
LOSS FROM DISCONTINUED OPERATIONS	(9,869,818)	(1,915,516)	
LOSS FOR THE YEAR	(13,431,980)	(2,867,412)	
 Loss per share attributable to the ordinary equity holders of the Economic Entity, from overall operations			
	Note	Cents	Cents
Basic loss per share	7	(1.19)	(0.32)
Diluted loss per share	7	(1.19)	(0.32)
 Loss per share attributable to the ordinary equity holders of the Economic Entity, from continuing operations			
Basic loss per share	7	(0.32)	(0.11)
Diluted loss per share	7	(0.32)	(0.11)
 Loss per share attributable to the ordinary equity holders of the Economic Entity, from discontinued operations			
Basic loss per share	7	(0.87)	(0.21)
Diluted loss per share	7	(0.87)	(0.21)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

		Economic Entity	
	Note	30 June 2008	30 June 2007
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,058,338	672,589
Trade and other receivables		1,600,370	420,254
Other financial assets		-	225,000
Inventories		472,407	648,680
Assets classified as held for sale	11	524,152	-
TOTAL CURRENT ASSETS		3,655,267	1,966,523
NON-CURRENT ASSETS			
Investments accounted for using the equity method		-	321,624
Other financial assets		4,578,919	-
Property, plant and equipment		188,231	327,734
Goodwill		5,926,110	10,378,737
TOTAL NON-CURRENT ASSETS		10,693,260	11,028,095
TOTAL ASSETS		14,348,527	12,994,618
CURRENT LIABILITIES			
Trade and other payables		3,731,374	2,153,369
Other financial liabilities		1,218,667	690,122
Provisions		62,678	96,057
Liabilities classified as held for sale	11	432,190	-
TOTAL CURRENT LIABILITIES		5,444,909	2,939,548
NON-CURRENT LIABILITIES			
Trade and other payables		-	283,773
Other financial liabilities		2,123,023	23,024
Provisions		54	19,892
TOTAL NON-CURRENT LIABILITIES		2,123,077	326,689
TOTAL LIABILITIES		7,567,986	3,266,237
NET ASSETS		6,780,541	9,728,381
EQUITY			
Issued capital	5	126,611,543	116,287,380
Reserves	6	943,237	783,260
Accumulated Losses		(120,774,239)	(107,342,259)
TOTAL EQUITY		6,780,541	9,728,381

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

Economic Entity

	Issued Capital \$	Reserve \$	Accumulated Losses \$	Total \$
Balance at 30 June 2006	111,173,359	364,411	(104,474,847)	7,062,923
Shares issued net of costs	5,277,903	-	-	5,277,903
Amortisation of option expenses	-	418,849	-	418,849
Net (Loss) for the year	-	-	(2,867,412)	(2,867,412)
Transaction costs	(163,882)	-	-	(163,882)
Balance at 30 June 2007	116,287,380	783,260	(107,342,259)	9,728,381
Shares issued net of costs	9,969,883	-	-	9,969,883
Amortisation of option expenses	-	159,977	-	159,977
Options issued	949,280	-	-	949,280
Net (Loss) for the year	-	-	(13,431,980)	(13,431,980)
Transaction costs	(595,000)	-	-	(595,000)
Balance at 30 June 2008	126,611,543	943,237	(120,774,239)	6,780,541

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	30 June 2008 \$	Economic Entity 30 June 2007 \$
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		2,464,639	1,913,552
Payments to suppliers and employees		(5,797,160)	(5,750,135)
Interest received		67,036	21,091
Interest and other costs of finance paid		(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	9	(2,370,877)	(3,055,600)
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payment for purchases of plant and equipment		(156,399)	(106,122)
Proceeds from sales of equity investments		-	151,696
Payment for purchases of equity investments		(400,000)	(195,538)
Payment for minority interest		(4,444,444)	-
Proceeds from bond or deposit		225,000	-
Payment of bond or deposit		-	(225,000)
		-	(225,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(4,775,843)	(374,964)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from issues of securities		6,000,000	4,157,539
Capital raising expenses		(394,999)	(163,882)
Proceeds from borrowings		2,100,000	115,000
Repayment of borrowings		-	(71,433)
Repayment of finance leases		(38,056)	-
Net advances to related parties		(134,476)	-
		(134,476)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		7,532,469	4,037,224
NET INCREASE IN CASH AND CASH EQUIVALENTS		385,749	606,660
Cash and cash equivalents at the beginning of the year		672,589	65,929
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,058,338	672,589

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Basis of Preparation

The Economic Entity's preliminary financial report does not include all the notes of the type normally included in an annual financial report. The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year.

Note 2. Dividends

The Economic Entity has not resolved to declare any dividends in the year ended 30 June 2008.

Note 3. Segment Information

The Economic Entity operates predominately in one business segment being the monitoring and control industry, with particular focus on products and solutions for the utilities industry in one geographical segment being Australia.

Note 4. Contingent Liabilities

The Economic Entity is not aware of any contingent liabilities.

Note 5. Issued Capital

	30 June 2008		30 June 2007	
	No.	\$	No.	\$
<u>Issued and Paid Up Capital</u>				
Fully Paid Ordinary Shares	1,247,274,826	125,662,263	1,023,003,761	116,287,380
Options over Fully Paid Ordinary Shares	238,181,818	<u>949,280</u>	-	<u>-</u>
Total Issued Capital		<u>126,611,543</u>		<u>116,287,380</u>

During the year ended 30 June 2008, the following movements in equity occurred:

Shares

- * 120m shares were issued to investors
- * 40m shares were issued in settlement of expenses
- * 64m shares were issued towards the acquisition of 100% of PowerSave Pty Ltd in December 2007 and 100% of Ausmeter Pty Ltd in December 2007

Options

- * 200m options were issued towards the acquisition of Advanced Energy Ltd
- * 38m options were issued to a convertible note holder

Note 6. Reserve - Share Based Payments

	30 June 2008		30 June 2007	
	No.	\$	No.	\$
Option Reserve	40,100,000	943,237	40,100,000	783,260

Note 7. Loss per Share

	30 June 2008	30 June 2007
<u>Overall Operations</u>		
Basic loss per share (cents)	(1.19)	(0.32)
Diluted loss per share (cents)	(1.19)	(0.32)
<u>Continuing Operations</u>		
Basic loss per share (cents)	(0.32)	(0.11)
Diluted loss per share (cents)	(0.32)	(0.11)
<u>Discontinuing Operations</u>		
Basic loss per share (cents)	(0.87)	(0.21)
Diluted loss per share (cents)	(0.87)	(0.21)
a) Net Loss used in the calculation of basic and diluted loss per share		
	\$	\$
Overall Operations	(13,431,980)	(2,867,412)
Continuing Operations	(3,562,162)	(951,896)
Discontinuing Operations	(9,869,818)	(1,915,516)
	No.	No.
b) 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 8. Net Tangible Assets

	30 June 2008	30 June 2007
	\$	\$
Net Tangible Assets	854,431	(650,356)
Shares	1,247,274,826	1,023,003,761
Net Tangible Assets (cents)	0.07	(0.06)

Note 9. Cash Flow Reconciliation

	30 June 2008	30 June 2007
	\$	\$
Reconciliation of Cash Flow from Operating Activities with Net Loss after Income Tax	(13,431,980)	(2,867,412)
Add back depreciation expense	65,467	51,893
Add back amortisation expense	34,618	24,945
Add back borrowing costs	1,014,080	310,363
Less impairment of debt	(14,638)	(450,013)
Less profit on sale of Property, Plant and Equipment	-	(112,021)
Add back equity issued for operating expenditure	222,572	172,000
Add back impairment of Goodwill	8,175,452	-
Add back employee share options expensed (Increases)/Decreases in Trade and Other Receivables	159,977	418,849
(Increases)/Decreases in Inventories	(1,180,116)	(263,395)
Increases/(Decreases) in Trade and other Payables	(152,063)	(209,843)
2,713,897	(115,872)	
Increases/(Decreases) in unsecured loans	-	55,588
Increases/(Decreases) in provisions	21,857	(70,682)
Operating Activities	<u>(2,370,877)</u>	<u>(3,055,600)</u>

Note 10. Acquisitions

(i) Australian Meter Company Pty Ltd

On 2 December 2007, Intermoco Limited acquired 100 percent of Australian Meter Company Pty Ltd. The particulars of the acquisition are as follows:

	\$
Cash paid	376,173
Deferred consideration	1,100,000
Total consideration	<u>1,476,173</u>
Assets	
Inventory	156,173
Plant and Equipment	20,000
Total assets acquired	<u>176,173</u>
Net assets acquired	176,173
Goodwill on acquisition	<u>1,300,000</u>

The goodwill is attributable to Australian Meter Company's existing contracts, position and previous profitability in its industry segment. Further, it is expected that synergies will arise from the direct control of Australian Meter Company within the Economic Entity's structure.

Australian Meter Company contributed a profit of \$252,600 for the period 2 December 2007 to 30 June 2008.

An estimation to account for the result on a normalised basis from 1 July 2007 is not possible at 30 June 2008 on the basis that there was not enough trading history to rely on.

(ii) Powersave Pty Ltd

On 20 December 2007, Intermoco Limited acquired 100 percent of Powersave Pty Ltd. The particulars of the acquisition are as follows:

	\$
Shares issued	1,182,850
Deferred consideration	616,955
Discount to present consideration	483,045
Total consideration	<u>2,282,850</u>
<u>Assets</u>	
Cash	3
Trade and other receivables	34,641
Inventory	182,390
Total assets acquired	<u>217,034</u>
<u>Liabilities</u>	
Trade and other payables	7,370
Loan to related party	4,521
Total liabilities	<u>11,891</u>
Net assets acquired	205,143
Goodwill on acquisition	<u>2,077,707</u>

The goodwill is attributable to Powersave's existing contracts and other well progressed projects.

Powersave contributed a profit of \$27,615 for the period 20 December 2007 to 30 June 2008.

An estimation to account for the result on a normalised basis from 1 July 2007 is not possible at 30 June 2008 on the basis that there was not enough trading history to rely on.

(iii) Advanced Energy Limited

On 11 March 2008, Intermoco Limited acquired 100 percent of Advanced Energy Ltd. The particulars of the acquisition are as follows:

	\$
Cash paid	100
Shares issued	250,000
Options issued	35,200
Total consideration	<u>285,300</u>
<u>Liabilities</u>	
Trade and other payables	<u>(59,817)</u>
Total liabilities	<u>(59,817)</u>
Net assets acquired	(59,817)
Goodwill on acquisition	<u>345,117</u>

The goodwill attributable to Advanced Energy Limited's was impaired at 30 June 2008 to nil.

Advanced Energy Ltd did not contribute a profit for the period 11 March 2008 to 30 June 2008.

An estimation to account for the result on a normalised basis from 1 July 2007 was not possible at 30 June 2008 on the basis that there was not enough trading history to rely on.

Note 11. Discontinuing Operations

On 23 June 2008, the Economic Entity announced the agreement with PRI Limited, to sell to PRI Limited a portion of the assets and liabilities of Intermoco Solutions Pty Ltd. This contract was settled on 21 August 2008. The Economic Entity continues in the monitoring and control industry focusing on the products and solutions for the utilities industry. The financial performance of the discontinuing assets and liabilities for the years ended 30 June 2008 and 2007 which has been incorporated into the Income Statement are as follows:

	30 June 2008	30 June 2007
	\$	\$
Revenue	752,412	1,129,480
COGS	(440,312)	(274,365)
Expenses	(2,351,583)	(2,787,969)
Goodwill impairment	(7,830,335)	-
Loss before Income Tax	<u>(9,869,818)</u>	<u>(1,932,854)</u>
Income Tax Expense	-	-
Net loss attributable to members of the Parent Entity ¹	<u>(9,869,818)</u>	<u>(1,932,854)</u>

The carrying value of assets and liabilities of the discontinuing operations is as follows:

Assets	524,152
Liabilities	<u>(432,190)</u>
Net Assets	<u>91,962</u>

The net cash flows of the discontinuing operations which have been incorporated into the Cash Flow Statement are as follows:

Net cash outflows from ordinary activities	(1,548,791)	(2,601,306)
Net cash outflows from investing activities	(138,217)	58,415
Net cash outflows from financing activities	<u>(34,535)</u>	<u>34,535</u>
Net (decrease) in cash and cash equivalents generated by discontinuing operations	<u>(1,721,543)</u>	<u>(2,508,356)</u>

¹ On 7 December 2006, the Economic Entity sold Vircom Pty Ltd. Vircom Pty Ltd contributed an operating profit of \$17,338 after income tax to the Economic Entity during the 2007 financial year.

Note 12. Events Subsequent to Reporting Date

On 21 August 2008, the Company completed the agreement with PRI Ltd, under which it acquired the remaining 60% of PRIU Pty Ltd and PRI Ltd acquired the assets and liabilities of Intermoco Solutions Pty Ltd, refer to note 11 for further information.

Note 13. Audit

These accounts are currently in the process of being audited. An Annual Report containing the audit report shall be provided in due course.