

Intermoco Limited

Appendix 4E Preliminary Financial Report

**for the year ended
30 JUNE 2009**
and previous corresponding period: year ended 30 JUNE 2008

In compliance with Listing Rule 4.3A

Appendix 4E for the Year Ended 30 June 2009

Results for announcement to the market

Current Reporting Period - Year Ended 30 June 2009

Previous Reporting Period - Year Ended 30 June 2008

Revenue and other income	up	36.62%	to	\$3,955,456
Loss after tax attributable to members	down	49.33%	to	(\$6,806,073)
Net loss for the period attributable to members	down	49.33%	to	(\$6,806,073)

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 2009	0.01	
As at 30 June 2008	0.07	
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 and the attached Financial Statements and Notes.		

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 2009.

Review of Operations

Intermoco Limited (ASX:INT) (Intermoco), a leading provider of energy and water management solutions through its Utiligy brand has today released its Appendix 4E Preliminary Financial Report for the year ended 30 June 2009.

FY09 Highlights

- New board and management in place
- Refined and more focused strategy on core business
- Significant increase in revenue
- Record orders across all segments
- Introduced voice and data products and services to embedded network customers
- Implemented significant cost reduction program
- Legacy issues resolved through the write-down of past investments
- New equity of approximately \$4.7 million
- Strong platform now in place to pursue growth opportunities

The 2009 financial year has been a transformational one for Intermoco which has seen a steep change in the company's performance.

The Company recorded its best ever year in revenue terms, a significant increase over FY08.

Demand for Intermoco's metering and communication products has been very strong with the Company receiving record orders across all segments since the change in management in February 2009.

The Company also implemented a significant cost reduction program in FY09 which has seen over \$2 million in annualised expenses removed from the business.

The Company's reported net result after tax was a loss of \$6.8 million, compared to a loss of \$13.4 million in the previous year. This result included the following one-off items:

- Write down of investments of \$2.2 million (Energy Mad Holdings Limited)
- Impairment on goodwill of \$2.3 million (Powersave Pty Ltd and Utiligy Water Pty Ltd)
- Non-recurring expenses including redundancies, expenses related to sale of assets, termination of agreements and legal fees of approximately \$1.0 million.

Capital Raising

As a result of the Company's strong order book, Intermoco recently raised \$2.73 million in new equity via a private placement to fund immediate customer orders that need to be fulfilled and invoiced and fund future customer commitments.

The Company also launched a Share Purchase Plan (SPP) in August 2009 to enable all shareholders to participate in the strong growth the Company is currently experiencing. The SPP closes on 31 August 2009.

Outlook

With the substantial increase in Intermoco's order book along with a very strong pipeline, the company's strong momentum is set to continue in FY10. The Company is targeting to double its revenue base in FY10 and then double it again in FY11.

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

Mr. Robert Gestro
Chairman

Melbourne
Dated 31/08/2009

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED

		Economic Entity	
		30 June 2009	30 June 2008
		\$	\$
Continuing Operations			
		3,337,888	2,486,329
		(1,966,923)	(1,584,506)
		1,370,965	901,823
		617,568	408,796
		(2,155,062)	(1,165,661)
		(345,862)	-
		(42,119)	(17,983)
		(52,135)	-
	10	(2,224,444)	-
		(274,800)	(1,157,735)
		(47,015)	(231,146)
		(78,106)	(104,852)
		(398,828)	(333,445)
		(948,055)	(783,314)
	9(ii)	(97,264)	-
	11	(2,309,244)	(345,117)
		-	(321,624)
		(1,055,895)	(411,904)
		(8,040,296)	(3,562,162)
		-	-
		(8,040,296)	(3,562,162)
	9(ii)	(161,332)	(9,869,818)
		1,395,555	-
		(6,806,073)	(13,431,980)
Loss per share attributable to the ordinary equity holders of the Economic Entity, from overall operations			
	Note	Cents	Cents
	7	(0.50)	(1.19)
	7	(0.50)	(1.19)
Loss per share attributable to the ordinary equity holders of the Economic Entity, from continuing operations			
	7	(0.59)	(0.32)
	7	(0.59)	(0.32)
Loss per share attributable to the ordinary equity holders of the Economic Entity, from discontinued operations			
	7	(0.01)	(0.87)
	7	(0.01)	(0.87)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	Note	Economic Entity	
		30 June 2009 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		380,915	1,058,338
Trade and other receivables		1,006,136	1,600,370
Inventories		585,084	472,407
Non-current assets classified as held for sale		-	524,152
TOTAL CURRENT ASSETS		1,972,135	3,655,267
NON-CURRENT ASSETS			
Other financial assets		2,220,000	4,578,919
Property, plant and equipment		215,036	188,231
Goodwill		2,158,770	5,926,110
TOTAL NON-CURRENT ASSETS		4,593,806	10,693,260
TOTAL ASSETS		6,565,941	14,348,527
CURRENT LIABILITIES			
Trade and other payables		1,947,299	3,731,374
Financial liabilities		79,500	1,241,690
Provisions		104,828	62,678
Liabilities directly associated with non-current assets classified as held for sale		-	432,190
TOTAL CURRENT LIABILITIES		2,131,627	5,467,932
NON-CURRENT LIABILITIES			
Financial liabilities		2,100,000	2,100,000
Provisions		71,756	54
TOTAL NON-CURRENT LIABILITIES		2,171,756	2,100,054
TOTAL LIABILITIES		4,303,383	7,567,986
NET ASSETS		2,262,558	6,780,541
EQUITY			
Issued capital		128,897,445	126,611,543
Reserves		945,425	943,237
Accumulated Losses		(127,580,312)	(120,774,239)
TOTAL EQUITY		2,262,558	6,780,541

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity			Total
		Issued Capital	Reserve	Accumulated Losses	
		\$	\$	\$	\$
Balance at 01 July 2007		116,287,380	783,260	(107,342,259)	9,728,381
Shares issued net of cost		9,374,883	-	-	9,374,883
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)
Balance at 30 June 2008		126,611,543	943,237	(120,774,239)	6,780,541
Shares issued net of cost		2,285,902	-	-	2,285,902
Amortisation of option expenses		-	2,188	-	2,188
Net (Loss) for the year		-	-	(6,806,073)	(6,806,073)
Balance at 30 June 2009	5	128,897,445	945,425	(127,580,312)	2,262,558

The accompanying notes form part of these financial statements.

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Notes	30 June 2009 \$	Economic Entity 30 June 2008 \$
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Receipts from customers	3,318,080	2,464,639
Payments to suppliers and employees	(6,190,865)	(5,797,160)
Interest received	39,468	67,036
Interest and other costs of finance paid	(274,800)	(126,055)
Income received in advance		1,020,663
	<hr/>	<hr/>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(3,108,117)	(2,370,877)
	<hr/>	<hr/>
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Proceeds from sales of plant and equipment	-	(156,399)
Proceeds from sales of business	1,631,490	
Payments for plant and equipment	(4,773)	-
Payment for purchases of equity investments	-	(400,000)
Payment for minority interest as an equity investment	-	(4,444,444)
Proceeds from bond or deposit	-	225,000
	<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	1,626,717	(4,775,843)
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CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Proceeds from issues of securities	827,000	6,000,000
Capital raising expenses	-	(394,999)
Proceeds from borrowings	-	2,100,000
Repayment of finance leases	(23,023)	(38,056)
Net advances to related parties	-	(134,476)
	<hr/>	<hr/>
NET CASH FLOWS FROM FINANCING ACTIVITIES	803,977	7,532,469
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(677,423)	385,749
Cash and cash equivalents at the beginning of the year	1,058,338	672,589
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CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	380,915	1,058,338
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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 for the year ended 30 June 2009

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 industries 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 2009		30 June 2008	
	No.	\$	No.	\$
<u>Issued and Paid Up Capital</u>				
Fully Paid Ordinary Shares	1,530,760,519	127,948,165	1,247,274,826	125,662,263
Options over Fully Paid Ordinary Shares	238,181,818	<u>949,280</u>	238,181,818	<u>949,280</u>
Total Issued Capital		<u>128,897,445</u>		<u>126,611,543</u>

During the year ended 30 June 2009, the following movements in equity occurred:

Shares

- * 116m shares were issued to investors
- * 5.5m shares were issued to Directors and the Company Secretary of the Company
- * 116m shares were issued as the final tranche of consideration for the Australian Meter Company acquisition.
- * 46m shares were issued towards the acquisition of the remaining 60% of PRI Utiligy Pty Ltd in August 2008.

Options

No options were issued during the year.

Note 6. Reserve - Share Based Payments

	30 June 2009		30 June 2008	
	No.	\$	No.	\$
Option Reserve	40,100,000	945,425	40,100,000	943,237

Note 7. Loss per Share

	30 June 2009	30 June 2008
<u>Overall Operations</u>		
Basic loss per share (cents)	(0.50)	(1.19)
Diluted loss per share (cents)	(0.50)	(1.19)
<u>Continuing Operations</u>		
Basic loss per share (cents)	(0.59)	(0.32)
Diluted loss per share (cents)	(0.59)	(0.32)
<u>Discontinuing Operations</u>		
Basic loss per share (cents)	(0.01)	(0.87)
Diluted loss per share (cents)	(0.01)	(0.87)
a) Net Loss used in the calculation of basic and diluted loss per share		
	\$	\$
Overall Operations	(6,806,073)	(13,431,980)
Continuing Operations	(8,040,296)	(3,562,162)
Discontinuing Operations	(161,332)	(9,869,818)
	No.	No.
b) Weighted average number of ordinary shares during the year used in the calculation of basic and diluted loss per share	1,366,948,801	1,130,290,027

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 2009	30 June 2008
	\$	\$
Net Tangible Assets	103,788	854,431
Shares	1,530,760,519	1,247,274,826
Net Tangible Assets (cents)	0.01	0.07

Note 9. Acquisitions and disposals

(i) Acquisition of PRI Utiligy Pty Ltd

On 21 August 2008, the Consolidated Entity acquired the remaining 60% stake in PRI Utiligy Pty Ltd. Details of the fair value of the assets and liabilities acquired are as follows:

Purchase consideration		\$
45,526,838 shares issued at 1.5 cents each		682,903
Intermoco Ltd debts converted to PRI Utiligy Pty Ltd equity		746,506
Royalties fees paid to Intermoco Limited foregone		(500,000)
Total consideration		<u>929,409</u>
Assets		
Cash		238,336
Other Assets		63,069
Debtors		419,463
Inventory		103,770
Plant and Equipment		100,836
Liabilities		
Trade creditors		(440,304)
Other creditors		(89,964)
Provisions		(103,692)
Net assets acquired		<u>291,514</u>
Goodwill on acquisition		<u>637,895</u>

(ii) Disposal of certain assets and liabilities Intermoco Solutions Pty Ltd:

On 21 August 2008, the Consolidated Entity sold certain assets and liabilities owned by Intermoco Solutions Pty Ltd. Details of the fair value of the assets and liabilities disposed are as follows:

Cash Consideration		<u>2,123,709</u>
Assets		524,151
Goodwill		2,095,990
Liabilities		(399,168)
Net Assets disposed		<u>2,220,973</u>
Loss on disposal		<u>(97,264)</u>

	Period ended 21 August 2008	Period ended 30 June 2008
	\$	\$
Revenue	84,868	752,412
Cost of goods sold	(135,511)	(440,312)
Other expenses	(110,689)	(10,181,918)
Loss from discontinued operations	<u>(161,332)</u>	<u>(9,869,818)</u>

Note 10. Write down of investment

The Company holds 5,555,000 shares in an unlisted public company acquired for \$4,444,444 ("Shares"). The Company has determined that a fair value for the Shares is \$2,224,444 and has therefore written down the value of its holding. While it is difficult for the fair value of the Shares to be accurately measured given that the Shares are not publicly traded, the Company decided to write down the value based on deteriorating global market conditions since the acquisition and the more recent prices at which shares in the investment company have been offered for sale.

Note 11. Impairment of goodwill

An impairment loss of \$2,309,244 on goodwill was recognised for continuing operations in the 2009 financial year. The impaired goodwill related to the purchase of Powersave Pty Ltd in December 2007 and Utiligy Water Pty Ltd in April 2007. The impairment loss has been recognised in the income statement. The cash generating unit consists of the Australian-based assets of Powersave Pty Ltd and Utiligy Water Pty Ltd. The recoverable amount was based on value in use.

Note 12. Reconciliation of cash flow from Operating Activities

	30 June 2009	30 June 2008
Operating loss	(6,806,073)	(13,431,980)
Non-cash flows in operating loss		
Depreciation and Amortisation	42,119	100,085
Impairment of Investments	2,224,444	-
Impairment of Goodwill	2,309,244	8,175,452
Reversal of Impairment of debt recovery	(62,442)	(14,638)
Loss of sale of business	97,264	-
Equity issued for operation expenditure	-	442,672
Employee share options expensed	2,188	159,977
Borrowing cost	-	914,080
Wages Non Cash	33,000	-
Share of net losses from associates and joint ventures	-	321,624
Changes in assets and Liabilities		
Debtors	728,359	(1,180,116)
Prepayment and other assets	-	(225,000)
Inventories	(112,677)	(152,063)
Payables	(1,585,434)	2,755,260
Assets held for sale	(91,962)	-
Provisions	113,853	21,857
	<u>(3,108,117)</u>	<u>(2,112,790)</u>
cash flow from operating activities	<u>(3,108,117)</u>	<u>(2,112,790)</u>

Note 13. Significant events after balance date

Subsequent to the end of the Period the Company raised \$1,400,000 by the issue of 93,333,332 fully paid ordinary shares at \$0.015 per share. The Company has also agreed to issue a further 88,666,666 shares at \$0.015 to raise upto \$1,330,000 subject to approval of shareholders at a General Meeting to be held on 8 September 2009.

The Company has also commenced a Share Purchase Plan (SPP) being an offer of up to \$15,000 worth of fully paid ordinary shares to all shareholders, capped at a total amount of \$1,500,000. The Company has the discretion to accept more than \$1,500,000 if there is an oversubscription. The SPP closes on 31 August 2009 and the amount raised will be known shortly after that date.

The proceeds of the above placements and SPP will be used for working capital to fulfil the immediate customer orders and fund future customer commitments.

There has not been any other matter or circumstance since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year.

Note 14. Audit

The financial report for the year end at 30 June 2009 is currently in the process of being audited. An Annual Report containing the audit report shall be provided in due course.