



## Intermoco General Meeting – 29 July 2011 at 10.00 am

### Crown Promenade Hotel

### Chairman's Address

#### INTRODUCTIONS

Good morning ladies and gentlemen. Welcome, and thank you for taking the time to attend this General Meeting of shareholders of Intermoco Limited.

My name is John Evans and I am Chairman of the Company.

Before we commence proceedings I'd like to introduce you to your Board of Directors.

Bob Gestro, Ian Kiddle CEO, Andrew Meehan Executive Director

Also with us is our company secretary, Oliver Carton.

#### APOLOGIES

Director Mr Simon Kemp was regrettably unable to attend today's meeting due to interstate business commitments.

#### DECLARATION OF QUORUM AND OPENING OF MEETING

I will now formally commence proceedings. The Company Secretary has advised that a quorum of members necessary to constitute a meeting is present, and therefore, I declare the meeting is open.

#### PRESENTATIONS

Before we turn to the formal business, I would like to take a few moments to talk about events of the last few months, and our outlook for the immediate future.

For personal use only



It certainly has been an action-packed few months for Intermoco. At the beginning of May this year, I was invited to join the Board as Chairman, and I am honoured to have been able to take on that position. My experience and background were listed in the initial ASX announcement concerning my appointment, so I will not outline them in detail again today. In brief, my background consists of various financial and corporate management positions, from a range of companies, both ASX listed and private unlisted.

I have had the opportunity to speak to a number of shareholders over the past couple of months, but no doubt some of you here today may have further questions about my background, etc, and I am happy to take those at the end of the formal business of the meeting. We also welcomed Bob Gestro back to the Board after a period of absence. I believe we now have a diverse mix of skills, independent thinking, and industry experience on our Board, and over the past three months we have all been working very hard to achieve further improvements for our company.

As you would be aware from our recent announcements, we are ever more excited about our Embedded Networks business, which has seen rapid growth over the past few weeks, which now stand at 8 in operation, with up to 7 more to be announced shortly. This is due in no small way to the strong leadership and extraordinary determination shown by our CEO Mr Ian Kiddle. Commencing any new business from scratch is very difficult at the best of times, and the company had to contend with a number of external shocks during the start-up period, including of course the global financial crisis and its impact on property development activity.

The company has a strong pipeline in this business unit as well, with as many as 35 new opportunities currently under discussion at various stages. This is inevitably going to require us to assess our senior management resources at some point, and we have commenced by expanding Andrew Meehan's role to that of Chief Operating Officer, with direct responsibility for the implementation phase of new Embedded Networks. Andrew will continue to perform his existing duties also, and the Board thanks him for agreeing to take on these extra responsibilities.

For personal use only



Shortly I will ask Ian to give a more detailed presentation on the latest 'state of play' in relation to Embedded Networks, including a brief refresher as to how the business model works, for the benefit of those who might not have heard this before. This presentation mirrors a presentation that Ian and I gave to a series of investment and broking firms in Sydney last week.

That brings me on to my next topic: our market and shareholder communication strategy. It is frustrating that, in our opinion, the investment community (and even perhaps sections of our shareholder base) do not fully understand the current business model of the company. We are still referred to in the media often as 'smart meter company Intermoco'.

The Board has recently commenced a concerted campaign to more proactively communicate our key message to the broader market. You will have probably noticed the recent frequency of our ASX announcements. Some weeks ago, we appointed Alpha Securities to provide formal coverage of the Intermoco stock, and Alpha commenced by preparing a research report on the company which has been widely distributed. This will be updated from time to time.

As I mentioned earlier, Ian and I attended a two day investor roadshow in Sydney last week, which was organised for us by Alpha Securities. It would not be an overstatement to say that the roadshow was a great success. Everyone to whom we presented was excited by the embedded networks model, our progress to date and, in particular, the recent surge in activity. The only consistent negative feedback concerned our capital structure and number of shares. I will return to this point later.

Over the next few months, more of this investor communication activity will occur. Media interviews are in the process of being organised, and we will conduct further investor roadshows in Melbourne over coming months. The Board believes that this is an essential component of building momentum for the company, in support of the growth in the underlying business.

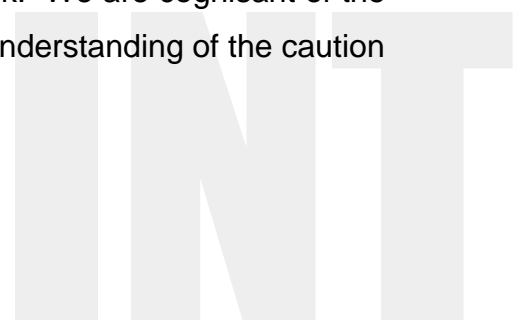


On internal governance matters, we have in progress at the moment a detailed review of our finances, including our overhead costs and forward cash requirements to implement the growth in our business about which I have spoken. We anticipate achieving overhead cost reductions in 2011/12 compared to prior years. There will, however, need to be some re-investment made into the embedded networks part of our business.

In this regard, the Board's desire is that the company maintains a strong Balance Sheet, and sufficient working capital to ensure it can respond quickly to new contract opportunities. As outlined earlier, we shortly expect to have more than doubled our embedded network count compared to a few weeks ago, and we now have to ensure we get these new networks implemented at the earliest opportunity. This will require some additional cash resources in the short term. On this point, we are pleased to announce two initiatives.

Firstly, as a result of our investor roadshow last week, we have attracted some interest from new investors to the company, who are expected to contribute up to \$0.5m in additional capital subject to the passing of Resolution 2 at this meeting. Secondly, and more importantly, the Board is extremely conscious of dilution issues for existing shareholders. As such, we intend to establish a share purchase plan to provide existing shareholders with the opportunity to share in the expansion of our company at this critical time. Details will follow in a separate announcement early next week. We should stress the point that the Board will only undertake capital raisings, in any form, if it is prudent (for business needs) to do so, or to support a value-adding acquisition or expansion opportunity. Any such opportunities will be closely scrutinised.

Finally, I will briefly turn to matters of capital structure. As we have made clear in recent announcements, the Board's strong view is that the number of shares on issue is significantly in excess of an appropriate number for a company of Intermoco's size. The resultant share price is also an issue for us. That feedback was emphatically reinforced during our discussions with a wide range of investors last week. We are cognisant of the risks associated with undertaking a share consolidation, and understanding of the caution



For personal use only



expressed by some of the longer-term shareholders of Intermoco who have seen significant falls in the value of their investment. There are many alternative arguments as to the 'ideal' timing of a share consolidation, and we are happy to discuss this in question time after the formal business of the meeting.

In closing, can I just restate the Board's great sense of anticipation with respect to the current state of our company and business. The company has had difficult times in the past, and we are all working extremely hard to try and ensure a better future for Intermoco. Significant momentum has been built in recent months and we fully expect this to continue and grow further. Thank you, and I will now ask Ian Kiddle to make his CEO's presentation.

---

#### **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.

**Intermoco Limited**

**ABN 15 006 908 701**

19 Shierlaw Avenue, Canterbury VIC 3126

**p +61 3 9914 7600 f +61 3 9914 7699**

**e sales@intermoco.com**

**w intermoco.com**

**INT**

For personal use only