



ASX Announcement

6 October 2011

TRADING UPDATE

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 recent focus on the provision of embedded networks. Intermoco offers its embedded network services as Intermoco Connect and provides a range of Utility services including electricity, gas, bulk hot water, water, telephone and internet into privately owned environments. Intermoco Connect offers a financial return on previously sunk costs to building owners and Body Corporates. In addition Intermoco markets a range of Utility products mainly to the Water and Gas markets.

REVIEW OF OPERATIONS

The following is a trading update in respect of the embedded network and product sales businesses.

INTERMOCO CONNECT SITES

Intermoco has in operation eight (8) embedded networks expecting to generate revenues of approximately \$1.8M this financial year (FY12). When fully tenanted these sites are expected to generate approximately \$2.3M per annum.

The operational sites are as follows:

SITE NUMBER	SITE NAME	ANNOUNCEMENT DATE
IC136	Willow Park	21 July 2011
IC135	Industry Business Hub	24 May 2011
IC134	Atlas Norwest	13 April 2011
IC130	Vivida Apartments	25 November 2010
IC129	Ravida Apartments	27 October 2010
IC127	340 Bell Street	11 May 2010
IC126	Society Apartments	01 March 2010
IC124	Lynch Street	06 August 2009

In addition to the operational sites listed above we have the following sites under signed agreements:

IC137	Wetherill Park	22 July 2011
IC133	Kingsway Towers	02 February 2011
IC132	Sol Rio	12 January 2011
IC131	Aqua Villa	12 January 2011

We also have the following six sites still under negotiation which are expected to lead to contracts. Proposals have been signed, indicating agreement by the prospective clients to broad terms and conditions (identities to be withheld until final binding agreements signed):

IC138	Victoria 200+ Residential Apartments
IC139	Victoria 70+ Residential Apartments
IC140	NSW 50+ Residential Apartments
IC141	NSW 175+ Residential Apartments
IC142	Victoria 60+ Residential Apartments
IC143	NSW 90+ Retirement Units

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There are also a significant number of other 'pipeline' sites under review, but which are at too early a stage at present to provide further details.

For clarity, the company also points out that its previous business model, principally a 'fee for service' contractor to a significant number of pre-existing utilities networks within buildings, used the term 'embedded networks' to describe the networks to which services were being provided. This statement was accurate, in that the term 'embedded network' is somewhat generic, referring to networks wholly situated inside closed environments.

The migration of the company's business model, from this 'fee for service' based contracting arrangement to the Intermoco Connect model (incorporating supply of the utilities through the embedded network as well as the provision of ancillary services), results in much enhanced profitability to the company from its exposure to each embedded network. Thus, while there are far fewer Intermoco Connect sites currently than there were 'fee for service' sites previously, the future profitability of the company's embedded networks business is expected to be greater under the current business model.

PRODUCT SALES

The following product sales announced to the market have been completed:

Sydney Water	11 May 2010
Supply of Radio endpoints	08 January 2010
Order Intake	13 July 2010
Remote Meter Reading Orders	30 June 2010

There have also been a number of other product sales during FY 2010 and FY2011 (and continuing into FY2012) not significant enough individually to justify separate announcements, but in the aggregate maintaining a relatively stable level of product sales revenue until the adverse supply impacts affecting FY2011, as reported in the company's Annual Report. Intermoco continues to bid for product sales opportunities, and having secured long term funding puts Intermoco in a much stronger position with its product suppliers and competitors. In particular Intermoco continues to pursue significant opportunities in Queensland and Tasmania, which have been or are related to the subject of earlier announcements to ASX.

OVERALL TRADING RESULTS

Other orders, projects or Intermoco Connect Sites that are not listed above, but which were the subject of progress announcements or proposals, did not proceed due to a number of factors. On some occasions, issues beyond the company's control arose; in particular, planning issues impacting on the buildings being constructed, and adverse market conditions affecting the development industry. In other cases, the company made a commercial decision not to proceed, on the basis that after further review, the project would not have earned a sufficient return to justify the capital outlay.

For clarity, Intermoco will not necessarily update the market following every contract win or when an embedded network does not proceed, unless in the Board's view the information in question is price sensitive. Intermoco will however keep the market informed on a regular basis concerning the overall state of its business and its financial performance.

We also take this opportunity to advise the market that we have refined our Announcement Policy so that in all future announcements we will no longer identify the Client or the Site Name but rather the general location and a site number and we will only announce projects on the signing of the final contract. We have taken this decision so that our current and prospective clients are less likely to be targeted via the soliciting of a range of products and services by other service and product suppliers.

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The site number will enable investors to track the progress of our projects, as often the name of the site will undergo changes from inception to final occupancy. As can be seen from the above examples of embedded networks secured, they range in size and revenue opportunity, and the revenue that will flow to Intermoco is dependent on occupancy rates.

The Board of Intermoco strongly believes that the strategy undertaken by the company to concentrate on our Intermoco Connect model provides a sound basis for the company's growth into the future. With all of our Intermoco Connect contracts being for at least five years and our ability to compound revenues in the future, it is predicted that we will see steady and sustainable growth for Intermoco. The company will also continue to earn revenues from its products sales business in the utility sector.

As recently announced, having now secured long term funding for the company by way of convertible notes for \$4.5m with an option to take another \$1.5m, we believe we are extremely well placed to grow the business.

For further information contact:

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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 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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