

Intermoco AGM – 25 November 2011 at 10.00 am Chairman and CEO's Address to Shareholders

Presentation by Chairman

The 2010/11 financial year has been one of further consolidation and change for the Intermoco Group. Since joining the Board of Intermoco Limited as Chairman in May 2011, I have witnessed first hand the variety and scope of opportunities that the Group currently has in front of it. With those opportunities of course will also come challenges, as are experienced by any growing business.

Financial Performance

During 2010/11, Intermoco largely completed its process of business consolidation and structural adjustment. A significant wind-down in the Group's former fee-for-service billing contracts contributed to the reduction in revenue earned during 2010/11 compared to the prior year. However, it has also led to significant further reductions in the Group's cost base and, importantly, enabled management to devote a more concerted effort towards the Group's forward focus on the embedded networks business.

Net operating loss for 2010/11 was \$(3.08m), a 23.3% improvement on the restated result of \$(4.02m) in 2009/10, which in turn was a more than 40% improvement on 2008/09. Despite the improvement in net result achieved in 2010/11, the result was still disappointing, and not satisfactory in the view of the Board.

Our performance over the first four months of 2011/12 has shown a continuation of this trend of improvement in net operating results and despite the incurrence of some further one-off costs during this period, we anticipate reporting a result significantly better than the first half last year. We will update the market accordingly as further detail becomes available.

So in summary, your Board is hopeful that, with the ongoing efforts of management towards building the embedded networks business, and continued focus on overhead cost reductions, this trend of improvement is sustainable, with a view to delivering positive shareholder returns at the earliest opportunity.

Business Model

As explained in more detail in our Annual Report, the Group has continued to take further significant steps during 2010/11 towards full implementation of its new business model: a focus on the embedded networks business, supplemented by a utilities-related product sales business.

In this regard, the Group has been able to diversify its client base into a range of different industry sectors, including residential, commercial, retirement, and retail. Some important new contracts and industry partnerships were entered into, which should serve to provide the base for future growth about which we have previously spoken.

What is also important to remember is that, under the embedded networks model, Intermoco's earnings base is impacted heavily by the margin it makes on the retail supply of utilities. Traditionally, utilities is viewed as a defensive sector in the economy,

which the Board views as a real positive in the uncertain economic times in which the world again seems to find itself.

With our Intermoco Connect model – providing financial benefits for building owners and body corporates, competitive rates for end-users, low-cost customer acquisition for our utilities partners, and a meaningful financial return to our Company – we should be well-placed to continue building the business towards a successful future.

Embedded Networks

I would like to add a few further comments on the embedded networks business known as Intermoco Connect. When I last addressed shareholders, at our July 2011 EGM, our embedded networks tally stood at 9. Following yesterday's announcement, our latest tally stands at 23. The slide on the screen shows how this has moved over the past 18 month period, and demonstrates that we are now getting some real traction in the market with this model.

Estimated annual revenue from the embedded networks in place has correspondingly risen from \$365,000 at June 2010 to \$6.2 million today. Note that these revenue figures reflect the estimated annual amounts after the site reaches its projected level of tenant uptake

The potential market size for the embedded networks business is very significant. While precise data is difficult to source, because of the range of different property types and industry sectors to which the model can be applied, the combination of three sectors – residential apartments, office blocks, and retail shopping centres – presents a market size estimated at around \$3bn in annual revenue, just in the Australian market. This excludes other potential applications such as retirement villages, business parks, universities, and various others.

During 2010/11, embedded networks represented only about 31% of the company's total revenue, with our 'old style' fee for service contracts making up 18% and our product sale business the other 51%. We expect to see significant growth in the embedded network component of our revenue over the next few years, whilst maintaining a healthy contribution from our complementary product sale business.

Capital Structure

During 2010/11, the Group redeemed a convertible note, to the value of \$2.1m, from the proceeds of fresh share issues in a placement to sophisticated investors and an underwritten rights issue. This left the Group in the position of having very little interest-bearing debt on its Balance Sheet, with only some small equipment finance balances remaining as at June 2011.

However, the result of this was a significant increase in the Group's number of issued shares. The Board remains of the view that the number of issued shares, and resultant share price, remain as a matter requiring further attention in the future.

Board and Management Changes

There have been a number of Board and management changes during and since the end of the 2010/11 financial year. We welcomed Bob Gestro back to the Board in May, and Bob adds significant further industry experience and contacts for our business. I also thank Mr Andrew Plympton, the previous Chairman who resigned at the end of

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April 2011, for his efforts while involved with the Group. And of course Mr Andrew Meehan has retired from the Board following several years as an Executive and then Director of the Group. We also thank Andrew for the contribution he has made to the group's various businesses during this period.

On the management side, we welcome Mr Brendt Henricus to the company in the role of Chief Financial Officer. Brendt is enthusiastically immersing himself in many aspects of our business and has proven a great asset in his time with us so far.

Recent Developments

In October this year, we announced the entry into a finance facility with La Jolla Cove Investors, amounting to a minimum \$4.5m, drawn in monthly instalments currently of \$100,000. This has given the company significantly increased financial security, which is important at times of instability in world markets, and when the company still requires funding for future growth and while we are still working towards achieving net profitability.

Also in October, the company Energy Mad Limited, in which Intermoco holds over 2.7m shares, listed on the New Zealand Exchange. Intermoco's holding is currently valued at around A\$1.7m. We will continue to monitor this investment to assess the best course of action with respect to it, noting though that it is not part of our core business.

Summary

In closing, I would like to thank my colleagues on the Board for their continued work and dedication towards the Group's objectives. On behalf of the Board, I also thank our Executive Management team, led by Ian Kiddle, for their continued tireless efforts on transforming our business; this is never an easy task.

Lastly, I would like to thank our shareholders for their ongoing support of the Company during difficult times. We look forward to a future for Intermoco where we are all working together towards a common goal of improved returns.

I'd now like to introduce our Managing Director **Ian Kiddle** who will make a presentation.

Introduction

Intermoco has taken major strides during the financial year 2011 in further establishing Intermoco Connect in the marketplace. Additionally Intermoco continues to develop a strong and stable pipeline of customers and contracts.

Embedded Networks Business

Intermoco Connect is a managed utility service that delivers Electricity, Water, Gas, Telephone and Internet to privately owned or operated environments that generates annuity incomes, both for Intermoco and for our business partners. Referred to as our 'embedded network' business, this is the classic "Win Win" relationship we have with our business partners. The typical contract term is five (5) plus years with five (5) year options beyond the initial period.

Intermoco manages the products, installation, maintenance, billing, collections and customer service within embedded networks. Throughout 2010/11 we have focused on the consolidation of the Intermoco Connect Model and refining and testing our model in different environments, including, as outlined previously:

- Residential
- Retirement Villages
- Commercial Office
- Student Accommodation
- Retail

We now fully understand the factors that operate in each of these markets to ensure we are well placed with our strategy for growth. It has not been easy getting to this position from where we have come, but we are now well placed for sustained and profitable growth.

Intermoco uses and deploys a range of technologies that we purchase from preferred suppliers. As we do not own any of our own product technology, we are free to select the "best of breed" for use with Intermoco Connect. We are continually exploring and evaluating the latest technologies to ensure we have the best service offering to our end users. We also place great emphasis on the control and flow of data from each of our sites. Our Data Services group continue to develop systems and Intellectual Property that ensures we are at the forefront in this area.

As at today's date, Intermoco has signed 23 embedded networks, with 8 of these already in operation, with billing expected to increase as the developments are fully tenanted. In addition the pipeline of opportunities remains robust with a number of further contracts expected to be signed in coming months.

Advantages of Intermoco Connect

The Intermoco Connect model offers advantages not only to Intermoco, but also to our Utility suppliers, and to our Property Clients. The utilities can achieve greater market penetration at our sites with greatly reduced cost of sale. Our property clients receive an annuity income stream on what is otherwise 'sunk cost' infrastructure. This in turn can provide improved yield on their property assets.

These benefits are becoming clearer to the market with every passing month, as can be seen from our impressive range of current clients, or partners as we call them.

And we also have a range of potential new customers that we are currently in discussions with. Note that the names have been withheld at this time due to potential competitor activity.

Other Business Operations

In other group business, a major Queensland project on which we hold a Terms Sheet to the value of approximately \$2.0m has been delayed due to some special legislative issues. This has led to a deferral of this revenue from the 2011 financial year, with a workaround currently being undertaken.

In addition to Intermoco Connect we continue to sell a range of gas and water products to Utilities such as Origin Energy, Sydney Water and Jemena. Product sales in this area were down on last year due to some difficulties we had with supply of product but this is not expected to be repeated in the 2012 financial year.

Innovation and experience are the key elements for success and we are fortunate that following our restructure over the past few years we now have a team that have both these qualities that will drive our growth going forward.

The 2010/11 Year in Review

In October 2010, we signed a Strategic Agreement with the Retirement Village Association of Australia (RVA). The agreement marked the establishment of a strategic partnership between Intermoco and RVA. The RVA is Australia's peak body for the retirement village industry. With in excess of 800 village and associate members nationally, the RVA plays a critical role in the ongoing growth and sustainability of the retirement village industry.

The RVA operates from five regional offices located in Brisbane, Sydney, Melbourne, Adelaide and Perth providing a strong national footprint. The RVA member base consists of retirement village operators, managers, owners, developers, investors and industry specialists across Australia.

Under the terms of the Strategic Agreement, the RVA will offer its membership base Intermoco Connect, which will allow RVA members to benefit from accompanying annuity streams through a revenue sharing agreement that is standard under the terms of past agreements entered into by Intermoco.

Just yesterday, the company announced that nine retirement village sites have signed up with Intermoco Connect, demonstrating our commitment to this sector and the beginnings of what we hope will be a long and fruitful association with it.

In January 2011, we entered into a five (5) year agreement with a Sydney based property development company, Statewide Developments, to supply and install embedded networks to two residential properties in New South Wales. The agreement is for the supply of electricity and voice services to tenants of the Aqua Villa and Sol Rio properties.

Intermoco expects to receive a total of \$2.1 million in revenue from their projects over the five year period. This includes \$600,000 from the Aqua Villa development in New South Wales with an additional \$20,000 in upfront sales and \$1.6 million from the Sol Rio development in New South Wales with an additional \$50,000 in upfront sales to be received in the third quarter of FY2012. Further to this we then signed a five year Agreement for the supply of electricity, voice and data services to 425 tenants of the Kingsway Towers property which commenced the construction phase in February 2011.

The company expects to receive a total of \$3.5 million in revenue over the five year period from the Kingsway Tower Project with an additional \$118,000 in upfront sales to be received in the third quarter of 2011/12 once the development is completed.

In April 2011 we entered into an agreement to provide Intermoco Connect to a new commercial property, constructed by leading Australian property development and investment company Corporate Property Management Pty Limited which is part of the Capital Corporation Group.

The contract will provide Intermoco with \$1.5 million in revenue over the 5 year contract duration. The commercial property known as the Atlas Norwest located in Sydney comprises showrooms and office space, and started billing in June 2011.

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Capital Corporation Group is a well-recognised property development and construction group, operational for 18 years. Capital Corporation Group has been instrumental in the construction of 140 properties and development of an additional 40 projects in the Sydney Metropolitan area. Capital Corporation's current portfolio of assets exceeds \$300 million and the company has a number of future planned construction and development opportunities currently under consideration.

In May, 2011 we entered into a 5 year agreement to provide Intermoco Connect to a commercial property development, developed by MAB Corporation ("MAB") located in the Melbourne metropolitan area. The agreement is expected to provide Intermoco with \$1.45 million over the term of the contract, and is the initial contract under an established partnership between Intermoco and MAB.

Intermoco provides embedded network services to MAB's Industry Business Hub development, a commercial precinct with cutting edge contemporary workplace design. Under the agreement, Intermoco received \$70,000 in capital costs at inception, with initial revenue generated in May 2011. MAB Corporation is a privately owned property development group currently with in excess of \$2 billion in projects and generating \$300 million in annual sales within the Melbourne metropolitan area.

Summary and Outlook

I believe that Intermoco is well placed for significant growth given the scalability of our business model and focus of the Board and executive management team. In addition the Board and Management are actively seeking new growth opportunities to leverage off our experience and skills for growth and the increased value of Intermoco.

The foundations to our success are our staff and management team and I am extremely grateful for all of their important contributions and enthusiasm. I would also like to thank my fellow Board members for their valuable input and leadership throughout the last year. Finally I would like to thank our shareholders for their continued support.

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