# ICSGlobal Limited
**ABN 72 073 695 584**

# Annual Report - 30 June 2011

**ICSGlobal Limited**
**Corporate directory**
**30 June 2011**

| | |
|---|---|
| Directors | Kevin Barry<br>Timothy John Murray<br>Gregory James Quirk<br>Victor Shkolnik<br>James Canning-Ure |
| Company secretary | Gregory James Quirk |
| Notice of annual general meeting | The annual general meeting of ICSGlobal Limited:<br><br>will be held at: Clayton Utz, Level 15, 1 Bligh Street, Sydney NSW 2000, Australia<br>time: 11:00 AM<br>date: Wednesday 19 October 2011 |
| Registered office | C/-Moore Stephens Sydney Pty Limited<br>Level 7, 20 Hunter Street<br>Sydney NSW 2000<br>Australia |
| Share register | Boardroom Pty Limited<br>Level 7, 207 Kent Street<br>Sydney NSW 2000<br>Australia |
| Auditor | PKF<br>East Coast Practice<br>Level 10, 1 Margaret Street<br>Sydney NSW 2000 |
| Solicitors | Clayton Utz<br>Level 15, 1 Bligh Street<br>Sydney NSW 2000 |
| Stock exchange listing | ICSGlobal Limited shares are listed on the Australian Securities Exchange (ASX code: ICS) |
| Website address | www.icsglobal.net |

**ICSGlobal Limited**
**Directors' report**
**30 June 2011**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of ICSGlobal Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

## Directors

The following persons were directors of ICSGlobal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kevin Barry - Chairman (appointed on 22 July 2010)
Timothy John Murray (appointed on 4 August 2010)
Gregory James Quirk
Victor Shkolnik (appointed on 29 July 2010)
James Canning-Ure (appointed on 4 August 2010)
Geoffrey Ernest Lambert (resigned on 23 July 2010)
Ross M. Bunyon (resigned on 30 July 2010)

## Principal activities

The principal activities of the consolidated entity during the financial year were the provision of medical billing services, specifically in the United Kingdom (UK) and the operations of a holding company in Australia.

## Dividends

There were no dividends paid or declared during the current or previous financial year.

## Review of operations

The profit for the consolidated entity after providing for income tax amounted to $203,650 (30 June 2010: loss of $3,525,834).

During the year the consolidated entity continued to support its growing UK business. The consolidated entity is also actively seeking new business opportunities.

Our Medical Billing and Collections business in the UK (MBC) was the board's key operational focus during the year. Working with our UK Manager, Garry Chapman, and with your support for the related capital raising, a new business platform was put in place to fix vulnerabilities that existed in the old business. The new platform of customised software and 10 additional staff has supported the growth during the year, and importantly, will be able to support additional growth without a commensurate increase in our operating costs. The UK team is to be congratulated for a well managed project that smoothly transitioned our customers from the old to the new platforms and was completed budget and on time.

At the same time, in local currency, pounds sterling (GBP) the revenue line grew 69% from GBP 687,500 (2010) to GBP 1,158,088 (2011). Income before corporate re-charges and after tax grew 57% from GBP 159,416 (2010) to GBP 250,551 (2011). Due to the depreciation of the GBP against the Australian dollar (AUD) the growth has been less pronounced but still significant. In AUD terms revenue grew 39% from AUD 1,213,360 (2010) to AUD 1,687,929 (2011) and Income before corporate re-charges and after tax grew 29% from AUD 282,878 (2010) to AUD 365,181 (2011).

The potential for organic growth in this business remains strong. MBC is one of the largest businesses in its market segment yet it only holds a market share of less than 5%.

The board remains strongly focussed on supporting and growing this business.

In Australia the focus is to control the costs and to actively seek other business opportunities that can enhance shareholder value.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have been described in the review of operations above. Any further information has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on directors**

| | |
|---|---|
| Name: | Kevin Barry (appointed on 22 July 2010) |
| Title: | Chairman and Non-Executive Director |
| Qualifications: | Bachelor of Commerce and Laws |
| Experience and expertise: | Kevin has over 16 years experience in the legal and investment banking industries. He commenced his career at KPMG in 1996 and has worked as a qualified solicitor in Norton Rose in London and Blake Dawson Waldron in Sydney specialising in taxation and banking and finance. In 2001 Kevin moved into investment banking and principal finance as a Senior Vice President with Zurich Capital Markets specialising in debt capital markets and corporate advisory. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | None |
| Special responsibilities: | Chairman of the Nomination and Remuneration Committee. |
| Interests in shares: | 3,500,772 ordinary shares |
| Interests in options/rights: | 2,000,000 performance rights |

| | |
|---|---|
| Name: | Timothy John Murray (reappointed on 4 August 2010) |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Civil Engineering |
| Experience and expertise: | Tim was the founder of ICSGlobal and led the consolidated entity from its inception in 1990. Tim was responsible for the overall management of ISCGlobal and for the development of its strategic direction. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | None |
| Special responsibilities: | Member of the Nomination and  Remuneration Committee. |
| Interests in shares: | 16,933,333 ordinary shares |
| Interests in options/rights: | 2,000,000 performance rights |

| | |
|---|---|
| Name: | Gregory James Quirk |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Business, CPA |
| Experience and expertise: | Greg has over 26 years experience in Senior Finance, Commercial and Risk Management roles working in large companies in Australia and overseas. For 10 years he held a number of roles in the Rank Group including Group Financial Controller and Risk Manager. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | None |
| Special responsibilities: | Member of the Audit Committee, Nomination and Remuneration Committee |
| Interests in shares: | 969,231 ordinary shares |
| Interests in options/rights: | 2,000,000 performance rights |

| | |
|---|---|
| Name: | Victor Shkolnik (appointed on 29 July 2010) |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Economics, Fellow of Financial Services Institute of Australasia and CPA Australia. |
| Experience and expertise: | Victor has over 24 years experience in the investment banking and finance industry, specialising in credit risk management, property and mortgage financing. He has held a variety of roles, amongst them a director and senior vice president in the risk management divisions of Deutsche Bank and Bankers Trust Australia, head of credit with Zurich Capital Markets and chief credit officer with the Challenger Group. During this time he was responsible for credit risk and involved in numerous transactions across a diverse range of asset classes and financial products. More recently, Victor was co-founder of a mortgage financing company. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | None |
| Special responsibilities: | Chairman of the Audit Committee and member of Nomination and Remuneration Committee |
| Interests in shares: | 2,210,331 ordinary shares |
| Interests in options/rights: | 2,000,000 performance rights |

| | |
|---|---|
| Name: | James Canning-Ure (appointed on 4 August 2010) |
| Title: | Non-Executive Director |
| Experience and expertise: | James has over 21 years' experience in business management, capital raisings and corporate advisory, in the resources, eCommerce and property industries. James has spent years as managing director at Macarthur Minerals, Finance Director at MGA Steel Building and managing director at Global Approach. James heads Cannings Corporate Communications Brisbane office. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | Orion Metals Ltd. |
| Special responsibilities: | Member of Nomination and Remuneration Committee. |
| Interests in shares: | 769,231 ordinary shares |
| Interests in options/rights: | 2,000,000 performance rights |

| | |
|---|---|
| Name: | Geoffrey Ernest Lambert (resigned on 23 July 2010) |
| Title: | Former Non-Executive Director |
| Qualifications: | Master of Economics, Fellow of the Australian Institute of Company Directors |
| Experience and expertise: | Geoff was appointed to the board in 1999 and resigned during the year. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | Not applicable as no longer a director |
| Interests in options/rights: | Not applicable as no longer a director |

| | |
|---|---|
| Name: | Ross M. Bunyon AM (resigned on 30 July 2010) |
| Title: | Former Chairman and Non-Executive Director |
| Qualifications: | Bachelor of Commerce |
| Experience and expertise: | Ross was appointed to the board in 2007 and resigned during the year. |
| Other current directorships: | None |
| Former directorships (in the last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | Not applicable as no longer a director |
| Interests in options/rights: | Not applicable as no longer a director |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

**Company secretary**
Gregory James Quirk has held the role of Company Secretary since April 2010. See information on directors above for further information.

**Meetings of directors**
The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

| | Full Board | | Audit and Risk Committee | |
|---|---|---|---|---|
| | Attended | Held | Attended | Held |
| Kevin Barry | 16 | 16 | - | - |
| Timothy John Murray | 15 | 15 | - | - |
| Gregory James Quirk | 18 | 18 | 3 | 3 |
| Victor Shkolnik | 16 | 16 | 3 | 3 |
| James Canning-Ure | 13 | 15 | - | - |
| Geoffrey Ernest Lambert (resigned on 23 July 2010) | 2 | 2 | - | - |
| Ross M. Bunyon AM (resigned on 30 July 2010) | 2 | 2 | - | - |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The function of the Nomination and Remuneration Committee was under taken by the full Board.

**Remuneration report (audited)**
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

### *A Principles used to determine the nature and amount of remuneration*

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The board of directors ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

*Non-executive directors remuneration*
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed periodically by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has also agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 22 November 2002, where the shareholders approved an aggregate remuneration of $250,000.

Subject to shareholder approval in the future some fees may be paid in shares rather than cash.

*Executive remuneration*
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments (employee options)
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and employees options, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI’s include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') includes long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

*Consolidated entity performance and link to remuneration*
Remuneration for individuals is not directly linked to performance of the consolidated entity. Bonuses and incentives are at the discretion of the board.

The main performance incentive used by the consolidated entity has been options. All Australian based employees were issued with employee options, which did not have performance criteria, but were issued at an exercise price in excess of the share price at the date of grant. These employee options vested over a three year period to encourage staff retention. These options and entitlement thereto for Australian employees lapsed after the termination of their employment.

The consolidated entity’s financial performance and share price movements over the last five financial years has meant that no executives have exercised any employee options and hence have not yet derived any value from the options granted to them.

### *B Details of remuneration*

*Amounts of remuneration*
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of ICSGlobal Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of ICSGlobal Limited and the following executives:

- Garry Chapman - General Manager, UK.

| **2011** | Short-term benefits | | | Post-employment benefits | Share-based payments | Share-based payments | |
|---|---|---|---|---|---|---|---|
| Name | Cash salary and fees $ | Leave and redundancy $ | Non-monetary $ | Retirement benefit $ | Options $ | Performance rights $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Kevin Barry | 44,645 | - | - | - | - | 3,261 | 47,906 |
| Timothy John Murray | 22,000 | - | - | - | - | 3,261 | 25,261 |
| Gregory James Quirk | 24,000 | - | - | - | - | 3,261 | 27,261 |
| Victor Shkolnik | 22,000 | - | - | - | - | 3,261 | 25,261 |
| James Canning-Ure | 22,000 | - | - | - | - | 3,261 | 25,261 |
| Geoffrey Ernest Lambert | 2,000 | - | - | - | - | - | 2,000 |
| Ross M. Bunyon | 4,090 | - | - | - | - | - | 4,090 |
| *Other Key Management Personnel:* | | | | | | | |
| Garry Chapman | 172,144 | - | - | - | 20,640 | - | 192,784 |
| | 312,879 | - | - | - | 20,640 | 16,305 | 349,824 |

| **2010** | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| Name | Cash salary and fees $ | Leave and redundancy $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Employee Options $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Ross M. Bunyon | 67,845 | | - | - | - | - | 67,845 |
| Geoff Lambert | 14,306 | | - | 14,306 | - | - | 28,612 |
| Gregory Quirk | 9,790 | | - | - | - | - | 9,790 |
| Timothy John Murray | 313,502 | 258,241 | - | 12,051 | - | - | 583,794 |
| *Other Key Management Personnel:* | | | | | | | |
| Lindsay Martin | 212,432 | 37,663 | - | 11,569 | - | 26,842 | 288,506 |
| Tom Walther | 92,890 | 80,758 | - | 8,360 | - | 6,488 | 188,496 |
| Garry Chapman | 134,892 | - | - | - | - | 13,760 | 148,652 |
| Donna Murphy | 86,590 | - | - | - | - | 4,293 | 90,883 |
| | 932,247 | 376,662 | - | 46,286 | - | 51,383 | 1,406,578 |

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|---|---|---|---|---|---|---|
| Name | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| *Non-Executive Directors:* | | | | | | |
| Kevin Barry | 93% | - % | - % | - % | 7% | - % |
| Gregory James Quirk | 88% | - % | - % | - % | 12% | - % |
| Victor Shkolnik | 87% | - % | - % | - % | 13% | - % |
| James Canning-Ure | 87% | - % | - % | - % | 13% | - % |
| Geoffrey Ernest Lambert | - % | 100% | - % | - % | - % | - % |
| Ross M. Bunyon | - % | 100% | - % | - % | - % | - % |
| Timothy John Murray | 87% | 100% | - % | - % | 13% | - % |
| *Other Key Management Personnel:* | | | | | | |
| Garry Chapman | 75% | 91% | 14% | - % | 11% | 9% |
| Lindsay Martin | - % | 91% | - % | - % | - % | 9% |
| Tom Walther | - % | 97% | - % | - % | - % | 3% |
| Donna Murphy | - % | 96% | - % | - % | - % | 4% |

### *C Service agreements*

Employment conditions are formalised in contracts of employment.
• Mr. Barry's contract has no fixed term and is not subject to a notice period.
• Mr. Bunyon resigned on 30 July 2010. Mr. Bunyon's contract had no fixed term and was not subject to a notice period.
• Mr. Lambert resigned on 23 July 2010. Mr. Lambert's contract had no fixed term and was not subject to a notice period.
• Mr. Canning-Ure's contract has no fixed term and is not subject to a notice period.
• Mr. Quirk's contract has no fixed term and is not subject to a notice period.
• Mr. Murray's term of employment as Managing Director was terminated on 30 April 2010. Since returning to the Board on 4 August 2010, Mr. Murray's contract has no fixed term and is not subject to a notice period.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Garry Chapman |
| Title: | General Manager |
| Details: | • Mr. Chapman's term of employment is ongoing until terminated by either party. The contract may be terminated at any time by Mr. Chapman giving the Company three months notice or by the Company giving Mr. Chapman three months notice or payment of cash in lieu of notice. The contract provides for five weeks of annual leave per year.<br>Salary reviews are carried out annually or sooner if circumstances dictate. In addition to his base salary of £75,000, Mr. Chapman is entitled to be paid bonuses upon achieving the following performance milestones:<br>• average monthly revenue £55,000: £5,000 bonus per annum<br>• average monthly revenue £70,000: £15,000 bonus per annum<br>• average monthly revenue £85,000: £25,000 bonus per annum<br>• average monthly revenue £100,000: £35,000 bonus per annum<br>• average monthly revenue £125,000: £45,000 bonus per annum<br>• average monthly revenue £175,000: £55,000 bonus per annum<br>• average monthly revenue £250,000: £75,000 bonus per annum |

Other key management personnel have standard contracts with no fixed terms and not subject to notice period.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### *D Share-based compensation*

*Issue of shares*
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

*Options*
There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2011.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2011.

*Performance rights*
On 22 March 2011 the performance rights approved at the Annual General meeting held on 29 November 2011 were issued to the directors. Each director received 2,000,000 performance rights.

A performance right is a right to receive one fully paid share at, no cost, subject to a certain performance hurdles/conditions being met. Performance rights are not entitled to receive dividends or any distributions. The board determines who may participate in the performance rights plan and participation is voluntary.

The performance hurdle for the performance rights issued is if the ICS share price reaches $0.026 within 3 years of rights issue date, then performance rights will vest.

An employee who leaves ICS with unvested performance rights and is considered a 'good leaver' may have some or all of their rights vested at the discretion of the board. A 'good leaver' is an employee who ceases employment as a result of:
• death or disablement
• retirement
• redundancy
• other terms reasonably determined by the board.

The performance rights will lapse on the earliest of:
• expiry date of performance rights (three years from the issue date)
• board determining the performance rights should lapse
• a grantee becoming bankrupt
• 30 days after a grantee ceases employment if no 'good leaver' determination has been made

The value of the performance rights issued during the year, determined in accordance with AASB 2 Share Based Payments was $48,908. See section B above for value or rights issued per director and the percentage of remuneration.

***This concludes the remuneration report, which has been audited.***

**Loans to directors and executives**
There were no loans to directors or key management personnel during the financial year.

**Shares under option**
Unissued ordinary shares of ICSGlobal Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 1 July 2008 | 30 June 2013 | $0.350 | 500,000 |
| 1 July 2008 | 30 June 2013 | $0.350 | 500,000 |
| 1 July 2008 | 30 June 2013 | $0.350 | 500,000 |
| | | | 1,500,000 |

There are also 10,000,000 performance rights issued on 22 March 2011. The performance hurdle reached if the ICS share price reaches $0.026 within 3 years of rights issue date, then performance rights will vest.

**Shares issued on the exercise of options**
There were no shares of ICSGlobal Limited issued on the exercise of options during the year ended 30 June 2011.

**Indemnity and insurance of officers**
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**Indemnity and insurance of auditor**
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former audit partners of PKF**
There are no officers of the company who are former audit partners of PKF.

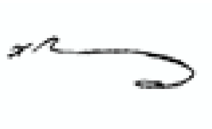
**ICSGlobal Limited**
**Directors' report**
**30 June 2011**

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Auditor**
PKF continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



___________________________
Kevin Barry
Chairman

31 August 2011
Sydney

Chartered Accountants
& Business Advisers

**Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001***

To the Directors of ICSGlobal Limited and the entities it controlled during the year.

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

- no contraventions of any applicable code of professional conduct in relation to the audit.

**PKF**

**Paul Bull**
**Partner**

Sydney
31 August 2011

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Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

**ICSGlobal Limited**
**Corporate Governance Statement**
**30 June 2011**

This statement outlines the main corporate governance practices that the company has in place, which comply with the ASX Corporate Governance Council unless otherwise stated.

### Commitment to Good Corporate Governance

Corporate governance is a matter of high importance in the company and is undertaken with due regard to all of the company's stakeholders and its role in the community. ICSGlobal has adopted the ASX Corporate Governance Principals and Recommendations.

The key corporate governance practices are summarised below in this corporate governance statement. A full copy of ICSGlobal's Corporate Governance Policies and Procedures is available on its web site at www.icsglobal.net.

### Board of directors

The directors have responsibility for the overall corporate governance of ICSGlobal and for protecting the rights and interests of the shareholders. The board is comprised of a majority of independent non-executive directors.

The details of the directors required by recommendation ASX Corporate Governance Principle 2.6 are set out in the Directors' Report.

Primary responsibilities of the board include:

- The establishment of long term goals and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the company and monitoring of the results;
- The approval of the annual and half yearly report; and
- Ensuring ICSGlobal has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

The board meets at least on a monthly basis. All available information in connection with items to be discussed at a meeting of the board is provided to each director before the meeting. When required, directors can seek independent professional advice if necessary, at the company's expense.

During the year the Nomination Committee met and reviewed the performance of the board, its committees and the individual directors.

### Risk management

The board is committed to the identification and quantification of risk. Directors receive regular reports on areas where significant business risk or exposure concentrations may exist and on the management of those risks. The board committee structures form an important part of the risk management process.

### Audit committee

At the date of this report, ICSGlobal had an audit committee consisting of the following independent non-executive directors:

- Victor Shkolnik (Chairman of the Audit Committee)
- Greg Quirk

The audit committee provides a forum for the effective communication between the board and external auditors.

The audit committee reviews:
- The annual financial report prior to their approval by the board
- The effectiveness of management information systems and systems of internal control
- The appointment of external auditors
- The efficiency and effectiveness of the external audit function

Both members attended the three audit committee meetings held during the year.

The board has received a declaration in accordance with section 295A of the Corporations Act.

### Nomination committee

The full board of ICS forms the Nomination committee, the majority being independent non-executive directors:

- Kevin Barry (Chairman of the Nomination Committee)
- Timothy Murray
- Victor Shkolnik
- James Canning-Ure
- Greg Quirk

Responsibilities of the Nomination Committee include:

- Assessment of the size, competencies and performance of the board and the individual directors.
- Determination of the appropriate remuneration levels for each director.

### Remuneration committee

The full board of ICS forms the Nomination committee, the majority being independent non-executive directors:

- Kevin Barry (Chairman of the Remuneration Committee)
- Timothy Murray
- Victor Shkolnik
- James Canning-Ure
- Greg Quirk

The remuneration committee reviews the performance of ICSGlobal's management.

The remuneration committee reviews and provides recommendations to the board, with respect to the scale and structure of the remuneration for all employees, including decisions about the ICSGlobal Employee Option Plan and Performance Rights Plan.

Remuneration policies are discussed in more detail in the remuneration report in the Directors' Report.

All members attended the one remuneration committee meeting held during the year.

### Continuous disclosure

The company secretary is the nominated ASX Communication Officer and is responsible for:

- Ensuring that the company complies with its continuous disclosure requirements
- Overseeing and coordinating disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public
- Ensuring that all ASX releases are posted on the company's website

The company's compliance with its continuous disclosure obligations is reviewed at each meeting of the board of directors.

### Trading policy

The company's policy regarding directors and employees trading in its securities is set by the board of directors.

The policy restricts directors and employees from acting on material information until it has been released to the market.

The Securities Trading Policy has been issued to ASX and can be found on the company's website.

### External auditor

The external auditor is required to attend all general meetings of the company. The Chairman allows a reasonable opportunity for shareholders to ask the auditor questions relevant to the conduct of the audit and the preparation and content of the audit report.

PKF were appointed as the auditor for the company in June 1999. Mr. Paul Bull, a partner at PKF, has been the partner responsible for ICSGlobal for the 2011 financial year.

### Accounting policies and practices

The company has continued its practice of consistently applying prudent and conservative accounting policies and practices in accordance with the applicable accounting standards and legislation.

### ASX Corporate Governance Council: Corporate Governance Principals and Recommendations

ICSGlobal has adopted the revised second edition of the Corporate Governance Principals and Recommendations.

*Principle 1 – Lay solid foundations for management and oversight*
ICSGlobal complies with this recommendation.

*Principle 2 – Structure the board to add value*

ICSGlobal complies with this recommendation. The majority the board's directors, including the Chairman, are non executive independents. The board has undertaken a review of the mix of skills and experience on the board in light of the company's principal activities and direction, and has considered diversity in succession planning. The board considers the current mix of skills and experience of members of the board and its senior management is sufficient to meet the requirements of the company.

*Principle 3 – Promote ethical and responsible decision making*
ICSGlobal complies with this recommendation other than having a Diversity Policy which it will prepare. This policy will a consider the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for board and senior management positions in the company, education programs to develop skills and experience in preparation for board and senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the board, and senior management.

On completion and acceptance of a Diversity Policy, the company will report in each annual report the measurable objectives for achieving gender diversity set by the board. The company will include in the Directors' Report the proportion of women employees and their positions held within the company.

*Principle 4 – Safeguard the integrity in financial reporting*
ICSGlobal complies with this recommendation, except for the requirement to have at least 3 non-executive director members of the Audit Committee. ICSGlobal's Audit Committee is comprised of two independent non-executive directors.

*Principle 5 – Make timely and balanced disclosure*
ICSGlobal complies with this recommendation, and has a continuous disclosure policy.

*Principle 6 – Respect the rights of shareholders*
ICSGlobal complies with this recommendation. The company communicates with its shareholders and encourages participation at general meetings.

*Principle 7 – Recognise and manage risk*
ICSGlobal complies with this recommendation. The board has overall responsibility for Risk Management. It has identified key risks within the business and taken steps to monitor and manage these risks.

*Principle 8 – Remunerate fairly and responsibly*
ICSGlobal complies with this recommendation. The Remuneration Committee has majority independent directors. No senior executive is involved directly in deciding their own remuneration.

### Certification

The company secretary has given a written declaration to the board required by section 295A of the Corporations Act 2001 that in his view:

- the company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board; and
- the company's risk management and internal compliance and control system is operating effectively in all material respects.

## Contents



## General information

The financial report covers ICSGlobal Limited as a consolidated entity consisting of ICSGlobal Limited and the entities it controlled. The financial report is presented in Australian dollars, which is ICSGlobal Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

ICSGlobal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/-Moore Stephens Sydney Pty Ltd
Level 7, 20 Hunter Street
Sydney NSW 2000
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 31 August 2011. The directors have the power to amend and reissue the financial report.

**ICSGlobal Limited**
**Statement of comprehensive income**
**For the year ended 30 June 2011**

| | Note | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|---|
| **Revenue from continuing operations** | 5 | 1,692,270 | 1,247,698 |
| **Expenses** | | | |
| Employee benefits expenses | | (977,314) | (384,403) |
| External contractor expenses | | (187,023) | (23,280) |
| Directors fees | | (144,000) | (143,824) |
| Occupancy expenses | | (159,725) | (257,660) |
| Depreciation and amortisation expenses | 6 | (70,525) | (29,939) |
| Marketing expenses | | (808) | (8,078) |
| Legal fees | | (33,778) | (11,895) |
| Communication and travel | | (33,690) | (71,512) |
| Postage and stationery | | (65,682) | (39,720) |
| Computer expenses | | (34,048) | (29,642) |
| Other expenses | | (156,449) | (238,653) |
| Finance costs | 6 | (45) | - |
| **Profit/(loss) before income tax (expense)/benefit from continuing operations** | | (170,817) | 9,092 |
| Income tax (expense)/benefit | 7 | 3,899 | (16,415) |
| Loss after income tax (expense)/benefit from continuing operations | | (166,918) | (7,323) |
| Profit/(loss) after income tax (expense)/benefit from discontinued operations | 8 | 370,568 | (3,518,511) |
| **Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of ICSGlobal Limited** | 20 | 203,650 | (3,525,834) |
| **Other comprehensive income** | | | |
| Foreign currency translation | | (42,543) | (218,254) |
| Other comprehensive income for the year, net of tax | | (42,543) | (218,254) |
| **Total comprehensive income for the year attributable to the owners of ICSGlobal Limited** | | 161,107 | (3,744,088) |

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**ICSGlobal Limited**
**Statement of comprehensive income**
**For the year ended 30 June 2011**

| | Note | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|---|
| | | **Cents** | **Cents** |
| **Earnings per share from continuing operations attributable to the owners of ICSGlobal Limited** | | | |
| Basic earnings per share | 32 | (0.09) | - |
| Diluted earnings per share | 32 | (0.09) | - |
| **Earnings per share from discontinued operations attributable to the owners of ICSGlobal Limited** | | | |
| Basic earnings per share | 32 | 0.20 | (2.10) |
| Diluted earnings per share | 32 | 0.19 | (2.10) |
| **Earnings per share for loss attributable to the owners of ICSGlobal Limited** | | | |
| Basic earnings per share | 32 | 0.11 | (2.11) |
| Diluted earnings per share | 32 | 0.10 | (2.11) |

Refer to note 3 for detailed information on restatement of comparatives.

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**ICSGlobal Limited**
**Statement of financial position**
**As at 30 June 2011**

| | Note | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 765,361 | 738,450 |
| Trade and other receivables | 10 | 560,948 | 224,546 |
| Total current assets | | 1,326,309 | 962,996 |
| **Non-current assets** | | | |
| Receivables | 11 | - | 22,454 |
| Property, plant and equipment | 12 | 85,570 | 72,602 |
| Intangibles | 13 | 2,426,479 | 2,214,282 |
| Deferred tax | 14 | 49,290 | 45,391 |
| Total non-current assets | | 2,561,339 | 2,354,729 |
| **Total assets** | | 3,887,648 | 3,317,725 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 640,121 | 564,769 |
| Provisions | 16 | 8,066 | 9,132 |
| Total current liabilities | | 648,187 | 573,901 |
| **Non-current liabilities** | | | |
| Provisions | 17 | 4,609 | 27,931 |
| Total non-current liabilities | | 4,609 | 27,931 |
| **Total liabilities** | | 652,796 | 601,832 |
| **Net assets** | | 3,234,852 | 2,715,893 |
| **Equity** | | | |
| Contributed equity | 18 | 34,779,385 | 34,458,476 |
| Reserves | 19 | 654,971 | 660,571 |
| Accumulated losses | 20 | (32,199,504) | (32,403,154) |
| **Total equity** | | 3,234,852 | 2,715,893 |

Refer to note 3 for detailed information on restatement of comparatives.

*The above statement of financial position should be read in conjunction with the accompanying notes*

**ICSGlobal Limited**
**Statement of changes in equity**
**For the year ended 30 June 2011**

| | Contributed equity $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Consolidated** | | | | |
| Balance at 1 July 2009 | 32,595,838 | 786,945 | (28,877,320) | 4,505,463 |
| Other comprehensive income for the year, net of tax | - | (218,254) | - | (218,254) |
| Loss after income tax (expense)/benefit for the year | - | - | (3,525,834) | (3,525,834) |
| Total comprehensive income for the year | - | (218,254) | (3,525,834) | (3,744,088) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs | 1,862,638 | - | - | 1,862,638 |
| Share-based payments | - | 91,880 | | 91,880 |
| Balance at 30 June 2010 | 34,458,476 | 660,571 | (32,403,154) | 2,715,893 |

| | Contributed equity $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Consolidated** | | | | |
| Balance at 1 July 2010 | 34,458,476 | 660,571 | (32,403,154) | 2,715,893 |
| Other comprehensive income for the year, net of tax | - | (42,543) | - | (42,543) |
| Profit after income tax (expense)/benefit for the year | - | - | 203,650 | 203,650 |
| Total comprehensive income for the year | - | (42,543) | 203,650 | 161,107 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs | 320,909 | - | - | 320,909 |
| Share-based payments | - | 36,943 | - | 36,943 |
| Balance at 30 June 2011 | 34,779,385 | 654,971 | (32,199,504) | 3,234,852 |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**ICSGlobal Limited**
**Statement of cash flows**
**For the year ended 30 June 2011**

| | Note | Consolidated 2011 $ | 2010 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 1,520,318 | 4,847,707 |
| Payments to suppliers and employees (inclusive of GST) | | (1,545,377) | (7,113,568) |
| | | (25,059) | (2,265,861) |
| Interest received | | 4,342 | 33,136 |
| Interest and other finance costs paid | | (45) | - |
| Proceeds from litigation settlement | | - | 460,000 |
| Research and development income tax received | | - | 343,620 |
| Net cash used in operating activities | 31 | (20,762) | (1,429,105) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 12 | (38,883) | (24,648) |
| Payments for intangibles | 13 | (256,807) | - |
| Repayments of rental deposit | | 22,454 | 35,450 |
| Net cash from/(used in) investing activities | | (273,236) | 10,802 |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 18 | 350,000 | 2,050,000 |
| Payments for share buy-backs | | (1) | - |
| Share issue transaction costs | | (29,090) | (187,362) |
| Repayment of borrowings | | - | (146,417) |
| Finance costs paid | | - | (30,507) |
| Net cash from financing activities | | 320,909 | 1,685,714 |
| Net increase in cash and cash equivalents | | 26,911 | 267,411 |
| Cash and cash equivalents at the beginning of the financial year | | 738,450 | 471,039 |
| Cash and cash equivalents at the end of the financial year | 9 | 765,361 | 738,450 |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**
The consolidated entity has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The consolidated entity has also early adopted AASB 2010-4.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
The consolidated entity has applied AASB 2010-4 from 1 July 2010. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures'; clarification of statement of changes in equity in AASB 101 'Presentation of Financial Statements' and disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

*AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions*
The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

*Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments*
The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

**Note 1. Significant accounting policies (continued)**

*AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;
AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and
AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

*AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues*
The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

*AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

**Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

## Note 1. Significant accounting policies (continued)

### Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ICSGlobal Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. ICSGlobal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation
The financial report is presented in Australian dollars, which is ICSGlobal Limited's functional and presentation currency.

*Foreign currency transactions*
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

**Note 1. Significant accounting policies (continued)**

*Medical billing service ('MBC') revenue*
Revenue is charged based on a percentage of the fees collected from patients, health insurance funds and other payers on behalf of doctors. Revenue is recognised by the consolidated entity in the month that the doctors' fees are collected and the commission becomes payable.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Export market development grant*
Export market development grants are recognised in the year that the grant is received.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

**Discontinued operations**
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

**Note 1. Significant accounting policies (continued)**

**Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 14 to 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Investments and other financial assets**
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

**Note 1. Significant accounting policies (continued)**

**Property, plant and equipment**
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|---|---|
| Leasehold improvements | Spread over the term of the relevant lease |
| Office equipment | 3-5 years |
| Computer equipments | 2-5 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Intangible assets**
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Goodwill*
Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

*Software*
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

**Impairment of non-financial assets**
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Note 1. Significant accounting policies (continued)**

### Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Employee benefits

*Wages and salaries and annual leave*
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

**Note 1. Significant accounting policies (continued)**

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Contributed equity**
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Note 1. Significant accounting policies (continued)

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of ICSGlobal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## Note 1. Significant accounting policies (continued)

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

**Note 1. Significant accounting policies (continued)**

*IFRS 10 (AASB 10) Consolidated Financial Statements*
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of ley management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 January 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

*IFRS 11 (AASB 11) Joint Arrangements*
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint Operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 January 2013 will not have a material impact on the consolidated entity.

*IFRS 12 (AASB 12) Disclosure of Interests in Other Entities*
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures', Interpretation 12 "Service Concession Arrangements' and Interpretation 13 'Customer Loyalty Programmes'. The adoption of this standard from 1 January 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made by the consolidated entity in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

**Note 1. Significant accounting policies (continued)**

*IFRS 13 (AASB 13) Fair Value Measurement*
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

*IAS 1 (AASB 101) Presentation of Financial Statements (Revised)*
This revised standard is applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss. The change provides clarity about the nature of items presented as other comprehensive income and their future impact. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.

*AASB 124 Related Party Disclosures (December 2009)*
This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

*IAS 27 (AASB 127) Separate Financial Statements (Revised)*
*IAS 28 (AASB 128) Investments in Associates and Joint Ventures (Reissued)*
These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in IFRS 10, IFRS 11 and IFRS 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

*AASB 2009-12 Amendments to Australian Accounting Standards*
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

## Note 1. Significant accounting policies (continued)

*AASB 2010-5 Amendments to Australian Accounting Standards*
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

*AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets*
These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

*AASB 1054 Australian Additional Disclosures*
This Standard is applicable to annual reporting periods beginning on or after 1 July 2011. The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements*
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. They make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with International Financial Reporting Standards but without any intention to change requirements. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 ‘Related Party Disclosures’ by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Share-based payment transactions*
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Provision for impairment of receivables*
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

*Estimation of useful lives of assets*
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Goodwill and other indefinite life intangible assets*
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## Note 2. Critical accounting judgements, estimates and assumptions (continued)

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## Note 3. Restatement of comparatives

*Reclassification of comparatives*
The consolidated entity manages a bank account on behalf of doctors which is used to receive and payout certain billing claims. Since the consolidated entity effectively controls the bank account, the balance of these bank accounts have been included as part of the overall cash and cash equivalents of the consolidated entity and a corresponding balance for the same amount included in trade and other payables. Comparatives have been restated to be consistent with the current year presentation, being an increase in cash and cash equivalents of $345,242 and a corresponding increase in trade and other payables. There is no impact on the net assets and performance of the consolidated entity.

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2009. However, as there were no adjustments made as at 1 July 2009, the consolidated entity has elected not to show the 1 July 2009 statement of financial position.

## Note 4. Operating segments

*Identification of reportable operating segments*
Having disposed of its operations in a healthcare transaction clearing house ('THELMA') in April 2010, the consolidated entity only has one reportable segment being the provision of medical billing services in the UK. For information on the reportable segment refer to information relating to continuing operations in the statement of comprehensive income (for segment revenues and profit/loss) and statement of financial position (for total segment assets and liabilities).

Included in total assets at 30 June 2011 of $3,887,648 (2010: $3,317,725) are assets relating to discontinued operations comprising:

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Research and development tax claim | 213,362 | - |
| Receivable under Thelma sale agreement | 104,654 | - |
| Total | 318,016 | - |

There are no liabilities relating to discontinued operations at 30 June 2011 and 2010.

*Major customers*
During the year ended 30 June 2011 there were no major customers (2010: nil).

## Note 4. Operating segments (continued)

*Geographical information*

| | Sales to external customers | | Geographical non-current assets | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | $ | $ | $ | $ |
| Australia | - | - | 6,500 | 6,500 |
| United Kingdom | 1,687,928 | 1,213,360 | 2,505,549 | 2,280,384 |
| | 1,687,928 | 1,213,360 | 2,512,049 | 2,286,884 |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post employment benefits assets and rights under insurance contracts.

## Note 5. Revenue

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| **From continuing operations** | | |
| *Sales revenue* | | |
| Medical billing service | 1,687,928 | 1,213,360 |
| *Other revenue* | | |
| Interest | 4,342 | 33,088 |
| Gain on disposal of property, plant and equipment | - | 1,250 |
| | 4,342 | 34,338 |
| Revenue from continuing operations | 1,692,270 | 1,247,698 |

## Note 6. Expenses

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Profit/(loss) before income tax includes the following specific expenses: | | |
| *Depreciation* | | |
| Leasehold improvements | 14,815 | 14,815 |
| Office equipment | 11,100 | 6,384 |
| Computer equipment | - | 8,740 |
| Total depreciation | 25,915 | 29,939 |
| *Amortisation* | | |
| Software | 44,610 | - |
| Total depreciation and amortisation | 70,525 | 29,939 |
| *Rental expense on operating leases* | | |
| Minimum lease payments | 113,357 | 590,106 |
| *Finance costs* | | |
| Interest and finance charges paid/payable | 45 | - |

**ICSGlobal Limited**
**Notes to the financial statements**
**30 June 2011**

## Note 7. Income tax benefit

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| *Income tax benefit* | | |
| Current tax | (213,362) | (341,106) |
| Deferred tax | (3,899) | 16,415 |
| Aggregate income tax benefit | (217,261) | (324,691) |
| Income tax benefit is attributable to: | | |
| Profit/(loss) from continuing operations | (3,899) | 16,415 |
| Loss from discontinued operations | (213,362) | (341,106) |
| Aggregate income tax benefit | (217,261) | (324,691) |
| Deferred tax included in income tax benefit comprises: | | |
| Decrease/(increase) in deferred tax assets (note 14) | (3,899) | 16,415 |
| *Numerical reconciliation of income tax benefit to prima facie tax payable* | | |
| Profit/(loss) before income tax (expense)/benefit from continuing operations | (170,817) | 9,092 |
| Profit/(loss) before income tax (expense)/benefit from discontinued operations | 157,206 | (3,859,617) |
| | (13,611) | (3,850,525) |
| Tax at the Australian tax rate of 30% | (4,083) | (1,155,158) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Entertainment expenses | - | 727 |
| Legal expenses | - | 142,646 |
| Research and development claims | - | 272,885 |
| | (4,083) | (738,900) |
| Difference in overseas tax rates | 5,740 | 7,035 |
| Current year losses utilised | - | (354,858) |
| Foreign exchange gain | - | (54,747) |
| Income tax (revenue) from Research and Development claim | (213,362) | (341,106) |
| (Profit) loss from discontinued operations not recognised | (5,556) | 1,157,885 |
| Income tax benefit | (217,261) | (324,691) |

## Note 7. Income tax benefit (continued)

*United Kingdom*
The tax losses in the UK have been recognised as a deferred tax asset, as detailed in note 13, as the directors believe it is appropriate to regard realisation of the future income tax benefit as probable.

*Australia*
Potential future income tax benefits attributable to tax losses carried forward amounting to approximately $6,957,459 (2010: $6,224,154) for the consolidated entity, calculated at a tax rate of 30%, have not been brought to account because the directors do not believe it is appropriate to regard realisation of the future income tax benefit as probable. These benefits will only be obtained if:

• The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
• The consolidated entity continues to comply with the conditions for deductibility imposed by law; and
• No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss.

## Note 8. Discontinued operations

*Description*
*Thelma (comparative period)*
On 30 April 2010 the consolidated entity sold its Thelma business and related assets to eHealthWise Pty Limited, a wholly owned subsidiary of CargoWise Pty Limited, thereby discontinuing its operations in this business segment. A loss from discontinued operations following the disposal of the business of $1,214,087 was reported by the consolidated entity in the year ended 30 June 2010.

*Medical Recovery Services Inc. (comparative period)*
On 8 April 2010, Thelma-US Inc. disposed of its 100% interest in Medical Recovery Services, Inc (MRS). A loss from discontinued operations of $2,645,530 was attributable to the consolidated entity following the disposal of the business in the year ended 30 June 2010. No remaining interest in the entity was held by any member of the consolidated entity.

The current year figures represent the residue of the above discontinued operations.

## Note 8. Discontinued operations (continued)

*Financial performance information*

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| Revenue | 153,447 | 3,071,056 |
| Other income | - | 460,048 |
| Total revenue | 153,447 | 3,531,104 |
| Expenses | (4,668) | (4,452,655) |
| Bad debt expense reversed | 8,427 | - |
| Total expenses | 3,759 | (4,452,655) |
| Profit/(loss) before income tax benefit | 157,206 | (921,551) |
| Income tax benefit | 213,362 | 341,106 |
| Profit/(loss) after income tax benefit | 370,568 | (580,445) |
| Gain on sale before income tax | - | (2,938,066) |
| Income tax expense | - | - |
| Loss on sale after income tax expense | - | (2,938,066) |
| Profit/(loss) after income tax (expense)/benefit from discontinued operations | 370,568 | (3,518,511) |

*Cash flow information*

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| Net cash from/(used in) operating activities | 44,125 | (1,218,156) |
| Net cash used in investing activities | - | (24,648) |
| Net cash from financing activities | - | 895 |
| Net increase/(decrease) in cash and cash equivalents from discontinued operations | 44,125 | (1,241,909) |

## Note 8. Discontinued operations (continued)

*Details of the sale*

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| Total sale consideration | - | 35,451 |
| Goodwill | - | (3,008,727) |
| Carrying amount of net assets sold | - | 35,210 |
| Loss on sale before income tax | - | (2,938,066) |
| Income tax expense | - | - |
| Loss on sale after income tax | - | (2,938,066) |

In relation to the sale of Thelma, in the event the operations achieve certain performance criteria during the period post 30 June 2010 as specified in the sale agreement, additional cash consideration of up to $1,250,000 will be receivable. This additional consideration represents a contingent asset at 30 June 2011 and therefore no amount is recognised in the financial statements in relation to the contingent asset.

A receivable of $104,654 has been recognised as other income being the first payment due under this agreement. This payment was received on 27 July 2011.

## Note 9. Current assets - cash and cash equivalents

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| Cash on trust * | 404,798 | 345,242 |
| Cash at bank | 358,063 | 230,805 |
| Cash on deposit | 2,500 | 162,403 |
| | 765,361 | 738,450 |

* The cash on trust is offset by equal liability in other payables and it is not for general use of the consolidated entity.

**Note 10. Current assets - trade and other receivables**

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Trade receivables | 231,517 | 258,956 |
| Less: Provision for impairment of receivables | (26,258) | (78,775) |
| | 205,259 | 180,181 |
| Other receivables | 323,691 | 7,304 |
| Prepayments | 8,056 | 10,704 |
| VAT and GST receivable | 23,942 | 26,357 |
| | 560,948 | 224,546 |

*Impairment of receivables*
The consolidated entity has recognised a reversal of $52,517 (2010: loss of $78,775) in profit or loss in respect of impairment of receivables for the year ended 30 June 2011.

The ageing of the impaired receivables recognised above are as follows:

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Over 6 months overdue | 26,258 | 78,775 |

Movements in the provision for impairment of receivables are as follows:

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Opening balance | 78,775 | - |
| Additional provisions recognised | - | 78,775 |
| Unused amounts reversed | (52,517) | - |
| Closing balance | 26,258 | 78,775 |

## Note 10. Current assets - trade and other receivables (continued)

*Past due but not impaired*
Customers with balances past due but without provision for impairment of receivables amount to $20,468 as at 30 June 2011 ($7,368 as at 30 June 2010). The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| 1 month overdue | 7,659 | 7,368 |
| Over 2 months overdue | 12,809 | - |
| | 20,468 | 7,368 |

## Note 11. Non-current assets - receivables

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Rental deposit | - | 22,454 |

## Note 12. Non-current assets - property, plant and equipment

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Leasehold improvements - at cost | 74,076 | 74,076 |
| Less: Accumulated depreciation | (33,334) | (18,519) |
| | 40,742 | 55,557 |
| Office equipment - at cost | 67,919 | 29,036 |
| Less: Accumulated depreciation | (23,091) | (11,991) |
| | 44,828 | 17,045 |
| | 85,570 | 72,602 |

## Note 12. Non-current assets - property, plant and equipment (continued)

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Leasehold improvements<br>$ | Office equipment<br>$ | Computer equipment<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Consolidated** | | | | |
| Balance at 1 July 2009 | 70,372 | 59,825 | 91,189 | 221,386 |
| Disposals | - | (36,396) | (82,449) | (118,845) |
| Depreciation expense | (14,815) | (6,384) | (8,740) | (29,939) |
| Balance at 30 June 2010 | 55,557 | 17,045 | - | 72,602 |
| Additions | - | 38,883 | - | 38,883 |
| Depreciation expense | (14,815) | (11,100) | - | (25,915) |
| Balance at 30 June 2011 | 40,742 | 44,828 | - | 85,570 |

## Note 13. Non-current assets - intangibles

| | **Consolidated** | |
|---|---|---|
| | **2011**<br>**$** | **2010**<br>**$** |
| Goodwill - at cost | 2,214,282 | 2,214,282 |
| | 2,214,282 | 2,214,282 |
| Software - at cost | 256,807 | - |
| Less: Accumulated amortisation | (44,610) | - |
| | 212,197 | - |
| | 2,426,479 | 2,214,282 |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Software<br>$ | Goodwill<br>$ | Total<br>$ |
|---|---|---|---|
| **Consolidated** | | | |
| Balance at 1 July 2009 | - | 5,223,009 | 5,223,009 |
| Disposals | - | (3,008,727) | (3,008,727) |
| Balance at 30 June 2010 | - | 2,214,282 | 2,214,282 |
| Additions | 256,807 | - | 256,807 |
| Amortisation expense | (44,610) | - | (44,610) |
| Balance at 30 June 2011 | 212,197 | 2,214,282 | 2,426,479 |

## Note 13. Non-current assets - intangibles (continued)

*Impairment test for goodwill*
Goodwill is allocated to the consolidated entity's cash generating units ('CGU') identified according to business segment and country of operation based on the only CGU at 30 June 2011 which is the UK business ('MBC').

The recoverable amount of the CGU is determined based on value-in-use calculations in the functional currency of the CGU. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period plus a terminal value.

*Key assumptions used for value-in-use calculations*
The cash flows are discounted using the weighted average cost of capital calculated for the CGU estimated to be 15.0% (2010: 15%). The cash flows are based on forecasts for the CGU. These forecasts use estimated growth rates to project revenue and expenses.

The forecast for Medical Billing and Collections ('MBC') reflects management's expectation with respect to revenue growth and the cost to service the expected revenue. These forecasts vary from the actual results as management expects that the investment in the business over the past 18 months will enable it to generate significant additional revenue with a less than proportional increase in operating costs.

Other key assumptions include annual revenue growth between 5% - 15% (2010: 10%) and expense growth of 5% (2010: 5%).

*Impact of possible changes in key assumptions*
Management does not consider that a change in any of the key assumptions would cause the CGU's carrying amount to exceed the recoverable amount.

## Note 14. Non-current assets - deferred tax

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| *The balance comprises temporary differences attributable to:* | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 49,290 | 45,391 |
| Deferred tax asset | 49,290 | 45,391 |
| Deferred tax asset to be recovered within 12 months | 49,290 | 45,391 |
| *Movements:* | | |
| Opening balance | 45,391 | 61,806 |
| Credited/(charged) to profit or loss (note 7) | 3,899 | (16,415) |
| Closing balance | 49,290 | 45,391 |

## Note 15. Current liabilities - trade and other payables

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Trade payables | 117,012 | 65,544 |
| VAT payable | 55,713 | 71,259 |
| Other payables | 467,396 | 427,966 |
| | 640,121 | 564,769 |

Refer to note 22 for detailed information on financial instruments.

## Note 16. Current liabilities - provisions

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Employee benefits | 8,066 | 9,132 |

## Note 17. Non-current liabilities - provisions

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Director retirement benefits | 4,609 | 27,931 |

In July 2003, the directors made a decision to discontinue the non-executive directors' retirement benefits scheme. Accordingly, no benefits have been accrued since 30 June 2003. Amounts accrued under the scheme prior to 30 June 2003 will be paid to the respective non-executive director upon their retirement.

## Note 18. Equity - contributed

| | Consolidated | | Consolidated | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | Shares | Shares | $ | $ |
| Ordinary shares - fully paid | 192,623,995 | 170,485,972 | 34,779,385 | 34,458,476 |

## Note 18. Equity - contributed (continued)

*Movements in ordinary share capital*

| Details | Date | No of shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2009 | 149,985,972 | | 32,595,838 |
| Issue of shares | 24 August 2009 | 20,500,000 | $0.100 | 2,050,000 |
| Share issue costs | | - | | (187,362) |
| Balance | 30 June 2010 | 170,485,972 | | 34,458,476 |
| Share buy-back | 5 August 2010 | (4,785,055) | | (1) |
| Placement of shares | 20 October 2010 | 23,076,923 | $0.013 | 300,000 |
| Issue of shares to directors | 8 December 2010 | 3,846,155 | $0.013 | 50,000 |
| Share issue costs | | - | | (29,090) |
| Balance | 30 June 2011 | 192,623,995 | | 34,779,385 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Options and performance rights*
There were 1,500,000 unissued ordinary shares of ICSGlobal Limited under option and 10,000,000 performance rights as at 30 June 2011.

*Share buy-back*
During the year the company undertook a buy-back of 4,785,055 shares for $1 off market.

*Capital risk management*
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2010 Annual Report.

## Note 19. Equity - reserves

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| Foreign currency reserve | (185,071) | (142,528) |
| Share-based payments reserve | 840,042 | 803,099 |
| | 654,971 | 660,571 |

| | Foreign currency $ | Share based payment $ | Total $ |
|---|---|---|---|
| **Consolidated** | | | |
| Balance at 1 July 2009 | 75,726 | 711,219 | 786,945 |
| Foreign currency translation | (218,254) | - | (218,254) |
| Option expense | - | 91,880 | 91,880 |
| Balance at 30 June 2010 | (142,528) | 803,099 | 660,571 |
| Foreign currency translation | (42,543) | - | (42,543) |
| Option expense | - | 36,943 | 36,943 |
| Balance at 30 June 2011 | (185,071) | 840,042 | 654,971 |

*Foreign currency reserve*
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserve*
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

## Note 20. Equity - accumulated losses

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (32,403,154) | (28,877,320) |
| Profit/(loss) after income tax (expense)/benefit for the year | 203,650 | (3,525,834) |
| Accumulated losses at the end of the financial year | (32,199,504) | (32,403,154) |

## Note 21. Equity - dividends

*Dividends*
There were no dividends paid or declared during the current or previous financial year.

## Note 21. Equity - dividends (continued)

*Franking credits*

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Franking credits available for subsequent financial years based on a tax rate of 30% | 79,407 | 79,407 |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

## Note 22. Financial instruments

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') and the Board of Directors ('Board').

The consolidated entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main financial instrument is cash held for working capital.

***Market risk***

*Foreign currency risk*

The consolidated entity has foreign operations and undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **$** | **$** | **$** | **$** |
| **Consolidated** | | | | |
| Pound Sterling | 203,981 | - | - | - |

The consolidated entity had assets denominated in foreign currencies of $203,981 as at 30 June 2011 (2010: nil). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2010: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $20,398 higher/$20,398 lower (2010: nil ) and equity would have been $20,398 lower/$20,398 higher (2010: nil). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

**Note 22. Financial instruments (continued)**

*Price risk*
The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*
The consolidated entity is not exposed to any significant interest rate risk.

***Credit risk***
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. Credit risk is managed by using banks with an 'A' financial rating for deposits and assessing potential customers for credit worthiness taking into account their size, market position and financial standing. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

***Liquidity risk***
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| **Consolidated - 2011** | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 117,012 | - | - | - | 117,012 |
| Other payables | - | 467,396 | - | - | - | 467,396 |
| VAT payable | - | 55,713 | - | - | - | 55,713 |
| Total non-derivatives | | 640,121 | - | - | - | 640,121 |

| **Consolidated - 2010** | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 65,544 | - | - | - | 65,544 |
| Other payables | - | 427,966 | - | - | - | 427,966 |
| VAT payable | - | 71,259 | - | - | - | 71,259 |
| Total non-derivatives | | 564,769 | - | - | - | 564,769 |

## Note 22. Financial instruments (continued)

***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

## Note 23. Key management personnel disclosures

*Directors*

The following persons were directors of ICSGlobal Limited during the financial year:

| | |
|---|---|
| Kevin Barry | Chairman |
| Timothy John Murray | Non-Executive Director |
| Gregory James Quirk | Non-Executive Director |
| Victor Shkolnik | Non-Executive Director |
| James Canning-Ure | Non-Executive Director |
| Geoffrey Ernest Lambert (resigned on 23 July 2010) | Former Non-Executive Director |
| Ross M. Bunyon AM (resigned on 30 July 2010) | Former Non-Executive Director |

*Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

| | |
|---|---|
| Garry Chapman | General Manager, UK. |

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | **Consolidated** | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Short-term employee benefits | 312,879 | 1,308,909 |
| Post-employment benefits | - | 46,286 |
| Share-based payments | 36,945 | 51,383 |
| | 349,824 | 1,406,578 |

**Note 23. Key management personnel disclosures (continued)**

*Shareholding*
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| **2011** | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Kevin Barry | 2,471,212 | - | 1,029,560 | - | 3,500,772 |
| Timothy John Murray | 15,394,487 | - | 1,538,846 | - | 16,933,333 |
| Gregory James Quirk | - | - | 969,231 | - | 969,231 |
| Victor Shkolnik | - | - | 2,210,231 | - | 2,210,231 |
| James Canning-Ure | - | - | 769,231 | - | 769,231 |
| Geoffrey Ernest Lambert * | 1,008,858 | - | - | (1,008,858) | - |
| Ross M. Bunyon * | 782,223 | - | - | (782,223) | - |
| | 19,656,780 | - | 6,517,099 | (1,791,081) | 24,382,798 |

* Disposal/other represents individual no longer being a key management personnel, not necessary physical disposal

| **2010** | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Timothy John Murray | 15,394,487 | - | - | - | 15,394,487 |
| Geoffrey Ernest Lambert | 580,001 | 428,857 | - | - | 1,008,858 |
| Ross M. Bunyon | 640,000 | 142,223 | - | - | 782,223 |
| Lindsay Martin * | 546,346 | - | - | (546,346) | - |
| Tom Walther * | 20,000 | - | - | (20,000) | - |
| | 17,180,834 | 571,080 | - | (566,346) | 17,185,568 |

* Disposal/other represents individual no longer being a key management personnel, not necessary physical disposal

*Option holding*
The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| **2011** | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| Garry Chapman | 1,500,000 | - | - | - | 1,500,000 |
| | 1,500,000 | - | - | - | 1,500,000 |

The object of the ICSGlobal Employee Option Plan is to provide employees of ICSGlobal with the opportunity to acquire an ownership interest in ICSGlobal by way of options to acquire unissued ordinary shares in ICSGlobal. The ICSGlobal Employee Option Plan is administered by the board of directors in accordance with the rules of the ICSGlobal Employee Option Plan.

The rules of the ICSGlobal Employee Option Plan are described in detail in note 22 to the financial statements.

**Note 23. Key management personnel disclosures (continued)**

| **2010** | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| Garry Chapman | 1,500,000 | - | - | - | 1,500,000 |
| | 1,500,000 | - | - | - | 1,500,000 |

*Performance rights*
On 22 March 2011 the performance rights approved at the Annual General meeting held on 29 November 2011 were issued to the directors. Each director received 2,000,000 performance rights.

A performance right is a right to receive one fully paid share at, no cost, subject to a certain performance hurdle/condition being met. Performance rights are not entitled to receive dividends or any distributions. The board determines who may participate in the performance rights plan and participation is voluntary.
The performance hurdle for the performance rights issued is if the ICS share price reaches $0.026 within 3 years of rights issue date, then performance rights will vest.

An employee who leaves ICS with unvested performance rights and is considered a 'good leaver' may have some or all of their rights vested at the discretion of the board. A 'good leaver' is an employee who ceases employment as a result of:
• death or disablement
• retirement
• redundancy
• other terms reasonably determined by the board

The performance rights will lapse on the earliest of:
• expiry date of performance rights (three years from the issue date)
• board determining the performance rights should lapse
• a grantee becoming bankrupt
• 30 days after a grantee ceases employment if no "good leaver" determination has been made

The value of the performance rights issued during the year, determined in accordance with AASB 2 'Share Based Payments' was $48,908.

*Related party transactions*
Related party transactions are set out in note 27.

## Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF, the auditor of the company, and its related practices:

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| *Audit services - PKF* | | |
| Audit or review of the financial report | 41,800 | 60,082 |
| *Other services - PKF* | | |
| Preparation of the tax return | 9,350 | 7,770 |
| Export market development grant-assistance | - | 2,000 |
| Research and development tax concession offset claim - assistance | 25,000 | 25,000 |
| Other | 3,610 | - |
| | 37,960 | 34,770 |
| | 79,760 | 94,852 |

## Note 25. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2011 and 30 June 2010.

The consolidated entity has given bank guarantees as at 30 June 2011 of $233,315 (2010: $360,882) for the UK lease.

## Note 26. Commitments for expenditure

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| *Lease commitments - operating* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 82,347 | 94,019 |
| One to five years | 150,969 | 266,591 |
| | 233,316 | 360,610 |

## Note 27. Related party transactions

*Parent entity*
ICSGlobal Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 29.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the directors' report.

*Transactions with related parties*
During the year the company paid private companies associated with Mr Gregory Quirk $82,275 for the provision of Accounting, Company Secretarial services and Office Accommodation in accordance with a board approved agreement.

*Receivable from and payable to related parties*
There were no trade receivables from or trade payables to related parties at the reporting date, other than fees due to directors and accounting and secretarial services provided by Mr Gregory Quirk in accordance with a board approved agreement.

*Loans to/from related parties*
There were no loans to or from related parties at the reporting date.

*Terms and conditions*
All transactions were made on normal commercial terms and conditions and at market rates.

## Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of comprehensive income*

| | Parent | |
|---|---|---|
| | **2011** **$** | **2010** **$** |
| Profit/(loss) after income tax | 151,279 | (3,633,172) |
| Total comprehensive income | 151,279 | (3,633,172) |

## Note 28. Parent entity information (continued)

*Statement of financial position*

| | Parent 2011 $ | Parent 2010 $ |
|---|---|---|
| Total current assets | 655,827 | 481,511 |
| Total assets | 3,765,768 | 3,272,238 |
| Total current liabilities | 143,812 | 136,090 |
| Total liabilities | 148,420 | 164,021 |
| Equity | | |
| Contributed equity | 34,779,385 | 34,458,476 |
| Reserves | 840,042 | 803,099 |
| Accumulated losses | (32,002,079) | (32,153,358) |
| Total equity | 3,617,348 | 3,108,217 |

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010.

The parent entity has given bank guarantees as at 30 June 2011 of $233,315 (2010: $360,882) for the UK lease.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2011 and 30 June 2010.

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment.

## Note 29. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| Name of entity | Country of incorporation | Equity holding 2011 % | Equity holding 2010 % |
|---|---|---|---|
| Thelma Pty Ltd | Australia | 100.00 | 100.00 |
| EziBill Pty Ltd | Australia | 100.00 | 100.00 |
| Thelma-EU Limited | England | 100.00 | 100.00 |

## Note 30. Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Note 31. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | **2011** | **2010** |
| | **$** | **$** |
| Profit/(loss) after income tax (expense)/benefit for the year | 203,650 | (3,525,834) |
| Adjustments for: | | |
| Depreciation and amortisation | 70,525 | 65,703 |
| Net gain on disposal of property, plant and equipment | - | (1,250) |
| Share-based payments | 36,943 | 91,880 |
| Loss on sale of discontinued operations | - | 2,938,066 |
| Net loans written off | - | (735,789) |
| Decrease in held-to-maturity investments | - | 278,920 |
| Increase in exchange rate translation | - | (139,478) |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | (336,402) | 94,182 |
| (Increase)/decrease in deferred tax assets | (3,899) | 16,415 |
| Decrease in prepayments | - | 66,938 |
| Increase/(decrease) in trade and other payables | 32,809 | (173,451) |
| Decrease in employee benefits | (24,388) | (405,407) |
| Net cash used in operating activities | (20,762) | (1,429,105) |

## Note 32. Earnings per share

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| *Earnings per share from continuing operations* | | |
| Loss after income tax attributable to the owners of ICSGlobal Limited | (166,918) | (7,323) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 184,378,937 | 167,396,931 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options | 1,500,000 | - |
| Performance rights | 10,000,000 | - |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 195,878,937 | 167,396,931 |
| | **Cents** | **Cents** |
| Basic earnings per share | (0.090) | - |
| Diluted earnings per share | (0.090) | - |

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| *Earnings per share from discontinued operations* | | |
| Loss after income tax attributable to the owners of ICSGlobal Limited | 370,568 | (3,518,511) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 184,378,937 | 167,396,931 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options | 1,500,000 | - |
| Performance rights | 10,000,000 | - |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 195,878,937 | 167,396,931 |
| | **Cents** | **Cents** |
| Basic earnings per share | 0.200 | (2.100) |
| Diluted earnings per share | 0.190 | (2.100) |

**Note 32. Earnings per share (continued)**

| | Consolidated | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| *Earnings per share for profit/(loss)* | | |
| Profit/(loss) after income tax attributable to the owners of ICSGlobal Limited | 203,650 | (3,525,834) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 184,378,937 | 167,396,931 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options | 1,500,000 | - |
| Performance rights | 10,000,000 | - |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 195,878,937 | 167,396,931 |
| | **Cents** | **Cents** |
| Basic earnings per share | 0.110 | (2.110) |
| Diluted earnings per share | 0.100 | (2.110) |

**Note 33. Share-based payments**

*Performance rights*
On 22 March 2011 the performance rights approved at the Annual General meeting held on 29 November 2011 were issued to the directors. Each director received 2,000,000 performance rights.

A performance right is a right to receive one fully paid share at, no cost, subject to a certain performance hurdle/condition being met. Performance rights are not entitled to receive dividends or any distributions. The board determines who may participate in the performance rights plan and participation is voluntary.

The performance hurdle for the performance rights issued is if the ICS share price reaches $0.026 within 3 years of rights issue date, then performance rights will vest.

An employee who leaves ICS with unvested performance rights and is considered a 'good leaver' may have some or all of their rights vested at the discretion of the board. A 'good leaver' is an employee who ceases employment as a result of:
• death or disablement
• retirement
• redundancy
• other terms reasonably determined by the board.

The performance rights will lapse on the earliest of:
• expiry date of performance rights (three years from the issue date)
• board determining the performance rights should lapse
• a grantee becoming bankrupt
• 30 days after a grantee ceases employment if no 'good leaver' determination has been made

The value of the performance rights issued during the year, determined in accordance with AASB 2 'Share Based Payments' was $48,908.

**ICSGlobal Limited**
**Directors' declaration**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Kevin Barry
Chairman

31 August 2011
Sydney

Chartered Accountants
& Business Advisers

**Independent Auditor's Report**
**To the members of ICSGlobal Limited**

## Report on the Financial Report

We have audited the accompanying financial report of ICSGlobal Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of ICSGlobal Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Opinion*

In our opinion:

(a) the financial report of ICSGlobal Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of ICSGlobal Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001.*

PKF

**PKF**

**Paul Bull**
**Partner**

Sydney
31 August 2011

**ICSGlobal Limited**
**Shareholder information**
**30 June 2011**

The shareholder information set out below was applicable as at 24 August 2011.

**Distribution of equitable securities**
Analysis of number of equitable security holders by size of holding:

| | Number of holders of ordinary shares |
|---|---|
| 1 to 1,000 | 100 |
| 1,001 to 5,000 | 264 |
| 5,001 to 10,000 | 155 |
| 10,001 to 100,000 | 372 |
| 100,001 and over | 182 |
| | 1,073 |
| Holding less than a marketable parcel | 791 |

**Equity security holders**

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| DIXSON TRUST PTY LIMITED | 21,311,998 | 11.06 |
| MR TIMOTHY MURRAY | 16,933,333 | 8.79 |
| KING & SVENSON PTY LTD <RG KING SUPER FUND A/C> | 12,022,618 | 6.24 |
| JOSSECK PTY LIMITED <JOSSECK A/C> | 9,399,969 | 4.88 |
| RANDELL MANAGEMENT SERVICES PTY LTD <TIMMS SUPER FUND A/C> | 8,853,623 | 4.60 |
| GLOWGOOD PTY LTD | 6,200,667 | 3.22 |
| DR DIANA MARY BELL | 5,237,382 | 2.72 |
| MR LEWIS ALEXANDER DRAPER & MRS JANET DRAPER <L A DRAPER SUPER FUND A/C> | 3,977,112 | 2.06 |
| MR EDWARD HAGGERTY | 3,000,000 | 1.56 |
| AUSTRALIAN FORESTRY INVESTMENTS PTY LTD | 2,881,063 | 1.50 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 2,552,501 | 1.33 |
| BRINDLE HOLDINGS PTY LTD <O'CONNOR S/F A/C> | 2,448,493 | 1.27 |
| MR PHILIP JOHN PRICE & MRS GAIL LORRAINE PRICE <PGP SUPER FUND A/C> | 2,444,446 | 1.27 |
| MR GRAHAM CANNING-URE & MRS COSETTE ALEXIS CANNING-URE <CANNING FAMILY S/F> | 2,371,778 | 1.23 |
| ANDOVER NOMINEES PTY LTD <PHILLIP & STEPHENSON S/F A/C> | 2,132,297 | 1.11 |
| RANNIDOB PTY LTD <RANNIDOB S/F PORTFOLIO A/C> | 2,000,000 | 1.04 |
| DEPONENT SERVICES PTY LTD <LAMBERT SUPER FUND A/C> | 1,983,997 | 1.03 |
| K B J INVESTMENTS PTY LTD <JARRY FAMILY SUPER FUND A/C> | 1,969,231 | 1.02 |
| MR IVAN OCTAVIUS LEE | 1,914,388 | 0.99 |
| MR SOON JEUNG YUEN | 1,814,123 | 0.94 |
| | 111,449,019 | 57.86 |

*Unquoted equity securities*
There are no unquoted equity securities.

**Substantial holders**
Substantial holders in the company are set out below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| DIXSON TRUST PTY LIMITED | 21,311,998 | 11.06 |
| MR TIMOTHY MURRAY | 16,933,333 | 8.79 |
| KING & SVENSON PTY LTD <RG KING SUPER FUND A/C> | 12,022,618 | 6.24 |

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.