



ANNUAL REPORT

2001

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NOTICE OF ANNUAL GENERAL MEETING

ICSGlobal Limited's (ABN 72 073 695 584) annual general meeting of shareholders will be held at 10.00 am on Friday 30 November 2001 at Level 26, 201 Kent Street, Sydney NSW 2000.

chairman's letter

ICSGlobal has faced and overcome significant challenges in the past year, when technology consulting organisations have experienced very tough competition and an uncertain investment climate has prevailed.

A key strength of the Company in these times has been its ability to remain tightly focussed on THELMA, the transactional exchange for the health industry, and to make great progress with its development, implementation and roll-out. At the same time, other consulting activities have remained committed to customers with whom long term relationships exist, or are likely.

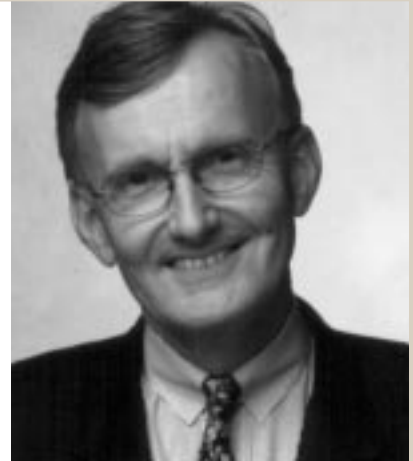
The Managing Director's Report details these important actions and achievements, and also, as a consequence of the decision to retain full ownership of THELMA, identifies the steps taken to raise additional funds to support the roll-out programme. In addition, we have included a section about THELMA in question and answer format, which is intended to provide you with a better understanding of its services, and the benefits for the industry, and for the community generally.

Largely because of the board's decision to expense the costs associated with THELMA, the loss for the year was \$5.7 million.

In the short term, the success of ICSGlobal is inextricably linked to the success of THELMA, so factors such as the increase in private health fund membership, the Federal Government's NO GAP initiative, the health industry turning increasingly to internal efficiencies for bottom line improvement, coupled with the growing number of organisations being included in the THELMA roll-out, all contribute to our confidence for the future.

A further source of confidence and inspiration is the ICSGlobal staff team, whom on behalf of the board I wish to thank for their excellent effort. I also wish to acknowledge the contribution of non-executive Director Peter Littlejohn, who, sadly, died this year.

We look forward to this next year with determination, excitement and a commitment to deliver value to our shareholders.



Dean Pritchard Chairman

A handwritten signature in brown ink that reads "Dean Pritchard". The signature is written in a cursive, flowing style.

Dean Pritchard *Chairman*

In April 2000, ICSGlobal announced a change of direction, employing the Company's traditional consulting competencies and funds from the public float to build and deploy an Internet-based transaction exchange for the health industry called Project THELMA (Transactional Health Exchange Linking Multiple Applications).

With THELMA "Open for Business" in May 2001, I am pleased to report that ICSGlobal is now rolling out the THELMA service.

Achieving this state of readiness has not come without cost. We needed to divert many of our best people and key management from winning and executing fee-earning consulting assignments to essentially internal consulting to THELMA. This was largely funded from our cash reserves, with some contribution from the consulting business which, understandably, progressively scaled back as our focus turned to THELMA. In the prevailing business climate, it would not have been possible to sustain both businesses in parallel.

Since the collapse in technology stocks in April 2000, we have progressed THELMA to the point of being "Open for Business", with some user contracts signed. We felt that we needed to achieve this before trying to explain to our Shareholders and the financial markets the potential of THELMA.

Now that we have passed this milestone, and are ready to roll out THELMA, we have been encouraged by THELMA's acceptance in the health industry. The aim is for THELMA to become the central transaction exchange and clearing house for the health industry in Australia. If this happens, this will provide ICSGlobal with a strong, new recurrent earnings platform which will quickly translate back into substantial shareholder value.

ICSGlobal has spent approximately \$5.5 million getting THELMA "Open for Business". This has been expensed, which basically accounts for the Company's loss of \$5.7 million for the year. The value of the THELMA asset has not been included on the Company's Statement of Financial Position. Further development will only occur when requested by paying customers and there is a strong business case for ICSGlobal to develop it.

We explored several options for funding THELMA during the course of the year, including venture capital and part or full sale of THELMA. After consideration of various offers, and the fact that the pipeline of user contracts for THELMA was steadily growing, the Directors decided that it was in the best interests of ICSGlobal shareholders to retain THELMA as a wholly owned business within ICSGlobal for the foreseeable future.

To provide the necessary working capital to make this possible, the Board decided to raise additional capital during the 2001/2002 year through the issue of ICSGlobal shares. A placement of four million shares at ten cents was made in September 2001 to raise \$400,000. On October 10, 2001, the Company announced a renounceable Rights Issue to raise approximately \$1,500,000 by a pro rata offering of 1 new ordinary share for every 2 ordinary shares held, at an issue price of 10 cents per share. The proceeds of the Rights Issue will be used to fund the further roll out of THELMA and strengthen the Company's Balance Sheet. The proceeds of this Rights Issue will also enable the Company to realise the potential of THELMA, whilst giving all Shareholders equal opportunity to participate in the future of the Company.

managing director's report

A number of key milestones were achieved during the year:

- March 2001 – the successful trial of THELMA between Ramsay Health Care's North Shore Private Hospital and the Australian Health Management Group health fund
- May 2001 – THELMA "Open for Business"
- May 2001 – AHMG signs the first 3 year THELMA User Agreement
- July 2001 – the launch of the No Gap transaction
- August 2001 – Australian Unity signs a 3 year THELMA User Agreement
- September 2001 – Ramsay Health Care to trial THELMA in their Albury-Wodonga Private Hospital
- September 2001 – THELMA raises its first invoice
- October 2001 – Castle Hill Day Surgery sign THELMA User Agreement



Tim Murray Managing Director & CEO

In just three months since THELMA went live in May 2001, 6% of the national health fund market (11 health funds and 14 health care plans) have been contracted for three years to process transactions through THELMA. We have introduced THELMA to many more hospitals and health funds than these, the result of an excellent job by our Sales and Marketing team in building a strong THELMA brand.

Our path for developing the THELMA business is very clear:

- Firstly to sign up some progressive health funds to drive connectivity of hospitals to THELMA. We have started to achieve this.
- The second step is to work with these health funds to get the hospitals connected. This process is well under way and we are communicating with over 50 hospitals with an aim of achieving their connection to THELMA during 2001/2002.
- Thirdly is to "piggy back" off the hospitals, health funds and industry bodies to get the GPs and specialists connected.

ICSGlobal's non-health consulting business had a tough year in line with the general consulting industry slowdown. New business was extremely difficult to win as our competitors progressively discounted their fees to secure work. Plus most of our consultants have been actively engaged on THELMA at some stage during the year. Consulting revenue for the 2001 financial year was \$1.6 million. The marketing strategy for the consulting business was to highlight the experience gained through the development and deployment of an Internet-based system such as THELMA. ICSGlobal's appointment as Smorgon ARC's e-business partner is a direct result of this strategy.

With the global consulting market continuing to contract and become increasingly dominated by the large firms, and with THELMA enjoying increasing success, it became more evident to the Board as the year progressed, that the brightest prospects for the Company lay with THELMA.

I am looking forward to reporting further success next year.

Tim Murray *Managing Director and CEO*



"The health care payment and general administration processes in Australia have evolved into an incredibly inefficient trail of paper. THELMA gives hospitals and health funds the first real opportunity to address these problems by doing business electronically."

To anyone not working in the health industry, the THELMA business opportunity might at first seem difficult to understand, due to the sheer size and the fragmented nature of the health industry, plus the complexity of the business process of providing health care. The following pages contain questions that are frequently asked about THELMA, and answers which should provide you with an understanding of the business and the opportunity in which you are a shareholder.

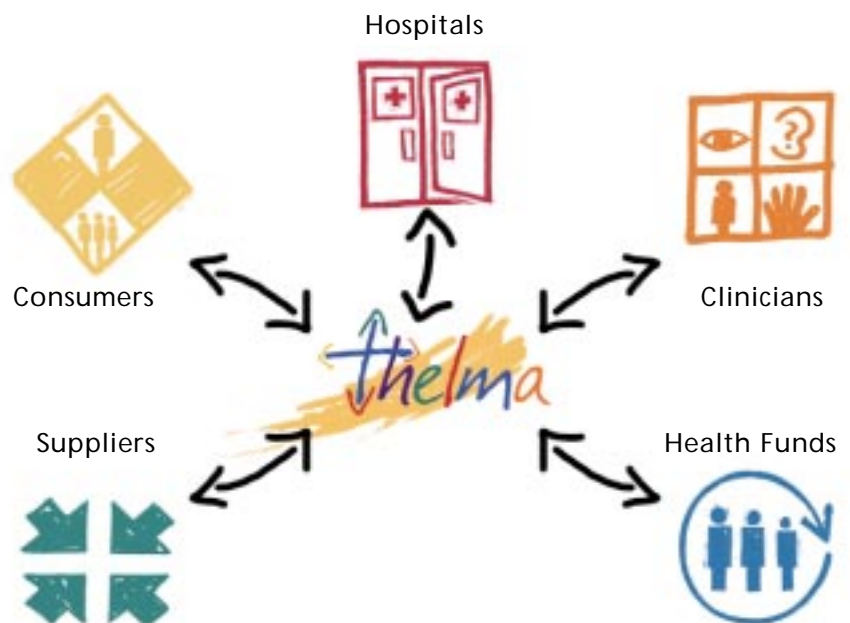
WHAT IS THELMA?

THELMA stands for Transactional Health Exchange Linking Multiple Applications. It could be thought of as a clearing house for the health industry, similar to that in the banking industry. THELMA sits in the middle of the health industry and, using the Internet, connects up all the different types of software and technology platforms that have evolved in the industry. Once this is achieved, the intelligence built into THELMA enables, for the first time, the exchange of real-time information and complex business transactions between hospitals, health funds, Medicare, specialists, GPs, diagnostic providers, and medical supply companies. This is often referred to as "e-health".

The benefits to businesses using THELMA include drastic reduction in administrative costs; much faster payment cycles; reduced risk for providers being paid; and to help health funds and hospitals improve customer service. These are benefits businesses are willing to pay for.

WHO OWNS THELMA?

THELMA and all Intellectual Property associated with it is wholly owned by ICSGlobal Limited. Some third party packaged software has been licensed under a normal software licence agreement.



THELMA sits in the middle of the health industry and using the Internet, connects all the players so they can do business electronically.

THELMA – the business and the opportunity



HOW MUCH DID THELMA COST?

ICSGlobal spent around \$5.5 million on internal labour, external contractors and experts, hardware and software to get THELMA “Open for Business”. The three transaction services that are available to customers are just the “tip of the iceberg”. Underneath lies very powerful technology and infrastructure upon which additional transactions can be easily added by ICSGlobal.

WHY WAS THELMA BUILT?

Just about everyone has a story to tell about the inefficiencies of our health system. Many of the problems that lead to these inefficiencies are caused by things like the difficulty to obtain basic information, the highly paper-based nature of the industry, and the inability to coordinate different services. A number of health industry businesses had told ICSGlobal of their problems and asked for a solution. ICSGlobal recognised this as a business opportunity, and set out to position itself and THELMA as a non-aligned, trusted third party to provide the complex health industry “dial tone” necessary to solve these problems.

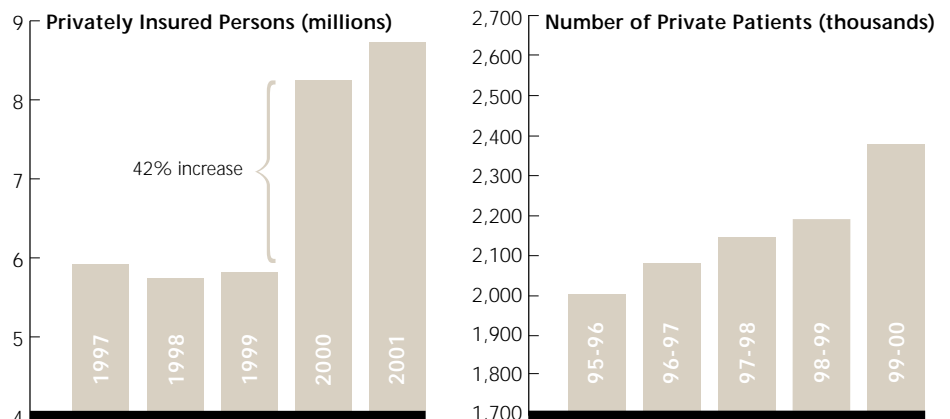
HAS THERE BEEN A NEED FOR THELMA BEFORE NOW?

Yes there has, in fact a lot of people spent a lot of money during the nineties trying to solve these problems with technology. But the technologies available then were not appropriate. New developments in the health industry in Australia during the last two years, such as the No Gap system, have created a critical need for the sort of information and transactions that THELMA provides.

WHY DON'T HOSPITALS AND HEALTH FUNDS BUILD THEIR OWN SYSTEMS?

Many of them tried. For those that did get Internet systems working, they soon discovered that the cost and effort required to market and maintain them, and deal with a large community of users, was too costly and distracted them from their core business. When you think about it, anyone building their own system would have to do what ICSGlobal has done with THELMA. Clearly when you compare the cost of each party building and operating their own systems, versus using THELMA and just paying transaction fees when they use it, it is just not viable. Participants in the health industry are rapidly realising the benefits of a central, collaborative industry exchange such as THELMA.

“Massive growth in private health insurance in 2000, on top of what was already a trend towards private health care, will begin to flow through the health system in late 2001, which will heighten the urgency for THELMA.”



WHAT IS THELMA'S BUSINESS MODEL?

THELMA delivers services via the Internet that real businesses need and have indicated to ICSGlobal that they are prepared to pay for. Customers pay a transaction fee each time they use THELMA, in much the same way a telephone is paid for. The transaction fees range from 10c to \$1, which is just a fraction of what the manual process currently costs customers. Most of the fees are paid by the big players – the hospitals and health funds.

WHAT IS THE EARNINGS POTENTIAL OF THELMA?

Because there has not been a THELMA until now, we need to look at other industries like banking and telecommunications where fees are charged for transactions to see how enormous revenues can be generated from millions of small transaction fees. With the sheer size of the health industry – Australia's biggest industry at around \$50 billion per annum – and the fact that every person in Australia is a participant, there are literally hundreds of millions of transactions that are waiting for an exchange such as THELMA.

WHAT SERVICES DOES THELMA PROVIDE NOW?

There are currently three transaction services available:

- Real Time Eligibility checking
- Electronic Hospital Claims and Reconciliation Statements
- Medical or "No Gap" Claims and Reconciliation Statements.

WHAT OTHER SERVICES WILL THELMA PROVIDE IN THE FUTURE?

Additional transaction services will be progressively added by ICSGlobal as the health industry is ready to use and pay for them. There's a vast range of functionality that will be added in time. For example, some health funds have asked us whether we could connect to pharmacies to simplify the claiming for prescriptions. Some hospitals want an on-line theatre booking transaction to maximise the usage of their theatre. Doctors are asking for Hospital Discharge Notices so they know how their patient got on in hospital. With the arrival of the No Gap program, health funds are keen to get their members on-line over the Internet as their call centres are becoming overloaded.

WHAT ARE "BUSINESS RULES" AND HOW ARE THEY ARRIVED AT?

"Business Rules" is the name given to the agreement reached between a hospital and a health fund as to how they wish to do business electronically through THELMA, such as what data is required in a Hospital Claim for the fund to agree to pay it; how case payments are to be adjusted if there are complications with a particular procedure; etc. ICSGlobal has Subject Matter Experts on staff to help customers develop their Business Rules. Once the Business Rules are agreed, they are programmed into THELMA, which is what makes THELMA so valuable – it basically automates many of the repetitive manual processes associated with producing, checking and paying hospital claims.

HOW DO USERS CONNECT TO THE THELMA SERVICE?

The THELMA system is accessed via the Internet by typing in www.thelma.com.au into an Internet browser. Provided customers have a computer with a connection to the Internet, they don't have to buy any hardware or software. Hospitals and health funds will probably connect THELMA directly to their back-office databases and accounting systems eventually, to gain even further efficiencies.

WHY COULDN'T HOSPITAL'S AND HEALTH FUNDS JUST EMAIL ONE ANOTHER?

A common impression many people have about e-health is that all that is required is a simple, secure email service, with the ability to attach documents. If this was the case, it would have been done long ago and there would be no need for THELMA. In reality, the types of transactions that THELMA carries are much more complex, and involves automating complex, manual business processes.

WHAT IS THELMA'S TECHNOLOGY PLATFORM?

Despite extensive research of available technology, there was no "off the shelf" product available that could process these transactions. Some went part of the way, so ICSGlobal bought these and set about developing the missing links around them. The result is a THELMA solution today that is approximately 30% off-the-shelf and 70% built by ICSGlobal using the latest application development technologies such as Java and XML.

HOW DOES THELMA COPE WITH DIFFERENT DATA STANDARDS?

The health industry has been discussing industry-wide data standards for over a decade. This is not peculiar to health, in fact technologists the world over have been trying to agree standards ever since computers were invented, in the hope that a universal global standard would make it easy for everyone to adopt computers and get connected. As human nature would have it, few if any standards have ever been agreed, and if they have, they are just for localised application. In response to no single standard, technologies were invented to connect different standards. THELMA makes use of two of these called Java and XML. This enables THELMA to connect any system to any system.

WHERE'S THE BENEFIT IN THELMA FOR HEALTH FUNDS?

Australian health funds potentially deal with a huge community of over 1,000 hospitals, 16,000 specialists and tens of thousands of other ancillary providers. The reliance on manual, paper-based processes has led to unnecessary complication and cost for health funds. THELMA changes all that! For little cost and virtually no risk, THELMA helps health funds to win the paper war, by connecting electronically with their business partners, cutting costs and providing a higher level of member services, which attracts new members. This frees up their staff to focus on their core business – looking after their members and attracting new ones.

WHERE'S THE BENEFIT IN THELMA FOR HOSPITALS?

Changes in the Australian health system over the past few years, such as the move to contract-based payment, are putting added pressure on private hospitals for tighter management control and fast, accurate information. THELMA is the beginning of solving these problems. For example, private hospitals have been bearing the brunt of non-payment for hospital services due to patient ineligibility because it typically takes them anything up to two days to check a patient's insurance status with the fund. THELMA can get this information to hospitals in just a few seconds for \$1.

For hospital claims, industry data shows that just to produce a claim costs the hospital \$40 - \$80, spread over several months after the patient has been discharged. Then, when they send the claim to the fund, they have no record that the fund has received it until the claim is not paid, in which case the claim is usually resent and the payment cycle starts all over again. This process is very costly and inefficient. In contrast, THELMA sends an electronic hospital bill to the fund when the patient is discharged, keeps track of each claim at all times through the system, and brings back the reconciliation statement, all for \$1.

WHERE'S THE BENEFIT IN THELMA FOR SPECIALISTS?

Until now, Specialists have had to cope with the same sorts of administrative problems as hospitals, with payment risk, difficult claiming processes and slow payment. The emergence of the No Gap / Known Gap initiative has created a whole new set of administrative problems for Specialists, which make it costly for them to participate, if they choose to do so. THELMA changes all this, providing the information for Specialists while their patients are sitting in their office, so they can answer questions like "how much will the treatment cost me, doc?" When it comes to claiming for the treatment, the Specialist simply fills in the claim details in THELMA and sends it to the fund; the patient has nothing to do. And the fund is happy to pay the transaction fee as it saves them much more in time and money to let THELMA deliver the information.

WHERE'S THE BENEFIT IN THELMA FOR PATIENTS?

The patients are currently the ones who bear most of the burden of the health industry paper war, filling out forms, standing in queues, waiting on the telephone, trying to work out what all the fine print means. THELMA will change all this by completing most transactions at the point of consultation – can you imagine a world without Medicare Forms? And leaving hospital will become like checking out of a hotel – no more bills trickling in for months. Some of the health funds have indicated they would like THELMA to provide a web site for members to check their entitlements, look up information on their particular conditions, etc. The funds would pay for this web site.

WHAT'S THE RETURN ON INVESTMENT (ROI) FOR THELMA USERS?

We believe that the ROI for THELMA users is between 5 and 40 times the transaction fee, just through direct cost savings. Then there's the indirect ROI of being paid faster, which is more difficult to quantify.

IS THELMA OF INTEREST TO THE PUBLIC HEALTH SYSTEM AS WELL AS THE PRIVATE?

The answer is yes. The public health system is increasingly treating private patients as the private system fills up. Public hospitals have a need to know a patient's eligibility status so they can bill the fund if the patient is privately insured. And then there's the electronic hospital claim to the fund, as every private dollar into the public system relieves some of the pressure.

The health funds also have good cause to have their members treated in a public hospital should a private bed not be available: because of the lower cost base of a public hospital, they can generally treat patients cheaper than a private hospital.

DOES THELMA HAVE ANY COMPETITORS IN AUSTRALIA?

Currently, THELMA is the only such exchange in Australia. Proposals for other similar exchanges regularly appear on the horizon, but quickly disappear, we expect as a result of underestimating what's involved in creating a THELMA. If anyone else was to commence building a similar exchange, we believe that it would take at least a year to reach the stage THELMA is at. By this time it is expected THELMA will be entrenched as Australia's primary health transaction exchange, providing high value services at low cost.

HOW MUCH DOES IT COST TO RUN THELMA?

Regardless of the volume of transactions going through THELMA, the operating costs are fairly flat with a minimum of about \$2.5 million, scaling up to about \$4 million. The running costs relate to call centre and help desk, ongoing system maintenance, connection to customers, sales & marketing, hosting and data centre costs, and corporate overheads. The variable costs depends on the number of people needed to service customers, which will obviously grow as the customer base grows, plus the hosting, data centre and telecommunications costs will increase slightly with volume.

WHAT'S THE ROLL OUT STRATEGY FOR THELMA?

ICSGlobal spent about six months planning the roll out of THELMA. With the sheer size and complexity of the health industry – 44 health funds, over 1,000 hospitals, some 36,000 GPs and Specialists – all with varying degrees of business and technology readiness, it was important to identify a smart approach to getting customers connected as quickly as possible at minimum cost of sale.

The strategy adopted is to “piggy back” off the larger, pro-active private organisations, health industry groups and relevant government departments, to leverage their existing customers, membership base and networks into every corner of the industry. This has begun to work extremely well, and has triggered a chain reaction effect where parties connecting have vested business interests in getting their trading partners connected, which then attracts other trading partners keen to do business electronically with them; and so on. Some specific “piggy back” roll out activities include:

- **Health Funds:** co-branded marketing plans with innovative health funds who see e-health as yet another strategic advantage they can add to their current portfolio of services to attract new members. Marketing representatives from ICSGlobal and the fund then team up to jointly market to hospitals, GPs and Specialists.
- **Hospitals:** developing co-branded marketing plans with each hospital for the GPs and Specialists within the hospital catchment area. The hospitals see THELMA as a powerful marketing tool to the GPs and Specialists to capture maximum business referrals.
- **Industry Groups:** promoting THELMA through the Boards and sub-committees, trade shows, newsletters and conferences of industry groups such as The Australian Health Service Alliance, the Australasian Day Surgeries Association, the Australian Private Hospitals Association and each State-based Private Hospitals Association, the Australian Health Insurance Association, the Australian College of Health Service Executives and The Health Benefits Council of Victoria.
- **Government:** ICSGlobal provides regular Ministerial briefings and status reports on THELMA to the Department of Health and Aged Care and the Department of Communications and Technology, and their respective branches, including the Office of Government OnLine, the National Office of the Information Economy; etc.

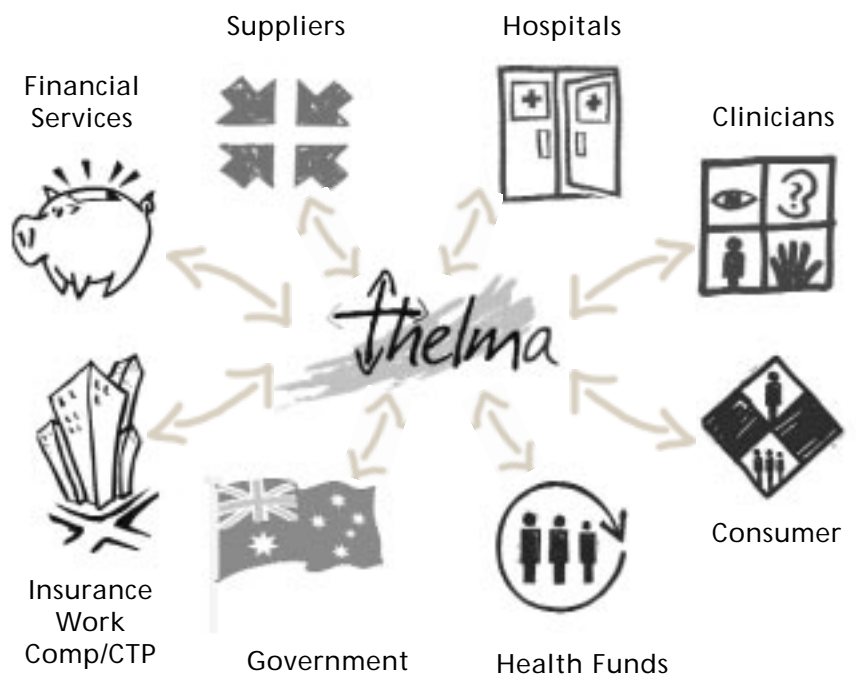
DOES THELMA OPEN UP OTHER STRATEGIC OPPORTUNITIES?

Definitely. In fact, ICSGlobal views THELMA as a “beach head” into numerous other business opportunities. However, ICSGlobal has remained totally focused on getting THELMA bedded down and cash flow positive with medical transactions before pursuing other opportunities. Once THELMA achieves a high percentage of connectivity among hospitals, health funds, specialists and GPs, this “connected community” is a highly valuable channel for other goods and services.

For example:

- **Suppliers:** medical suppliers – both prescription and non-prescription, plus general medical suppliers (bandages, syringes, etc) – have been pursuing efficiencies in their supply chain for years. The problem for them has been the lack of widespread electronic connectivity, and the cost for them to establish this for their own purposes has been prohibitive. However, through THELMA they have a ready-made electronic health community and the suppliers are prepared to pay the fees to access this with electronic supply chain transactions such as purchase orders, invoices, consignment notes, etc.

- Financial Services:** with \$50 billion going through our health system each year, there is obviously a huge role for the banks to play in a clearing house such as THELMA. Plus there are numerous new financial services that many practitioners in the health industry – particularly specialists, medical practices and pharmacies – are seeking. Most of the major banks and many second tier institutions have expressed interest to ICSGlobal in relation to them becoming the financial services provider through THELMA, and a number of proposals in relation to sharing bank fees with ICSGlobal have been received.



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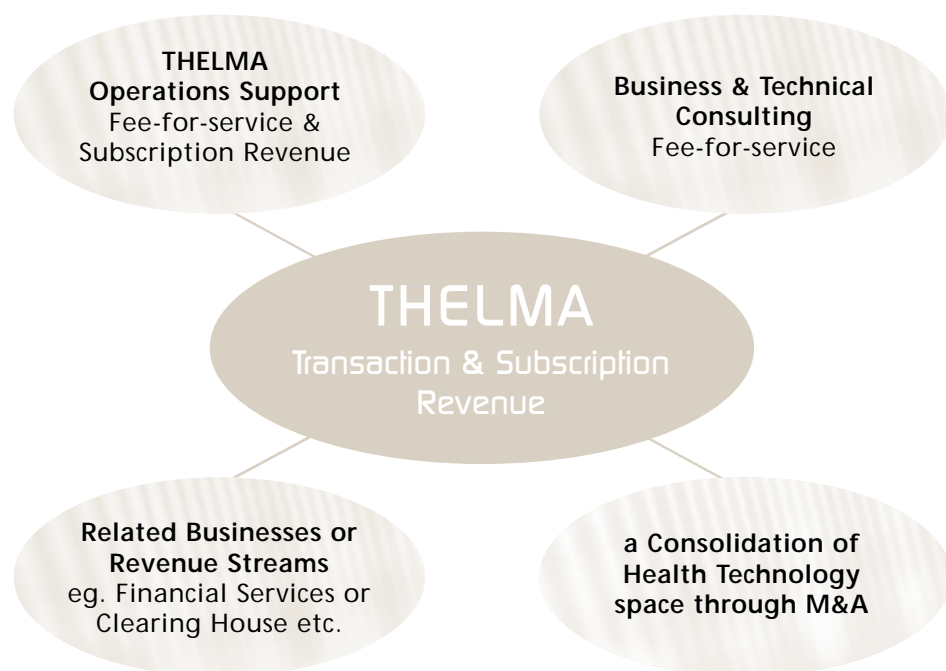
- Workers Comp / CTP:** This is another whole market with about 50% of the volume of transactions of the private health industry. ICSGlobal has been approached by a range of parties to discuss how THELMA could provide essential Workers Compensation and Compulsory Third Party (CTP) insurance information out of the connected health industry network. The types of transactions are lower volume, higher value than general medical transactions and would command higher transaction fees – \$3 to \$5 as an indication – for THELMA.
- Government:** Government agencies view THELMA as a powerful enabling technology that can also improve public sector health administration, and deliver the level of information at the speed necessary to make federal programs such as Life Time Cover and No Gap / Known Gap possible, and viable for the participants.

WHAT GROWTH OPPORTUNITIES DOES ICSGLOBAL SEE THROUGH THELMA?

The THELMA transaction engine is the central hub of ICSGlobal's growth strategy going forward. ICSGlobal expects that the strong, profitable transaction revenues through THELMA will provide the financial muscle to put ICSGlobal in a strong, strategic position to take advantage of a range of opportunities. For example:

- **Consulting:** ICSGlobal expects that THELMA will re-launch its traditional consulting business into a new, niche areas of business and IT consulting, helping THELMA customers to integrate THELMA into their back office IT applications, re-engineer their business to realise the potential cost savings of electronic trading, etc.
- **Operations Support:** ICSGlobal expects that THELMA will generate other fee generating services associated with helping customers with the day to day running of their on-line businesses. For example, system maintenance and administration; data warehousing and mining; management reporting; training of new personnel and provision of temporary staff; etc. THELMA is a form of IT outsourcing for customers, and it is expected that customers will progressively find more and more functions that it can more cost effectively outsource to ICSGlobal / THELMA.
- **Health Industry Clearing House:** Building on the financial services opportunities outlined under the previous heading would see THELMA offering a much deeper range of business support services than just the carriage of transactions, such as hosting and management of the contracts between hospitals and funds, debtors management, provision of information back to customers to enable them to plan cash flow and seasonal loadings, etc.
- **Mergers & Acquisitions:** ICSGlobal expects that THELMA will progressively create opportunities through mergers and acquisition, not only to consolidate the health technology landscape, but to "mop up" numerous small support businesses that have evolved over the years. THELMA would then provide ICSGlobal with the technology needed to improve these businesses and reap the benefits.
- **International Opportunities:** The THELMA concept and Intellectual Property is replicable in any country. It would be best suited to those countries that have the same or similar models of health care delivery as Australia, that is, countries where access to secondary and tertiary health care services is managed by General Practitioners and where health care financing is made up of a combination of public and privately funded services. Health industries in each country or state all have particular nuances which would need to be modelled and programmed into THELMA, but fundamentally THELMA would be serving the same purpose as in Australia.

"ICSGlobal expects that the strong, profitable transaction revenues through THELMA will provide the financial muscle to put ICSGlobal in a strong, strategic position to take advantage of a range of opportunities."



THELMA media coverage



Since the commercial launch in May 2001, THELMA has attracted significant coverage in newspapers and trade magazines. This has enabled THELMA to develop a strong brand and industry awareness. Following is a sample of some of this media coverage.

CPR for Trading Exchanges?

I'm told that our health system is drowning in a sea of paper. Notes describing very complex processes and procedures are still faxed back and forth between payers and providers, data is rekeyed, and rekeyed again into disparate systems. The hospitals curse the insurance providers. The insurance providers curse the hospitals. It all sounds like a 'before' test case for some hero of the supply chain.

THELMA seems to have a compelling reason to live on to a reasonably old age.

**David Beynon, Editor,
Computerworld**

Australian Health Management Group Pioneers Online Transaction on THELMA

Mr Bryce Fraser, Group General Manager, AHMG, said "THELMA is an attractive solution as it will also enable AHMG to cut unnecessary costs by automating current manual processes, eliminating the need for phone calls and faxes to clarify patient information with hospitals and reducing the paperwork between ourselves and hospitals".

Australian Private Hospitals Association News, 1 June 2001

THELMA Cleans Up Health Care Paperwork

A hopeful young thing called THELMA is wielding an electronic broom with growing effect in the paper-clogged corridors of Australia's health industry.

**Pete Young, Computerworld,
21 August 2001**

e-health and e-commerce: THELMA Takes Off

"THELMA is a highly scalable solution with users able to connect quickly and easily with minimum set-up costs in the short term and the ability for complete integration with back-office systems".

**Hospital & Healthcare,
June 2001**

Ramsay to Expand e-commerce System

Managing Director Pat Grier said there were great efficiencies to be made through collaborative electronic trading with THELMA, the multiple applications system developed by IT and business consultancy group ICSGlobal.

AAP, 18 September 2001

ICSGlobal Debuts Health Sector Exchange

Michael Roff, Australian Private Hospitals Association executive Director, said hospitals and insurers have been struggling with manual processes and attempts were made to build their own transaction systems. "This has been a costly and time consuming exercise: one electronic system took 18 months to implement between a single hospital and a single fund", he said.

"THELMA has the potential to change the way hospitals deliver patient services; for example a hospital can conduct instantaneous eligibility checks when a patient enters a hospital. Currently this process takes several days to complete".

**Sandra Van Dijk, Computerworld,
28 May 2001**

Australian Unity Signs Deal with ICSGlobal

Private health insurer Australian Unity has signed a three-year contract with ICSGlobal to use its e-health exchange, THELMA, to electronically process private patient eligibility checks, electronic hospital claims and No Gap claims with its five largest hospital business partners. According to Australian Unity's general manager, health care, Mr Peter Kerestes, a joint strategy will then be developed with ICSGlobal to connect more than 1,000 other hospitals.

Mandy Bryan, Australian Financial Review, 2 August 2001

directors and officers

Below is a profile of each Director and Company Officer of ICSGlobal.

DEAN PRITCHARD

Chairman and Non-Executive Director

Age 56

Appointed as Chairman in 1999, Dean holds a Bachelor of Engineering Degree from the University of Adelaide. He is a Director of OneSteel Limited, Rail Infrastructure Corporation and Eraring Energy and was previously chief executive of Baulderstone Hornibrook.

GEOFF LAMBERT

Non-Executive Director

Age 57

Geoff was appointed a Director in 1999. He is currently chief executive of boutique investment house Byrne Lambert Woolf & Co. He holds a Master of Economics degree and is a Fellow of the Australian Institute of Company Directors. He is currently a Director of Wedgetail Exploration N.L., QMASTOR Ltd, Stratatel Ltd and of Asset Backed Securitisation Corp Ltd.

TIM MURRAY

Managing Director and Chief Executive Officer

Age 40

Tim is the founder of ICSGlobal and has led the Company since its inception. Tim is responsible for the overall management of ICSGlobal and for the development of the strategic direction of the business into the future. He holds a Bachelor of Civil Engineering degree and has successfully applied construction project management principles into the IT industry.

LINDSAY MARTIN

Chief Financial Officer

Age 33

Lindsay has been with ICSGlobal since August 2000. Lindsay is a Chartered Accountant with Commerce and Law Degrees. Lindsay has over five years management consulting experience with one of the big five accounting firms. He has worked on a wide range of consulting assignments in Australia, New Zealand, the United States and South America, including a nine month secondment as Financial Controller for a US Company with a turnover of \$400m AUD. As Chief Financial Officer he is responsible for the financial management of ICSGlobal and its statutory reporting obligations.

TOM WALTHER

Company Secretary

Age 39

Tom has been with ICSGlobal since Sept 1998 as Accountant and later Financial Controller. Tom holds a Bachelor of Economics in Finance and Accounting and was appointed Company Secretary in June 2000.



corporate governance

The Directors have responsibility for the overall corporate governance of ICSGlobal and for protecting the rights and interests of the shareholders.

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 the results
- the approval of the annual and half yearly report
- 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.

The Board is comprised of two non-executive Directors and one executive Director. The non-executive Directors are Dean A Pritchard (Chairman) and Geoffrey E Lambert. Details of the Directors are set out in the Directors' Report.

With the prior approval of the Chairman, each Director may seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

The Board of Directors of ICSGlobal has established an Audit Committee and a Remuneration Committee to assist in the implementation of its corporate governance practices.

AUDIT COMMITTEE

At the date of this report ICSGlobal had an audit committee consisting of the following Directors:

Geoffrey E Lambert (Chairman)

Dean A Pritchard

The committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems
- oversee the financial reporting process
- nominate external auditors
- review the existing external audit arrangements

REMUNERATION COMMITTEE

At the date of this report ICSGlobal had a remuneration committee consisting of the following Directors:

Dean A Pritchard (Chairman)

Timothy J Murray

The committee reviews the performance of ICSGlobal's senior management and sets the scale and structure of the remuneration, including reviewing the decisions of the Directors in respect of the ICSGlobal Employee Option Plan.

shareholder information

AS AT 9 OCTOBER 2001

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

	Number of Fully Paid Ordinary Shares	% of Total Capital
Timothy J Murray +	11,648,333	37.88
Glowgood Pty Ltd +	6,650,667	21.63
Dixon Trust Pty Limited +	2,294,950	7.46
Kirk Kikirekov	910,000	2.96
Denis J Reynolds	540,000	1.76
Canning Family Trust	500,000	1.63
Mulloway Pty Ltd	500,000	1.63
Glowgood Superannuation Fund	385,000	1.25
C. C. Berbatis Holdings Pty Ltd	250,000	0.81
Clifton Garages Nominees	241,000	0.78
Charlotte C Drover	220,086	0.72
Blackcourt (NSW) Pty Ltd	200,000	0.65
Mr Bryant Plavsic	150,000	0.49
Mr John Peacocke	150,000	0.49
Kenneth Buckley & Lucia Teicher	100,000	0.33
Mr Robert William Proe	87,600	0.28
National Nominees Limited	84,000	0.27
Warman Investments Pty Limited	73,510	0.24
Woody Woodpecker Investments	71,500	0.23
David Leo McIntyre	66,225	0.22
Total	25,122,871	81.70
Total Issued shares	30,750,000	

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES*

	Number of Ordinary Shareholders	Number of Option Holders
1 – 1,000	150	–
1,001 – 5,000	480	–
5,001 – 10,000	133	–
10,001 – 100,000	117	4
100,001 and over	14	8
	894	12
Holdings less than a marketable parcel	542	–

* As shown on register, beneficial holdings may differ

+ Substantial shareholders



directors' report

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2001.

DIRECTORS

The names of the Directors in office at any time during or since the end of the financial year are:

Dean Antony Pritchard
Timothy John Murray
Geoffrey Ernest Lambert
Peter James Littlejohn (Resigned 6 March 2001)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were:

- the development and launch of THELMA
- the provision of management consulting services in the area of information technology and engineering consultancy

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

A review of the operations of the Company during the financial year and the results of those operations are as follows:

- During the period, the Company substantially contracted its engineering and technology consulting services.
- The Company has expended significant amounts of money on the development and launch of THELMA. To date, the costs associated with THELMA have been expensed and this resulted in a significant operating loss.
- The loss of the Company for the financial year after providing for income tax amounted to \$5,671,519 (2000: \$1,030,800).

DIVIDENDS PAID AND RECOMMENDED

The Directors do not recommend the payment of a final dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the Company's state of affairs occurred during the financial year.

AFTER BALANCE DATE EVENTS

On September 5, 2001, the Company raised \$400,000 by placing four million shares at a price of ten cents per share. The financial effect of this transaction has not been recognised in the 2001 financial statements.

The commercial launch of THELMA occurred in May 2001. Since that date, THELMA has generated considerable momentum in its target market. Since 30 June 2001, the following parties have signed contracts to use THELMA:

- Australian Unity Health Limited – a progressive health insurance fund with 10% market share in Victoria
- Castle Hill Day Surgery – the CEO of this hospital is the President of the Australasian Day Surgery Association.

Ramsay Healthcare Limited, Australia's second largest private hospital group has also agreed to extend its trial of THELMA to an additional hospital.

On October 10, 2001, the Company announced a rights issue to raise \$1,537,500 through the issue of 15,375,000 additional ordinary shares. Shareholders are entitled to one ordinary share for every two ordinary shares that they hold, at a price of ten cents. The financial effect of this transaction has not been recognised in the 2001 financial statements.

directors' report (cont)

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS

Directors of ICSGlobal Limited in office at any time during or since the end of the year:

Name	Qualifications, Experience, Special Responsibilities And Period of Directorship	Ordinary Shares Held	Board Meetings		Audit Committee	
			Number eligible to attend	Number attended	Number eligible to attend	Number attended
D.A. Pritchard B.E.	(Age 56) Chairman since June 1999. Director of Rail Infrastructure Corporation, One Steel Limited and Eraring Energy	0	12	12	1	1
G.E. Lambert B.Ec, M.Ec	(Age 57) Non Executive Director since June 1999. Director of Wedgetail Exploration N.L., QMASTOR Ltd, Asset Backed Securitisation Corporation Ltd, HiTec Developments Ltd and Stratatel Ltd	23,000	12	12	1	1
T.J. Murray B.E.	(Age 40) Managing Director since 1996.	11,648,333	12	12	0	0
P.J. Littlejohn B.Sc	(deceased – resigned 6 March 2001) formerly a Non Executive Director	0	8	8	0	0

DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS

The objective when Director's and executive's remuneration is determined is both to reinforce the short and long term goals of the Company, and to provide a common interest between management and shareholders.

The emoluments of each Director and each of the five executive officers receiving the highest emoluments are as follows:

	Salary	Director's Fees	Superannuation Contributions	Non-Cash	Total
	\$	\$	\$	\$	\$
DIRECTORS					
Mr D A Pritchard	–	60,000	4,800	–	64,800
Mr G E Lambert	–	30,000	2,400	–	32,400
Mr P J Littlejohn	–	22,500	1,800	–	24,300
Mr T J Murray	215,663	–	22,805	11,532	250,000

directors' report (cont)

DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS (CONT)

	Salary	Superannuation Contributions	Other Benefits	Non-Cash	Total
	\$	\$	\$	\$	\$
EXECUTIVE OFFICERS					
Mrs N Waters	111,182	41,731	7,618	–	160,531
Mr L Martin	131,390	7,596	–	–	138,986
Ms W Larson	116,612	16,667	–	–	133,279
Mr C Peacock	105,437	10,000	–	9,375	124,812
Mr T Walther	83,333	6,667	–	–	90,000

OPTIONS

Options that were granted over unissued shares or interest during the financial year by the Company to Directors or any of the five most highly remunerated officers as part of their remuneration are as follows:

Options Granted to Directors

No options were granted to Directors during the financial year.

Options Granted to Executive Officers:

150,000 options granted on 1 March 2001 to Mr L Martin at an exercise price of \$0.50

100,000 options granted on 1 March 2001 to Ms W Larson at an exercise price of \$0.50

150,000 options granted on 1 March 2001 to Mr C Peacock at an exercise price of \$0.50

15,000 options granted on 1 March 2001 to Mr T Walther at an exercise price of \$0.50

The options granted are exercisable 12 months from the date of grant in respect of 1/3 of options granted, 24 months from date of grant in respect of 1/3 of options granted and 36 months from the date of grant in respect of 1/3 of options granted. Options expire 5 years from the date of grant.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and there are 1,120,000 unissued ordinary shares for which options are outstanding at the date of this report.

INDEMNIFYING DIRECTORS AND OFFICERS

During the year the Company renewed its contract for liability insurance of its Directors and Officers. As permitted by the Corporations Act, 2001 the premium for renewal of this insurance was paid by the Company. The terms of the insurance cover include a confidentiality clause where details of the insurance cover are kept confidential.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:



Dean Pritchard
Chairman



Tim Murray
Managing Director & CEO

Dated this 10th day of October 2001.

statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
Revenues from ordinary activities	3	1,837,863	7,022,512
Expenses from ordinary activities (excluding borrowing cost expense)	4	7,415,351	8,134,467
Borrowing costs – finance lease		8,417	13,429
Loss from Ordinary Activities Before Income Tax	5	(5,585,905)	(1,125,384)
Income tax expense/(benefit) relating to ordinary activities	6	85,614	(94,584)
Net Loss Attributable to Members		(5,671,519)	(1,030,800)
Total Changes in Equity Other Than Those Resulting from Transactions with Owners as Owners	7	(5,671,519)	(1,030,800)

The above Statement of Financial Performance should be read in conjunction with the attached notes.

statement of financial position

AS AT 30 JUNE 2001

	Note	2001 \$	2000 \$
Current Assets			
Cash assets	16	1,208,230	6,302,600
Receivables	8	157,837	418,891
Other financial assets	9	182,376	182,376
Other assets	10	127,430	602,963
Total Current Assets		1,675,873	7,506,830
Non Current Assets			
Other assets	10	100	85,614
Property, plant & equipment	11	677,665	648,131
Total Non Current Assets		677,765	733,745
Total Assets		2,353,638	8,240,575
Current Liabilities			
Payables	12	404,951	600,418
Provisions	13	113,037	62,630
Interest-bearing liabilities	14	51,144	70,358
Total Current Liabilities		569,132	733,406
Non Current Liabilities			
Interest-bearing liabilities	14	–	51,144
Total Non Current Liabilities		–	51,144
Total Liabilities		569,132	784,550
Net Assets		1,784,506	7,456,025
Equity			
Contributed equity	17	8,475,340	8,475,340
Accumulated losses	7	(6,690,834)	(1,019,315)
Total Equity		1,784,506	7,456,025

The above Statement of Financial Position should be read in conjunction with the attached notes.

statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$ Inflows/(outflows)	2000 \$ Inflows/(outflows)
Cash Flows from Operating Activities			
Receipts from customers		1,791,608	9,808,633
Payments to suppliers and employees		(6,496,747)	(9,010,222)
Interest received		242,006	201,434
Borrowing costs including interest and other costs of finance paid		(8,934)	(13,429)
Income taxes paid		-	(1,287,457)
Net cash Provided By/Used in Operating Activities	16	(4,472,067)	(301,041)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(551,945)	(272,596)
Other		-	(182,376)
Net Cash Provided By/Used in Investing Activities		(551,945)	(454,972)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	8,475,340
Repayment of borrowings		-	(274,351)
Finance lease principal repayments		(70,358)	(54,886)
Dividends paid		-	(1,600,000)
Net Cash Provided By/Used in Financing Activities		(70,358)	6,546,103
Net Increase (Decrease) in Cash Held		(5,094,370)	5,790,090
Cash at beginning of the year	16	6,302,600	512,510
Cash at End of the Year	16	1,208,230	6,302,600

The above Statement of Cash Flows should be read in conjunction with the attached notes.

notes to and forming a part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards, Urgent Issues Group Consensus Views and the Corporations Act, 2001.

(a) Basis of Accounting

The financial report has been prepared on the historical cost basis, and does not take into account changing money value, or, except where stated, current valuations of non current assets. The financial report has been prepared on a going concern basis due to the events described in Note 2 which include the successful raising of the additional funds required to enable the Company to continue to meet its current obligations, and the recent developments in relation to the launch of THELMA and the announcement of a rights issue.

(b) Recoverable Amounts

The carrying amounts of non-current assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets. The expected net cash flows included in determining the recoverable amounts have not been discounted to their present value. Where a group of assets work together to generate net cash inflows the recoverable amount test is applied to that group of assets.

(c) Revenue Recognition

(i) Rendering of services

When the outcome of a contract to provide services can be estimated reliably, revenue is recognised when the contracted obligations of the Company have been performed or by reference to the percentage of the services performed, whichever is appropriate to the particular type of contract.

(ii) Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(d) Income Tax

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income.

The tax effect of timing differences which arises from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the balance sheet as "future income tax benefits" at current tax rates.

A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

(e) Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONT)

(f) Property, Plant and Equipment

Property, plant and equipment are carried at cost or at independent valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets is depreciated, using the straight-line method, over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of assets are:

Leasehold Improvements	33% Straight Line
Computer Equipment	27% Straight Line
Furniture and Fittings	33% Straight Line

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, without transferring the legal ownership, and operating leases under which the lessor effectively retains substantially all the risks and benefits.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased property.

Payments under a non-cancellable operating lease for surplus leased space are recognised as a liability and expense when it is probable that a loss will be incurred. The amount recognised is the total expected outlay, net of sub-lease revenue, discounted at the interest rate implicit in the lease.

(h) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(i) Employee Entitlements

The following liabilities arising in respect of employee entitlements are measured at their nominal amounts:

- wages and salaries and annual leave regardless whether they are expected to be settled within twelve months of balance date.
- other employee entitlements which are expected to be settled within twelve months of balance date.

All other employee entitlements, including long service leave, are measured at the present value of the estimated future cash outflows in respect of services provided up to balance date. Liabilities are determined after taking into consideration estimated future increase in wages and salaries and past experience regarding staff departures. Related on-costs are included.

(j) Employee Option Plan

Details of the ICSGlobal Employee Option Plan are set out in Note 23.

Options issued under the plan are not recognised until exercised at which time contributions are recognised as equity.

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 2 – EVENTS SUBSEQUENT TO REPORTING DATE

On September 5, 2001, the Company raised \$400,000 by placing four million shares at a price of ten cents per share. The financial effect of this transaction has not been recognised in the 2001 financial statements.

The commercial launch of THELMA occurred in May 2001. Since that date, THELMA has generated considerable momentum in its target market. Since 30 June 2001, the following parties have signed contracts to use THELMA:

- Australian Unity Health Limited – a progressive health insurance fund with 10% market share in Victoria
- Castle Hill Day Surgery – the CEO of this hospital is the President of the Australasian Day Surgery Association.

Ramsay Healthcare Limited, Australia's second largest private hospital group has also agreed to extend its trial of THELMA to an additional hospital.

On October 10, 2001, the Company announced a rights issue to raise \$1,537,500 through the issue of 15,375,000 additional ordinary shares. Shareholders are entitled to one ordinary share for every two ordinary shares that they hold, at a price of ten cents. The financial effect of this transaction has not been recognised in the 2001 financial statements.

	2001	2000
	\$	\$

NOTE 3 – REVENUES FROM ORDINARY ACTIVITIES

Operating revenue – rendering of services	1,595,857	6,821,078
Non-operating revenue – interest	242,006	201,434
	1,837,863	7,022,512

NOTE 4 – EXPENSES FROM ORDINARY ACTIVITIES

External contractors	1,724,125	3,445,886
Salary and wages	2,520,411	1,598,276
Superannuation	277,097	156,749
Marketing	90,377	103,132
General operating costs	1,144,876	2,328,068
Rents	350,643	319,886
Write off of capitalised payments	1,000,000	–
Depreciation and amortisation	307,822	182,470
Total Expenses From Ordinary Activities	7,415,351	8,134,467

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
NOTE 5 - LOSS FROM ORDINARY ACTIVITIES		
Loss from ordinary activities includes:		
Net losses on disposals of property, plant and equipment	21,988	16,147
Depreciation of non-current assets		
Leasehold Improvements	82,642	31,333
Computer Equipment	128,935	69,138
Furniture and Fittings	41,233	28,458
Leased Assets	55,012	53,541
	307,822	182,470
Bad and doubtful debts expense	-	137,343
Operating leases payments	350,643	319,886

The above expenses are included in the amounts shown in note 4 which details the expenses from ordinary activities

NOTE 6 - INCOME TAX

(a) Reconciliation of Income Tax

The amount provided in respect of income tax differs from the amount prima facie payable on operating profit.

The difference is reconciled as follows:

Prima facie tax on operating profit (calculated at 34% [2000 36%])	(1,928,316)	(405,138)
Deduct tax effect of:		
Other items	-	(3,818)
Add tax effect of:		
Non Allowable Deductions:		
Entertainment	4,278	9,859
Legal Fees	2,399	6,866
General	59,605	36,000
Change in tax rate from 36% to 34%	-	5,161
Change in tax rate from 34% to 30%	10,742	-
Current year losses not carried forward	1,829,369	256,486
Write off of Future Income Tax Benefit	107,537	-
Income tax attributable to operating profit	85,614	(94,584)

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 6 – INCOME TAX (CONT)

(b) Future Income Tax Benefit

Potential future income tax benefits attributable to tax losses carried forward amounting to \$1,829,369 (2000 \$256,486) 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 virtually certain. These benefits will only be obtained if:

- (i) the Company 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;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss.

	2001 \$	2000 \$
(c) Movements in Future Income Tax Benefit During the Year		
Beginning of year	85,614	26,121
Future income tax benefit write off	(85,614)	–
Tax effect of timing differences	–	74,906
Changes in income tax rates	–	(15,413)
Balance at the end of year	–	85,614

NOTE 7 – ACCUMULATED LOSSES

Accumulated Losses

Balance of accumulated losses at beginning of year	(1,019,315)	1,611,485
Dividend	–	(1,600,000)
Net loss attributable to members of the parent entity	(5,671,519)	(1,030,800)
Balance of accumulated losses at end of year	(6,690,834)	(1,019,315)

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
NOTE 8 – RECEIVABLES		
Current		
Trade accounts receivable	157,837	363,891
	157,837	363,891
Non-trade accounts receivable:		
Due from other than related parties	-	55,000
	-	55,000
Total current receivables	157,837	418,891
NOTE 9 – OTHER FINANCIAL ASSETS		
Current		
Term deposit	182,376	182,376
<p>This term deposit represents guarantees associated with leases of office space in Sydney and Melbourne</p>		
NOTE 10 – OTHER ASSETS		
Current		
Prepayments	36,043	38,388
Accrued Income	10,303	10,000
Capitalised project costs	-	528,510
GST refundable	80,901	-
Other	183	26,065
Total current other assets	127,430	602,963
Non Current		
Future Income Tax Benefits (timing differences)	-	85,614
Other	100	-
Total non current other assets	100	85,614

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
NOTE 11 – PROPERTY, PLANT AND EQUIPMENT		
Non Current		
Leasehold Improvements		
At cost	257,627	272,097
Accumulated amortisation	(89,473)	(43,802)
	168,154	228,295
Office Furniture & Equipment		
At cost	176,591	142,886
Accumulated depreciation	(99,319)	(60,385)
	77,272	82,501
Computer Equipment		
At cost	573,781	333,308
Accumulated depreciation	(193,437)	(115,174)
	380,344	218,134
Leased Equipment		
At cost	169,820	222,122
Accumulated Amortisation	(117,925)	(102,921)
	51,895	119,201
Net Book Value of Property, Plant & Equipment	677,665	648,131
NOTE 12 – PAYABLES		
Current		
Trade creditors	264,179	264,344
Sundry creditors and accruals	140,772	336,074
Total current accounts payable	404,951	600,418
NOTE 13 – PROVISIONS		
Current		
Employee entitlements	113,037	62,630

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

2001
\$

2000
\$

NOTE 14 – COMMITMENTS FOR EXPENDITURE

(a) Capital and Leasing Commitments

The Company has acquired computer equipment by means of five finance leases. Each of the leases are for a period of 3 years. The lease payments are made monthly in advance.

Finance Lease Commitments

Payable:		
not later than 1 year	52,286	79,292
later than 1 year but not later than 5 years	-	52,223
Minimum lease payment	52,286	131,515
Less: future finance charges	(1,142)	(10,013)
Total finance lease commitments	51,144	121,502
Total residual value	43,442	55,773

Operating leases represent office space rented by the Company under standard commercial property leases.

Details are as follows:

LOCATION	NON CANCELLABLE	TERM	PAYMENTS IN ADVANCE	OPTION TO RENEW	ALLOW FOR SUB-LETTING
Sydney	Yes	April 2004	Yes	No	Yes
Melbourne	Yes	May 2002	Yes	Yes	Yes

	2001	2000
	\$	\$

(b) Operating Lease Commitments

Non cancelable operating leases contracted but not capitalised in the financial statements:

Payable:		
not later than 1 year	343,031	413,742
later than 1 year but not later than 5 years	582,536	879,572
Total operating lease commitments	925,567	1,293,314
Current		
Interest bearing liabilities	51,144	70,358
Non Current		
Interest bearing liabilities	-	51,144

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 15 – FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Exposure to Interest Rate risks or financial rate risks on financial assets and liabilities are summarised as follows:

FIXED INTEREST RATE MATURING FINANCIAL INSTRUMENTS AS AT 30 JUNE 2001

	NON INTEREST BEARING 2001 (\$)	1 YEAR OR LESS 2001 (\$)	OVER 1 TO 5 YEARS 2001 (\$)	FLOATING INTEREST RATE 2001 (\$)	TOTAL 2001 (\$)
Financial Assets:					
Cash				1,208,230	1,208,230
Term deposit				182,376	182,376
Accounts receivable	157,837				157,837
Other non-trade debtors	127,430				127,430
	285,267			1,390,606	1,675,873
Financial Liabilities:					
Trade and sundry creditors	404,949				404,949
Lease liabilities		51,144			51,144
Current borrowings					
	404,949	51,144			456,093
Weighted average interest rate	N/A	8.9%		5.8%	

FIXED INTEREST RATE MATURING FINANCIAL INSTRUMENTS AS AT 30 JUNE 2000

	NON INTEREST BEARING 2000 (\$)	1 YEAR OR LESS 2000 (\$)	OVER 1 TO 5 YEARS 2000 (\$)	FLOATING INTEREST RATE 2000 (\$)	TOTAL 2000 (\$)
Financial Assets:					
Cash				6,302,600	6,302,600
Term deposit				182,376	182,376
Accounts receivable	363,891				363,891
Other non-trade debtors	656,963				656,963
	1,020,854			6,484,976	7,505,830
Financial Liabilities:					
Trade and sundry creditors	600,418				600,418
Lease liabilities		70,358	51,144		121,502
Current borrowings					
	600,418	70,358	51,144		721,920
Weighted average interest rate	N/A	9.6%	8.9%	4.9%	

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 15 – FINANCIAL INSTRUMENTS (CONT)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions, as disclosed in the balance sheet and notes to the financial statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

NOTE 16 – RECONCILIATION OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments with terms of less than 90 days. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statements of financial position as follows:

	2001 \$	2000 \$
Cash	1,208,230	6,302,600

(b) Reconciliation of Net Cash Provided by/Used in Operating Activities to Operating Profit/Loss After Income Tax

	2001 \$	2000 \$
Operating profit/loss after income tax	(5,671,519)	(1,030,800)
Depreciation	252,810	128,929
Amortisation	55,012	53,541
Loss on sale of equipment	21,988	16,146
Increase/decrease in provision for taxation	0	(1,323,624)
Increase/decrease in future income tax benefit	85,614	(59,493)
(Increase)/Decrease in Trade Debtors	206,054	2,905,452
(Increase)/Decrease in Other Assets	192,181	(24,465)
(Increase)/Decrease in Prepayments	2,345	(37,129)
(Increase)/Decrease in Accounts Payable	(195,469)	(422,806)
(Increase)/Decrease in Capitalised Project Costs	528,510	(528,510)
(Increase)/Decrease in Employee Entitlements	50,407	21,718
Net cash provided by/used in operating activities	(4,472,067)	(301,041)

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
NOTE 17 – CONTRIBUTED EQUITY		
(a) Issued Capital:		
26,750,000 Ordinary Shares fully paid	8,475,340	8,475,340
(b) Ordinary & 'L' Class Shares at the Beginning of the Financial Year		
3 Shares split on 23 December 1999	26,750,000	3
3 Shares split to 18,050,000	–	(3)
(c) Shares Issued During the Year:		
6,000,000 on 23 December 1999	–	6,000,000
1,200,000 shares for no consideration issued to staff on 23 December 1999	–	–
1,500,000 on 10 February 2000	–	3,600,000
Transaction costs relating to share issues	–	(1,124,660)
	–	8,475,340
NOTE 18 – AUDITORS REMUNERATION		
Remuneration of the auditors of the Company was as follows:		
Audit and review of financial reports	21,000	33,500
Other services	6,800	124,920
	27,800	158,420

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
NOTE 19 – REMUNERATION OF DIRECTORS		
Aggregate of income paid or payable, or otherwise made available:		
To all Directors by the entity or by any related party.	371,500	424,092
Number of Directors of the entity whose total income falls within the following bands:		
\$10,000 – \$19,999	–	1
\$20,000 – \$29,999	1	–
\$30,000 – \$39,999	1	1
\$60,000 – \$69,999	1	–
\$80,000 – \$89,999	–	1
\$250,000 – \$259,999	1	–
\$280,000 – \$289,999	–	1
Payment for information technology, management and administrative services to Glowgood Pty Ltd, a Company associated with Tim Murray	22,575	178,580
Payment for financial advisory services to Fayara Securities Ltd, a Company associated with Geoffrey Lambert	7,000	–
NOTE 20 – REMUNERATION OF EXECUTIVES		
Aggregate remuneration of all executive officers whose remuneration exceeds \$100,000 (including remuneration from related parties in connection with the management of the affairs of the parent entity or any of its subsidiaries)		
	807,608	588,936
Numbers of executive officers whose total remuneration exceeds \$100,000:		
\$120,000 – \$129,999	1	–
\$130,000 – \$139,999	2	–
\$140,000 – \$149,999	–	1
\$150,000 – \$159,999	–	1
\$160,000 – \$169,999	1	–
\$250,000 – \$259,999	1	–
\$280,000 – \$289,999	–	1
The total remuneration reported above includes the remuneration of executive Directors. This is also included in the remuneration of all Directors reported in Note 19.		

notes to and forming a part of the financial statements (cont)

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 21 – SEGMENT INFORMATION

The Company operates in the information technology industry where it provides services to its customers throughout Australia.

	2001 \$	2000 \$
NOTE 22 – EARNINGS PER SHARE		
Basic earnings per share	(21.2) cents	(4.56) cents
Diluted earnings per share is not materially different from basic earnings per share		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	26,750,000	22,605,738

NOTE 23 – EMPLOYEE OPTION PLAN

All employees of the entity are eligible to participate in the ICSGlobal Employee Option Plan and acquire a number of options based on their position with the Company. The options granted are exercisable 12 months from the date of grant in respect of 1/3 of options granted, 24 months from date of grant in respect of 1/3 of options granted and 36 months from the date of grant in respect of 1/3 of options granted. Options expire 5 years from the date of grant.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and there are 1,120,000 unissued ordinary shares for which options are outstanding at the date of this report.

Number/Types of Shares/Equity Interests

Entitled to be acquired under the scheme	1,120,000	1,155,000
Unacquired and available under the scheme	1,555,000	1,520,000
Market price Issues made during year	N/A	N/A
Issued to employees during the financial year	1,190,000	2,150,000
Total market value at issue date	N/A	N/A
Total amount received/or receivable from employees	-	-

directors' declaration

In the opinion of the Directors of ICSGlobal Limited:

- (a) the accompanying financial statements and notes are in accordance with the Corporations Act, 2001, comply with the accounting standards and give a true and fair view of the Company's financial position as at 30 June 2001 and of its performance for the year ended on that date.
- (b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Timothy Murray

Managing Director and CEO

Sydney

10 October 2001

independent audit report

INDEPENDENT AUDIT REPORT

To the members of ICSGlobal Limited

SCOPE

We have audited the financial report of ICSGlobal Limited for the financial year ended 30 June 2001 as set out on pages 19 to 35. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of ICSGlobal Limited is in accordance with:

(a) the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of its performance for the year ended on that date; and
- ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.



PKF

Chartered Accountants

A NSW Partnership



Arthur Milner

Partner

Date: 10 October, 2001

Sydney

ICSGLOBAL LIMITED

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ABN 72 073 695 584

THELMA PTY LTD

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Lindsay Martin

COMPANY SECRETARY

Tom Walther

SOLICITORS

Minter Ellison

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AUDITOR

PKF

Chartered Accountants

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