

**ICSGlobal LIMITED A.B.N. 72 073 695 584**  
**DIRECTORS' REPORT**

Your directors submit the financial report of the economic entity for the six months ended 31<sup>st</sup> December 2001.

## **Directors**

The names of directors who held office during or since the end of the half-year:

Mr Dean A. Pritchard      Mr Timothy J. Murray  
Mr Geoffrey E. Lambert

## **Review of Operations**

The core business of ICSGlobal is the ownership and operation of THELMA (Transactional Health Exchange Linking Multiple Applications).

THELMA is positioned to become the clearing house for the Australian health industry. THELMA generates both subscription and transaction revenue through replacing existing manual, paper-based health administration processes with intelligent technologies that allows B2B transactions over the Internet. THELMA offers a means to perform these transactions at just a fraction of the existing manual costs, delivering massive cost savings to health sector participants. The e-health electronic transaction market in Australia has an estimated potential value in excess of \$100 million per annum. Other examples of systems which have replaced costly, manual processes with efficient automation are ATMs / electronic banking and the CHESS clearing house system which underpins the Australian share market.

During the first half of this financial year, ICSGlobal has made significant progress towards achieving this vision. On the health fund side, eight health funds out of the 44 make up about 85% of the Australian market. The 7<sup>th</sup> and 8<sup>th</sup> largest funds representing 6% of the market have signed three year agreements to use THELMA and are transacting on a commercial basis. Good progress has been made with most of the remaining six major health funds, with ongoing discussions about the logistical and business process requirements, the commercial terms and what's required from a technology perspective to connect to THELMA.

On the hospitals side, THELMA User Agreements have been signed with 30 private hospitals nationally and also public hospitals representing 17% of NSW public hospitals. The increasing rate of contract signings reflect the knock-on sales momentum THELMA is building in the Australian healthcare market, as brand awareness grows and user referral rates increase significantly.

Major milestones achieved and contracts signed during the first half of this financial year include:

- July 2001 – the launch of the THELMA No Gap transaction
- August 2001 – Australian Unity signs a 3 year THELMA User Agreement
- September 2001 – Ramsay Health Care extend trial of THELMA
- October 2001 – Castle Hill Day Surgery signs 3 year User Agreement
- November 2001 - Wentworth Area Health Service signs 3 year User Agreement
- November 2001 – South East Health signs 3 year User Agreement
- December 2001 – Canberra Eye Hospital sign 3 year User Agreement

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**Consulting Business**

ICSGlobal's non-health consulting engagements progressively wound down as the Company focused on health as the core business, leading to the recent closure of the Melbourne consulting practice which was entirely non-health.

Indications are that ICSGlobal's health consulting business will grow directly and indirectly from THELMA as the service is rolled out and customers look to further streamline their business processes and back office IT systems. Further rationalisation within the health industry through mergers and acquisitions is expected to assist this growth.

**Capital Raisings**

ICSGlobal Limited completed two capital raisings to fund the further marketing and roll out of THELMA.

In September ICSGlobal Limited placed 4 million ordinary shares (representing approximately 14.9% of its issued capital) at a price of \$0.10 per share to raise additional capital of \$400,000. The placement was largely taken up by the major shareholders of ICSGlobal.

In November, a one for two renounceable Rights issue closed fully subscribed at a price of \$0.10 per share to raise approximately \$1,537,500 before costs. The Rights issue provided all Shareholders equal opportunity to participate in the future potential of the Company and was well supported by shareholders and investors generally which led to significant unsatisfied demand.

**Financial Result**

The financial result for the first half of the year was in line with expectation. The result represents a significant improvement on last years mid year result. The result reflects the continued application of the company's policy of writing off all internal costs associated with the development and deployment of the THELMA service.

The company remains committed to becoming profitable and cashflow positive in the near future.

This report is signed in accordance with a resolution of the Board of Directors.

T.J. Murray  
Director

Dated this 20<sup>th</sup> Day of February 2002