

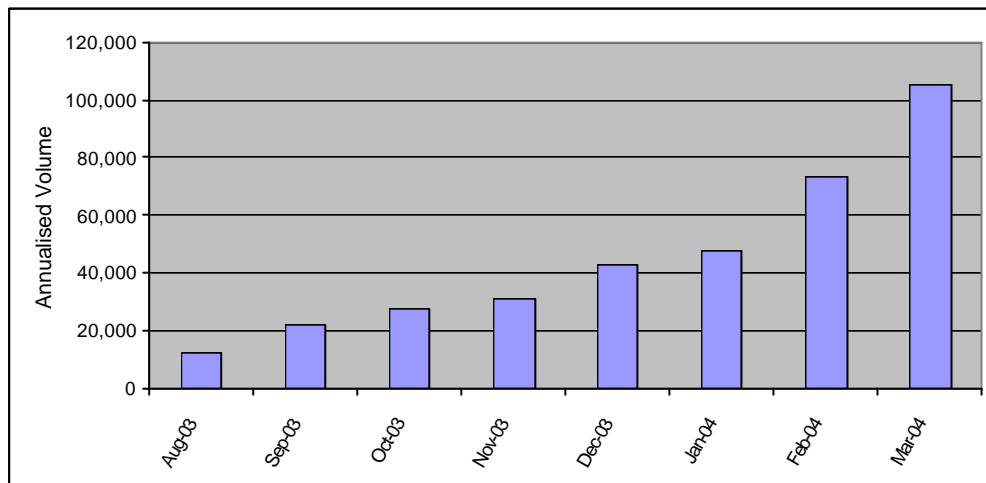
15 April, 2004

Dear Shareholder

I would like to bring you up to date with latest developments at ICSGlobal and, in particular, to report to you on continued steady progress towards our goal of profitability from THELMA (Transactional Health Exchange Linking Multiple Applications).

The very encouraging news is that the March quarter has seen substantial growth in transaction volumes through THELMA, as shown in the graph below. Although these transaction volumes have kicked in later than we originally anticipated, the trend visible is exactly what we expected and is testimony that THELMA's active and growing customer base is translating into commercially meaningful transaction volumes.

Actual Transaction Volumes: August 03 – March 04



All indications are this growth trend – and the growing revenue flow – can be sustained, reinforcing our view that ICS should be cash flow positive this calendar year. Underpinning our forecasts are the following four trends and initiatives:

Firstly, moving towards profitability with growing revenue and stable costs. While half year results for the six months to 31 December showed a reduction in net loss of more than one third, the small growth in half yearly revenue did not tell the full story of the actual growth in THELMA's transaction volumes that we've begun to see since August 2003, as illustrated in the graph above. No change in our cost base of \$3.5 million or material capital expenditure is required to reach profitability. The primary focus of the Board now is to ensure the transaction growth trend continues and to deliver profitability for shareholders.

Secondly, through continued product rollout. Indications are we will achieve our previous projection of national health insurance fund coverage of more than 60% by June 30 this year, up from our current level of 47%. The rollout of electronic claims to the 24 health funds that use the HAMBS business system has commenced following the release of the new version of HAMBS which includes the THELMA connection.

In the hospital sector, on the other side of the exchange, we believe our previous projection of national private patient coverage of 50% by June 30 is achievable, supported by:

- the attraction of increasing fund coverage
- positive feedback from existing hospital users (see user testimonials below, and Hospital & Healthcare magazine cover on page 4)
- increasing incidence of health funds building provisions for electronic claiming into their contracts with hospitals
- THELMA is still the only means by which the vast majority of hospitals can send electronic claims to health funds without a major capital investment

Thirdly, introducing new revenue streams from additional transactions. Our previous views on what the mix and volumes of transactions through THELMA might ultimately look like remain sound. If anything, the potential market continues to grow and other transaction opportunities for THELMA have appeared.

In addition to our first wave transactions of hospital claims and eligibility – which have taken on a life of their own now in terms of volume growth and roll out - we are currently working on another eight transaction types. Three of these are ready to go and are being marketed; the other five are at various stages – testing, development or strategy development. The development and roll out of all of these new transactions will largely be handled by our current team of 18 staff, and within our current cost base. Once the full 10 transactions are in production, we estimate that THELMA will ultimately capture \$20 - \$30 million revenue out of the \$70 - \$100 million market for these 10 transactions, with minimal change to our current cost base of \$3.5 million.

Finally, testimonials from THELMA's users. As THELMA's customer base grows, we are getting an increasing amount of positive feedback on the business benefits of electronic trading, which provides us with "case study" back up in our marketing program to hospitals. For example:

- Shane Neaves, Regional Operations Manager at Nova Health, the publicly listed operator of twelve hospitals in Victoria, New South Wales and Queensland: "After a year or so of using THELMA, there's no disputing the increased efficiencies in producing our claims electronically, and we're seeing payment cycles shortened by up to 50% at some hospitals. Then there's other business benefits through the assessment and payment process, such as the ability to track and trace claims at any time, claims can no longer get lost, debtors can be checked electronically by health fund, which all adds up to improved cash flow."
- Louise Deal, Accounts Officer at the 250-bed Freemasons Hospital: "With THELMA integrated into our PiMs patient management software, it will improve our accuracy of claims as well as reduce the time taken to receive payments from health funds. The product is very user friendly and simplifies the claim submission process reducing the "human error" factor in hand written claims. Batching and submitting claims in THEMA is very straight forward and takes only minimal time compared to our previous manual submission procedures."
- Andrew Clark, Chief Financial Officer at the John James Memorial Hospital, the largest private hospital in the ACT: "The THELMA solution made sense to us, as a single, multi-transaction pipe between our PiMs patient management software and the health funds. Plus, the transaction fee model eliminates the risk associated with a large capital investment in a new technology initiative. It's fairly obvious how electronic claiming is light years ahead of the cumbersome manual process that had evolved, in terms of efficiency, accuracy, and improved cash flow."

Business Model and Overall e-health Market

ICSGlobal's core business is the ownership and operation of THELMA, which could be likened to a "clearing house" for the health industry. THELMA replaces existing manual, paper-based health administration processes – eg patient eligibility checking and claims from the full spectrum of healthcare providers - with intelligent technologies that allow these same processes to be done as electronic transactions over the Internet, at a fraction of the cost of the manual process. There are hundreds of millions of these administration transactions in the Australian health industry. Customers pay for THELMA like they do for a telephone service, paying a fee each time they use it ranging from 5c to \$2, depending on the volume and complexity of the transaction. The Company's future growth will come through transaction fees from increasing volumes across a growing range of transactions provided by THELMA's advanced any-to-any electronic exchange technology, the only one of its kind in Australia, and to our knowledge the world.

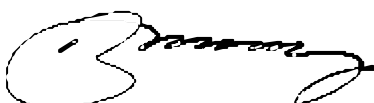
We believe the Company's achievements over the past 12 months, the current growth trend in transaction volumes, and other industry developments places ICSGlobal in "the right place at the right time" with THELMA, for the following reasons:

- One of ICSGlobal's key technical challenges with THELMA has been extracting transactions from and delivering them electronically into old legacy software systems, or even some of the newer software systems that were never designed for B2B connectivity. ICSGlobal has now successfully developed sophisticated connections into the majority of health fund systems, and the four major hospital systems – iSOFT's PiMs and HOMER systems, IBA and BJS – which has THELMA primed for rapid rollout and corresponding rapid volume increase.
- Following on from the previous point, the article "Health's \$1B spending spree" in AFR 13/04/2004 explained State government's plans to modernise hospitals amid mounting concerns over patient deaths from medical mistakes. This is good news for ICSGlobal as it will make it easier to connect THELMA, as THELMA has a similar role to play in clinical information transactions as it does in financial transactions, that is connecting a huge range of disparate software systems to allow a patient's treatment to be tracked from GPs through to hospitals. In the same article, Richard Harris from research company Gartner points to these new spending plans as a strong sign Australia is on the cusp of an e-health revolution.
- Internationally, interest in THELMA is mounting: we are currently responding to a Request for Information from the US; a Japanese delegation visited ICSGlobal's office in March looking for an electronic solution for Japan's 1.3 billion paper claims, and as a result further demonstrations of THELMA are being planned for July in Tokyo; and we are scheduled to present THELMA to a French delegation visiting Australia in May.

In summary, we enter the June quarter with great confidence that THELMA is finally making the transition from being a clever technology idea to a utility service business with commercially meaningful volume flow. While our progress has been slower than expected, the strong upwards trend in transaction volumes amidst an increasingly receptive marketplace is very encouraging.

We are confident that the original THELMA strategy and business model are sound and will reward you, our shareholders, for your judgement and support

Yours faithfully



Tim Murray
Chief Executive Officer

H&h

Hospital & healthcare

The Better Business Magazine for the Healthcare Industry

Founded 1932

February 2004

- A positive approach to staff education
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Cashflow cure!

THELMA's Electronic Claims are saving time, money, and removing the obstacles to hospitals being paid on time.



THELMA