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Dear Shareholder

I'd like to bring you up to date with the progress we've made in the business, in Australia and Internationally, since our last Shareholder Newsletter.

Progress in Australia

Phase 1: Private hospital eligibility checking and electronic claiming.

Volumes in our two initial transactions continue to grow, with new records achieved this month. There is still substantial growth to come from our current contracted customer base, which has continued to grow steadily to about 160 hospitals or approximately 30% of national private hospital beds. Health fund coverage stands at about 70% in NSW and 65% in Victoria, with the national State average being 57%.

Volumes in these two transactions are expected to increase significantly during the remainder of 2005 as a result of the subsidy offered by Medibank Private Limited ("Medibank"). As announced in March, Medibank signed a three-year extension to their User Agreement for THELMA. The User Agreement was also varied slightly in that, in an effort to progress the development of e-commerce among Australian hospitals, Medibank opted to introduce a subsidy to reduce the fees that hospitals would normally pay to use THELMA for lodging their claims electronically to Medibank. The impact of the Medibank subsidy on THELMA volumes will be realised from July 2005 onwards, as Medibank progressively complete their negotiations with hospitals. Indications are that the subsidy will have a significant impact on hospital take up and therefore volumes, with discussions in progress with new hospitals and hospital groups representing some 40% of national private beds who contacted us as a direct result of the Medibank subsidy.

Phase 2: Diversify into other transaction types

Phase 2 is about utilising the network established by Phase 1 to process other types of claims and related services transactions across both private and public health.

THELMA is now processing Medicare bulk bill transactions, including (outpatient) Specialist's claims, Radiology / Diagnostics claims and Pathology claims.

Inpatient Specialist and Pathology claims, which are paid 75% by Medicare and 25% by the health fund, are already built in THELMA and are now being implemented to a major fund.

Our strategy for THELMA EziBill™ has evolved as we've learnt more about the market's needs. Originally, EziBill™ was to be a national billing agent service in Australia to process claims and collect payment on behalf of medical specialists, particularly "doctors-on-the-run" such as anaesthetists. Our marketing of EziBill™ soon revealed the challenges of rounding enough of these doctors up to make a business, but the process did uncover some customers we hadn't anticipated: any hospital we've mentioned EziBill™ to expressed a keen interest in having a comprehensive electronic medical billing service they could offer their doctors. Consequently, we're running a pilot with a major private hospital in Victoria on a whole range of claims across their campus: bulk-bill outpatient medical claims from their Emergency Department and Medical Centre GP Clinics (Men's Health, Women's Health and Breast Clinic); and an inpatient medical billing service from their specialist centre. However, developments in Phase 3 with the CBA (see below) may see EziBill™ rolled into MediClear.

Phase 3: Channel more services to THELMA's connected health community

Phase 3 is about using THELMA's connected health community network for related services and transactions such as financial services and electronic health records. The exciting development in these areas emerged last year through our work with the Commonwealth Bank of Australia (CBA).

In September last year, CBA selected ICSGlobal as their strategic technology partner for the use of THELMA to provide the any-to-any health industry connectivity required for the bank's new Australia-wide online claims and payments solution to be known as "MediClear". Together we responded to an Expression of Interest issued by the Health Insurance Commission (HIC) for over 220 million Medicare items, worth about \$9 billion a year in financial transactions. ICSGlobal is currently working with CBA on a paid consulting basis as the design for MediClear is developed. Documentation for the THELMA licence agreement between CBA and ICSGlobal is in progress.

We have also held discussions with two other Australian banks to work with them on their various health initiatives, which we are able to do as our work with CBA is on a non-exclusive basis.

International Business Strategy & Progress

Our strategy for global expansion is to locate a local business partner in each target country through which THELMA can be licensed on a transaction fee basis to service the local health industry. In this way ICSGlobal does not need to have a physical presence in each country. This strategy gives us access to a global customer base with virtually no capital expenditure or marketing spend.

We have engaged the services of a number of consultants, plus Austrade and other government trade organisations from the various countries we are targeting, which is generating a lot of interest and activity internationally. The US is obviously our prime target due to its sheer size, and we're making good progress there (see below). In total we've now been contacted by 10 countries in relation to using THELMA, and detailed dialogue is in progress in relation to opportunities in Japan, China, Thailand and South Africa.

THELMA in the UK: THELMA is providing the central B2B infrastructure for the electronic Claims and Billing Service ("eCABS"), a billing service in the UK that will electronically process the claims from consultants (ie medical specialists) in private practice and collect payment on their behalf. eCABS is owned and operated by ICSGlobal's UK licensee, MackenzieHealth Limited (MHL).



As previously announced, Release 1 of eCABS is on track to go live in July. Implementation will kick off with a pilot project requested by a leading accountancy practice who, following a successful pilot, wishes to roll eCABS out to its client base of over 1,000 consultants, which by itself represents 50% of the target eCABS market. MHL have received a positive response from health insurers they have approached to accept electronic claims from eCABS. Additional electronic claiming opportunities for eCABS are continually appearing, for example the UK Government's current policy to outsource up to 15% of non-elective surgery to the private sector by 2008, and the increasing trend of consultants leaving the National Health Service (NHS) to form private 'chambers' and sell services back into NHS.

THELMA in the US: The US healthcare system is struggling with major, systematic administrative inefficiencies: in 2005, US\$1.9 trillion dollars will be spent on healthcare for a relative benefit of half that compared to other countries¹. President Bush, in his State of the Union address, highlighted this as a major national challenge, and commissioned a 10 year program to apply technology to transform the US health system. This has understandably created a flurry of activity in the health and IT industries in the US. The biggest challenge for the IT industry will be system "interoperability" ie enabling all the different software systems to "talk" to one another, so that the requisite information and transactions can be interchanged.

ICSGlobal's THELMA technology provides this interoperability.

¹ "A Medical Banking Road Map for America", published by the Medical Banking Project, March 2005

ICSGlobal has joined the Medical Banking Project (MBProject), a Tennessee-based firm whose objective is to integrate banking technology, infrastructure and credit resources with healthcare administrative operations to alleviate inefficiencies. A Proof of Concept (PoC) is being planned, at this stage for approximately 3,000 non-profit healthcare organisations in the State of Delaware. The PoC would test one or more transactions from THELMA's existing functionality (Referrals, Authorisations, Eligibility, Secure e-mail).



Mr John Casillas, the Founder and Executive Director of MBProject, said he is delighted that ICSGlobal has joined MBProject.

"Emerging platforms that meet indigenous privacy, security and transaction requirements, like ICSGlobal's THELMA, will likely evolve quickly as competition heats up between banks. They will extend globally and add functions that extend beyond core payments and remittances processing to card and web services management of electronic health records" predicts Casillas.

MBProject is developing plans for possible demos in Beijing, the Philippines and in South Korea in conjunction with its Cyberwar Workgroup, which is promoting the deployment of a medical banking platform for homeland security purposes.

In parallel with the MBProject initiative, in March ICSGlobal engaged Austrade in New York to source other possible US license opportunities for THELMA. Austrade report a positive reaction to THELMA among the healthcare providers and payers they have approached. ICSGlobal will work with Austrade to pursue these and other potential licensees.

The increased demand for our technical services on a paid consulting basis has led to the employment of some additional staff with a mixture of software architecture, design and programming skills. We've also hired an infrastructure and security expert to design and manage the deployment of THELMA across a secure, multi-hub global network. Our total number of staff stands at 22.

The mood within the company is one of genuine excitement as our vision for THELMA, combined with 5 years of persistent hard work, becomes a reality.

We look forward to rewarding you, our shareholders, for your patience and sharing in our vision.

Yours faithfully



Tim Murray
Chief Executive Officer