

18th May, 2007

Dear Shareholder,

### Highlights

- **Australia:** *previous weekly volume record broken by more than 10% in first week of May; 5 new software vendors connected since December; Symbion Health went live this week*
- **US:** *ICSGlobal to participate in powerful new US consortium to deploy a "common medical banking platform" for the US healthcare system*
- **UK:** *ICSGlobal in Joint Venture with UK's leading primary care group to deploy a new sophisticated clinical information system into the UK's National Health Service (NHS)*
- **Other International:** *Proposals submitted to Brazil and United Arab Emirates*
- **Outlook:** *With everything now on track in our three key markets, ICSGlobal is confident it will become cashflow positive and profitable during the 2007-08 financial year.*

The recently announced US and UK initiatives mark the most significant milestone in the company's history - the coming together of a truly global strategy for THELMA, the culmination of more than three years of industry analysis and relationship and brand building within these two major healthcare systems.

The new US medical banking initiative will see ICSGlobal working alongside some of the largest banks, healthcare organisations and systems integrators in the world, working collaboratively to link the US banking system into the US healthcare system, so the healthcare world doesn't have to "reinvent the wheel" that banks already have spent on heavily.

Our participation in this new medical banking platform in the US, coupled with what has been achieved with THELMA in Australia over the past six years with electronic healthcare claiming, and the fact that healthcare co-payments are expected to be introduced into the UK National Health Service within two years, squarely positions the company for a global play in this new and exciting medical banking industry.

### Australian Update

Volume in our Australian business continues to grow, with the first week of May breaking the previous weekly volume record by more than 10%. This has been buoyed by more healthcare providers going live; and more software companies connecting and going live:

- Since December 2006 we've announced the following software vendors connecting to THELMA: Healthinc; Medical Frontiers; Medilink Solutions; MediFlex; and Intrahealth.
- Medical software vendors connected and queued to connect account for over 60% of national Medical Specialists. Total specialist's claims in the market is about 30 million per annum.
- Symbion Health, who account for approximately 35% of the Australian pathology market, have just gone live for private health pathology claims via THELMA to Medicare and the health insurance funds. Total private pathology claims in the market is about 5 million per annum.
- Good progress is being made up-selling medical claims to our existing hospital customer base, particularly public hospitals.

In summary, the connectivity momentum we built up in Australia during 2006 continues to accelerate during 2007, to the point THELMA has taken on a life of its own now as accepted Australian healthcare infrastructure.

For these reasons, we believe the outlook for THELMA in Australia remains very bright.

## **US Update**

The recently announced participation of ICSGlobal in a "common medical banking platform" for the US healthcare system, is probably the most exciting development in the company's history.

The powerful new consortium, BoardTrust, is an independent organization emerging from the influential global think tank, the Medical Banking Project. The equity stakeholders in BoardTrust are yet to be announced but will include major US banks and healthcare organizations.

ICSGlobal has been a member of the Medical Banking Project since 2005. Other members include 6 of the top 20 American banks, some of the largest healthcare organisations in the US, and large employers like Disney, Sanofi-Aventis, Sun Microsystems, ACS, Fiserv and others.

The US healthcare system is the largest in the world with estimates of 50 billion manual transactions (phone, fax, post) annually, the costs of which are believed to be 20-30% of the national healthcare spend of around US\$3 trillion per annum.

BoardTrust function sets will include real time access to deductible information, on-demand personal healthcare records for consumers, and a new 'community care platform' that specifically targets the US population that are under-served and unbanked.

This new US medical banking initiative will see ICSGlobal working alongside some of the largest banks, healthcare organisations and systems integrators in the world, and draws to a head discussions that have been in progress for more than a year in relation to a global play in this emerging medical banking industry.

Customers will pay BoardTrust on a transaction fee basis. The target date for implementing the first commercial transactions is Q4 2007. Once the BoardTrust "backbone" is in place, we expect this will generate an enormous array of connectivity requirements from healthcare providers and payers, software vendors and banks, seeking a fast, simple means of connecting to BoardTrust, in the same way software vendors here in Australia are using THELMA to connect to Medicare and the health insurers.

Since BoardTrust is therefore expected to kick-start the US market for THELMA at a national level, we have decided for the time being to park all other discussions and initiatives that we've been working on in the US, so we can give BoardTrust our full attention.

## **UK Update**

The recently announced Joint Venture with ChilversMcCrea Healthcare represents an outstanding opportunity to get THELMA deeply entrenched in one of the major health systems of the world, quickly and with minimal capital expenditure.

ChilversMcCrea is the paramount brand in primary care in the UK. To have them as our partner puts us in the best position possible to get the solution up quickly, and then see it adopted widely by the UK's National Health Service (NHS).

The objective of the Joint Venture is to deploy THELMA to power a new sophisticated clinical information system for use within the NHS. Initially the solution will connect ChilversMcCrea Healthcare's national network of 30 medical centres to their local NHS Primary Care Trust, for a range of electronic clinical transactions and reports. The new informatics solution will then be sold to UK public and private hospitals and Primary Care Trusts throughout the UK so that potentially all primary care providers operating within the UK can use the system.

The need for the new clinical information system is being driven by the UK Department of Health's Practice Based Commissioning (PBC) policy, a key part of improving efficiency in the NHS's annual £100 billion healthcare spend, and the Department's goal is that all UK primary care practices will be involved in PBC by 2008. Published incentives to encourage practices to take up PBC are up to £2.50 per head of population. There are over 60 million people in the UK.

The Joint Venture will also be aiming to establish brand awareness as an NHS solution provider so it can participate in radical new information-intensive initiatives such as Pay-By-Performance and Co-payments that are expected to emerge within the NHS over the next two years.

On the UK private health side, the implementation of medical claims between the health insurer Exeter Friendly Society and MidexPro, the major medical specialist practice management software owned by Avebury Computing Ltd, is in testing and set to go live on a commercial basis next month.

## **Other International Business**

ICSGlobal has been included in two eHealth submissions by InterSystems Corporation to Government and private health organizations in Brazil and United Arab Emirates. THELMA complements the Intersystems suite of database, integration, and health information exchange technologies.

Intersystems Corporation (see [www.intersystems.com](http://www.intersystems.com)) is a global software company headquartered in Cambridge, Massachusetts with offices in 22 countries. Intersystems are technology partners for thousands of successful enterprises, including TD Ameritrade, British Telecom, Cleveland Clinic, Deutsche Bank, Johns Hopkins, Kaiser Permanente, Merrill Lynch, Prudential Insurance Co., Siemens, Volvo and U.S. Army.

## **Outlook**

While health industries have been slow to embrace the cultural change of eHealth in the six years that THELMA has been available, the Australian market has really opened up for ICSGlobal in the last 12 months, with large tracts of the industry apparently now having reached a "THELMA-ready" state rather than being in an "emerging" state.

The two major opportunities now underway in the US and the UK, and a growing number of proposals going to other countries, reflect this trend internationally, leading us to believe that THELMA is no longer ahead of its time, but the way of the future.

Within ICSGlobal, we've never been in better shape to deliver on these business opportunities, in terms of the THELMA application and infrastructure, our exceptional team of people, our reputation for delivery, and the global brand that THELMA has become.

With everything now on track in our three key markets, ICSGlobal is confident it will become cashflow positive and profitable during the 2007-08 financial year.

We thank you, our shareholders, for your support in enabling us to reach this point, and look forward to rewarding you for your patience and sharing in our vision.

Yours faithfully



Tim Murray  
Chief Executive Officer