

3 October, 2007

Dear Shareholder,

Following the US and UK initiatives announced in May, ICSGlobal is now active in developing multiple business streams in our three key markets, and is working with two large multinational IT services companies to pursue other international business opportunities.

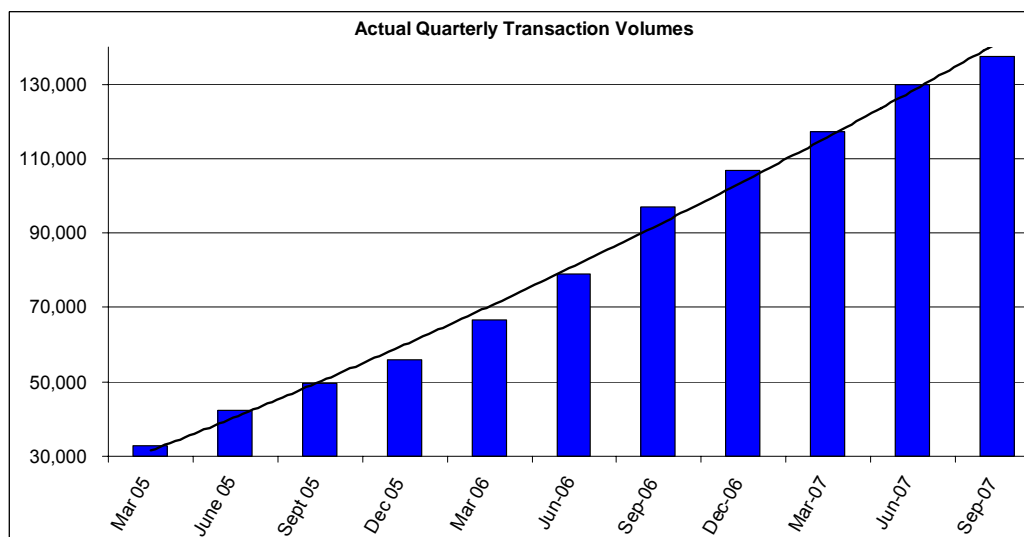
Although THELMA's core business spans all types of "eHealth" transactions - administrative, financial and clinical - it is the administrative and financial, or "medical banking" transactions, that have emerged as THELMA's "market makers".

Evidence of this is our participation in the new medical banking platform in the US, our growing electronic claiming business here in Australia, the fact that healthcare co-payments are on the horizon in the UK National Health Service (NHS), and other international medical banking proposals that THELMA has been included in.

Importantly for shareholders, and what keeps us excited within ICSGlobal, is the fact that, after being in business with THELMA for over six years, we are still not aware of any other medical banking system or platform, in operation in any of our key markets, that is as versatile, as adaptable, or as cost effective to deploy and operate.

Australian Update

Domestically we have made steady progress. Transaction volumes in Australia grew by almost 80% during the year, which was much slower than expected.



Volume growth in Australia continues to be hampered by Medicare Australia's unexplained interference in the private health transaction market. This has been going on for over five years, but it seems the bureaucratic stranglehold may be finally coming to an end with the federal government setting a new course with the introduction of the first per transaction payments to the private sector for medical claiming.

The THELMA business in Australia is currently comprised of three key medical banking segments:

- **Private hospital transactions.** THELMA currently performs Hospital Eligibility Checks for health services worth about \$1.1 billion per annum, and Hospital Claims worth about \$500 million per annum. THELMA has connectivity to hospital software systems that account for over 90% of the private market, and to health insurers covering over 60% of the insured population. There is still significant volume potential within our contracted customer base, and THELMA's unrivalled industry connectivity puts us in a strong position to secure new hospital and health fund customers as they decide to move from paper-based claiming to electronic.
- **Private medical transactions.** There are about 12 million private medical claims per annum in the market, and a range of active business fronts have primed this transaction to rapidly overtake hospital volumes:
 - During the year, eight medical software vendors selected THELMA for connecting their products to Medicare and the private health funds for delivery of electronic medical claims, which will bring to over 60% the number of Australian medical specialists connected to THELMA. These are at varying stages of implementation.
 - Following the success of the initial hospital claim transaction, ICSGlobal and Primary Healthcare HCN have extended the Electronic Transaction Services Agreement that was signed in June 2006 to include delivery of inpatient medical claims from HCN's customer base to Medicare and the health insurance funds.
 - Symbion Health, who account for over 30% of the Australian pathology market, went live in June for private health pathology claims via THELMA to Medicare and the health insurance funds. Symbion are rolling the service out nationally.
 - Successful up-selling of medical claims to our existing hospital customer base, particularly public hospitals, has opened up another important medical claims sector
- **Public Medicare transactions:** While THELMA is currently connected to Medicare for the majority of Medicare claim types, we have held off ramping transaction volumes because Medicare have not yet agreed to paying us a nominal transaction fee to do so, even though the government has estimated that processing paper Medicare claims cost between \$3.50 and \$10 per claim. This looks set to change, with a number of new federal government initiatives over the past 12 months to pay the private sector to deliver electronic claims. For example, in August 2006 the Prime Minister announced a new technology initiative called Medicare EasyClaim whereby Medicare claiming is performed through the bank-owned EFTPOS network from the doctor's surgery. The government has offered banks 23c per transaction, and doctors 18c per claim they process, which would eliminate the need for patients to lodge paper claims or queue to collect cash at a Medicare office.

Most banks are still deciding if and how they will be participating in EasyClaim. ICSGlobal expects to play a roll in delivering this new EasyClaim service.

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

US Update

In May 2007, ICSGlobal entered an agreement with BoardTrust, LLC., a "common medical banking platform" founded by global think tank the Medical Banking Project. The platform will be deployed among MBProject members, some 55 small to global organizations and growing, who are focused on leveraging banking systems to reduce healthcare costs and increase access to quality care. Six of the top 20 banks in America are members of MBProject, in addition to large employers, hospital consulting firms and other major technology firms. ICSGlobal has been a member of MBProject since 2005.

A BoardTrust pilot program using ICSGlobal's THELMA technology is underway with a global insurance carrier. The pilot is being assisted by a powerful consortium of leading firms who are members of MBProject. Teams are focused on project management, technical advisory and business process improvement.

In the final quarter of 2007, the pilot program is scheduled to conduct a series of tests from which the first customers may enrol. The aim of the program is to create a common set of technical and business processes that allow the groups to offer new "medical banking services" while still being able to compete in their local markets.

The pilot program is seeking to address an emerging problem in the US healthcare sector relating to increased risk within "high deductible health plans". As consumers purchase these new types of health plans, with deductibles ranging from \$2,500 to \$15,000, care givers that took on a \$20 or \$50 risk for the patient-owing balance are finding this segment of their bills are soaring.

The BoardTrust strategy is to progressively build a full suite of medical banking transactions into the platform, starting with real time access to eligibility and deductible information, and moving through remittances, 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.

The BoardTrust project has already spawned a number of other linked opportunities that ICSGlobal is developing in parallel.

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.

UK Update

ICSGlobal is developing two business streams in the UK, in the private sector and the public sector.

In the public sector, ICSGlobal announced in May a clinical information initiative with ChilversMcCrea Healthcare, the paramount brand in primary care in the UK. The plan is to deploy THELMA to power a new sophisticated clinical information system for use within the UK's National Health Service (NHS). The solution being developed is to connect ChilversMcCrea Healthcare's national network of 30 medical centres to their local NHS Primary Care Trust. Once operational, this solution will then be marketed to all primary care providers operating within the UK. The early stages of the project have effectively been research and development (R&D) to bring the solution components together, including the development of some unique new clinical intellectual property which will be the "intelligence" behind 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, which the Department wants implemented in 2008. Other even greater medical banking opportunities for ICSGlobal in the UK pipeline are two government-led information-intensive policies that are expected to emerge within two years - Pay-By-Performance and Co-payments.

In the UK private sector, Thelma-EU is now in commercial production, with Exeter Friendly Society going live on medical claims. To maximise the uptake and volume growth, ICSGlobal is now working collaboratively with the three largest suppliers of practice management software to UK medical consultants - Avebury Computing Limited (ACL), DGL and PPM. These three companies, who represent around 80% of the market, sent an Open Letter on behalf of the UK Consultant Practice Management Software Industry to the UK Private health Insurers:

"It is our considered view, that if the major UK insurers add THELMA as a parallel electronic Consultant claims solution, there is every likelihood that the stalemate in electronic Consultant claiming will be broken, and volumes will begin to ramp quickly and significantly."

Excerpt from an Open Letter by the UK Consultant Practice Management Software Industry to UK Private health Insurers

The full letter can be found at http://icsglobal.net/media/OpenLetter_UKPHI_Sep07.pdf

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. InterSystems are in ongoing discussions in relation to both submissions. InterSystems Corporation (see www.intersystems.com) is a global software company headquartered in Cambridge, Massachusetts with offices in 22 countries.

In summary, we are now busy developing a range of substantial eHealth opportunities in three major markets. We are in the best shape ever to deliver on these opportunities, in terms of the THELMA application and infrastructure, our exceptional team of people, our reputation for delivery, the global brand that THELMA has become, and our working capital reserves.

We are very excited about the year ahead.

Yours faithfully



Tim Murray
Chief Executive Officer