



ICSGLOBAL LIMITED

ASX RELEASE – 15th June 2017

ICS Shareholder Update and Revised Guidance

On 27th February 2017, when releasing the first half result the Board advised:

“Maintain 2017 full year guidance of net profit after tax to be in the range of \$700,000 to \$1.1 million (subject to FX movement).”

Based on the reasons outlined below, the Board is revising the ICS 2017 guidance to be in the range of \$450,000 to \$550,000 (subject to FX movement).

FX Rates

Since the half year announcement, the monthly average GBP/AUD rate has continued to decline mainly due to uncertainty surrounding the “Brexit” negotiations. This trend persisted following last week’s UK general election, when GBP fell 2.5% against the AUD.

As ICS reports in AUD any movement in FX affects our asset valuations, including our GBP cash balance, and changes the value of our GBP earnings when expressed in AUD terms. As at 31 May FX losses for the year to date were approximately \$0.1m compared to being neutral in the corresponding period in 2016. In addition, the effect on the year to date profitability of the reduction in the value of GBP earnings translated into AUD was approximately \$0.2m compared to the previous year.

MBC Performance

Our UK based medical billing business MBC has continued to increase revenue (an 8 % increase YTD May in GBP) however we also experienced some cost growth ahead of revenue growth during the year.

In addition to organic growth of consultants, the focus of MBC continues to be to add medical clinics. MBC now has 8 clinics, which represents approximately 20% of billings, and we see this as a strong growth sector going forward. However, the ramp up in billings from 2 clinics in H2 2017 was slower than expected, although this is now starting to improve.

The growth in costs in MBC was primarily attributable to increases to IT/hosting costs, increased staffing to service clinics, changes to bank fee charges and one-off management re-structuring costs. A number of these increased costs are now being recovered or have been addressed.

A full review of MBC has been conducted by the ICS Board together with Garry Chapman, MBC’s executive Chairman. Following this review, Gary Nials resigned and was replaced in June 2017 by Findlay Fyfe. As part of the Board requirement to enhance the management capability and depth of MBC, Findlay joined the company in January 2017 as a General Manager and has now taken on the position of the Managing Director. The Board has full confidence in Findlay’s ability to deliver upon ICS’s growth and cost management plans going forward.



Australian Operations

In Australia, the Board continues to be in discussions on a number of acquisitions/investments in the healthcare space. The Board will update the market on any progress in relation to these opportunities. Unfortunately, during the second half of the year, following detailed due diligence and negotiations, ICS did not proceed with one well advanced opportunity to acquire a medical services business. Despite the Board undertaking the majority of functions internally, the cost of these negotiations and due diligence was approximately \$55,000.

As mentioned in the 27 February 2017 announcement, the Board continues to assess the ability to monetise its investment in the Australian based education technology company, OpenLearning. OpenLearning has recently announced its intention to raise up to \$10 million at a business valuation which is a multiple to ICS's investment. The Board has now formed the view that any transaction to monetise ICS's investment in OpenLearning should be deferred until the 2018 financial year.

For and on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Kevin Barry', with a stylized flourish at the end.

Kevin Barry
Chairman