

ICSGlobal LIMITED

ASX RELEASE – 25 August 2017

FY 2017 Results: Profit over \$0.46M, Final Dividend of 4.0 cents

- FY 2017 consolidated after tax profit of \$463,108, down 60% on FY 2016 from continuing operations and within 2017 revised guidance range. Compared to FY 2016 result, the FY 2017 was impacted by FX movements of approximately \$0.3M which was comprised of:
 - \$0.2M reduction to profitability from the translation of GBP earnings into AUD; and
 - \$0.1M impact from the translation of GBP asset balances into AUD, primarily funds held in GBP.
- Revenue from ordinary activities down 10% in AUD terms to \$4,408,906, however this was up 8% in GBP terms
- Net corporate cash up 13% to \$1,544,714
- MBC highlights:
 - Revenue up 8% to £2,610,804
 - Profit (before tax and internal charges) down 16% to £637,180. MBC experienced some cost growth ahead of expected revenue growth during the year.
 - 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 final unfranked dividend of 4.0 cents per share

Overview

The Board advises that FY 2017 underlying profit of \$463,108 is down 60% on FY 2016. The Board acknowledges our results did not reach the prior year benchmarks that we have set for the company. This was largely due to the delay in clinic revenue coming on stream in H2 2017 and growth in costs above revenue growth. Both have now been addressed by the Board and the steps have been taken to improve performance going forward.

Whilst sales revenue for MBC in GBP increased 8% to £2,610,804 the Board has now identified further measures to achieve an improvement in revenue growth in FY 2018. We are now seeing the ramp up in billings from 2 clinics in the late part of H2 2017 and the Board recently replaced the Managing Director of MBC.

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

In addition, in comparison to FY 2016, a significant factor impacting on the FY 2017 profit was the FX impact following the Brexit result and thereafter the 2017 UK general election.

The FX impact of approximately \$0.3M was comprised of:

- \$0.2M reduction to profitability from the translation of GBP earnings into AUD; and
- \$0.1M impact from the translation of GBP asset balances into AUD, primarily funds held in GBP.

The Board expects to see an improved financial performance in FY 2018.

Consequently, the Board of ICS has declared a final dividend for the 2017 year of 4.0 cents per ordinary share (unfranked).

Financial Results

The financial result for the year ended 30 June 2017 was an overall net profit after tax of \$463,108.

Key Financial Information

	2017	2016	Change
Revenue from ordinary activities	\$ 4,408,906	\$ 4,901,673	-10%
Profit/(loss) after tax attributable to shareholders	\$ 463,108	\$ 1,167,537	-60%
Profit/(loss) after tax attributable to shareholders from continuing operations	\$ 463,108	\$ 1,167,537	-8%
MBC profit before tax excluding corporate re-charges (AUD)	\$ 1,073,163	\$ 1,520,109	-29%
MBC Revenue (GBP)	£ 2,610,804	£ 2,421,759	8%
Net corporate cash at reporting date	\$ 1,544,714	\$ 1,366,984	13%
Net Assets	\$ 5,656,178	\$ 5,605,468	1%
Earnings per share			
Basic (cents)	4.38	11.07	-60%
Diluted (cents)	4.29	10.90	-61%
NTA per ordinary share (cents)	27.72	27.07	2%

Full financial details of the 2017 result can be found in the accompanying Appendix 4E and the Annual Report.

Final Dividend for 2017 year

The Board is pleased to announce that it has determined to pay an unfranked final dividend of 4.0 cents per share for the 2017 year.

The final dividend will be paid on 9 November 2017 to all holders of ICS ordinary shares who are on the share register at 5pm (Sydney time) on 6 October 2017.

UK business update

MBC has continued to increase revenue (an 8 % increase in GBP) however it also experienced some cost growth ahead of expected revenue growth during the year, resulting in less profit this year in GBP terms. The growth in costs in MBC was primarily attributable to IT/hosting costs, increased staffing to service clinics, changes to bank fee charges and one-off management re-structuring costs.

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 of the clinics in H2 2017 was slower than expected, although this is now starting to improve.

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 early July 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.

The Board is also focussed on ensuring that the roll out of tailored products and services to the MBC client base continues, in order to provide additional options for our clients. This will further enhance MBC's position in the market and provide additional sources of revenue.

Cash balance

Cash and equivalents (excluding cash held in the UK on behalf of consultants) as at 30 June 2017 was \$1,544,714, which represents an increase of 13% on the June 2016 reporting balance of \$1,366,984.

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. An influence on the Board's decision not to declare an interim dividend this year was the potential for an acquisition, however, 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 extensive due diligence was approximately \$55,000.

Excluding one off costs such as those noted above, the cash corporate costs in Australia continue to run below \$490,000, including costs that were incurred for the 2016 final dividend payment.

OpenLearning Investment

The Board is pleased to advise that OpenLearning has made substantial progress on several fronts. As a result, the Board continues to assess the ability to monetise its investment in this rapidly growing education technology company. 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 formed the view that any transaction to monetise ICS's investment in OpenLearning should be deferred until this raising has been successfully completed in the 2018 financial year.

We thank you for your on-going support.

For and on behalf of the Board.



Kevin Barry
Chairman

1. Company details

Name of entity:	ICSGlobal Limited
ABN:	72 073 695 584
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	10.1% to	4,408,906
Profit from ordinary activities after tax attributable to the owners of ICSGlobal Limited	down	60.3% to	463,108
Profit for the year attributable to the owners of ICSGlobal Limited	down	60.3% to	463,108

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2016 (unfranked) was paid on 28 October 2016	4.000	-

Comments

The profit for the consolidated entity after providing for income tax amounted to \$463,108 (30 June 2016: \$1,167,537).

Further commentary on the business operations and developments by directors are contained in the attached letter from the Chairman.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>27.72</u>	<u>27.07</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

9. Attachments

Details of attachments (if any):

The Annual Report of ICSGlobal Limited for the year ended 30 June 2017 is attached.

10. Signed



Signed _____

Date: 25 August 2017

Kevin Barry
Chairman
Sydney

ICSGlobal Limited

ABN 72 073 695 584

Annual Report - 30 June 2017

Directors	Kevin Barry Gregory Quirk Victor Shkolnik James Canning-Ure
Company secretary	Gregory Quirk
Notice of annual general meeting	The details of the annual general meeting of ICSGlobal Limited are: Hall Chadwick Chartered Accountants Level 40 2 Park Street Sydney, NSW 2000 Wednesday 22 October 2017 at 10:00 am (EDST)
Registered office	Suite 3.03 20 Bond Street Sydney, NSW 2000 Head office phone: +61 2 8073 7888
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney, NSW 2000 Shareholders enquiries: +61 2 9290 9600
Auditor	Hall Chadwick Level 40 2 Park Street Sydney, NSW 2000
Solicitors	Clayton Utz Level 15, 1 Bligh Street Sydney, NSW 2000
Stock exchange listing	ICSGlobal Limited shares are listed on the Australian Securities Exchange (ASX code: ICS)
Website	www.icsglobal.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of ICSGlobal Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The following persons were directors of ICSGlobal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kevin Barry - Chairman
 Gregory Quirk
 Victor Shkolnik
 James Canning-Ure

Principal activities

The principal activities of the consolidated entity during the financial year were the operations of an investment holding company in Australia and the provision of medical billing services, specifically in the United Kingdom ('UK').

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2017	2016
	\$	\$
Final dividend for the year ended 30 June 2016 of 3.5 cents per ordinary share paid unfranked (2015: 2.5 cents per ordinary share unfranked)	370,441	263,663
Interim dividend for the year ended 30 June 2017 of nil cents per ordinary share paid unfranked (2016: 2.0 cents per ordinary share unfranked)	-	210,930
	<u>370,441</u>	<u>474,593</u>

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$463,108 (30 June 2016: \$1,167,537).

The 2017 financial year has seen the consolidated entity net profit from continuing operations decline by 60% on 2016. This profit was after the negative foreign exchange impact (\$0.3m) from the depreciation of Sterling post the June 2016 UK Brexit referendum and the June 2017 UK General Election. The cash management controls during the year resulted in a 13% increase in net corporate cash to \$1,544,714. The balance of corporate cash at 30 June 2017 was after the payment of dividends (\$370,441) and the investment in the Medical Billing & Collections ("MBC") IT platform (\$162,559).

MBC, the consolidated entity's primary operating business in the UK, continued to show growth. Highlights in the MBC business included:

- o Revenue up 8% to £2,610,804;
- o Profit (before tax and internal charges) of £637,180;
- o Continuing growth in customer base including the addition of further medical clinics (groups of consultants) to the portfolio; and
- o Continuing investment in both personnel and IT systems in order to support the growth of the business and services to our clients especially the medical clinics

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have been described in the review of operations above.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Kevin Barry
Title:	Chairman and Non-Executive Director
Qualifications:	Bachelor of Commerce and Laws
Experience and expertise:	Kevin has over 22 years' experience in the legal and investment banking industries. He commenced his career at KPMG in 1996 and has worked as a qualified solicitor in Norton Rose in London and Blake Dawson Waldron in Sydney specialising in taxation and banking and finance. In 2001 Kevin moved into investment banking and principal finance as a Senior Vice President with Zurich Capital Markets specialising in debt capital markets and corporate advisory. Kevin is currently one of the founders and is a Managing Director of the Thakral Capital Investment Division.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	528,938 ordinary shares
Interests in options:	None
Interests in rights:	50,000 performance rights
Name:	Gregory Quirk
Title:	Non-Executive Director
Qualifications:	Bachelor of Business, FCPA
Experience and expertise:	Greg has over 32 years' experience as a CEO, CFO and in Senior Finance, Commercial and Risk Management roles working in large companies in Australia and overseas. For 10 years he held several roles at Burns Philp and the Rank Group including Group Financial Controller and Risk Manager. Greg has extensive experience in global merger and acquisition transactions, private equity and capital raisings.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	309,051 ordinary shares
Interests in options:	None
Interests in rights:	50,000 performance rights
Name:	Victor Shkolnik
Title:	Non-Executive Director
Qualifications:	Bachelor of Economics, Fellow of Financial Services Institute of Australasia and CPA
Experience and expertise:	Victor has over 30 years' experience in the investment banking and finance industry, specialising in credit risk management, property and mortgage financing. He has held a variety of roles, amongst them a director and senior vice president in the risk management divisions of Deutsche Bank and Bankers Trust Australia, head of credit with Zurich Capital Markets and chief credit officer with the Challenger Group. During this time he was responsible for credit risk and involved in numerous transactions across a diverse range of asset classes and financial products. More recently, Victor was co-founder of a mortgage financing company. Victor is currently one of the founders and Executive Directors of the Thakral Capital Investment Division.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit Committee
Interests in shares:	310,512 ordinary shares
Interests in options:	None
Interests in rights:	50,000 performance rights

Name: James Canning-Ure
Title: Non-Executive Director
Qualifications: Bachelor of Commerce
Experience and expertise: James has over 27 years' experience in business management, capital raisings and corporate advisory, in the resources, eCommerce and property industries. James has spent years as managing director at Macarthur Minerals, Finance Director at MGA Steel Building and managing director at Global Approach.
Other current directorships: None
Former directorships (last 3 years): Moreton Resources Ltd (ASX: MRV)
Special responsibilities: None
Interests in shares: 50,000 ordinary shares
Interests in options: None
Interests in rights: 50,000 performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Gregory Quirk has held the role of Company Secretary since April 2010. See 'Information on directors' above for further information.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Kevin Barry	13	13	2	2
Gregory Quirk	13	13	2	2
Victor Shkolnik	13	13	2	2
James Canning-Ure	13	13	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The function of the Nomination and Remuneration Committee was under taken by the full Board.

Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment and linkage of corporate performance to executive remuneration; and
- transparency.

The full Board has assumed responsibility with respect to nomination and remuneration and includes determining and reviewing remuneration arrangements for its directors and other KMP. The performance of the consolidated entity depends on the quality of its directors and other KMP. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board maintains a structured executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company. External remuneration consultants may be used to advise the relevant committee. Refer to 'Use of remuneration consultants' in this report.

In aligning the interests of KMP to those of shareholders', the following elements are considered with respect to the structure of any compensation structure:

- economic profit is a core component of any plan or structure design;
- the focus is on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- it must attract and retain high calibre executives.

To be an effective compensation structure in providing incentive to participants, the Board considers that it must:

- reward capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provide a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, such directors. Non-executive directors' fees and payments are reviewed periodically by the Board. The Board may seek the advice of independent remuneration consultants, to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 19 October 2011, where the shareholders re-confirmed an aggregate maximum remuneration of \$250,000 per annum.

Subject to shareholder approval in the future some fees may be paid in shares rather than cash.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments (employee options and performance rights), and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and superannuation, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

The short-term incentives ('STI') program is designed to reward executives for effort with respect to their contribution to the achievement of the performance hurdles by their respective business units. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. STI also include performance rights that are reviewed annually by the Board.

The long-term incentives ('LTI') includes long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration

Short term executive remuneration is currently not directly linked to the performance of the consolidated entity. Bonuses and incentives are at the discretion of the Board.

Performance rights are used to reward key executives and directors based on hurdles/conditions being met that include consolidated entity performance.

Use of remuneration consultants

During the financial year ended 30 June 2017, the company and consolidated entity did not engage the use of remuneration consultants.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')

At the last AGM, 86.2% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The consolidated entity did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

The KMP of the consolidated entity consisted of the directors of ICSGlobal Limited and the following persons:

- Garry Chapman - Executive Chairman of the medical billing service ('MBC') in UK
- Gary Nials - Managing Director of MBC (resigned on 31 May 2017)

Details of the remuneration of the directors and other KMP of ICSGlobal Limited are set out in the following tables:

	Cash salary and fees \$	Short-term benefits Bonus \$	Non- monetary \$	Share-based payments Share rights \$	Total \$
2017					
<i>Non-Executive Directors:</i>					
Kevin Barry (Chairman)	64,000	-	-	5,518	69,518
Gregory Quirk *	42,000	-	-	5,518	47,518
Victor Shkolnik	32,000	-	-	5,518	37,518
James Canning-Ure *	48,000	-	-	5,518	53,518
<i>Other Key Management Personnel:</i>					
Garry Chapman	80,595	-	-	165	80,760
Gary Nials	129,249	-	-	-	129,249
	<u>395,844</u>	<u>-</u>	<u>-</u>	<u>22,237</u>	<u>418,081</u>

* Gregory Quirk and James Canning-Ure's remuneration includes \$26,000 paid to a professional service company for company secretarial services. This amount is also disclosed in note 23 related party transactions.

	Short-term benefits			Share-based payments	Total
	Cash salary and fees \$	Bonus \$	Non-monetary \$	Share rights \$	
2016					
<i>Non-Executive Directors:</i>					
Kevin Barry (Chairman)	48,000	-	-	3,448	51,448
Gregory Quirk *	48,000	-	-	3,448	51,448
Victor Shkolnik	24,000	-	-	3,448	27,448
James Canning-Ure	24,000	-	-	3,448	27,448
<i>Other Key Management Personnel:</i>					
Garry Chapman	124,528	3,366	-	168	128,062
Gary Nials	151,454	12,116	-	-	163,570
	419,982	15,482	-	13,960	449,424

* Gregory Quirk's remuneration includes \$24,000 paid to a professional service company for company secretarial services. This amount is also disclosed in note 23 related party transactions.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2017	2016	2017	2016	2017	2016
<i>Non-Executive Directors:</i>						
Kevin Barry	92%	93%	-	-	8%	7%
Gregory Quirk	88%	93%	-	-	12%	7%
Victor Shkolnik	85%	87%	-	-	15%	13%
James Canning-Ure	90%	87%	-	-	10%	13%
<i>Other Key Management Personnel:</i>						
Garry Chapman	100%	97%	-	3%	-	-
Gary Nials	100%	93%	-	7%	-	-

The proportion of the cash bonus paid and forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2017	2016	2017	2016
<i>Other Key Management Personnel:</i>				
Garry Chapman	-	100%	-	-
Gary Nials	-	100%	-	-

Service agreements

Service conditions are formalised in contracts. All directors' contracts have no fixed term and are not subject to a notice period.

Remuneration and other terms of employment for other KMP are formalised in service agreements. Details of these agreements are as follows:

Garry Chapman - Executive Chairman

Garry commenced his new role as Executive Chairman of MBC on 1 September 2015. His term of employment is ongoing and may be terminated at any time by Garry giving the company six months' notice or by the company giving him six months' notice or payment of cash in lieu of notice. His base salary is currently £48,000.

From 1 September 2015, Gary Nials commenced his new role as Managing Director. His terms of employment are ongoing and may be terminated by Gary giving the company six months' notice or by the company giving him six months' notice or payment of cash in lieu of notice. The contract provides for five weeks of annual leave per annum.

Gary's terms of employment were amended effective 1 July 2016. His base salary was £90,000 with performance bonuses subject to achieving budget and profit targets. Gary resigned on 31 May 2017.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of performance rights

Details of performance rights over ordinary shares granted to directors and other key management personnel as part of compensation during the year, or that otherwise has affected the remuneration of directors and other key management personnel for the year ended 30 June 2017, are set out below:

Name	Date	Rights	Value per right
Kevin Barry	13 Nov 2015	50,000	\$0.330
Gregory Quirk	13 Nov 2015	50,000	\$0.330
Victor Shkolnik	13 Nov 2015	50,000	\$0.330
James Canning-Ure	13 Nov 2015	50,000	\$0.330

There has been no alteration to the terms or conditions of the rights granted since grant date. None of the rights granted have vested since grant date and no rights have been either forfeited or lapsed. The performance rights will lapse on the earliest of:

- expiry date of performance rights (three years from the issue date unless extended by the Board for executives);
- Board determining the performance rights should lapse;
- a grantee becoming bankrupt; and
- 30 days after a grantee ceases employment if no 'good leaver' determination has been made.

There were no amounts paid or payable by recipients on the granting of the rights. Rights can only be exercised once vested in the recipient and on or prior to expiry date.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Grant date	Expiry date	Share price target for vesting
13 Nov 2015	13 Nov 2018	\$2.000

A performance right is a right to receive one fully paid share at, no cost, subject to certain performance hurdles/conditions being met. Performance rights do not entitle the holder to receive dividends or any distributions. The Board determines who may participate in the performance rights plan and participation is voluntary.

A participant who leaves the consolidated entity with unvested performance rights and is considered a 'good leaver' may have some or all of their rights vested at the discretion of the Board. A 'good leaver' is a participant who leaves the consolidated entity as a result of:

- death or disablement;
- retirement;
- redundancy; or
- other terms reasonably determined by the Board.

Shares issued

There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2017.

Additional disclosures relating to KMP

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Kevin Barry	528,938	-	-	-	528,938
Gregory Quirk	301,951	-	7,100	-	309,051
Victor Shkolnik	310,512	-	-	-	310,512
James Canning-Ure	190,000	-	-	(140,000)	50,000
Garry Chapman	137,500	-	-	-	137,500
	<u>1,468,901</u>	<u>-</u>	<u>7,100</u>	<u>(140,000)</u>	<u>1,336,001</u>

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Kevin Barry	50,000	-	-	-	50,000
Gregory Quirk	50,000	-	-	-	50,000
Victor Shkolnik	50,000	-	-	-	50,000
James Canning-Ure	50,000	-	-	-	50,000
Garry Chapman	37,500	-	(37,500)	-	-
	<u>237,500</u>	<u>-</u>	<u>(37,500)</u>	<u>-</u>	<u>200,000</u>

This concludes the remuneration report, which has been audited.

Loans to directors and executives

There were no loans to directors or KMP during the financial year.

Shares under performance rights

Unissued ordinary shares of ICSGlobal Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
13/11/2015	13/11/2018	200,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of performance rights

The following ordinary shares of ICSGlobal Limited were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Target price	Number of shares issued
26 April 2012	\$1.800	37,500

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Hall Chadwick

There are no officers of the company who are former partners of Hall Chadwick.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this Directors' report.

Auditor

Hall Chadwick continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Barry
Chairman

25 August 2017
Sydney

ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ICS GLOBAL LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001


Ph: (612) 9263 2600
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Date: 25 August 2017

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An Association of Independent
Accounting Firms

 **PrimeGlobal**

This Corporate Governance Statement of ICSGlobal Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, our website or Annual Report, is contained on our website at icsglobal.com.au.

This statement has been approved by the company's Board of Directors ('Board') and is current as at 23 August 2017.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board's attention. They must operate within the risk and authorisation parameters set by the Board.

Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security-holders as a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out at the time of appointment.

Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

Recommendation 1.5 - A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The company does not have a formal diversity policy. The company however undertakes to assess an individual's credentials on their merit, with complete objectivity and without bias so that the company may attract, appoint and retain the best people to work within the company where all persons have equal opportunity.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators need to be disclosed.

Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. The Board conducts an annual discussion of its performance on a collective basis to identify general aspects of its performance that could be improved upon, and such analysis includes the roles played by each Board member. Such reviews therefore encapsulate collective discussion around the performance of individual Board members, their roles on specific projects during the financial year, and where relevant, how their role could be modified or suggestions for individual development or performance improvement for the future.

Until such time as the company grows to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the company.

Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board conducts an annual performance assessment of the Managing Director (M-D) of its operating subsidiary MBC against agreed performance measures determined at the start of the year. The M-D undertakes the same assessments of senior MBC executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the company.

Principle 2: Structure the board to add value

Recommendation 2.1 - The board of a listed entity should (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board maintains a combined Nomination and Remuneration Committee, whose members during the financial year, were the full Board of ICSGlobal Ltd.

Kevin Barry – Chair, Non-Executive Chairman, Independent

Greg Quirk - Non-Executive Director, Independent

Victor Shkolnik - Non-Executive Director, Independent

James Canning-Ure - Non-Executive Director Independent

The majority of the Committee members and the Chair are independent.

The Charter of the Committee is available at the company's website.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership. The current Board members represent individuals that have extensive industry experience as well as professionals that bring to the Board their specific skills in order for the company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has therefore been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer term objectives and therefore deliver value to shareholders.

All Board members are however expected to be able to demonstrate the following attributes:

Leadership - Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; is a proactive solution seeker.

Ethics and integrity-Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; is respectful in every situation.

Communication - Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.

Negotiation - Negotiation skills which engender stakeholder support for implementing Board decisions.

Corporate governance - Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks

Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

Kevin Barry

Appointed 23 July 2010, served 7 years, Independent, Non-executive

Greg Quirk

Appointed 10 April 2010, served 7 years, Independent, Non-Executive

Victor Shkolnik

Appointed 29 July 2010, served 7 years, Independent, Non-Executive

James Canning-Ure

Appointed 4 August 2010, served 7 years, Independent Non-executive

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

Having regard to the response to Recommendation 2.3 above, the majority of the Board at the reporting date were independent.

Recommendation 2.5 - The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Kevin Barry is Chair of the Board and is considered to be an independent director of the company.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The company does not have in place a formal induction program or professional development program for directors. The Company Secretary is responsible for providing all information considered necessary to an incoming director to enable them to contribute to the business of the company. Directors are responsible for their own development which includes identifying opportunities for them to attend courses or other information sessions to enhance their skills and knowledge.

Principle 3: Act ethically and responsibly

Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.

The company does not currently maintain a formal code of conduct for its directors, senior executives and employees. However, as part of their terms of employment or contract of service with the company, the individual is required to, at all

times, display behaviours that would reasonably be expected in order to demonstrate the company is a good corporate citizen, protect the assets of the company, not make improper use of information obtained in the course of their duties, to act honestly with high standards of personal integrity, comply with laws and regulations that apply to the company and its operations, and not knowingly participate in any illegal or unethical activity.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board maintains a combined Audit and Risk Committee, the members of which are:

Victor Shkolnik - Chair Non-Executive Independent

Greg Quirk - Non-Executive Independent

Kevin Barry - Non-Executive Independent

The majority of the Committee members and the Chair are independent, thereby satisfying this Recommendation. Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report in the Annual Report.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report, in the Annual Report.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the financial year ended 30 June 2017, the Company Secretary provided the Board with the required declarations.

Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.

The company does not have a formal written policy for complying with its continuous disclosure obligations under Listing Rule 3.1. The Board and Company Secretary are involved in all significant transactions and events and would be considered the first persons within the company to come into possession of market sensitive information. The Chairman, Directors, and Company Secretary jointly make an assessment as to whether the information ought to be released to the market. Where the information relates to fundamentally significant events affecting the company, the Company Secretary will arrange for authorisation at Board level before such information is released. Such information may relate to significant acquisitions, disposals and closures, material profit upgrades or downgrades, dividend declarations and buybacks, and any other transaction flagged as being fundamentally significant.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

The company does not have a formal investor relations program. The Board and Company Secretary engage with investors at the AGM and respond to shareholder enquiry on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Boardroom Limited at <http://www.boardroomlimited.com.au>

Principle 7: Recognise and manage risk

Recommendations 7.1 & 7.2

The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Board maintains a combined Audit & Risk Committee. The members of the Committee are detailed in Recommendation 4.2 above.

The charter of the Audit & Risk Committee can be found on the company's website.

The Audit and Risk Committee reviews the company's risk management framework at annually to ensure that it is still suitable to the company's operations and objectives and that the company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2017, there were no significant recommendations made.

Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Managing Director of MBC and the Board who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of company assets.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Refer to the company's Annual Report for disclosures relating to the company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board maintains a combined Nomination & Remuneration Committee. The members of the Committee are the full Board as detailed in Recommendation 2.1 above.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report in the Annual Report.

The Nomination & Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The committee's charter sets out the roles and responsibilities, composition and structure of the Committee and is available on the company's website.

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Non-executive directors are remunerated by way of cash fees and non-cash benefits including performance rights in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.

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General information

The financial statements cover ICSGlobal Limited as a consolidated entity consisting of ICSGlobal Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is ICSGlobal Limited's functional and presentation currency.

ICSGlobal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3.03
20 Bond Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2017. The directors have the power to amend and reissue the financial statements.

ICSGlobal Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017



	Note	Consolidated 2017 \$	2016 \$
Revenue	4	4,408,906	4,901,673
Expenses			
Employee benefits expenses		(2,084,970)	(2,180,264)
External contractor expenses		(194,425)	(132,619)
Directors fees		(160,000)	(120,000)
Occupancy expenses		(225,548)	(249,555)
Depreciation and amortisation expenses	5	(212,448)	(231,168)
Marketing expenses		(148,468)	(212,651)
Legal fees		(6,572)	(9,423)
Communication and travel		(10,080)	(42,376)
Postage and stationery		(98,577)	(108,459)
Hosting and support		(208,067)	(105,070)
Computer expenses		(42,718)	(45,523)
Net foreign exchange loss		(101,559)	(142,964)
Other expenses		(487,032)	(306,017)
Profit before income tax benefit		428,442	1,015,584
Income tax benefit	6	34,666	151,953
Profit after income tax benefit for the year attributable to the owners of ICSGlobal Limited		463,108	1,167,537
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(64,194)	(182,278)
Other comprehensive income for the year, net of tax		(64,194)	(182,278)
Total comprehensive income for the year attributable to the owners of ICSGlobal Limited		398,914	985,259
Earnings per share for profit attributable to the owners of ICSGlobal Limited		Cents	Cents
Basic earnings per share	27	4.380	11.070
Diluted earnings per share	27	4.294	10.901

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	7	2,154,326	1,994,535
Trade and other receivables	8	612,090	704,166
Total current assets		<u>2,766,416</u>	<u>2,698,701</u>
Non-current assets			
Available-for-sale financial assets	9	293,900	293,900
Property, plant and equipment	10	75,253	115,622
Intangibles	11	2,722,378	2,750,080
Deferred tax	12	670,471	650,172
Total non-current assets		<u>3,762,002</u>	<u>3,809,774</u>
Total assets		<u>6,528,418</u>	<u>6,508,475</u>
Liabilities			
Current liabilities			
Trade and other payables	13	841,538	862,698
Income tax		11,946	27,730
Employee benefits		18,756	12,579
Total current liabilities		<u>872,240</u>	<u>903,007</u>
Total liabilities		<u>872,240</u>	<u>903,007</u>
Net assets		<u>5,656,178</u>	<u>5,605,468</u>
Equity			
Issued capital	14	34,759,895	34,759,895
Reserves	15	673,995	715,952
Accumulated losses		<u>(29,777,712)</u>	<u>(29,870,379)</u>
Total equity		<u>5,656,178</u>	<u>5,605,468</u>

The above statement of financial position should be read in conjunction with the accompanying notes

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2015	34,759,895	884,270	(30,563,323)	5,080,842
Profit after income tax benefit for the year	-	-	1,167,537	1,167,537
Other comprehensive income for the year, net of tax	-	(182,278)	-	(182,278)
Total comprehensive income for the year	-	(182,278)	1,167,537	985,259
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 28)	-	13,960	-	13,960
Dividends paid (note 16)	-	-	(474,593)	(474,593)
Balance at 30 June 2016	34,759,895	715,952	(29,870,379)	5,605,468
Consolidated				
Balance at 1 July 2016	34,759,895	715,952	(29,870,379)	5,605,468
Profit after income tax benefit for the year	-	-	463,108	463,108
Other comprehensive income for the year, net of tax	-	(64,194)	-	(64,194)
Total comprehensive income for the year	-	(64,194)	463,108	398,914
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 28)	-	22,237	-	22,237
Dividends paid (note 16)	-	-	(370,441)	(370,441)
Balance at 30 June 2017	34,759,895	673,995	(29,777,712)	5,656,178

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,357,061	5,832,532
Payments to suppliers and employees (inclusive of GST)		(4,653,513)	(5,574,441)
		703,548	258,091
Interest received		83	537
Income taxes paid		(1,417)	(2,960)
Net cash from operating activities	26	702,214	255,668
Cash flows from investing activities			
Payments for investments	9	-	(43,787)
Payments for property, plant and equipment	10	(9,423)	-
Payments for intangibles	11	(162,559)	(352,825)
Net cash used in investing activities		(171,982)	(396,612)
Cash flows from financing activities			
Dividends paid		(370,441)	(474,593)
Net cash used in financing activities		(370,441)	(474,593)
Net increase/(decrease) in cash and cash equivalents		159,791	(615,537)
Cash and cash equivalents at the beginning of the financial year		1,994,535	2,637,247
Effects of exchange rate changes on cash and cash equivalents		-	(27,175)
Cash and cash equivalents at the end of the financial year	7	<u>2,154,326</u>	<u>1,994,535</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ICSGlobal Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. ICSGlobal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is ICSGlobal Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Medical billing service ('MBC') revenue

Revenue is charged based on a percentage of the fees collected from patients, health insurance funds and other payers on behalf of doctors. Revenue is recognised by the consolidated entity in the month that the doctors' fees are collected and the commission becomes receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 14 to 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 1. Significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Office equipment	2-5 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 1. Significant accounting policies (continued)

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries and other employee benefits expected to be settled only within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options over shares, or performance rights, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of ICSGlobal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price. Both asset classes will continue to be measured at face value. Other financial asset classes are not material to the consolidated entity. Financial liabilities of the consolidated entity are not impacted as the consolidated entity does not carry them at fair value.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that most of the consolidated entity's revenue is recognised at the time a service is provided which represents the satisfaction of the primary performance obligation.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is not expected to materially affect the consolidated entity as there are minimal leases.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill

The consolidated entity assesses impairment of non-financial assets other than goodwill (including available for sale assets measured at cost) at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity has one reportable segment being the provision of medical billing services in the UK.

Major customers

During the year ended 30 June 2017 there were no major customers (2016: nil) which accounted for greater than 10% of the consolidated entity's external revenue.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2017	2016	2017	2016
	\$	\$	\$	\$
Australia	-	-	293,900	293,900
United Kingdom	4,280,812	4,867,878	2,797,631	2,865,702
	<u>4,280,812</u>	<u>4,867,878</u>	<u>3,091,531</u>	<u>3,159,602</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

	Consolidated	
	2017	2016
	\$	\$
<i>Sales revenue</i>		
Medical billing service	4,280,812	4,867,878
<i>Other revenue</i>		
Interest	83	537
Other revenue	128,011	33,258
	128,094	33,795
Revenue	4,408,906	4,901,673

Note 5. Expenses

	Consolidated	
	2017	2016
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office equipment	50,106	34,288
<i>Amortisation</i>		
Software	162,342	196,880
Total depreciation and amortisation	212,448	231,168
<i>Rental expense on operating leases</i>		
Minimum lease payments	153,917	175,125
<i>Share-based payments expense</i>		
Share-based payments expense	22,237	13,960

Note 6. Income tax benefit

	Consolidated 2017 \$	2016 \$
<i>Income tax benefit</i>		
Current tax	(14,367)	30,690
Deferred tax - origination and reversal of temporary differences	(20,299)	(182,643)
Aggregate income tax benefit	<u>(34,666)</u>	<u>(151,953)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 12)	(20,299)	(182,643)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit before income tax benefit	428,442	1,015,584
Tax at the statutory tax rate of 26.76% (2016: 28.5%)	114,651	289,441
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	(8,275)	(51,304)
	106,376	238,137
Prior year temporary differences not recognised now recognised	(52,378)	(146,179)
Previously unrecognised tax losses used to reduce current tax expense	(94,779)	(248,099)
Share-based payments	6,115	4,188
Income tax benefit	<u>(34,666)</u>	<u>(151,953)</u>

Australia

ICSGlobal Limited has currently brought to account Australian tax losses of \$2,253,053 (2016: \$2,067,495) with a potential future tax benefit of \$619,589 (2016: \$589,236) calculated at a tax rate of 27.5% (2016: 28.5%). There are potential future income tax benefits attributable to further tax losses carried forward amounting to approximately \$5,030,359 (2016: \$5,364,391), calculated at a tax rate of 27.5% (2016: 28.5%), that have not been brought to account because management does not believe it is appropriate to regard realisation as probable. These benefits will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss.

The statutory tax rate in Australia was 27.5% (2016: 28.5%) and in United Kingdom was 19% (2016: 19%) getting an average of 26.76% (2016:28.5%).

Note 7. Current assets - cash and cash equivalents

	Consolidated 2017 \$	2016 \$
Cash on trust *	609,612	627,551
Cash at bank	1,544,714	1,366,984
	<u>2,154,326</u>	<u>1,994,535</u>

* The cash on trust is offset by an equal liability in other payables and it is not for general use of the consolidated entity.

Note 8. Current assets - trade and other receivables

	Consolidated 2017 \$	2016 \$
Trade receivables	510,969	585,386
Less: Provision for impairment of receivables	(34,685)	(34,685)
	<u>476,284</u>	<u>550,701</u>
Other receivables	73,186	77,126
Prepayments	51,870	68,001
VAT and GST receivable	10,750	8,338
	<u>612,090</u>	<u>704,166</u>

Impairment of receivables

The consolidated entity has recognised \$nil (2016: \$nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2017 \$	2016 \$
Over 6 months overdue	<u>34,685</u>	<u>34,685</u>

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2017 \$	2016 \$
Opening balance	<u>34,685</u>	<u>34,685</u>

Past due but not impaired

There were no receivables that were past due but not impaired.

Note 9. Non-current assets - available-for-sale financial assets

	Consolidated 2017 \$	2016 \$
Unlisted ordinary shares	<u>293,900</u>	<u>293,900</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	293,900	250,113
Additions	-	43,787
Closing fair value	<u>293,900</u>	<u>293,900</u>

Refer to note 18 for further information on fair value measurement.

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	2017	2016
	\$	\$
Office equipment - at cost	313,905	313,812
Less: Accumulated depreciation	(238,652)	(198,190)
	<u>75,253</u>	<u>115,622</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office equipment	Total
	\$	\$
Balance at 1 July 2015	190,228	190,228
Exchange differences	(41,619)	(41,619)
Depreciation expense	(32,987)	(32,987)
Balance at 30 June 2016	115,622	115,622
Additions	9,423	9,423
Exchange differences	314	314
Depreciation expense	(50,106)	(50,106)
Balance at 30 June 2017	<u>75,253</u>	<u>75,253</u>

Note 11. Non-current assets - intangibles

	Consolidated	
	2017	2016
	\$	\$
Goodwill - at cost	2,214,282	2,214,282
Software - at cost	1,159,454	1,050,632
Less: Accumulated amortisation	(651,358)	(514,834)
	<u>508,096</u>	<u>535,798</u>
	<u>2,722,378</u>	<u>2,750,080</u>

Note 11. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$	Software \$	Total \$
Balance at 1 July 2015	2,214,282	380,798	2,595,080
Additions	-	352,825	352,825
Exchange differences	-	(945)	(945)
Amortisation expense	-	(196,880)	(196,880)
Balance at 30 June 2016	2,214,282	535,798	2,750,080
Additions	-	162,559	162,559
Exchange differences	-	(27,919)	(27,919)
Amortisation expense	-	(162,342)	(162,342)
Balance at 30 June 2017	<u>2,214,282</u>	<u>508,096</u>	<u>2,722,378</u>

Impairment testing for goodwill

Goodwill is allocated entirely to the UK business, Medical Billing & Collection, being the consolidated entity's sole cash generating unit at 30 June 2017.

The recoverable amount of the CGU is determined based on value-in-use calculations in the functional currency of the CGU. Value-in-use is calculated based on the present value of cash flow projections over a five year period plus a terminal value. These forecasts use estimated growth rates to project revenue and expenses.

Key assumptions used for value-in-use calculations

Pre-tax discount rate of 10% (2016: 10%)

Annual revenue growth rate of 5% (2016: 5%)

Annual expense growth rate of 5% (2016: 5%)

The forecast for MBC reflects management's expectation with respect to revenue growth and the cost to service the expected revenue. These forecasts are likely to vary from the actual results as management expects that the investment in the business over the previous two years will enable it to generate significant additional revenue with a less than proportional increase in operating costs.

Impact of possible changes in key assumptions

Management does not currently consider that a change in any of the key assumptions would cause the CGU's carrying amount to materially exceed the recoverable amount.

Note 12. Non-current assets - deferred tax

	Consolidated	
	2017	2016
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	619,898	589,545
Temporary differences	50,573	60,627
Deferred tax asset	<u>670,471</u>	<u>650,172</u>
<i>Movements:</i>		
Opening balance	650,172	467,529
Credited to profit or loss (note 6)	20,299	182,643
Closing balance	<u>670,471</u>	<u>650,172</u>

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2017	2016
	\$	\$
Trade payables	52,436	43,873
VAT payable	141,282	143,678
Other payables	647,820	675,147
	<u>841,538</u>	<u>862,698</u>

Refer to note 17 for further information on financial instruments.

Note 14. Equity - issued capital

	2017	Consolidated	
	Shares	2016	2017
		Shares	\$
			\$
Ordinary shares - fully paid	<u>10,584,019</u>	<u>10,546,519</u>	<u>34,759,895</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2015	10,546,519	34,759,895
Balance	30 June 2016	10,546,519	34,759,895
Exercise of performance rights	6 October 2016	37,500	-
Balance	30 June 2017	<u>10,584,019</u>	<u>34,759,895</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 14. Equity - issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance rights

There were 200,000 (30 June 2016: 237,500) performance rights as at 30 June 2017 which may convert into ordinary shares if the performance conditions are met.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

Note 15. Equity - reserves

	Consolidated	
	2017	2016
	\$	\$
Foreign currency reserve	(254,467)	(190,273)
Share-based payments reserve	928,462	906,225
	<u>673,995</u>	<u>715,952</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 15. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$	Share based payment \$	Total \$
Balance at 1 July 2015	(7,995)	892,265	884,270
Foreign currency translation	(182,278)	-	(182,278)
Performance rights expense	-	13,960	13,960
Balance at 30 June 2016	(190,273)	906,225	715,952
Foreign currency translation	(64,194)	-	(64,194)
Performance rights expense	-	22,237	22,237
Balance at 30 June 2017	<u>(254,467)</u>	<u>928,462</u>	<u>673,995</u>

Note 16. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated 2017 \$	2016 \$
Final dividend for the year ended 30 June 2016 of 3.5 cents per ordinary share paid unfranked (2015: 2.5 cents per ordinary share unfranked)	370,441	263,663
Interim dividend for the year ended 30 June 2017 of nil cents per ordinary share paid unfranked (2016: 2.0 cents per ordinary share unfranked)	-	210,930
	<u>370,441</u>	<u>474,593</u>

Note 17. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior executives and the Board of Directors.

The consolidated entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main financial instrument is cash held for working capital.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 17. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

Consolidated	Assets		Liabilities	
	2017 \$	2016 \$	2017 \$	2016 \$
Pound Sterling	3,239,191	3,249,240	825,346	863,125

The consolidated entity had net assets denominated in foreign currencies of \$2,413,845 as at 30 June 2017 (2016: \$2,386,115). Based on this exposure, had the Australian dollar weakened/strengthened by 10% (2016: weakened/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been \$241,385 higher/lower (2016: \$238,612 higher/lower) and equity would have been \$241,385 higher/lower (2016: \$238,612 higher/lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations. The actual net foreign exchange loss for the year ended 30 June 2017 was \$101,559 (2016: \$142,964).

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 17. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2017					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	52,436	-	-	-	52,436
Other payables	647,820	-	-	-	647,820
VAT payable	141,282	-	-	-	141,282
Total non-derivatives	841,538	-	-	-	841,538

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2016					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	43,873	-	-	-	43,873
Other payables	675,147	-	-	-	675,147
VAT payable	143,678	-	-	-	143,678
Total non-derivatives	862,698	-	-	-	862,698

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2017				
Assets				
Ordinary shares available-for-sale	-	-	293,900	293,900
Total assets	-	-	293,900	293,900

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2016				
Assets				
Ordinary shares available-for-sale	-	-	293,900	293,900
Total assets	-	-	293,900	293,900

Note 18. Fair value measurement (continued)

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The equity investment in Open Learning Global Pty Ltd, is measured at cost less any impairment charges, as its fair value cannot currently be estimated precisely, although recent capital raisings have been used as guidance. The investment in Open Learning Global Pty Ltd represents a 1.78% equity interest in an unlisted company. As at 30 June 2017, no impairment charges were recognised.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Available- for-sale \$	Total \$
Balance at 1 July 2015	250,113	250,113
Purchases	43,787	43,787
Balance at 30 June 2016	293,900	293,900
Balance at 30 June 2017	293,900	293,900

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2017 \$	2016 \$
Short-term employee benefits	395,844	435,464
Share-based payments	22,237	13,960
	418,081	449,424

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick, the auditor of the company:

	Consolidated 2017 \$	2016 \$
<i>Audit services - Hall Chadwick</i>		
Audit or review of the financial statements	37,500	37,250

Note 21. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2017 and 30 June 2016.

Note 22. Commitments

	Consolidated	
	2017	2016
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	137,620	142,070
One to five years	91,747	236,784
	<u>229,367</u>	<u>378,854</u>

Note 23. Related party transactions

Parent entity

ICSGlobal Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2017	2016
	\$	\$
Payment for other expenses:		
Accounting, consulting and company secretarial services (paid to James Canning-Ure and entities associated with Gregory Quirk) *	26,000	24,000

* This amount has been included as part of Greg Quirk and James Canning-Ure's remuneration in the Remuneration Report.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date, other than fees due to directors and accounting and secretarial services provided by Gregory Quirk in accordance with a Board approved agreement.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017 \$	2016 \$
Profit after income tax	372,865	791,268
Total comprehensive income	372,865	791,268

Statement of financial position

	Parent	
	2017 \$	2016 \$
Total current assets	1,482,013	1,307,794
Total assets	5,390,376	5,358,704
Total current liabilities	46,897	39,886
Total liabilities	46,897	39,886
Equity		
Issued capital	34,759,894	34,759,894
Share-based payments reserve	928,462	906,225
Accumulated losses	(30,344,877)	(30,347,301)
Total equity	5,343,479	5,318,818

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
Thelma Pty Ltd	Australia	100.00%	100.00%
Thelma-EU Limited	England	100.00%	100.00%

Note 26. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2017	2016
	\$	\$
Profit after income tax benefit for the year	463,108	1,167,537
Adjustments for:		
Depreciation and amortisation	212,448	231,168
Share-based payments	22,237	13,960
Foreign exchange differences	(36,589)	(113,840)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	92,076	(42,179)
Increase in deferred tax assets	(20,299)	(182,643)
Decrease in trade and other payables	(21,160)	(834,464)
Increase/(decrease) in provision for income tax	(15,784)	27,730
Increase/(decrease) in employee benefits	6,177	(11,601)
Net cash from operating activities	<u>702,214</u>	<u>255,668</u>

The net cash from operating activities was materially affected by the timing of the payments of \$nil (2016: \$736,484) in the bank account held for consultants. The year on year comparison is affected by their timing difference.

Note 27. Earnings per share

	Consolidated	
	2017	2016
	\$	\$
Profit after income tax attributable to the owners of ICSGlobal Limited	<u>463,108</u>	<u>1,167,537</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	10,574,054	10,546,519
Adjustments for calculation of diluted earnings per share:		
Performance rights	<u>209,965</u>	<u>163,730</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>10,784,019</u>	<u>10,710,249</u>
	Cents	Cents
Basic earnings per share	4.380	11.070
Diluted earnings per share	4.294	10.901

Note 28. Share-based payments

Set out below are summaries of performance rights granted:

2017

Grant date	Expiry date	Share target price for vesting	Balance at the start of the year	Granted	Vested and exercised	Balance at the end of the year
26/04/2012	26/06/2017	\$0.000	37,500	-	(37,500)	-
13/11/2015	13/11/2018	\$0.000	200,000	-	-	200,000
			<u>237,500</u>	<u>-</u>	<u>(37,500)</u>	<u>200,000</u>

Note 28. Share-based payments (continued)

2016

Grant date	Expiry date	Share target price for vesting	Balance at the start of the year	Share consolidation	Granted	Vested and exercised	Balance at the end of the year
26/04/2012	26/06/2017	\$1.800	37,500	-	-	-	37,500
13/11/2015	13/11/2018	\$2.000	-	-	200,000	-	200,000
			<u>37,500</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>237,500</u>

The full value of the performance rights granted during the year was \$22,237 (2016: \$66,211).

The performance rights will lapse on the earliest of:

- expiry date of performance rights (three years from the issue date);
- Board determining the performance rights should lapse;
- a grantee becoming bankrupt; and
- 30 days after a grantee ceases employment if no 'good leaver' determination has been made.

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Barry
Chairman

25 August 2017
Sydney

**ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF ICS GLOBAL LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Opinion

We have audited the accompanying financial report of ICS Global Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion:

- (a) the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF ICS GLOBAL LIMITED

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Carrying value of goodwill</p> <p>Refer to Note 10 '<i>Intangible assets</i>' \$2,722,378 and Note 1 '<i>Significant Accounting Policies</i>'</p> <p>As at 30 June 2017 the Group's balance sheet includes goodwill amounting to \$2.2 million.</p> <p>The assessment of impairment of the Group's goodwill balances incorporated significant judgment in respect of factors such as discount rates, current work in hand and future contract wins, as well as economic assumptions such as, inflation, foreign currency rates, costs growth and revenue growth.</p> <p>A key audit matter for us was whether the Group's value in use model for impairment included appropriate consideration of these factors on their significant estimates and judgements and the selection of key external and internal inputs.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We assessed management's determination of the Group's discounted cash flows based on our understanding of the nature of the Group's business and the economic environment. • With the assistance of Hall Chadwick's valuation specialists, we challenged the Group's assumptions and estimates used to determine the recoverable amount of its assets, including those relating to forecast revenue, cost, capital expenditure, discount rates and foreign exchange rates by adjusting for future events and corroborating the key market related assumptions to external data; • We checked the mathematical accuracy of the cash flow models and agreed relevant data to latest forecasts.

ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF ICS GLOBAL LIMITED

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of Deferred Tax Assets Refer to Note 11 'Deferred Tax Assets'	
<p>As disclosed in Note 11, at 30 June 2017 the company has capitalised \$659,756 relating to tax losses incurred by ICS Global Pty Ltd. The recoverability of this deferred tax asset is dependent on the generation of sufficient future taxable profit to utilise these tax losses. Significant judgement is required in forecasting future taxable profit.</p>	<p>We have assessed and challenged management's judgements relating to the forecasts of future taxable profit and evaluated the reasonableness of the assumptions underlying the preparation of these forecasts.</p> <p>We have also assessed the appropriateness of the disclosures included in Note 11 in respect of deferred tax balances.</p>
Investments Refer to Note 2 'Impairment of non-financial assets other than goodwill'	
<p>The Group holds an interest totalling \$293,000 in Open Learning Pty Limited as at 30 June 2017.</p> <p>We focused on this area as a key audit matter due to its significance to the balance sheet.</p>	<p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • we have obtained the latest financial statements and the profit and loss forecast for Open Learning Pty Ltd and reviewed the financials for any possible impairment. • we have also obtained the share certificate as at 30 June 2017 to confirm the number of shares held by ICS Global Pty Ltd. • we assessed the valuation of investment holdings having regard to recent capital raisings.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Consolidated Entity's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF ICS GLOBAL LIMITED**

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the Corporations Act 2001 and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

**ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF ICS GLOBAL LIMITED**

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a matter that achieves fair presentation.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 4 to 9 of the directors' report for the year ended 30 June 2017.

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

ICS GLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF ICS GLOBAL LIMITED

Opinion

In our opinion the remuneration report of ICS Global Limited for the year ended 30 June 2017 complies with s 300A of the *Corporations Act 2001*.



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 25 August 2017

The shareholder information set out below was applicable as at 23 August 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	172	-
1,001 to 5,000	199	-
5,001 to 10,000	54	-
10,001 to 100,000	82	-
100,001 and over	24	-
	531	-
Holding less than a marketable parcel	72	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	1,661,555	15.70
DIXSON TRUST PTY LIMITED	1,065,600	10.07
KING & SVENSON PTY LTD (RG KING SUPER FUND A/C)	625,530	5.91
MR KEVIN CHARLES BARRY and controlled entities	535,572	5.06
MR WILLIAM LEWIS TIMMS & MRS CAROLYN JANE TIMMS	454,682	4.30
FARALLON CAPITAL PTY LTD (NUNN INVESTMENT A/C)	425,000	4.02
MR VICTOR SHKOLNIK and controlled entities	313,878	2.97
MR GREGORY JAMES QUIRK and controlled entities	309,051	2.92
DR DIANA MARY BELL	261,870	2.47
DR HAMISH ARTHUR JAMIESON & MR ARTHUR WARREN JAMIESON & MR SIMON PAUL NICHOLAS (FARSOME REINS A/C)	213,201	2.01
MR EDWARD HAGGERTY	200,000	1.89
INVESTMENT MANAGEMENT CO PTY LTD (VANTAGE INVESTMENT FUND A/C)	200,000	1.89
GARRY CHAPMAN	175,000	1.65
BRINDLE HOLDINGS PTY LTD (O'CONNOR S/F A/C)	150,000	1.42
MR PHILIP JOHN PRICE & MRS GAIL LORRAINE PRICE (PGP SUPER FUND A/C)	150,000	1.42
MRS GENEVIEVE ANNE KINDT & MR ROBB KINDT	140,000	1.32
K B J INVESTMENTS PTY LTD (JARRY FAMILY SUPER FUND A/C)	129,804	1.23
MR JOHN NICHOLAS WELSH & MRS LISA ANN WELSH (JOHN & LISA WELSH S/F A/C)	127,500	1.20
MR JOHN ROBERT LOVE	121,451	1.15
JALAD SUPER PTY LTD (THE LA DRAPER S/F A/C)	101,766	0.96
	7,361,460	69.56

Unquoted equity securities

	Number on issue	Number of holders
Performance Rights	200,000	4

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Kevin Charles Barry	Performance rights	50,000
Victor Shkolnik	Performance rights	50,000
Gregory James Quirk	Performance rights	50,000
Robert James Canning-Ure	Performance rights	50,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares % of total shares issued
Number held	
CITICORP NOMINEES PTY LIMITED	1,661,555 15.70
DIXSON TRUST PTY LIMITED	1,065,600 10.07
KING & SVENSON PTY LTD (RG KING SUPER FUND A/C)	625,530 5.91
MR KEVIN CHARLES BARRY and controlled entities	535,572 5.06

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.