

ICSGlobal LIMITED

ASX RELEASE – 26 February 2020

First Half Results: Revenue up 24%, Profit up 100%, Interim Dividend of 4.5 cents declared

- H1 2020 underlying profit of \$832,289 up 100% on H1 2019.
- H1 2020 sales revenue of \$3,344,090 was up 24% on H1 2019, in GBP terms, revenue was up 20% to £1,811,579.
- Payment of a final (unfranked) dividend of 4.5 cents per share for the 2019 year in November 2019.
- The 2020-year interim (unfranked) dividend of 4.5 cents per share has been declared to be paid in April 2020 (2.5 cents unfranked in 2019).
- Maintain 2020 full year guidance of net profit after tax in the range of \$1.4 to \$1.7 million (subject to AUD/GBP FX fluctuation).
- MBC highlights include:
 - Revenue up 20% in GBP terms and profit after tax up 51% in GBP terms.
 - Major changes to our operational processes in the first half of 2020 have resulted in improved efficiencies in the business.
 - The operational efficiencies have allowed us to grow our revenue while also improving profit margin during the first 6 months of the financial year.
 - Further work is underway in terms of improving our service level to clients through software development.
 - Revenue stream continues to grow with new clients being added on a weekly basis

H1 2020 result

The Board is pleased to advise a significant improvement in the H1 2020 underlying profit, up 100% to \$832,289, primarily due to MBC's revenue growth coupled with improved profit margins in the business. As previously advised at the November 2019 AGM, we are continuing to grow our clinic clients as well as our Major National Hospital Group division and this is expected to continue.

We are pleased to report that the H1 2020 sales revenue for MBC, in GBP terms, increased 20% to £1,811,579 (\$3,345,896 in AUD terms, up 24% on H1 2019). Profit after tax in GBP terms for MBC increased 51%. The H1 2020 profit includes an FX gain of AUD \$0.04M (H1 2019: \$0.02M) due primarily to the currency translation of GBP bank accounts.

The Board expects to see a continuation of the improved financial performance in H2 2020.

Full financial details for the half-year result can be found in the accompanying Appendix 4D and Interim Report.

Key financial information

ICS Group	6 months to December 2018	6 months to December 2019	Change (%)
	AUD	AUD	
Revenue from Operations	2,700,986	3,344,090	+24%
Profit after Tax	416,876	832,289	+100%
Profit after Tax UK Business in GBP	£352,963	£532,998	+51%
	Balance 30 June 2019	Balance 31 December 2019	Change
	AUD	AUD	%
Cash and Equivalents (excluding UK Doctors' funds)	1,939,471	2,019,123	+4%

Dividends & Capital Management

The Board has continued to consider and, where appropriate, execute capital management strategies. During H1 2020 and subsequently the Company has:

- Paid a final (unfranked) dividend of 4.5 cents per share (\$473,561) for the 2019 year in November 2019.
- Declared that the 2020-year interim dividend will increase 80% to 4.5 cents per share (unfranked) (2019 interim dividend was 2.5 cents unfranked). The record date is Thursday 12th of March 2020 (ex-date 11th March 2020) and payment date will be Wednesday 15th of April 2020.
- Lodged a notice with the ASIC in March 2019 of its intention to commence a Share Buy Back Programme, allowing the Company to buy and cancel up to 10% of its issued shares during a 12-month period. Following the purchase of shares in H2 2019, no further shares were purchased by the company under this programme in H1 2020.

Given the capital position of the Company, the Board maintains the flexibility to consider future capital management strategies.

Guidance

The Board re-affirms its previous full year guidance of net profit after tax and expects it to be in the range of \$1.4 to \$1.7million for the 2020 year¹.

Cash balance

Cash and equivalents (excluding cash held in the UK on behalf of Doctors) as at 31 December 2019 was \$2,019,123, which was an increase of 4.1% on the June 2019 reporting balance of \$1,939,471. This cash movement was after the highest dividend payout ICS has recorded for a financial year. The final dividend of \$473,561 was paid in November 2019 and the balance of the change is attributable to movements in working capital and improved profitability.

¹ Subject to FX rates.

Australian corporate cash costs

The corporate cash costs in Australia are running at c. \$520,000 on an annualised basis. The H1 2020 Australian corporate cash costs were approximately \$260,000.

OpenLearning

The Board is pleased to advise that OpenLearning (www.openlearning.com), the Australian based education technology company in which ICS has a mark to market carrying value of \$0.162 million investment, was listed on the ASX in December 2019 (ASX:OLL). Our shares are in escrow for 12 months to December 2020. As at 31/12/2019 the OLL share price was 16.0 cents per share, giving rise to a mark down in our carrying value of \$131,506 which is recorded through other comprehensive income. This does not change the Company's 2020 full year guidance.

Other Opportunities

The Board is constantly looking at opportunities to expand its core business, in addition to examining strategies to maximise shareholder value. The Board will update the market on any progress in relation to these opportunities.

We thank you for your on-going support.

For and on behalf of the Board.



Kevin Barry

1. Company details

Name of entity:	ICSGlobal Limited
ABN:	72 073 695 584
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

			\$
Revenues from ordinary activities	up	23.8% to	3,344,090
Profit from ordinary activities after tax attributable to the owners of ICSGlobal Limited	up	99.6% to	832,289
Profit for the half-year attributable to the owners of ICSGlobal Limited	up	99.6% to	832,289

Dividends

On 26 February 2020, the directors declared an unfranked interim dividend of 4.5 cents per ordinary share for the year ending 30 June 2020 and will be paid on 15 April 2020 to those shareholders on the register at 7pm on 12 March 2020.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$832,289 (31 December 2018: \$416,876).

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

AASB 16 'Leases' had no significant impact on the results for the current period. The current profit before income tax expense was reduced by \$7,109. This included an increased depreciation and amortisation expense of \$66,396 and increased finance costs of \$12,310 offset by a reduction in other expenses (reclassification of lease expenses) of \$71,597. As at 31 December 2019, net current assets were reduced by \$143,195 (attributable to current lease liabilities) and net assets were reduced by \$43,437 (attributable to right-of-use assets, lease liabilities).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	37.13	33.85

4. Control gained over entities

Not applicable.

5. Loss of control over entities

On 23 September 2019, the subsidiary Thelma Pty Ltd was deregistered.

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 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of ICSGlobal Limited for the half-year ended 31 December 2019 is attached.

10. Signed



Signed _____

Date: 26 February 2020

Kevin Barry
Chairman
Sydney

ICSGlobal Limited

ABN 72 073 695 584

Interim Report - 31 December 2019

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 half-year ended 31 December 2019.

Directors

The following persons were directors of ICSGlobal Limited during the whole of the financial half-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 half-year were the operation 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 half-year were as follows:

	Consolidated	
	31/12/2019	31/12/2018
	\$	\$
Final dividend for the year ended 30 June 2019 of 4.5 cents per ordinary share paid unfranked (2018: 4.0 cents per ordinary share unfranked)	<u>473,561</u>	<u>423,361</u>

On 26 February 2020, the directors declared an unfranked interim dividend of 4.5 cents per ordinary share for the year ending 30 June 2020 and will be paid on 15 April 2020 to those shareholders on the register at 7pm on 12 March 2020.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$832,289 (31 December 2018: \$416,876).

AASB 16 'Leases' had no significant impact on the results for the current period. The current profit before income tax expense was reduced by \$7,109. This included an increased depreciation and amortisation expense of \$66,396 and increased finance costs of \$12,310 offset by a reduction in other expenses (reclassification of lease expenses) of \$71,597. As at 31 December 2019, net current assets were reduced by \$143,195 (attributable to current lease liabilities) and net assets were reduced by \$43,437 (attributable to right-of-use assets, lease liabilities).

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

Significant changes in the state of affairs

On 23 September 2019, the subsidiary Thelma Pty Ltd was deregistered.

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Barry
Chairman

26 February 2020
Sydney

ICSGLOBAL 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 ICSGLOBAL LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of ICSGlobal Limited. As the lead audit partner for the review of the financial report of ICSGlobal Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar
Sandeep Kumar

Partner
Date: 26 February 2020

A Member of PrimeGlobal
An Association of Independent
Accounting Firms

 PrimeGlobal

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	16
Independent auditor's review report to the members of ICSGlobal Limited	17

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 half-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 26 February 2020. 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 half-year ended 31 December 2019



		Consolidated	
	Note	31/12/2019	31/12/2018
		\$	\$
Revenue	3	3,343,963	2,700,986
Interest revenue calculated using the effective interest method		127	3
Expenses			
Employee benefits expenses		(1,442,244)	(1,278,050)
External contractor expenses		(52,088)	(51,793)
Directors fees		(97,500)	(90,000)
Occupancy expenses		(76,285)	(131,027)
Depreciation and amortisation expenses	4	(207,816)	(141,295)
Marketing expenses		(56,623)	(54,470)
Legal fees		(7,557)	(5,477)
Communication and travel		-	(20,030)
Postage and stationery		(87,146)	(68,299)
Hosting and support		(80,229)	(58,195)
Computer expenses		(26,515)	(55,295)
Net foreign exchange gain		40,270	15,982
Other expenses		(375,542)	(341,982)
Finance costs	4	(12,310)	-
Profit before income tax expense		862,505	421,058
Income tax expense		(30,216)	(4,182)
Profit after income tax expense for the half-year attributable to the owners of ICSGlobal Limited		832,289	416,876
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		(131,506)	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		71,849	38,870
Other comprehensive income for the half-year, net of tax		(59,657)	38,870
Total comprehensive income for the half-year attributable to the owners of ICSGlobal Limited		772,632	455,746
		Cents	Cents
Basic earnings per share	14	7.892	3.939
Diluted earnings per share	14	7.892	3.860

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

		Consolidated	
	Note	31/12/2019	30/06/2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	4,787,663	2,992,255
Trade and other receivables	6	1,037,179	968,002
Total current assets		<u>5,824,842</u>	<u>3,960,257</u>
Non-current assets			
Financial assets	12	162,394	293,900
Plant and equipment		252,891	281,678
Right-of-use assets	7	553,208	-
Intangibles	8	2,495,496	2,552,133
Deferred tax		985,823	899,367
Total non-current assets		<u>4,449,812</u>	<u>4,027,078</u>
Total assets		<u>10,274,654</u>	<u>7,987,335</u>
Liabilities			
Current liabilities			
Trade and other payables	9	3,066,967	1,785,640
Lease liabilities		143,195	-
Income tax		176,944	56,207
Employee benefits		-	30,464
Total current liabilities		<u>3,387,106</u>	<u>1,872,311</u>
Non-current liabilities			
Lease liabilities		453,450	-
Deferred tax		1,283	-
Total non-current liabilities		<u>454,733</u>	<u>-</u>
Total liabilities		<u>3,841,839</u>	<u>1,872,311</u>
Net assets		<u>6,432,815</u>	<u>6,115,024</u>
Equity			
Issued capital	10	34,704,095	34,704,095
Reserves		740,877	793,434
Accumulated losses		(29,012,157)	(29,382,505)
Total equity		<u>6,432,815</u>	<u>6,115,024</u>

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

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	34,759,895	754,070	(29,703,161)	5,810,804
Profit after income tax expense for the half-year	-	-	416,876	416,876
Other comprehensive income for the half-year, net of tax	-	38,870	-	38,870
Total comprehensive income for the half-year	-	38,870	416,876	455,746
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	13,162	-	13,162
Dividends paid (note 11)	-	-	(423,361)	(423,361)
Balance at 31 December 2018	<u>34,759,895</u>	<u>806,102</u>	<u>(29,709,646)</u>	<u>5,856,351</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	34,704,095	793,434	(29,382,505)	6,115,024
Adjustment for change in accounting policy (note 2)	-	-	11,640	11,640
Balance at 1 July 2019 - restated	34,704,095	793,434	(29,370,865)	6,126,664
Profit after income tax expense for the half-year	-	-	832,289	832,289
Other comprehensive income for the half-year, net of tax	-	(59,657)	-	(59,657)
Total comprehensive income for the half-year	-	(59,657)	832,289	772,632
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	7,100	-	7,100
Dividends paid (note 11)	-	-	(473,581)	(473,581)
Balance at 31 December 2019	<u>34,704,095</u>	<u>740,877</u>	<u>(29,012,157)</u>	<u>6,432,815</u>

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

Note	Consolidated	
	31/12/2019 \$	31/12/2018 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,908,398	3,115,797
Payments to suppliers and employees (inclusive of GST)	(1,585,904)	(2,970,941)
	2,322,494	144,856
Interest received	127	3
Interest and other finance costs paid	(12,310)	-
Net cash from operating activities	2,310,311	144,859
Cash flows from investing activities		
Payments for property, plant and equipment	(5,100)	(228,406)
Payments for intangibles	(24,903)	(22,240)
Net cash used in investing activities	(30,003)	(250,646)
Cash flows from financing activities		
Repayment of lease liabilities	(11,319)	-
Dividends paid	(473,581)	(423,361)
Net cash used in financing activities	(484,900)	(423,361)
Net increase/(decrease) in cash and cash equivalents	1,795,408	(529,148)
Cash and cash equivalents at the beginning of the financial half-year	2,992,255	2,811,862
Cash and cash equivalents at the end of the financial half-year	5 <u>4,787,663</u>	<u>2,282,714</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

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

The following Accounting Standards are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 Jul 2019 \$'000
Operating lease commitments as at 1 July 2019 (AASB 117)	273,368
Adjustment to opening balance of operating lease commitments as at 1 July 2019 (AASB 16)	394,766
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.24% (AASB 16)	(4,281)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(44,258)
Right-of-use assets (AASB 16)	<u>619,595</u>
Lease liabilities - current (AASB 16)	(143,195)
Lease liabilities - non-current (AASB 16)	(462,030)
Tax effect on the above adjustments	<u>(2,730)</u>
Reduction in opening accumulated losses as at 1 July 2019	<u><u>11,640</u></u>

Note 1. Significant accounting policies (continued)

Practical expedients applied

In adopting AASB 16, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Operating segments

Identification of reportable operating segments

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

Geographical information

	Sales to external customers		Geographical non-current assets	
	31/12/2019	31/12/2018	31/12/2019	30/06/2019
	\$	\$	\$	\$
Australia	-	-	162,394	293,900
United Kingdom	3,168,062	2,555,671	3,301,596	2,833,811
	<u>3,168,062</u>	<u>2,555,671</u>	<u>3,463,990</u>	<u>3,127,711</u>

The geographical non-current assets above are exclusive of deferred tax assets.

Note 3. Revenue

	Consolidated 31/12/2019 \$	31/12/2018 \$
<i>Revenue from contracts with customers</i>		
Medical billing service	3,168,062	2,555,671
<i>Other revenue</i>		
Other revenue	175,901	145,315
Revenue	<u>3,343,963</u>	<u>2,700,986</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 31/12/2019 \$	31/12/2018 \$
<i>Timing of revenue recognition</i>		
Services transferred over time from MBC	3,168,062	2,555,671
Services transferred over time from other revenue	175,901	145,315
	<u>3,343,963</u>	<u>2,700,986</u>

Note 4. Expenses

	Consolidated 31/12/2019 \$	31/12/2018 \$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office equipment	45,954	46,374
Office right-of-use assets	66,396	-
Total depreciation	<u>112,350</u>	<u>46,374</u>
<i>Amortisation</i>		
Software	95,466	94,921
Total depreciation and amortisation	<u>207,816</u>	<u>141,295</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	<u>12,310</u>	<u>-</u>

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31/12/2019	30/06/2019
	\$	\$
Cash on trust *	2,768,540	1,052,784
Cash at bank	2,019,123	1,939,471
	<u>4,787,663</u>	<u>2,992,255</u>

* The cash on trust is offset by an equal liability in trade and other payables and it is not for general use of the consolidated entity. Refer to note 9.

Note 6. Current assets - trade and other receivables

	Consolidated	
	31/12/2019	30/06/2019
	\$	\$
Trade receivables	802,313	845,757
Less: Allowance for expected credit losses	-	(34,685)
	<u>802,313</u>	<u>811,072</u>
Other receivables	81,640	78,011
Prepayments	142,021	71,023
VAT and GST receivable	11,205	7,896
	<u>1,037,179</u>	<u>968,002</u>

Note 7. Non-current assets - right-of-use assets

	Consolidated	
	31/12/2019	30/06/2019
	\$	\$
Office - right-of-use	663,852	-
Less: Accumulated depreciation	(110,644)	-
	<u>553,208</u>	<u>-</u>

The consolidated entity leases land and buildings for its offices under agreements of usually 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The consolidated entity leases office equipment under agreements of less than 3 years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 8. Non-current assets - intangibles

	Consolidated	Consolidated
	31/12/2019	30/06/2019
	\$	\$
Goodwill - at cost	2,214,282	2,214,282
Software - at cost	1,491,482	1,400,788
Less: Accumulated amortisation	(1,210,268)	(1,062,937)
	<u>281,214</u>	<u>337,851</u>
	<u><u>2,495,496</u></u>	<u><u>2,552,133</u></u>

Reconciliations

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

Consolidated	Goodwill	Software	Total
	\$	\$	\$
Balance at 1 July 2019	2,214,282	337,851	2,552,133
Additions	-	24,903	24,903
Exchange differences	-	13,926	13,926
Amortisation expense	-	(95,466)	(95,466)
Balance at 31 December 2019	<u><u>2,214,282</u></u>	<u><u>281,214</u></u>	<u><u>2,495,496</u></u>

Note 9. Current liabilities - trade and other payables

	Consolidated	Consolidated
	31/12/2019	30/06/2019
	\$	\$
Trade payables	74,650	112,289
Doctors cash on trust	2,768,540	1,052,784
VAT payable	149,649	339,414
Other payables	74,128	281,153
	<u><u>3,066,967</u></u>	<u><u>1,785,640</u></u>

Note 10. Equity - issued capital

	31/12/2019	30/06/2019	31/12/2019	30/06/2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u><u>10,604,019</u></u>	<u><u>10,524,019</u></u>	<u><u>34,704,095</u></u>	<u><u>34,704,095</u></u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2019	10,524,019		34,704,095
Vesting of performance rights	30 October 2019	40,000	\$0.00	-
Vesting of performance rights	21 November 2019	40,000	\$0.00	-
Balance	31 December 2019	<u><u>10,604,019</u></u>		<u><u>34,704,095</u></u>

Note 10. Equity - issued capital (continued)

Performance rights

There were nil (30 June 2019: 80,000) performance rights as at 31 December 2019. The performance rights at 30 June 2019 were converted into ordinary shares when the performance conditions were met during the half-year ended 31 December 2019.

Note 11. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31/12/2019	31/12/2018
	\$	\$
Final dividend for the year ended 30 June 2019 of 4.5 cents per ordinary share paid unfranked (2018: 4.0 cents per ordinary share unfranked)	473,561	423,361

On 26 February 2020, the directors declared an unfranked interim dividend of 4.5 cents per ordinary share for the year ending 30 June 2020 and will be paid on 15 April 2020 to those shareholders on the register at 7pm on 12 March 2020.

Note 12. 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 - 31/12/2019				
<i>Assets</i>				
Ordinary shares at fair value through other comprehensive income	162,394	-	-	162,394
Total assets	162,394	-	-	162,394

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 30/06/2019				
<i>Assets</i>				
Ordinary shares at fair value through other comprehensive income	-	-	293,900	293,900
Total assets	-	-	293,900	293,900

There were transfers between levels during the financial half-year as the investment the consolidated entity holds in ordinary shares (Opening Learning Global Pty Ltd) became a listed company at 12 December 2019.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 13. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2019 and 30 June 2019.

Note 14. Earnings per share

	Consolidated	
	31/12/2019	31/12/2018
	\$	\$
Profit after income tax attributable to the owners of ICSGlobal Limited	<u>832,289</u>	<u>416,876</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	10,546,627	10,584,019
Adjustments for calculation of diluted earnings per share:		
Performance rights	<u>-</u>	<u>216,521</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>10,546,627</u>	<u>10,800,540</u>
	Cents	Cents
Basic earnings per share	7.892	3.939
Diluted earnings per share	7.892	3.860

Note 15. Events after the reporting period

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 31 December 2019 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Barry
Chairman

26 February 2020
Sydney

**ICSGLOBAL LIMITED
ABN 72 073 695 584
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ICSGLOBAL LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ICSGlobal Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of ICSGlobal Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of ICSGlobal Limited's financial position as at 31 December 2019 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of ICSGlobal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

A Member of PrimeGlobal
An Association of Independent
Accounting Firms

 **PrimeGlobal**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of ICSGlobal Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of ICSGlobal Limited's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar

Sandeep Kumar

Partner

Date: 26 February 2020