



ICSGLOBAL LIMITED

ASX RELEASE – 17 February 2021

First Half Results: Revenue down 13%, Profit down 12%. Proposed Sale of MBC to Civica for £12.35 Million

- H1 2021 underlying profit of \$728,493 down 12% on H1 2020.
- H1 2021 sales revenue of \$2,898,605 was down 13% on H1 2020. In GBP terms, revenue was down 12% to £1,600,623.
- On the 18th of December 2020, the Board announced the conditional sale of MBC to Civica for £12.35 million. An EGM will be held on the 19th February 2021 for shareholders to consider and, if thought fit, approve the sale.
- Payment of a final (unfranked) dividend of 4.5 cents per share for the 2020 year in November 2020.
- Subject to shareholders approving the sale of MBC at the EGM, a return to shareholders of between \$1.60 and \$1.75 per share is proposed to be paid in late March/early April 2021 after the Australian Taxation Office (“ATO”) has confirmed the characterisation of the distribution.

H1 2021 result

The Board is pleased to advise the H1 2021 underlying profit of \$728,493. Although the result was down 12%, it was a satisfactory achievement due to the continuing impact of COVID-19 on trading conditions in the UK.

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

ICS Group	6 months to December 2019	6 months to December 2020	Change (%)
	AUD	AUD	
Revenue from Operations	3,344,090	2,898,605	-13%
Profit after Tax	832,289	728,493	-12%
Profit after Tax UK Business in GBP	£532,998	£518,523	-3%
	Balance 30 June 2020	Balance 31 December 2020	Change
	AUD	AUD	%
Cash held as Assets for sale (in UK)	534,107	727,370	36%
Cash held in Australia	1,841,987	1,709,315	-7%
Cash and Equivalents (excluding UK Doctors' funds)	2,376,094	2,436,685	3%
Doctors trust account (in UK)	2,214,617	2,919,998	32%



Sale of MBC

ICS announced on 18 December 2020 that it had entered into a conditional agreement to sell all of its shares in Thelma-EU Limited, the UK entity which owns and operates the medical billing and collections business, MBC to Civica UK Limited ("Civica").

Should the transaction be approved, ICS will receive GBP12.35 million for the shares before costs plus an amount for customary adjustments for excess working capital. At the current GBP/AUD exchange rate, the Board expects this amount, after costs, to be equivalent to approximately AUD \$21.3 million.

Assuming the successful completion of the transaction and no other changes, the assets remaining in ICS totalling c. AUD \$23.1 million, comprising of:

- the net cash from the transaction of c.AUD \$21.3 million; plus
- existing corporate cash at bank which is currently approximately AUD \$1.6 million; plus
- the existing shareholding in Open Learning Limited (ASX:OLL) which had a value of approximately AUD \$0.25 million at the closing share price on 31 December 2020.

This transaction will take place by way of a share sale and is subject, among other things, to shareholder approval at an EGM on 19 February 2021.

Over the last ten years, while the primary focus has been to grow and improve the MBC business, the ICS Board has received a number of approaches from third parties wishing to acquire MBC. These approaches have, in the Board's opinion, not represented fair value for ICS Shareholders for MBC. In 2019 the Board engaged UK based Numis Securities Limited ("Numis") to assist the Board to identify potential buyers for the MBC business. Numis identified a number of parties, including Civica, as potential acquirers. Subsequently, Civica made two offers to acquire MBC, the second of which the Board is recommending to ICS Shareholders.

The primary reasons for the Board's recommendation are: -

- The offer represents an 8x multiple of FY 21 forecast EBITDA, before any COVID-19 impacts are taken into account. This is a good multiple for a sale of a business of this size and is significantly higher than any previous offers.
- Civica will be buying the shares in Thelma-EU Limited, providing ICS with a clean exit from the MBC business in the UK with minimal on-going warranties.
- As a "trade buyer" Civica was in a position to offer the most compelling terms, having regard to the financial outcome, timing and general conditions, and represents a good fit for both MBC's clients and employees.
- The sale addresses continuing operational and management risks for ICS owning the MBC business including:
 - ICS Board managing a subsidiary company in the UK
 - Being a relatively small company, MBC's exposure to key staff is a risk more easily managed by a company like Civica, that is present in the UK, rather than ICS

ICS has applied to the ATO for a private tax ruling in connection with the categorisation of the Shareholder Return in the hands of ICS Shareholders. The intention is that the vast majority of the Shareholder Return will be treated as a return of capital on the shares. However, it is possible that some or all of the Shareholder Return may be treated as a dividend for tax purposes by the ATO.

Cash balance

Cash and equivalents (excluding cash held in the UK on behalf of Doctors) as at 31 December 2020 was \$2,436,685 which was an increase of 3% on the June 2020 reporting balance of \$2,376,094. This cash movement was after the dividend payout ICS recorded for the financial year. The final dividend of \$477,182 was paid in November 2020, and the balance of the change is attributable to movements in working capital and reduced profitability due to COVID-19 trading restrictions.

Australian corporate cash costs

The corporate cash costs in Australia are running around \$530,000 on an annualised basis. The H1 2021 Australian corporate cash costs were approximately \$260,000. In anticipation of the MBC sale to Civica, the Board has agreed to reduce their Directors and Company Secretarial fees by 50% from the 1st of April 2021 until further notice and have negotiated reductions in some of the other third-party costs. Other than costs associated with the sale of MBC, the annualised corporate costs of ICS are expected to reduce from \$530,000 to below \$400,000.

OpenLearning

The shares ICS holds in OpenLearning are now out of escrow as from December 2020. As at 31 December 2020, the OLL share price was 25.5 cents per share, giving rise to an increase in our carrying value to \$ 258,816.

Other Opportunities

The Board is actively looking at new business opportunities and when a suitable business is found the Board will hold an EGM for shareholders to approve the acquisition.

Gratitude to the MBC Team & Shareholders

The Board like to express its gratitude to the MBC team for the success in transforming the MBC business to be the leading medical billing and collection company in the UK. Under the leadership of Garry Chapman, the MBC business has grown from +100 clients to a diverse automated business with over 1,200 clients and a number of hospital groups. This growth in the MBC business, culminating in the sale to Civica, represents a good opportunity for ICS Shareholders to monetise their investment to MBC.

We would also like to thank you, the ICS Shareholders, for your on-going support and we look forward to presenting another investment opportunity to Shareholders in the near future.

For and on behalf of the Board.

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

Kevin Barry

1. Company details

Name of entity:	ICSGlobal Limited
ABN:	72 073 695 584
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				\$
Revenues from ordinary activities including discontinued operations	down	13%	to	\$2,898,605
Profit from ordinary activities after tax for the half-year attributable to the owners of ICSGlobal Limited including discontinued operations	down	12%	to	\$728,493

Comments

The profit for the consolidated entity after providing for income tax amounted to \$728,493 (31 December 2019: \$832,289).

The consolidated group signed a conditional contract to sell 100% of its interest in Thelma-EU Limited on 18 December 2020, a medical billing collections business in the UK, subject to shareholder approval.

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 including discontinued operations	40.18	37.13

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 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 2020 is attached.

10. Signed



Signed _____

Date: 17 February 2021

Kevin Barry
Chairman
Sydney

ICSGLOBAL LIMITED AND CONTROLLED ENTITIES

ABN: 72 073 695 584

**Financial Report For The Half-Year Ended
31 December 2020**

ICSGLOBAL LIMITED AND CONTROLLED ENTITIES

ABN: 72 073 695 584

Financial Report For The Half-Year Ended 31 December 2020

CONTENTS	Page
Operating and Financial Review	1
Directors' Report	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7
Directors' Declaration	13
Independent Auditor's Review Report	13

General information

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

ICSGGlobal 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 17 February 2021. The directors have the power to amend and reissue the financial statements.

**ICSGLOBAL LIMITED ABN: 72 073 695 584 AND CONTROLLED ENTITIES
OPERATING AND FINANCIAL REVIEW**

Principal Activities

The principal activities of the consolidated group during the 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")

Significant Changes to Activities

The following significant changes in the nature of the principal activities occurred during the half-year:

the consolidated group signed a conditional contract to sell 100% of its interest in Thelma-EU Limited on 18 December 2020, a medical billing collections business in the UK, subject to shareholder approval.

There were no other significant changes in the nature of the consolidated group's principal activities during the half-year.

Review of Operations

The profit of the consolidated group amounted to \$728,493 (31 December 2019: \$832,289), after providing for income tax and eliminating non-controlling equity interests. Further commentary on business operations and developments are contained in the attached letter from the Chairman.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Group occurred during the half-year:

Changes in controlled entities and divisions:

- i. On 18 December 2020, ICSGlobal Limited sold 100% of its shares in its subsidiary, Thelma-EU Limited. An Extraordinary General Meeting of ICSGlobal Limited shareholders is to be held on 19 February 2021 for shareholders to vote on whether to approve the sale of shares.

**ICSGLOBAL LIMITED ABN: 72 073 695 584 AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

The directors present their report on the consolidated entity (referred to herein as the Group) consisting of ICSGLOBAL LIMITED and its controlled entities for the half-year ended 31 December 2020. The information in the preceding Operating and Financial Review forms part of this Directors Report for the half-year ended 31 December 2020 and is to be read in conjunction with the following information:-

Directors

The following persons were directors of ICSGlobal Limited during or since the end of the half-year up to the date of this report:

Kevin Charles Barry (Chairman)
Gregory Quirk
Victor Shkolnik
James Canning-Ure

Dividends Paid or Recommended

	Consolidated	
	31/12/2020	31/12/2019
Dividends paid or declared for payment during the half-year are as follows:	\$	\$
Final unfranked dividend for the year ended 30 June 2020 of 4.5 cents per ordinary share paid (2019: \$473,581 - 4.5 cents per ordinary share unfranked)	477,182	473,581

At this stage, the board has resolved not to declare an interim dividend pending the outcome of the application of the ATO class ruling concerning the capital return should the sale of MBC be approved and completed.

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 director's report.

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 2020, 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 (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Sandeep Kumar

Sandeep Kumar

Partner

Date: 17 February 2021

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Accounting Firms

 **PrimeGlobal**

ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated Group	
		31/12/2020	31/12/2019
	Note	\$	\$
Continuing operations			
Revenue	3	111	127
Expenses			
External contractor expenses		(25,762)	(23,417)
Directors fees		(90,000)	(97,500)
Occupancy expenses		(8,400)	(7,200)
Net foreign exchange loss / (gain)		(28,064)	40,269
Other expenses	4	(117,047)	(149,323)
(Loss) before income tax		<u>(269,162)</u>	<u>(237,044)</u>
Tax expense		59,967	86,456
Net (Loss) from continuing operations		<u>(209,195)</u>	<u>(150,588)</u>
Discontinued operations			
Profit from discontinued operations after tax	5a	937,688	982,877
Net Profit for the half-year		<u>728,493</u>	<u>832,289</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on equity instruments at fair value through other comprehensive income, net of tax		71,047	(131,506)
		<u>71,047</u>	<u>(131,506)</u>
Items that may be reclassified subsequently to profit or loss :			
Foreign currency translation		(21,098)	71,849
		<u>(21,098)</u>	<u>71,849</u>
Total other comprehensive income for the half-year		<u>49,949</u>	<u>(59,657)</u>
Total comprehensive income for the half-year		<u>778,442</u>	<u>772,632</u>
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	7	6.870	7.892
Diluted earnings per share (cents)	7	6.870	7.892
From continuing operations:			
Basic earnings per share (cents)	7	(1.973)	(1.420)
Diluted earnings per share (cents)	7	(1.973)	(1.420)
From discontinued operations:			
Basic earnings/(loss) per share (cents)	7	8.843	9.269
Diluted earnings per share (cents)	7	8.843	9.269

The accompanying notes form part of these financial statements.

ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Consolidated Group	
		31/12/2020	30/06/2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,709,315	4,590,711
Trade and other receivables	9	5,894	755,053
Assets held for sale	5c	8,596,070	-
TOTAL CURRENT ASSETS		<u>10,311,279</u>	<u>5,345,764</u>
NON-CURRENT ASSETS			
Other financial assets	10	258,816	187,768
Plant and equipment		-	212,991
Deferred tax assets		-	933,868
Intangible assets	11	-	2,492,115
Right-of-use assets	12	-	462,738
TOTAL NON-CURRENT ASSETS		<u>258,816</u>	<u>4,289,480</u>
TOTAL ASSETS		<u>10,570,095</u>	<u>9,635,244</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	65,301	2,741,383
Lease liabilities		-	178,794
Current tax liabilities		-	105,958
Employee benefits		-	24,501
Liabilities associated with assets held for sale	5d	3,904,295	-
TOTAL CURRENT LIABILITIES		<u>3,969,596</u>	<u>3,050,636</u>
NON-CURRENT LIABILITIES			
Lease liabilities		-	285,370
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>285,370</u>
TOTAL LIABILITIES		<u>3,969,596</u>	<u>3,336,006</u>
NET ASSETS		<u>6,600,498</u>	<u>6,299,238</u>
EQUITY			
Issued capital	14	34,704,095	34,704,095
Reserves		735,051	685,100
Retained earnings		(28,838,648)	(29,089,957)
TOTAL EQUITY		<u>6,600,498</u>	<u>6,299,238</u>

The accompanying notes form part of these financial statements.

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR
ENDED 31 DECEMBER 2020**

	Note	Issued Capital	Accumulated Losses	Reserves	Total Equity
		\$	\$	\$	\$
Consolidated Group					
Balance at 1 July 2019		34,704,095	(29,382,505)	793,434	6,115,024
Retrospective adjustment upon change in accounting policy (inventory)			11,640		11,640
Balance at 1 July 2019 (restated)		34,704,095	(29,370,865)	793,434	6,126,664
Comprehensive income					
Profit after tax 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 year		-	832,289	(59,657)	772,632
Transactions with owners, in their capacity as owners, and other transfers					
Dividends paid	6		(473,581)		(473,581)
Share-based payments				7,100	7,100
Total transactions with owners and other transfers		-	(473,581)	7,100	(466,481)
Balance at 31 December 2019		34,704,095	(29,012,157)	740,877	6,432,815
Balance at 1 July 2020		34,704,095	(29,089,957)	685,100	6,299,238
Comprehensive income					
Profit after tax for the half-year			728,493		728,493
Other comprehensive income for the half-year, net of tax				49,949	49,949
Total comprehensive income for the half-year		-	728,493	49,949	778,442
Transactions with owners, in their capacity as owners, and other transfers					
Dividends paid during the year	6		(477,182)		(477,182)
Total transactions with owners and other transfers		-	(477,182)	-	(477,182)
Balance at 31 December 2020		34,704,095	(28,838,646)	735,049	6,600,498

The accompanying notes form part of these financial statements.

ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated Group	
Note	31/12/2020	31/12/2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	111	127
Payments to suppliers and employees	(269,273)	(261,579)
Net cash used in operating activities	<u>(269,162)</u>	<u>(261,452)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cashflows relating to discontinued operations	5b 1,512,316	2,530,441
Net cash generated by investing activities	<u>1,512,316</u>	<u>2,530,441</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid by Parent Entity	(477,182)	(473,581)
Net cash provided by (used in) financing activities	<u>(477,182)</u>	<u>(473,581)</u>
Net increase in cash held	765,972	1,795,408
Cash and cash equivalents at beginning of the half-year	4,590,711	2,992,255
Cash and cash equivalents at end of the half-year ⁽¹⁾	8 <u>5,356,683</u>	<u>4,787,663</u>

The accompanying notes form part of these financial statements.

⁽¹⁾ Cash at the end of the half-year represented by:

Cash held as Assets held for sale	5c 727,370	-
Cash and cash equivalents	8 1,709,315	2,019,123
Cash on trust	5c 2,919,998	2,768,540
	<u>5,356,683</u>	<u>4,787,663</u>

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

These consolidated financial statements and notes represent those of ICSGlobal Limited and Controlled Entities (the "consolidated group" or "group"). The separate financial statements of the parent entity, ICSGlobal Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 17 February 2021 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These interim half-year 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 2020 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.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(i) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 2 Segment reporting

Identification of reportable operating segments

The operating 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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	\$	\$	\$	\$
Australia	-	-	258,816	162,394
United Kingdom	-	3,168,062	-	3,301,596
	-	3,168,062	258,816	3,463,990

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

The UK sales and assets for 31/12/20 are nil as they are included in Assets held for sale information.

Note 3 Revenue and Other Income

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

	Note	Consolidated Group	
		31/12/2020	31/12/2019
		\$	\$
Continued operations			
Interest income	3	111	127
		111	127

Note 4 Profit for the Half-Year

Profit before income tax from continuing operations includes the following specific expenses:

	Note	Consolidated Group	
		31/12/2020	31/12/2019
		\$	\$
(a) Expenses			
Other expenses:			
— ASX fees		29,464	27,647
— Audit fees		19,500	20,000
— Company secretarial related costs		19,687	20,588
— Insurance		46,834	44,430
— Other		1,562	36,656
Other expenses		117,047	149,321

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 5 Assets Held for Sale and Discontinued Operations

	Note	Consolidated Group
		31/12/2020 31/12/2019
		\$ \$

(a) Discontinued Operations

On 18 December 2020, the consolidated group announced its decision to sell 100% of the shares it holds in its subsidiary, Thelma-EU Limited, subject to approval by shareholders at an Extraordinary General Meeting to be held on 19 February 2021.

Financial information relating to the discontinued operation for the half-year to 31 December 2020 is set out below.

The financial performance of the discontinued operation for the half-year is included in profit/(loss) from discontinued operations per the statement of comprehensive income is as follows:

Revenue		2,898,494	3,343,963
Expenses		<u>(1,872,522)</u>	<u>(2,244,414)</u>
Profit before income tax		1,025,972	1,099,549
Income tax (expense)		<u>(88,284)</u>	<u>(116,672)</u>
Total profit after tax attributable to the discontinued operation	5a	<u>937,688</u>	<u>982,877</u>

The net cash flows of the discontinued division, are as follows:

Net cash inflow from operating activities		1,641,067	2,571,763
Net cash (outflow) from investing activities		(66,389)	(30,003)
Net cash (outflow) from financing activities		<u>(62,362)</u>	<u>(11,319)</u>
Net increase in cash generated by the discontinued division	5b	<u>1,512,316</u>	<u>2,530,441</u>

The net assets of the discontinued division are as follows:

Assets held for sale

Cash and cash equivalents		727,370	-
Cash on trust		2,919,998	-
Trade receivables		659,522	-
Other receivables		76,682	-
Prepayments		167,693	-
Goodwill		2,214,282	-
Plant & Equipment		165,550	-
Deferred Tax		995,196	-
Right of use assets		394,903	-
Intangibles		<u>274,874</u>	<u>-</u>
Assets held for sale	5c	<u>8,596,070</u>	<u>-</u>

Liabilities associated with assets held for sale

Trade and other payables		388,115	-
Doctors cash on trust		2,919,998	-
Lease liabilities		401,802	-
Tax liabilities		<u>194,380</u>	<u>-</u>
Liabilities associated with assets held for sale	5d	<u>3,904,295</u>	<u>-</u>

In relation to the proposed sale of 100% of the shares ICS holds in Thelma-EU Limited, the Board undertook a review of the Company's operations, opportunities and the MBC business. Key considerations included the value of continuing to operate MBC within the current ICS structure, the sale price to be achieved, other potential investment opportunities for ICS, and the best interests of ICS shareholders over the near and longer term. Following the review and the offer, it was determined that the value being offered by Civica to buy all the shares in MBC delivered compelling value to ICS shareholders for the reasons outlined in detail in the Chairman's letter.

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 6 Dividends

	Consolidated Group	
	31/12/2020	31/12/2019
	\$	\$
Interim unfranked ordinary dividend of 4.5 cents (2019: 4.5 cents per share)	477,182	473,581
	<u>477,182</u>	<u>473,581</u>

At this stage, the board has resolved not to declare an interim dividend pending the outcome of the application of the ATO class ruling concerning the capital return should the sale of MBC be approved and completed.

Note 7 Earnings per Share

	Consolidated Group	
	31/12/2020	31/12/2019
	\$	\$
(a) Reconciliation of earnings to profit or loss (including continuing and discontinuing operations)		
Earnings used in the calculation of dilutive EPS	<u>728,493</u>	<u>832,289</u>
(b) Reconciliation of earnings to profit or loss from continuing operations		
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(209,195)</u>	<u>(150,588)</u>
(c) Reconciliation of earnings to profit or loss from discontinued operations		
Earnings used to calculated basic EPS from discontinued operations	<u>937,688</u>	<u>982,877</u>
	No.	No.
(d) Weighted average number of ordinary shares outstanding during the half-year used in calculating basic EPS	<u>10,604,019</u>	<u>10,604,019</u>
Weighted average number of ordinary shares outstanding during the half-year used in calculating dilutive EPS	<u>10,604,019</u>	<u>10,604,019</u>

Note 8 Cash and Cash Equivalents

	Consolidated Group	
	31/12/2020	30/06/2020
	\$	\$
Cash on trust *	-	2,214,617
Cash at bank	<u>1,709,315</u>	<u>2,376,094</u>
	<u>1,709,315</u>	<u>4,590,711</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 14. The cash on trust amount of \$2,919,998 at 31 December 2020 is included in note 5c.

Note 9 Trade and Other Receivables

	Consolidated Group	
	31/12/2020	30/06/2020
	\$	\$
Trade receivables	-	564,223
Other receivables	-	77,601
Prepayments	-	105,744
VAT and GST receivable	<u>5,894</u>	<u>7,485</u>
Total current trade and other receivables	<u>5,894</u>	<u>755,053</u>

Refer to Note 5 Assets Held for Sale and Discontinued Operations

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 10 Other Financial Assets

	Note	Consolidated Group 31/12/2020	30/06/2020
		\$	\$
Ordinary shares at fair value through other comprehensive income		258,816	187,768
Total assets		258,816	187,768

The consolidated group holds ordinary shares in Openlearning Limited (ASX Code: OLL) which became a listed company on 12 December 2019.

Note 11 Intangible Assets

	Consolidated Group 31/12/2020	30/06/2020
	\$	\$
Goodwill - at cost	-	2,214,282
Computer software:		
Cost	-	1,508,522
Accumulated amortisation and impairment losses	-	(1,230,689)
Net carrying amount	-	277,833
Total intangible assets	-	2,492,115

Refer to Note 5 Assets Held for Sale and Discontinued Operations

Note 12 Right-of-use Assets

	Consolidated Group 31/12/2020	30/06/2020
	\$	\$
Office - right-of-use	-	631,008
Less: Accumulated depreciation	-	(168,270)
	-	462,738

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.

Refer to Note 5 Assets Held for Sale and Discontinued Operations

ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 13 Trade and Other Payables

	Note	Consolidated Group	
		31/12/2020	30/06/2020
		\$	\$
Unsecured liabilities			
Trade payables		-	63,753
Other payables		65,301	171,291
Doctors cash on trust		-	2,214,617
VAT and GST payable		-	291,722
		<u>65,301</u>	<u>2,741,383</u>

Refer to Note 5 Assets Held for Sale and Discontinued Operations

Note 14 Issued Capital

	Consolidated Group		Consolidated Group	
	31/12/2020	30/06/2020	31/12/2020	30/06/2020
	No.	No.	\$	\$
(a) Ordinary Shares				
At the beginning of the reporting period	10,604,019	10,604,019	34,704,095	34,704,095
At the end of the reporting period	<u>10,604,019</u>	<u>10,604,019</u>	<u>34,704,095</u>	<u>34,704,095</u>

(b) **Performance rights**

There were nil (30 June 2020: nil) performance rights as at 31 December 2020.

Note 16 Other

Share sale agreement:

On 18 December 2020, ICSGlobal Limited signed a conditional sale agreement to sell 100% of its shares in its subsidiary, Thelma-EU Limited. An Extraordinary General Meeting of ICSGlobal Limited shareholders is to be held on 19 February 2021 to decide whether to approve the sale of shares.

Note 17 Subsequent Events

Nil

**ICSGLOBAL LIMITED ABN: 72 073 695 584
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of ICSGlobal Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 3 to 12, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Director

Kevin Charles Barry (Chairman)

Dated this 17th day of February 2021

ICSGLOBAL LIMITED

ABN 72 073 695 584

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

Conclusion

We have reviewed the accompanying half-year financial report of ICSGlobal Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

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 does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of ICSGlobal Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company.

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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 other 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.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Sandeep Kumar

SANDEEP KUMAR

Partner

Dated: 17 February 2021