



Annual report **2015–16**

All the right connections for local industry

**ICN Limited strives
towards one goal:
the growth of
Australian and
New Zealand
companies.**

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ACN 068571513

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All the right connections for local industry

Chairman's review

This was a year of contrasts, of highs and lows.

Our journey to commercialisation started out well with significant sales in the first three months following the launch of two additional products. However, these sales for a range of reasons could not be sustained and as a consequence we ended well behind our target.

Having said that, to get to \$1 million dollars from almost a zero base was an amazing achievement for a company that has traditionally provided free services. With more support in some states this could have been even better. Unfortunately, time was not on our side.

The Board was cognisant of the financial issues the company faced and monitored progress through weekly reports from the Executive Director. When it became clear that full self-sustainability, as required by our Deed of Grant, could not be achieved within the timeframe set for us we quickly moved to communicate the seriousness of the situation to the Minister for Industry Innovation and Science and the company members.

The Minister's agreement to provide further financial support in the 2016–17 financial year was very welcome and most beneficial to Australian industry.

The Board, following this advice, adjusted the forward strategy to concentrate on IT delivery to external and internal stakeholders while we await the deliberations of the new Government on how it wants the company to be re-structured, and the focus to be followed.

The shift in the economy from the resources boom to operations and maintenance, and the emergence of more infrastructure and built environment



projects, has been a challenge. Our technology solutions have been tailored to support major projects' Australian Industry Participation (AIP) obligations. Our management of the Supplier Access to Major Projects (SAMP) program has also been linked closely with AIP. The market is shifting and the Network must shift with it.

Both the Board and I firmly believe in the services the company provides, the value we add to the network and Australian industry in general. We strongly recommend that an independent central co-ordinating organisation be part of any future network structure which must include a more national and consistent offering.

We particularly wish to thank our Ministers during the reporting period, the Hon Ian Macfarlane MP and the Hon Christopher Pyne MP and the very supportive staff of the Department of Industry, Innovation and Science. Our own staff in the company have achieved significant success in a difficult year and on behalf of the Board I thank each and every one most sincerely. To our Board, I express my sincere thanks for your patience, guidance and tolerance.

DAVID MCLACHLAN AO
Chairman

Executive Director's report

The 2015-16 year was one of challenge, contrasts, good outcomes and disappointments.

We spent much of the year undertaking analysis; financial performance, sales results, competitor activity and technology options. Whilst this was 'must do' it also left little time to take stock and plan the way forward.

Nevertheless, it was a year of fantastic achievements by our small, dedicated team. We saw our annual sales revenues reach \$1 million for the first time, we continually improved our online presence and our client systems, we introduced a free financial viability scorecard for suppliers and we rolled out one of the most complex marketing automation systems that our integration partner had seen. This would not have been achieved without our specialised in-house IT skills.

Our focus for the year was financial self-sustainability, as required under our contract with the Australian Government. In the first year of full operations, we achieved more than \$1.3 million in sales. Whilst this was well short of what would be needed going forward under the current business model, it was an amazing achievement given our resources and the restrictions a federated structure imposes.

Many hours were spent by our Finance Manager, working with our external auditors and financial advisers to ensure the financial models we built and the analysis undertaken was robust, given the importance of the outcomes to the Board and the company. Needless to say we also closely controlled our expenditure. The advice from the Minister that we would get financial support for 2016-17 was very welcome.



Social media became a much bigger aspect of our marketing communications. We launched our first 'app' for both Apple and Android users, our Facebook page went live and we expanded our activities on both LinkedIn and Twitter. Most of this work was done in-house. An in-house sales and client support team was also established to directly engage and support our subscription clients.

ICN Limited has a great team, be they contractors, employees or service providers.

My thanks to them for coming on the journey, their contributions and for making my job easier.

I would also like to thank the staff at the Department of Industry, Innovation and Science for their advice and assistance throughout the year.

Finally, thank you to the Chairman and the Board for their wise counsel and their patience, perseverance and overall governance.

DEREK LARK
Executive Director



Highlights

- The network contributed to contracts worth \$1.399 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- More than 6,501 new companies registered on ICN Gateway.
- As at 30 June 2016, about 140 projects were listed on ICN Gateway, valued at \$289.8 billion.
- Continuing management of SAMP projects worth around \$1 million.
- The network reported SAMP contracts worth \$733 million awarded to Australian companies that may have otherwise gone to overseas suppliers.
- ICNL achieved an ICN satisfaction score of 91 per cent.
- Sold in excess of \$1.3 million in subscriptions.



Functions and focus

- Provide a coordination role for the state and territory network offices ensuring a common and consistent approach to activities and to support the ongoing enhancement and development of ICN.
- Develop, manage and provide the national data and communications systems used by ICN, including ICN Toolbox and ICN Gateway.
- Coordinate the network to establish links with global supply chain managers to help Australian and New Zealand SMEs gain access to the global supply chains of major project developers.
- Develop nationally focused marketing and raise awareness and understanding of opportunities available to participate in major projects and global supply chains.
- Provide a direct interface to the Australian Government and relevant Australian Government departments.
- Manage, on behalf of the Australian Government, grant monies and in particular monies associated with SAMP.
- Undertake research on behalf of the states and Australian Government.
- Coordinate activities of ICN to help companies identify Australian suppliers when applying for Tariff Concessions and/or the Enhanced Project By-law Scheme.

Value delivery 2015–16

Customer

- Redesigned ICN Gateway to improve user experience and the online sales process.
- Introduced marketing automation to better nurture and grow our customer base.
- Created a Veda financial viability product for our paying customers.
- Expanded the Capability Statement feature so customers can edit, tailor, save and share.

ICN Gateway

- Expanded state-focused IT enhancements such as local government portal and supply chain mapping.
- Implemented secure web browsing with https into ICN Gateway.
- 140 projects listed online.

- More than 23,162 registrations of interest from local businesses.
- Over \$289.8 billion contracts on offer.

Commercial opportunities

- Integration of product development and sales process into the organisation including marketing automation.
- Ongoing development of third-party IT solutions that are complementary to ICN's core services.

Financial

- Reinvested commercial income into enhanced products.

Strategic direction

- Leading the network in monitoring the environment and developing the 'one network' strategic direction.

National Sector Manager (NSM) program

- Winding up the NSM program after four successful years.

SAMP

- In the reporting period, 285 contracts worth \$733 million were awarded to Australian companies that may have otherwise gone to overseas suppliers.

Strategic alliances

- Austrade
- Australian Industry Group (Ai Group)
- Australian Made Campaign Limited
- Australian Manufacturing Technology Institute Limited (AMTIL)
- Australian Water Association
- Australasian Railway Association
- Council of Textile and Fashion Industries of Australia
- Entrepreneur's Programme
- Global opportunity activities with a number of third-party organisations on behalf of ICN
- Supply Nation



National coordination

ICN's standard operating procedures define the functions of national coordination and the national coordinator as:

- facilitating the coordination of the common activities of participating ICN offices, which are independent bodies
- achieving cooperation between each participating ICN office on matters of common interest
- enhancing the prime function of ICN, namely the promotion of local industry
- facilitating the collection and publication of appropriate statistics and standardisation of reports on ICN activities
- undertaking promotional work on behalf of participating ICN offices
- fostering an open exchange of information between participating ICN offices
- enhancing the ICN collective database on industry capability
- encouraging commonality and best practice in operations across ICN and consistency in application of standard operating procedures
- coordinating and acting as secretariat for meetings of national significance
- making submissions on matters of national interest as agreed mutually by the ICN offices
- representing the interests of the collective ICN offices federally and in forums of national significance.

ICN's Executive Directors met six times during 2015–16, with meetings held in Adelaide, Alice Springs, Canberra (twice), Melbourne and Perth.



Marketing and communications

The continued focus on ICN's paid products delivered an exciting and challenging year for our marketing and communications team.

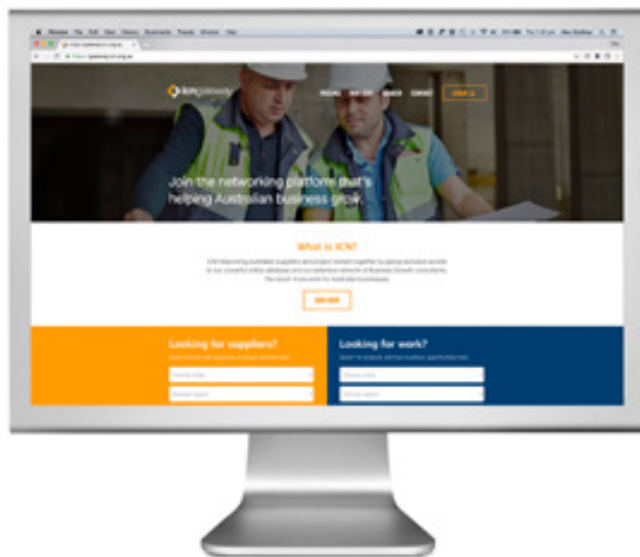
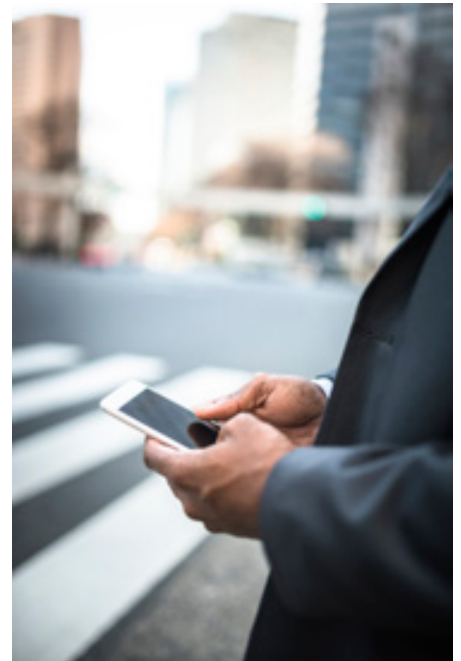
Following the introduction of a full suite of paid products in 2014, this year was about further refining and improving ICN Gateway and our products to drive sales and improve the customer journey.

Key outcomes for the period include:

- introduction of a sophisticated marketing automation system to deliver messages that are valuable to the customer and support their business growth
- a refresh of ICN Gateway earlier in the year and a comprehensive redesign in January to improve user experience and the online sales process

- introduction of a Veda financial viability information to ICN's paid customers
- simplified signup on ICN Gateway to increase the number of local businesses registered with ICN
- the expansion of ICN's social media reach via value-add blogs and posts for our customers
- enhanced the Capability Statement feature so that customers can edit, tailor, save and publish a statement to their ICN Gateway profile.

We look forward to working with ICN's state offices as we continue to deliver services that support the growth of Australian and New Zealand SMEs.



ICN Gateway homepage



ICN Gateway project page



140 projects
listed online 

more than **23,162**
 registrations
of interest
from local businesses

\$over
289 billion
contracts on offer

Supplier Access to Major Projects (SAMP)

The SAMP program, helping Australian suppliers gain access to opportunities both within Australia and globally, was an Australian Government initiative launched in 1997.

The original program, called SAMP Australia, targeted major projects in Australia. It was expanded to encompass international projects through SAMP Global in 2006.

The program was further modified in 2008–09, to provide for funding of both Australian and international projects, and was called AIP-SAMP.

Grant funding has allowed specialist consultants to work with project developers to identify supply opportunities for Australian industry in major projects within Australia and overseas.

Recipients of the funding research and identify competitive Australian and New Zealand companies capable of supplying goods and services to the projects. This gives Australian suppliers the opportunity to compete for work against overseas suppliers.

AIP-SAMP

- During the reporting period, ICN managed 20 AIP-SAMP active projects.
- Six were completed.
- Total wins for the reporting period have amounted to 285 contracts, worth \$733 million.

During the reporting period, the network reported the following significant project wins:

- \$150 million contract awarded to Switzer Australia for harbour towage services for the Inpex 4 project.
- \$100 million contract awarded to Monadelphous Engineering for mechanical works for the Inpex 4 project.

Funding of the SAMP program

A Deed of Agreement between ICNL and the Department of Industry, Innovation and Science provided funding for the program to February 2015 when it closed. ICNL continues to submit reports to the Department on the management and achievements of the SAMP program as a number of projects are still active until December 2016.

The following table shows the number and value of successful contracts achieved under the AIP-SAMP program in 2015–16.

Project	State	No.	\$M
Inpex 4	NT	226	519
New Generation Rolling Stock	QLD	1	1.5
GC2018 Commonwealth Games	QLD	28	111
National Health Care Alliance	VIC	30	101



More information on the SAMP program is available at www.icn.org.au. Following is a list of SAMP projects that were reported on or completed in 2015–16.

AIP-SAMP current projects

ICN Victoria

- National Health Care Alliance
- National Passenger Rail Alliance

ICN New South Wales

- Dubbo Zirconia Project
- HMAS Albatross
- North West Rail

ICN Queensland

- Eagle Downs Coal Construction
- GC2018 Commonwealth Games
- Sunshine Coast Airport

ICN Western Australia

- Oil and Gas Operations and Maintenance Brownfields Support Project
- Wheatstone LNG No 2

ICN Northern Territory

- Ichthys LNG Final Construction & Operational Phase (Inpex 4 Project)
- Mt Peake Vanadium Mine
- Origin Energy Shale Oil and Gas

AIP-SAMP completed projects

- Adani Carmichael Mine and Rail (ICN QLD)
- Arrow Energy LNG (ICN QLD)
- GVK Alpha I Kevin's Corner Coal (ICN QLD)
- New Children's Hospital (ICN WA)
- New Generation Rolling Stock (ICN QLD)
- Roy Hill Iron Ore Mine Stage 2 (ICN WA)
- Shell Prelude FLNG Stage 2 (ICN WA)



Technology systems

Over the years, Australian suppliers and ICN operational offices have come to rely on ICNL's extensive and integrated IT Systems, such as ICN Gateway, ICN Toolbox, the Market Channel Admin Tool, ICN web services and the ICN database.

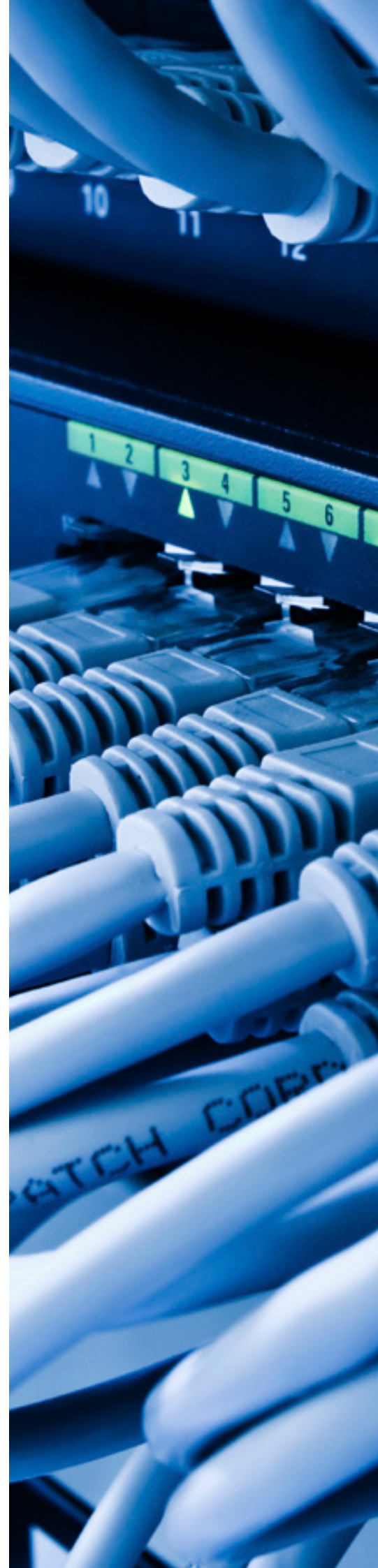
We know Australian SMEs depend on our cutting-edge systems, so we are constantly extending and enhancing them to provide:

- a simple, easy-to-use online tool to help suppliers create and edit their company profile, search for project opportunities, set up email notification preferences and submit expressions of interest for opportunities
- the ability for the public to search for suppliers within regions and by capability
- the ability to search for work packages on major projects, or smaller regional opportunities in specific local government areas, and to be notified of new opportunities
- an inviting web presence accessible from Macs, PCs, iPads and Android tablets
- a secure and intuitive data administration tool (ICN Toolbox) that allows our consultants to easily and effectively manage industry capability data, help project proponents and buyers list new projects, work packages and opportunities, analyse and respond to expressions of interest, liaise with local government authorities' more closely, engage with SMEs and produce timely, accurate reporting
- the ability to interconnect and share industry data with other industry organisations
- the ability to serve cloud framework and mobile applications
- the ability to create and manage project prequalification questionnaires.

Future developments

In 2016–17, our plans include:

- Moving from in-house hardware to an out-sourced data centre.
- Designing and developing improved applications for use on mobile platforms such as the iPhone/iPad and Android devices.
- Using new tools to enhance our client's Expressions of Interest experience.



Strategic direction

In 2013–14, ICNL developed new strategic milestones. These were aligned with the overall objectives set for the 2013–16 planning horizon.

We focused on learning what the Network's clients and stakeholders truly valued and how we were delivering against those needs. One particular focus was on the relationships with key stakeholders and how the Network could influence and adapt to the anticipated changes in our operating environment.

Additionally we moved to be aligned with emerging trends in the use of technology such as big data and online services.



Strategic Plan

Milestones

1. Market research of key partners and customers completed
2. Finalised a common pre-qualification offering
3. Positively influenced ICNL transition
4. Market information shared with all offices
5. Implemented minimum data standards for company records and enquiries
6. Established two-way information sharing with EC
7. Piloted data mining
8. Staff up-skilled and consistently selling our value proposition
9. Stakeholder engagement schedule completed

2016 Targets

- # of partners engaged
- # partner satisfaction
- # of products in demand
- Consistent set of skills at all locations
- # client satisfaction
- Improved ratio of government to non-government revenue
- # of new clients
- Level of ongoing government support
- Program renewal
- # invitations to participate in adjacent programs
- # referrals
- # market share

2016 Outcomes

Strategic partnerships

Full service offering

Increased financial independence

Valued independent consultancy service

Embedded in government programs

Competing successfully

Pathways

Wider suite of products and services

National service levels

Step changes in technology

Market intelligence processes

Leverage unique relationships

Focus on key customer segments

Data mining

Selling our value



Appendices



Appendix 1

Company membership

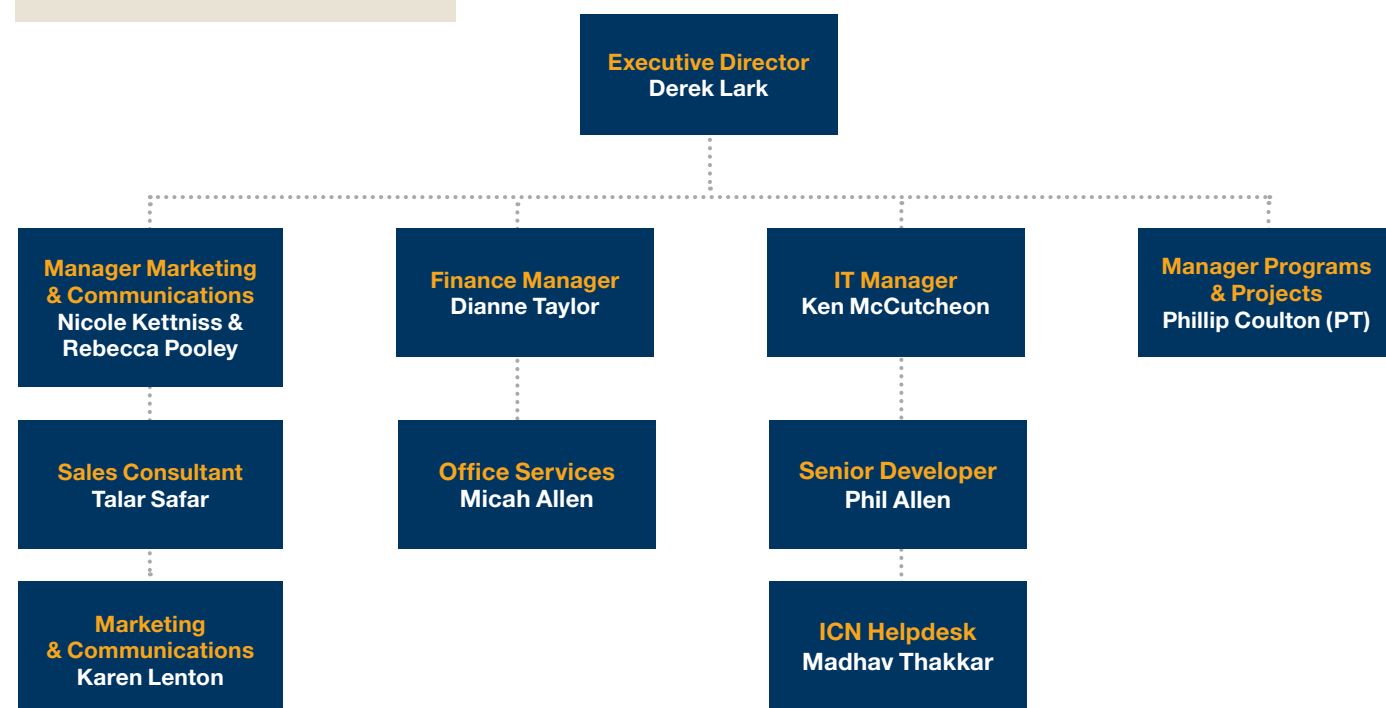
The members of ICNL (2015–16) are:

- Department of Industry, Innovation and Science
- Australian Council of Trade Unions
- Industry Capability Network (VIC)
- Industry Capability Network (NSW)
- QMI Solutions (QLD) Limited
- Business Promotions (NT) Pty Ltd
- The Chamber of Commerce and Industry of Western Australia
- Department of State Development (SA)



Appendix 2

Employee details as at 30 June 2016



Appendix 3

Board composition

The Board of Directors consists of seven people elected by the members.
The full composition of the Board of Directors at 30 June 2016 was:



CHAIRMAN

MR DAVID MCLACHLAN AO

Industry Capability Network Limited
PO Box 130
Deakin West ACT 2600



DIRECTOR

MR ANDREW DETTMER

National President
Australian Manufacturing Workers Union
PO Box 12321
Melbourne VIC 8006



DEPUTY CHAIRMAN

MR ROBERT HERBERT AM

Chairman, TrackSAFE Foundation
Chairman, MCG Trust
Chairman, Australasian Railway Association
3804/7 Riverside Quay, Southbank VIC 3003



DIRECTOR

MR INNES WILLOX

Chief Executive
Australian Industry Group
PO Box 7622
Melbourne VIC 3004



DIRECTOR

MR BRUCE GRIFFITHS OAM

Managing Director, Monoduo Pty Ltd
8 Monomeath Avenue
Toorak VIC 3142



DIRECTOR

MR STUART KENNY

General Manager Northern Australia
Austal Service Darwin Pty Ltd
7 Campion Road
East Arm NT 0828



DIRECTOR

MR RUSSELL KENERY

Principal, Kenery & Associates
PO Box 47
Red Hill VIC 3937



SECRETARY

MR DEREK LARK

Executive Director
Industry Capability Network Limited
PO Box 130
Deakin West ACT 2600

Appendix 4

ICN contact details

ICN has offices in most states and territories of Australia. The ICN offices in New South Wales, Northern Territory and Victoria have branch offices in regional centres.

NORTHERN TERRITORY

6B/390 Stuart Highway
(Cnr Winnellie Rd and Hickman St)
Winnellie NT 0821
GPO Box 1882
Darwin NT 0801
Phone 08 8922 9422
Fax 08 8922 9430
Email info@icnnt.org.au

WESTERN AUSTRALIA

CCIWA Building
Level 1, 180 Hay Street
East Perth WA 6004
PO Box 6209
East Perth WA 6892
Phone 08 9365 7623
Fax 08 9365 7550
Email info@icnwa.org.au

SOUTH AUSTRALIA

Level 4, 11 Waymouth Street
Adelaide SA 5000
GPO Box 320
Adelaide SA 5001
Phone 1300 553 309
Fax 08 8303 2950
Email info@icnsa.org.au

NEW SOUTH WALES

Suite 3, Century Plaza
80 Berry Street
North Sydney NSW 2060
PO Box 2013
North Sydney NSW 2059
Phone 02 9927 3100
Fax 02 8920 1856
Email info@icnsw.org.au

VICTORIA

Level 11, 10 Queens Road
Melbourne VIC 3004
PO Box 7492
Melbourne VIC 3004
Phone 03 9864 6700
Fax 03 9866 6304
Email info@icnvic.org.au

QUEENSLAND

16 Cinderella Drive
Springwood QLD 4127
PO Box 460
Springwood QLD 4127
Phone 07 3364 0670
Fax 07 3364 0786
Email info@icnqld.org.au



Appendix 5

Independent audit report



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INDUSTRY CAPABILITY NETWORK LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Industry Capability Network Limited (the Company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' 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 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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 Company'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 Company's 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Industry Capability Network Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Crowe Horwath Canberra
ABN 62 864 928 439
Member Crowe Horwath International

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Opinion

In our opinion the financial report of Industry Capability Network Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Act 2001*.

Yours sincerely

Crowe Horwath Canberra
CROWE HORWATH CANBERRA

Clare Wagner
Clare Wagner
Audit Partner

Registered Company Auditor 335972

Dated this 23rd day of August 2016



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INDUSTRY CAPABILITY NETWORK LIMITED

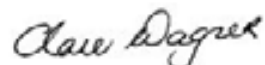
Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Industry Capability Network Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, 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.

Yours sincerely


CROWE HORWATH CANBERRA



Clare Wagner
Audit Partner

Registered Company Auditor 335972

Dated this 23rd day of August 2016

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Appendix 6

Financial statements

Industry Capability Network Limited

ABN 85 068 571 513

Financial Report

For the year ended 30 June 2016

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INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2016.

Directors

The names of the directors in office at anytime during or since the end of the year are:

David John McLachlan
Andrew Keith Dettmer
Bruce Atkin Griffiths
Robert Norman Herbert
Russell Allan Kenery
Stuart Kenny
Innes Alexander Willox

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations

The net loss of the company for the financial year amounted to \$25,142.

A review of the operations of the company during the financial year and the results of those operations are as follows:

The company continued its move to full self-funding on the initial advice from the Federal Government that financial support will conclude at June 2016. The Minister advised an additional twelve months of funding through until June 2017.

Objectives

The company's short-term objectives are to:

- Research our markets, partners and key customers
- Launch a range of supplier commercial offerings across the Network
- Secure the future of ICNL
- Enhance our online systems
- Work closely with aligned third party organisations
- Upskill our staff to consistently sell our value proposition

The company's long-term objectives are to:

- Develop strategic partnerships
- Provide a full service offering
- Increase our financial independence
- Be valued in the market
- Be embedded into government programs
- Maximise our market share
- Proactive Market Offerings
- Consistent Customer Experience across all offices
- Collaborator with Federal Government Departments
- Adaptable Technology

INDUSTRY CAPABILITY NETWORK LIMITED

ABN 85 068 571 513

DIRECTORS' REPORT

Strategy for achieving the objectives

ICNL continues to provide coordination of the network of six ICN offices across Australia.

The strategy was to continue to build upon the foundations for ICN's overall service offering whilst at the same time enhancing our value proposition through a wider suite of products and services, improved quality and consistency of service delivery and leveraging our key relationships. Each year the strategic plan is implemented to make sure our long term horizons for goal delivery are achievable.

We proceeded with our move to develop a licensee model, with each operational office licensed to exploit ICNL's intellectual property. Included into this move is the change to a fully commercial model in keeping with the Federal Government's initial advice on withdrawal of funding support beyond July 2016.

Principal activities

The principal activities of the company during the financial year were:

To maximise Australian and New Zealand industry participation in investment projects and global supply chains. This will be achieved through facilitating the use of Industry Capability Network by procurement agencies and project managers in both the public and private sectors, with the objective of giving Australian industry a greater share of domestic and international business opportunities.

To manage the SAMP AIP program.

These programs and ICNLs operations are part of the Federal Governments Australian Industry Participation Policies and Programs (AIP). ICNL operational funding is in place through until the end of June 2016, funds for SAMP and National Sector Manager programs were reduced by 50% and the programs were completed by the end of the 2015 financial year.

No significant change in the nature of these activities occurred during the financial year.

Key performance measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks including customer satisfaction, financial viability and members collaborating in the interest of the national economic benefit. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Events subsequent to the end of the reporting period

The federal Government have confirmed that an extension of our deed and funding to the end of June 2017 will be provided. During the 2016-17 year they will review the options for the future delivery of ICN services at both the jurisdictional and national level.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

DIRECTORS' REPORT

Likely developments and expected results of operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

DIRECTORS' REPORT

Information on directors

Mr David John McLachlan AO

Qualifications

Experience

- Chairman
- Fellow Australian Institute of Company Directors (Dip)
- Appointed Chairman on inauguration of the company
- Retired from the Australian Army with the rank of Major General in March 1994 after 37 years' service
- State President, RSL (Victorian Branch) since 2002
- Director, RSL National since 2002
- Trustee, Shine of Remembrance, Melbourne since 2002
- Member, Court of Directors, Royal Humane Society of Australasia since 1998

Mr Andrew Keith Dettmer

Experience

- Director
- National President, The Australian Manufacturing Workers Union
- Previous Board Member, QMI Solutions
- Previous Member, ICN Queensland, the Queensland Training and Employment Recognition Council and Construction Skills Queensland
- Represents the ACTU on SafeWork Australia
- Previous Board Member, Australian Workforce and Productivity Agency
- Board Member, The Australia Institute
- Committee Member, APHEDA
- Board Member, Carbon Nexus

Mr Bruce Atkin Griffiths OAM

Experience

- Director
- Director, Quickstep Holdings Limited
- Director, Carbon Revolution Pty Ltd
- Rail Advocate Rolling Stock Development Division, (DEDJTR) Department of Economic Development, Jobs, Transport and Resources

Mr Robert Norman Herbert AM

Qualifications

Experience

- Deputy Chairman, Director
- Bachelor of Commerce (Industrial Relations), UNSW
- Company Director and Consultant
- Chairman, MCG Trust
- Chairman, TrackSAFE Foundation Ltd
- Chairman, Australasian Railway Association

Mr Russell Allan Kenery

Qualifications

Experience

- Director
- Fellow - Illuminating Engineering Society (Aus & NZ)
- Engineers Registration Board CEI (London)
- Advanced Management Program (RMIT)
- Director, Kenery & Associates

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

DIRECTORS' REPORT

Information on directors

Mr Stuart Kenny

Qualifications

Experience

- Director
- MAICD
- General Manager Northern Australia - Austal Service Darwin Pty Ltd
- Vice President and Director, Chamber of Commerce NT
- Board Member, Manufacturers Council NT

Mr Innes Alexander Willox

Qualifications

Experience

- Director
- BA History and Politics
- Director, Australian Super
- Board Member, Migration Council of Australia
- Board Member, Innovative Manufacturing CRC
- Member, International Trade Remedies Forum
- Chair, Ministerial Advisory Council on Skilled Migration

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

DIRECTORS' REPORT

Meetings of directors

During the financial year, five meetings of directors were held. Attendances by each director were as follows:

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	5	5
Mr Andrew Keith Dettmer	5	4
Mr Bruce Atkin Griffiths OAM	5	3
Mr Robert Norman Herbert AM	5	5
Mr Russell Allan Kenery	5	5
Mr Stuart Kenny	5	5
Mr Innes Alexander Willox	5	2

Indemnification of officers

The entity has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the entity, other than conduct involving a wilful breach of duty in relation to the entity.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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.

The company was not a party to any such proceedings during the year.

The company is incorporated under Corporations Act and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of \$50 towards any outstanding liabilities. At 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$500 (2015: \$500).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the board of directors:

Director



Director



Dated:

23 August 2016

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	2	<u>4,175,631</u>	<u>7,730,486</u>
Gross surplus		4,175,631	7,730,486
Salaries and employee benefits		(857,686)	(777,748)
Depreciation		(16,930)	(29,817)
IT and Network Costs		(21,941)	(21,684)
Marketing and Promotion		(148,332)	(89,633)
Rent and Utilities		(130,695)	(109,310)
Administration expenses		(180,032)	(135,057)
Travel costs		(98,887)	(91,673)
NSM Management		-	(2,421,022)
Gateway		(423,419)	(304,537)
SAMP		(1,972,836)	(3,585,510)
Other expenses		<u>(350,015)</u>	<u>(226,000)</u>
Surplus/(Loss) before income tax		(25,142)	(61,505)
Income tax expense		<u>-</u>	<u>-</u>
Surplus/(Loss) for the year		<u>(25,142)</u>	<u>(61,505)</u>
Surplus/(Loss) attributable to members of the company		<u><u>(25,142)</u></u>	<u><u>(61,505)</u></u>

The accompanying notes form part of these financial statements.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Surplus/(Loss) for the year		(25,142)	(61,505)
Other comprehensive income:		_____	_____
Other comprehensive income for the year, net of tax		_____ -	_____ -
Total comprehensive income for the year		<u><u>(25,142)</u></u>	<u><u>(61,505)</u></u>
Total comprehensive income attributable to members of the company		<u><u>(25,142)</u></u>	<u><u>(61,505)</u></u>

The accompanying notes form part of these financial statements.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,826,522	2,798,189
Trade and other receivables	5	7,911	149,116
Financial assets	6	410,000	85,000
Other current assets	7	18,152	38,293
TOTAL CURRENT ASSETS		3,262,585	3,070,598
NON-CURRENT ASSETS			
Property, plant and equipment	8	69,895	63,107
Intangibles	9	1,800	1,800
TOTAL NON-CURRENT ASSETS		71,695	64,907
TOTAL ASSETS		3,334,280	3,135,505
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	149,192	124,635
Provisions	11	295,853	156,562
Other	12	2,156,893	2,096,824
TOTAL CURRENT LIABILITIES		2,601,938	2,378,021
TOTAL LIABILITIES		2,601,938	2,378,021
NET ASSETS		732,342	757,484
EQUITY			
Retained Surplus		732,342	757,484
TOTAL EQUITY		732,342	757,484

The accompanying notes form part of these financial statements.

INDUSTRY CAPABILITY NETWORK LIMITED

ABN 85 068 571 513

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2016

	Retained Earnings \$	Total \$
Balance at 1 July 2014	818,989	818,989
Comprehensive income		
Loss attributable to the members of the company	(61,505)	(61,505)
Total comprehensive income for the year	<u>(61,505)</u>	<u>(61,505)</u>
Balance at 30 June 2015	<u>757,484</u>	<u>757,484</u>
Balance at 1 July 2015	757,484	757,484
Comprehensive income		
Profit attributable to the members of the company	(25,142)	(25,142)
Total comprehensive income for the year	<u>(25,142)</u>	<u>(25,142)</u>
Balance at 30 June 2016	<u>732,342</u>	<u>732,342</u>

The accompanying notes form part of these financial statements.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts - Grants		1,569,172	3,248,076
Receipts - Other		1,286,701	578,037
Interest received		45,023	101,520
Payments		<u>(2,523,845)</u>	<u>(5,729,228)</u>
Net cash provided by (used in) operating activities	15	<u>377,051</u>	<u>(1,801,595)</u>
Cash flows from investing activities			
Purchases of plant & equipment		(53,457)	-
Sale of plant & equipment		29,739	570
Changes in investments		<u>(325,000)</u>	<u>95,000</u>
Net cash provided by (used in) investing activities		<u>(348,718)</u>	<u>95,570</u>
Cash flows from financing activities			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash held		28,333	(1,706,025)
Cash and cash equivalents at beginning of financial year		<u>2,798,189</u>	<u>4,504,214</u>
Cash and cash equivalents at end of financial year	15	<u><u>2,826,522</u></u>	<u><u>2,798,189</u></u>

The accompanying notes form part of these financial statements.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

The financial statements cover Industry Capability Network Limited as an individual entity. Industry Capability Network Limited is a company limited by guarantee, incorporated and domiciled in Australia. The company is a not for profit entity for financial reporting purposes under the Australian Accounting Standards.

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals 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.

The financial statements were authorised for issue on 23 August 2016 by the directors of the company.

(a) Income tax

The company is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in Surplus or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Depreciation

The depreciable amount of all fixed assets are depreciated on a prime cost (PC) basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset:	Depreciation Rate
Property improvements	2.5%
Plant and equipment	20 - 50%
Motor vehicles	12.5%
Software development	20%
Furniture and fittings	20%

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, where the instrument is classified 'at fair value through surplus or loss' in which case transactions costs are expensed to surplus or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) any reduction of impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction cost and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to surplus or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities is recognised in surplus or loss.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(d) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition surpluses. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in surplus or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(e) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

(f) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(g) Employee provisions

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

(h) Other Provisions

Other provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Revenue and other income

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue from the provision of subscriptions is recognised on a straight line basis over the financial year. Subscriptions received which relate to the following financial year are recorded as income in advance at balance date.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Trade and other receivables

Accounts receivable and other receivables include amounts due from members as well as amounts receivable from customers that remain unpaid at the end of the reporting period. The balance is recognised as a current asset with the amounts normally paid within 30 days of recognition of the asset.

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(o) Critical accounting estimates and adjustments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(p) Economic dependence

The company is dependent on the grant funding for the majority of its revenue used to operate the business. At the date of this report the board of directors understand that the funding is only guaranteed until 30 June 2017.

2. Revenue and other income

	2016	2015
	\$	\$
Revenue		
Grant Income		
Operating	1,000,000	1,037,375
SAMP	1,915,996	3,534,006
NSM	-	2,399,912
	<u>2,915,996</u>	<u>6,971,293</u>
Jurisdictional Payments	120,000	160,200
ICS V2 income	17,727	30,000
Interest received	2(a) 44,472	96,109
Cost recoveries	54,890	62,652
Other revenue	921,437	410,232
Total revenue	<u>4,074,522</u>	<u>7,730,486</u>
(a) Interest received from:		
Other corporations	<u>44,472</u>	<u>96,109</u>

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. Expenses

	2016 \$	2015 \$
Surplus from continuing operations includes the following specific expenses:		
Expenses:		
Depreciation and amortisation expense	16,930	29,817
Net loss on disposal of non-current assets:		
Property, plant and equipment	-	-
Auditor remuneration	19,750	20,850
Rental expense	<u>81,699</u>	<u>77,730</u>

4. Current assets - cash and cash equivalents

	2016 \$	2015 \$
Cash at bank	<u><u>2,826,522</u></u>	<u><u>2,798,189</u></u>

5. Current assets - trade and other receivables

	2016 \$	2015 \$
Trade receivables	3,611	95,935
Other debtors	256	218
Goods and services tax	-	48,368
Accrued interest	<u>4,044</u>	<u>4,595</u>
	<u><u>7,911</u></u>	<u><u>149,116</u></u>

6. Current assets - financial assets

	2016 \$	2015 \$
Held-to-maturity investments	(a) <u><u>410,000</u></u>	<u><u>85,000</u></u>
(a) Held-to-maturity investments:		
Term deposit - provisions	<u>410,000</u>	<u>85,000</u>

7. Current assets - other assets

	2016 \$	2015 \$
Prepayments	<u><u>18,152</u></u>	<u><u>38,293</u></u>

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

8. Non-current assets - property, plant and equipment

	2016 \$	2015 \$
Property improvements	14,834	14,834
Less accumulated depreciation	<u>(2,952)</u>	<u>(2,579)</u>
Total land and buildings	<u>11,882</u>	<u>12,255</u>
Plant and equipment	131,278	121,710
Less accumulated depreciation	<u>(116,127)</u>	<u>(109,436)</u>
	<u>15,151</u>	<u>12,274</u>
Motor vehicles	43,889	38,439
Less accumulated depreciation	<u>(5,185)</u>	<u>(10,696)</u>
	<u>38,704</u>	<u>27,743</u>
Software	14,947	31,965
Less accumulated depreciation	<u>(13,443)</u>	<u>(24,192)</u>
	<u>1,504</u>	<u>7,773</u>
Furniture and fittings	54,105	54,105
Less accumulated depreciation	<u>(51,451)</u>	<u>(51,043)</u>
	<u>2,654</u>	<u>3,062</u>
Total property, plant and equipment	<u><u>69,895</u></u>	<u><u>63,107</u></u>

(a) Movement in carrying amounts

For disclosure on movement in carrying amounts please refer to note 20(a) in the end of this financial report.

9. Non-current assets - intangible assets

	2016 \$	2015 \$
Patents and trademarks	1,800	1,800
Accumulated amortisation and impairment losses	<u>-</u>	<u>-</u>
	<u>1,800</u>	<u>1,800</u>
Reconciliation of patents and trademarks		
Balance at beginning of year	1,800	1,800
Additions	-	-
Disposals	<u>-</u>	<u>-</u>
Closing carrying value at end of year	<u><u>1,800</u></u>	<u><u>1,800</u></u>

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

10. Current liabilities - trade and other payables

	2016 \$	2015 \$
Trade creditors	26,720	80,214
Accrued costs	41,024	29,007
Withholding taxes payable	14,526	15,414
Provision for GST	66,922	-
	<u>149,192</u>	<u>124,635</u>

11. Current liabilities - employee provisions

	2016 \$	2015 \$
Provision for holiday pay:		
Opening balance	19,940	53,623
Provision reductions	(10,626)	(33,683)
Closing Balance	<u>9,314</u>	<u>19,940</u>

	2016 \$	2015 \$
Provision for long service leave:		
Opening balance	42,778	39,762
Additional provisions raised	4,779	3,016
Closing Balance	<u>47,557</u>	<u>42,778</u>

	2016 \$	2015 \$
Provision for redundancy pay		
Opening balance	93,844	98,385
Additional provisions raised	10,138	10,102
Provision Reductions	-	(14,643)
Closing Balance	<u>103,982</u>	<u>93,844</u>

	2016 \$	2015 \$
Total provisions		
Opening balance	156,562	191,770
Additional provisions raised	14,917	13,118
Provision reductions	(10,626)	(48,326)
Closing Balance	<u>160,853</u>	<u>156,562</u>

	2016 \$	2015 \$
Add: Provision for Contingent Liabilities	135,000	-
	<u>295,853</u>	<u>156,562</u>

INDUSTRY CAPABILITY NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. Current liabilities - other

	2016	2015
	\$	\$
Income in advance		
SAMP grant funds on hand at end of year	940,275	1,951,111
Subscriptions in Advance	466,618	145,713
Operating grant in advance	750,000	-
	<u>2,156,893</u>	<u>2,096,824</u>

13. Key management personnel disclosures

Compensation

The aggregate compensation made to officers and other members of key management personnel of the company is set out below:

	2016	2015
	\$	\$
Short-term employee benefits	<u>402,152</u>	<u>384,751</u>

14. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no related party transactions during the year.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

15. Cash flow information

	2016 \$	2015 \$
(a) Reconciliation of cash		
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	2,826,522	2,798,189
	<u>2,826,522</u>	<u>2,798,189</u>
(b) Reconciliation of cash flow from operations with profit		
Surplus/(loss) after income tax	(25,142)	(61,505)
Non-cash flows in surplus:		
Depreciation and amortisation	16,930	29,817
Changes in assets & liabilities:		
(Increase) / decrease in trade and other receivables	141,205	(92,664)
Increase / (decrease) in trade and other payables	24,557	8,637
Increase / (decrease) in deferred revenue	60,069	(1,644,441)
Increase / (decrease) in provisions	139,291	(42,417)
(Increase) / decrease in prepayments	20,141	978
Net cash provided by (used in) operating activities	<u>377,051</u>	<u>(1,801,595)</u>

16. Capital and leasing commitments

(a) Operating lease commitments

	2016 \$	2015 \$
Payable - minimum lease payments		
- not later than 12 months	77,734	-
- Later than 12 months but not later than 5 years	-	-
	<u>77,734</u>	<u>-</u>

INDUSTRY CAPABILITY NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. Financial risk management

The company's financial instruments consist mainly of deposits with banks, short-term and long-term investments, receivables and payables, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	4	2,826,522	2,798,189
Trade and other receivables	5	7,911	149,116
Financial assets Held-to-maturity investments - investments in government and fixed interest securities	6	410,000	85,000
Total financial assets		<u>3,244,433</u>	<u>3,032,305</u>
Financial liabilities			
Trade and other payables	10	149,192	124,635
Total financial liabilities		<u>149,192</u>	<u>124,635</u>

Specific financial risk exposures and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 90% of the grants being received from Commonwealth, state and local governments are in accordance with funding agreements which ensure regular funding.

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FOR THE YEAR ENDED 30 JUNE 2016

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed and approved by the Board.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions.

c. Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to fixed interest securities and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

18.

Company details

The registered office and principal place of business of the company is:
Industry Capability Network Limited
Ground Floor, 37 Geils Court
Deakin ACT 2600

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

19. Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

20. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Property improvements	Plant and equipment	Motor vehicles	Software development	Furniture and fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	12,626	23,155	36,991	16,969	3,753	93,494
Additions	-	-	-	-	-	-
Disposals	-	(570)	-	-	-	(570)
Depreciation expense	(371)	(10,311)	(9,248)	(9,196)	(691)	(29,817)
Carrying amount at 30 June 2015	12,255	12,274	27,743	7,773	3,062	63,107
Additions	-	9,568	43,889	-	-	53,457
Disposals	-	-	(27,230)	(2,509)	-	(29,739)
Depreciation expense	(373)	(6,691)	(5,698)	(3,760)	(408)	(16,930)
Carrying amount at 30 June 2016	11,882	15,151	38,704	1,504	2,654	69,895

INDUSTRY CAPABILITY NETWORK LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, which comprise the statement of financial position as at 30 June 2016, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes are in accordance with the Corporations Act 2001: and
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company.
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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Dated:

23 August 2016



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