

Annual report  
2013–14

**All the right connections  
for local industry**



## Vision

To contribute to increased economic activity and employment for Australia and New Zealand, by helping Australian and New Zealand industries gain a greater share of domestic and international business opportunities.

## Mission

To maximise Australian and New Zealand industry participation, particularly in investment projects and global supply chains.

## Value proposition

Tailored Australian and New Zealand procurement solutions through a personalised consultancy service.



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## Contents

Chairman's review	5
Executive Director's report	6
Highlights for the year	7
Functions and focus	8
Value delivery 2012	11
Strategic alliances	11
National coordination	12
Marketing & communications	13
Supplier Access to Major Projects (SAMP)	17
National Sector Managers	18
Technology systems	19
Strategic direction	21
Appendix 1 – Company membership	22
Appendix 2 – Employee details as at 30 June 2014	23
Appendix 3 – Board composition	24
Appendix 4 – ICN contact details	25
Appendix 5 – Supplier Access to Major Projects (SAMP)	26
Appendix 6 – Independent audit report	27
Appendix 7 – Financial statements	29



# Chairman's review



This year has been one of plans, possibilities and preparations.

ICN Limited (ICNL) has prepared for a number of changes to the business, which at the end of the year continue to remain unresolved due to circumstances beyond our own control.

The passing of the new Australian Jobs Act initially signalled a possible impact on ICNL. However, with the change of government at the federal election in October, this did not eventuate. The new government engaged consultants Ernst and Young to review the Australian Industry Participation (AIP) policies and programs. ICNL and the two programs we manage, Supplier Access to Major Projects (SAMP) and National Sector Managers (NSM), came under this review.

We understand that, among other things, the review concluded that the strengths of the Network were primarily the database and the quality of the specialist staff. A single national provider, competing against other service providers, was the preferred model.

These findings aligned closely with the customer research undertaken by ICNL on behalf of the Network, and the strategic deliberations undertaken during the year.

ICNL, in conjunction with the Network offices, considered the overall business model of the Network throughout the year. We devoted considerable time, energy and resources on this critical project. Whilst no firm decision on the best model or the way forward has been made, significant further analysis and workshops were planned for early in the 2014–15 year, in a bid to fast track a resolution, and move the organisation into a stronger position.

ICNL faces a critical challenge of potentially having no federal government funding beyond 30 June 2015. It is already under pressure due to the possible reduction in funding beyond 31 December 2014 because of the unknowns around AIP, SAMP and NSM programs. The withdrawal or reduction in

state governments' financial support of operational ICN offices is also of significant concern to the Board of ICNL.

Notwithstanding these pressing issues, ICNL continued to effectively and efficiently do what it is charged to do: co-ordinate the Network, manage the SAMP and NSM programs (including direct management of the mining sector NSM), provide marketing, public relations and communications support and develop, manage and maintain the IT systems.

That we did this within the pressures of uncertainty and other environmental distractions is, I believe, a tribute to the resilience, dedication, knowledge and experience of my fellow Board directors and the staff of ICNL.

I look forward to the announcement by the Australian Government on the Industry Innovation and Competitiveness Agenda, and the outcomes of the AIP review. ICNL stands ready, willing and extremely able to be part of this new direction.

2013–14 saw the re-election of Mr Bruce Griffiths OAM and Mr Russell Kenery. Mr Andrew Dettmer was nominated to fill a casual vacancy and he was duly elected by the members at ICNL's 19<sup>th</sup> AGM.

Mr Innes Willox was invited by the Board to fill a casual vacancy in January 2014.

We acknowledge and thank our Ministers for their support and assistance. We also wish to thank the Department of Industry for their continuing confidence in ICNL and our activities.

Last but not least, I would like to thank the ICNL team, led by Mr Derek Lark and I look forward to working with them in 2014–15.

**DAVID MCLACHLAN AO**  
Chairman

# Executive Director's report



A year of ecosystem changes and unknowns is, in many ways, how to describe 2013–14.

There have been a number of possible strategic scenarios that have been either placed in front of ICNL, or which ICNL itself has developed. This has led somewhat to a level of uncertainty around our future and has, at times, disrupted our focus on core activities.

Following the establishment of the Jobs Act and the Australian Industry Participation Authority, ICNL prepared a transition plan in readiness for any subsequent transfer of responsibilities. We also awaited and looked closely at the Commission of Audit report.

The reduction in funding for the 2014–15 year that emerged as part of the Federal Budget caused ICNL to stop and reassess its resources, action plans and forward goals. And as the year drew to a close we awaited the outcome of the government's consideration of Ernst and Young's report on AIP and the deliberations on its future.

It was evident that ICNL and the Network would need to change the business model, become more commercial and enhance our service delivery under this new environment. Our deliberations were further advised by the independent customer research that we commissioned.

A key activity in the latter half of the year was the development, marketing and sale of a new commercial product, ICN Gateway Premium, which gave us with an alternative source of revenue from the small to medium businesses who saw the additional value in this enhanced service.

At the same time the team at ICNL delivered business as usual to our clients, members and key stakeholders. Our network satisfaction rose to an all-time high of 89%.

This is a credit to the resilience and dedication of the small team at ICNL. Without them my task would be impossible and I thank them for their great work this year.

Next year looks to be an even bigger challenge. The team at ICNL are ready to face those challenges and to grow the business.

Finally I would like to thank the Board, led by Chairman David McLachlan and the Australian Industry Participation Policy Section within the Department of Industry.

**DEREK LARK**  
Executive Director

# Highlights

- ❖ The network contributed to contracts worth \$3.96 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- ❖ The appointment of a National Sector Manger for Textile, Clothing and Footwear.
- ❖ Nine National Sector Managers were in operation throughout the year.
- ❖ ICN Limited increased its network satisfaction score with the network to achieve a rating of 89%.
- ❖ Management of \$2.161 million of new Supplier Access to Major Projects (SAMP) grants.
- ❖ There were eight SAMP applications received, and seven projects approved.
- ❖ Annual grant payments of more than \$4 million.
- ❖ The network reported SAMP contracts worth \$2,156 million awarded to Australian companies that may have otherwise gone to overseas suppliers.
- ❖ More than 5,042 new companies registered on ICN Gateway.
- ❖ As at 30 June 2014, around 176 projects were listed on ICN Gateway, valued at \$447 billion.
- ❖ Completing major stakeholder and client market research.
- ❖ Launching our enhanced subscription service – ICN Gateway Premium.



# Functions and focus

The primary functions of ICN Limited are to:

- > provide a coordination role for the state, territory and New Zealand 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
- > manage the National Sector Manager (NSM) program and support the Supplier Advocates
- > coordinate activities of ICN to help companies identify Australian suppliers when applying for Tariff Concessions and/or the Enhanced Project By-law Scheme.



## Opportunities still abound on Ichthys

The US\$34 billion Ichthys LNG project has great opportunities for Australian small to medium enterprises (SMEs). ICN has helped many Australian businesses in winning work on this major project, including Peddle Thorp WKM, which won a contract to design off-plant buildings and Ahrens, who successfully won a contract to construct 10 buildings for the project's Manigurr-ma Village at Howard Springs, Darwin.



There are plenty more success stories to tell, including that of Process Group, an Australian company that supplies technical solutions such as packaged process systems and process trains for the oil and gas production, refining, petrochemical and carbon capture industries.

Samsung Heavy Industries (SHI) is the engineering, procurement and construction (EPC) contractor for the Ichthys project's Central Processing Facility (CPF). ICN identified Process Group as a potential vendor to work on the CPF package and nominated them to SHI. Through this, Process Group made it onto the SHI-approved vendor list.

The CPF will gather natural gas and condensate from the Ichthys field's subsea wells. The gas will be initially processed at the CPF to extract condensate and water, making the gas suitable for transmission through the gas export pipeline to the onshore processing facilities at Blaydin Point, Darwin.

Once ICN identified and nominated Process Group as having the capability, they tendered for and subsequently won the \$20 million contract for the triethylene glycol dehydration (TEG) regeneration package on the CPF.

Kevin Peters, CEO, ICN Northern Territory, explains how ICN helped Process Group in accessing the Ichthys project. 'We directly researched, sourced and assessed manufacturers and service providers for SHI and through this knew that Process Group would be a good fit for the project'.

Not only did Process Group win the TEG regeneration package, but being added to the SHI preferred vendor list, they also tendered for and won the \$6 million contract to design, manufacture, test and supply the fuel gas treatment (hydrogen sulfide and mercury removal) packages for the CPF.

Process Group's Director of Sales, Alistar Singh, gratefully acknowledged the work of ICN. 'ICN's contribution was a valuable initial step in the comprehensive vendor approval process that Process Group had to navigate'.

As with other large resource and infrastructure projects, the Ichthys project agreed with the Northern Territory Government and Australian Government on an Australian Industry Participation (AIP) plan. Firms interested in work opportunities on the project are directed to ICN Gateway, rather than engaging directly with INPEX or main contractors.

To support ICN, the Australian Government funds the Supplier Access to Major Projects (SAMP) program which gives ICN the resources to promote and maximise the participation of local Australian suppliers and service the AIP requirements for the project.

ICN is Australia and New Zealand's innovative industry matchmaker. If you're a major project developer, ICN can put you in contact with the best suppliers. If you're a supplier we will connect you with the best projects for your business.

**For more  
information  
on how ICN can  
help your business**

**go to:**

**[www.icn.org.au](http://www.icn.org.au)**

or call your local ICN office  
on 1300 961 139

Issue date: March 2014



# Value delivery 2013–14

## Information, communication and technology

### ICN Gateway:

- 176 projects listed online
- More than 39,611 registrations of interest from local businesses
- Over \$447 billion contracts on offer

## Commercial opportunities

- Development and delivery of commercial product – ICN Gateway Premium
- Ongoing development of third party IT solutions that are complementary to ICN's core services
- Marketing and communications support for internal clients

## Marketing and communications

- Continued support of the NSM and SAMP program including event management, editorial pieces and advertising

## Financial

- Used a portion of company equity to enhance IT systems and member services

## Strategic Direction

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

## National Sector Manager Program

- Ongoing management and strategic direction of the NSM program

## SAMP

- The Department of Industry allocated up to \$2 million for SAMP this year. All available funds were allocated
- In the reporting period, 311 contracts worth \$2,156 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)
- Australasian Railway Association (ARA)
- Defence Export Unit
- Enterprise Connect (now Entrepreneurs' Infrastructure Programme)
- Federation of Automotive Products Manufacturers (FAPM)
- Australian Water Association
- Global opportunity activities with a number of third-party organisations on behalf of ICN



# 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 four times during 2013–14, with meetings held in Darwin, Hobart, Melbourne and Sydney.

At a national level, ICNL represented the network when dealing with a number of organisations including:

- > AusIndustry
- > Austrade
- > Australian Customs and Border Protection Service
- > Australian Made Campaign Limited
- > Defence Materiel Organisation
- > Defence Export Unit
- > Department of Industry
- > Enterprise Connect (now Entrepreneurs' Infrastructure Programme)
- > FAPM.

As national representative and coordinator for ICN, ICNL provided input and liaison with Department of Industry on a wide range of activities including:

- > the management of the SAMP program
- > involvement of ICNL and ICN in other Australian Government industry programs
- > ICNL and Department of Industry processes and relationship management
- > cost-recovery opportunities and mechanisms
- > governance and funding
- > AusIndustry programs and Enhanced Project By-law Scheme and Tariff Concessions
- > strategic planning for ICN
- > support for the Australian Government's Supplier Advocates
- > collaboration with Austrade and Enterprise Connect (now Entrepreneurs' Infrastructure Programme).



# Marketing & communications

ICN Limited marketing achieved the strategic milestone of undertaking market research of key partners and customers, while also focusing on supporting ICN and the NSMs.

A key win for the network was completing the stakeholder and client market research project in November 2013. This was ICN's number one strategic milestone, and the aim was to benchmark customer perceptions, understand needs, maximise communication effectiveness and identify opportunities. ICN Marketing led this project and the findings have given a strong basis for the network's ongoing strategic direction.

Following the success of Ozwater '13, ICN again managed the 2014 event. This joint collaboration between ICN Limited, NSM Water, the Water Supplier Advocate, Australian Water Association and Department of Industry was a great success with feedback overwhelmingly positive. The joint stand showcased nine SMEs, giving them the opportunity to exhibit under a professional brand, generate leads and network across the water industry.

A number of SAMP specific marketing activities were undertaken to promote SAMP and the benefits it delivers to SMEs and project managers. This included three case studies, feature editorial in the ICN quarterly newsletter and editorial pieces in sector-specific publications.

ICN Gateway enhancements were significant this year with ICN marketing working as part of a team to update the existing ICN Gateway website. This included management of the full site re-design, internal communications and improved feedback messages to suppliers. The new-look site makes it easier for suppliers to manage their profile and Expressions of Interest. The site went live in early December 2013.

An exciting initiative of the year was the launch of ICN Gateway Premium. This enhanced product is available to all SMEs (for a fee) and makes it easier for businesses to promote their organisation and capabilities and find targeted opportunities that are right for them. ICN Marketing contributed significantly to the development of the ICN Gateway Premium product. This included concept development, organisation operational changes, marketing development and rollout, organisational training and ongoing support.

Other key outcomes for the year included:

- > four editions of the national newsletter developed and distributed
- > development of 10 case studies on ICN's successes
- > more than 19 editorial pieces placed in sector-specific publications
- > various templates, ads and marketing materials for state-based activities
- > national presence at major conferences and events.







- ✦ 176 projects listed online
- ✦ More than 39,611 registrations of interest from local businesses
- ✦ Over \$447 billion contracts on offer





# Supplier Access to Major Projects (SAMP)

The SAMP program is an Australian Government initiative that was initially 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. Changes to the program included revised application criteria, financial arrangements and reporting requirements.

SAMP helps Australian suppliers gain access to opportunities both within Australia and globally. The program is open to any ICN office to apply.

## AIP-SAMP

- > During the reporting period, 24 AIP-SAMP active projects were managed.
- > Seven projects were completed and one project was cancelled.
- > Total wins for the reporting period have amounted to 311 contracts worth \$2,156 million.
- > There were two rounds of SAMP grants this year which took place in November 2013 and April 2014. ICNL received eight applications for funding. Following consideration of the applications seven projects received grants (see table below).

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

- > \$44.5 million contract awarded to Cape Australia (WA) for insulation, fireproofing and painting on the Wheatstone Project
- > \$66 million contract awarded to Downer Infrastructure West (WA) for electrical instrumentation on the Wheatstone Project.

## Funding of the SAMP program

A Deed of Agreement between ICNL and the Department of Industry provides funding for the program. ICNL submits reports to the Department on the management and achievements of the SAMP program. The funds allocated by the Department during the reporting period amounted to \$2 million (ex GST) for AIP-SAMP.

The following table shows the number and value of successful contracts achieved under the AIP-SAMP program in 2013–14:

Project	State	No.	\$M
Roy Hill	QLD	53	220
Inpex 4	WA	149	1,237
Wheatstone St 2	WA	13	177
Gladstone LNG Extension	QLD	4	205
National Health Care Alliance	VIC	3	23

## SAMP project overview and outcomes

Project	Applicant	Grant*
National Oil and Gas Operations and Maintenance and Brownfields Support Program	ICN WA	\$717,000
Shell FLNG Prelude Stage 2	ICN WA	\$375,000
Roy Hill Iron Ore Stage 2	ICN WA	\$132,825
Adani Carmichael Coal, Rail and Port Project FEED Stage	ICN QLD	\$260,000
Arrow Energy LNG Project Upstream and Midstream Components	ICN QLD	\$262,000
GDF Suez Bonaparte FLNG	ICN NT	\$214,350
Dubbo Zirconia	ICN NSW	\$200,000
<b>TOTAL</b>		<b>\$2,161,175</b>

\* Ex GST

# National Sector Manager program

The National Sector Manager (NSM) program started in May 2010 and was extended in July 2013.

Under the program, ICN receives extra funding through the SAMP program to target priority sectors. NSMs have been appointed to coordinate ICN's activities and work with Supplier Advocates to ensure local companies are well placed to pursue opportunities in the chosen sectors.

Nine NSMs were in place and operating throughout 2013–14.

The appointment of a Textile, Clothing and Footwear (TCF) sector NSM has identified that a number of the priority sectors have a relationship with TCF which is demonstrated by the breadth of input that TCF has across major manufacturing and construction projects.

The activity reports of the managers indicate significant levels of engagement with government at all levels, industry and project proponents. NSMs established a network of contacts within the ICN, with whom they now liaise with on a regular basis. A major outcome has been the cross-collaboration between states to coordinate ICN activities within the various sectors.

The NSMs worked closely with the Australian Government's Supplier Advocate program.



**NATIONAL BROADBAND NETWORK**  
**DAVID ANDERSON**  
ICN TAS



**OIL & GAS**  
**COLBY HAUSER**  
ICN WA



**RAIL**  
**TONY CARNEY**  
ICN VIC



**HEALTH**  
**DAVID RYANT**  
ICN VIC



**CLEAN ENERGY**  
**KLAUS BAUMGARTEL**  
ICN NSW



**MINING**  
**FRED CROSS**  
ICNL



**WATER**  
**HAMISH GORDON**  
ICN SA



**STEEL**  
**BRUCE KADY**  
ICN QLD



**TEXTILE CLOTHING AND FOOTWEAR**  
**SARAH CONNORS**  
ICN VIC



# Technology systems

ICN Gateway, ICN Toolbox, the Market Channel Admin Tool, ICN Web Services and the ICN database are at the core of ICN Limited's IT systems.

We are constantly extending and enhancing our systems 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 that is accessible from Macs, PCs, iPads and Android tablets
- > a secure and intuitive data administration tool (ICN Toolbox) that allows ICN 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 2014–15 we will continue to design and develop enhancements to ICN Gateway website and the ICN Toolbox admin application. In addition we will be extending our ICN Premium subscription offering.
- > With our data-sharing technology now in place and serving various external web-based systems, we are working to extend our data-sharing relationships to more third-party agencies.
- > We are designing and developing more applications for use on mobile platforms such as the iPhone/iPad and Android devices.



# Strategic direction

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

We focused on learning what the Networks' 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 on line services.

## Strategic Plan 2013–2016

### June 2014 Milestones

### 2016 Targets

### 2016 Outcomes



## Pathways



# Appendix 1

## Company membership

The members of ICN Limited (2013–14) are:

- Department of Industry
- Australian Council of Trade Unions
- Industry Capability Network (VIC) Limited
- Industry Capability Network (NSW) Limited
- QMI Solutions (QLD) Limited
- Business Promotion (NT) Pty Ltd
- The Chamber of Commerce and Industry of Western Australia
- Department for Manufacturing, Innovation, Trade, Resources and Energy (SA)
- Department of Economic Development, Tourism and the Arts (TAS)
- ACT Government Economic Development Directorate
- New Zealand Trade & Enterprise.



# Appendix 2

## Employee details as at 30 June 2014



# Appendix 3

## Board composition

The Board of Directors consists of seven people elected by the members. There is currently one vacancy.

The full composition of the Board of Directors at 30 June 2014 was:



**CHAIRMAN**

**MR DAVID MCLACHLAN AO**

Industry Capability Network Limited  
PO Box 130, Deakin West ACT 2600  
Ph: 02 6285 2033



**SECRETARY**

**MR DEREK LARK**

Executive Director  
Industry Capability Network Limited  
PO Box 130, Deakin West ACT 260  
Ph: 02 6285 2033



**DEPUTY CHAIRMAN**

**MR ROBERT HERBERT AM**

Director Skilled Group Ltd | Chairman TrackSAFE  
Foundation | Trustee MCG  
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**DIRECTOR**

**MR ANDREW DETTMER**

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



**DIRECTOR**

**MR BRUCE GRIFFITHS OAM**

Managing Director, Monoduo Pty Ltd  
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**DIRECTOR**

**MR INNES WILLOX**

Chief Executive  
Australian Industry Group  
PO Box 7622 Melbourne VIC 8004



**DIRECTOR**

**MR RUSSELL KENERY**

Principal, Kenery & Associates  
PO Box 47, Red Hill VIC 3937  
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# Appendix 4

## ICN contact details

ICN has offices in every state and territory of Australia and in New Zealand. The ICN offices in Queensland, New South Wales, Victoria and New Zealand have branch offices in regional centres.

### **NORTHERN TERRITORY**

6B/1450 Stuart Highway  
(Cnr Winnellie Rd and Hickman St)  
Winnellie NT 0821  
GPO Box 1882  
Darwin NT 0801  
Phone 08 8922 9422  
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### **WESTERN AUSTRALIA**

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PO Box 6209  
East Perth WA 6892  
Phone 08 9365 7623  
Fax 08 9365 7550  
Email [info@icnwa.org.au](mailto:info@icnwa.org.au)

### **TASMANIA**

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Hobart TAS 7000  
GPO Box 646  
Hobart TAS 7001  
Phone 03 6165 5051  
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### **SOUTH AUSTRALIA**

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131–139 Grenfell Street  
Adelaide SA 5000  
GPO Box 1264  
Adelaide SA 5001  
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### **NEW SOUTH WALES**

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North Sydney NSW 2059  
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Fax 02 8920 1856  
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### **AUSTRALIAN CAPITAL TERRITORY**

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Canberra ACT 2601  
Phone 02 6207 2569  
Fax 02 6207 0033  
Email [info@icnact.org.au](mailto:info@icnact.org.au)

### **VICTORIA**

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Fax 03 9866 6304  
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# Appendix 5

## Supplier Access to Major Projects (SAMP)

The Australian Government, through the Department of Industry, provides funding to employ specialist consultants to work with project developers to identify supply opportunities for Australian industry in major projects within Australia and overseas.

The program is open to any ICN office to apply. ICNL manages the funding on behalf of Department of Industry and is responsible for coordinating the SAMP selection panel, managing grant payments and reporting on project activity.

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.

The program, known as AIP-SAMP Australia, has provided \$10 million in funds since 2010.

SAMP Global started in 2006 with the objective of identifying global opportunities for Australian suppliers in major projects overseas. It was revised to facilitate opportunities for Australian suppliers through major projects in Australia and overseas (AIP-SAMP).

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

More information on the SAMP program is available at [www.icn.org.au](http://www.icn.org.au).

Following is a list SAMP projects that were reported on or completed in 2013–14

### AIP-SAMP current projects

ICN Victoria:

- National Healthcare Alliance

ICN New South Wales:

- North West Rail
- Dubbo Zirconia Project

ICN Queensland:

- New Generation Rolling Stock
- GVK Alpha / Kevin's Corner Coal – Design & Construction
- Adani Carmichael Mine and Rail Project
- Arrow Energy LNG Project – upstream and midstream components

ICN Western Australia:

- New Children's Hospital
- Wheatstone LNG No 2
- Roy Hill Iron Ore Mine Stage 1
- Oil and Gas Operations and Maintenance Brownfields Support Project
- Roy Hill Iron Ore Stage 2
- Shell Prelude FLNG Stage 2

ICN South Australia:

- Australian Water Supplier Access to USA

ICN Northern Territory:

- Ichthys LNG Final Construction & Operational Phase
- Mt Peake Vanadium Mine
- GDF Suez Bonaparte FLNG

### AIAIP-SAMP completed projects

- ASEAN health Infrastructure Alliance (ICN VIC)
- Parkville Comprehensive Cancer Centre (PCCC) (ICN VIC)
- China Coal Industries Technology Phase 2 Additional Grant (ICN NSW)
- Global Mining Supply Chains (ICN NSW)
- Gladstone LNG Extension (ICN QLD)
- Browse LNG (terminated due to project cancellation) (ICN WA)
- Asian Oil and Gas Projects Supply Chains Phase 2 Additional Grant (ICN WA)
- Kitan Development (ICN NT)

# Appendix 6

## Independent audit report



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

**Crowe Horwath  
Central West**  
ABN 73 139 862 923  
Member Crowe Horwath International  
Audit and Assurance Services

**Dubbo Office**  
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#### ***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 2014, 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 judgment, 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.

Crowe Horwath Central West is a member of Crowe Horwath International, a Swiss Verein. Each member firm of Crowe Horwath is a separate and Independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.



**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.

**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 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

*Crowe Horwath Central West*

**CROWE HORWATH CENTRAL WEST**

*Clare Wagner*

**Clare Wagner**  
**Audit Partner**  
Registered Company Auditor 335972

Dated this 22<sup>nd</sup> day of August 2014

# Appendix 7

## Financial statements

### Industry Capability Network Limited

ABN 85 068 571 513

### Financial Report

For the year ended 30 June 2014

#### Contents

Directors' report	30
Income statement	36
Statement of comprehensive income	37
Statement of financial position	38
Statement of changes in equity	39
Statement of cash flows	40
Notes to the financial statements	41
Directors' declaration	56

**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 2014.

**Directors**

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

David John McLachlan  
William Nixon Apple (Retired 29 October 2013)  
Bruce Atkin Griffiths  
Robert Norman Herbert  
Russell Allan Kenery  
James Hugo Pearson (Retired 29 October 2013)  
Andrew Dettmer (started 2 January 2014)  
Innes Willox (started 2 January 2014)

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 \$177,190.

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

No significant changes in the company's state of affairs occurred during the financial year.

**Objectives**

The company's short-term objectives are to:

- Research our markets, partners and key customers
- Launch a supplier pre-qualification offering across the Network
- Positively influence government on the future of ICNL
- Share market information between members
- Standardise our data standards for enquiries and company records
- Work closely with Enterprise Connect
- Review the role of data mining to our operations
- Upskill our staff to consistently sell our value proposition
- More rigorously engage with our stakeholders

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

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Strategy for achieving the objectives**

ICN continues to provide coordination of the network of nine ICN offices across Australia and New Zealand.

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. leveraged sector-specific activities. Each year the strategic plan is implemented to make sure our long term horizons for goal delivery are achievable.

As well as our eight core sectors we also strategically engage in the defence and automotive sectors through focussed programs. We further built upon the technology systems that we supply to ICN (and others) to enable sectors to be better presented to the markets.

**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 and National Sector Manager programs.

These programs and ICN's operations are part of the Federal Government's Australian Industry Participation Policies and Programs (AIP). The government announced an independent review into the AIP as part of its budget. The outcome of the government's consideration of the review's findings may not be known until the end of 2014. ICN's operational funding is in place through until the end of June 2015, funds for SAMP and National Sector Manager programs were reduced by 50% for 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**

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.

**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

**Mr William Nixon Apple**  
Qualifications  
Experience

- Director (Retired 29 October 2013)
- Honours BA and MA Carleton University, Ottawa Ontario Canada
- Industry and Economic Advisor to Australian Manufacturing Workers Union
- Board member Investment Committee Australian Super
- Board member Clean Technology Investment Committee

**Mr Bruce Atkin Griffiths OAM**  
Experience

- Director
- Consultant, Futuris Automotive Group
- Director, Quickstep Holdings Limited

**Mr Robert Norman Herbert AM**  
Qualifications  
Experience

- Deputy Chairman, Director
- Bachelor of Commerce (Industrial Relations), UNSW
- Company Director and Consultant
- Chairman of the MCG Trust

**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

**Mr James Hugo Pearson**  
Qualifications

Experience

- Director (Retired 29 October 2013)
- B.Sc (Honours) University of WA
- MBA Deakin University
- FAICD
- Chief Executive, Chamber of Commerce and Industry Western Australia

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Information on directors cont...**

**Mr Andrew Dettmer**  
Experience

- Director (Appointed 2 January 2014)
- National President of the Australian Manufacturing Workers Union
- State Secretary of the QLD/NT Branch of the union (2003–2012)
- Assistant State Secretary, responsible for members in the Technical, Supervisory and Administrative division of the branch
- Previous Board Member of QMI Solutions
- Previous Member of ICN Queensland, the Queensland Training and Employment Recognition Council and Construction Skills Queensland
- Member Enterprise Connect Manufacturing Advisory Committee
- Chair of Manufacturing Skills QLD
- Represents the ACTU on SafeWork Australia
- Previous Board Member Australian Workforce and Productivity Agency

**Mr Innes Willox**  
Qualifications  
Experience

- Director (Appointed 2 January 2014)
- BA History and Politics
- Alternate Director of Australian Super
- Board Member of Innovation Australia
- Board Member of National Industry Capability Network
- Member of Emissions Reduction Fund Expert Reference Group
- Member of International Trade Remedies Forum
- Member of Ministerial Advisory Council on Skilled Migration

## DIRECTORS' REPORT

### Meetings of directors

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

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	4	4
Mr William Nixon Apple	2	2
Mr Bruce Atkin Griffiths OAM	4	3
Mr Robert Norman Herbert AM	4	4
Mr Russell Allan Kenery	4	4
Mr James Hugo Pearson	2	2
Mr Andrew Dettmer	2	2
Mr Innes Wilcox	2	1

### 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 2014, the total amount that members of the company are liable to contribute if the company is wound up is \$500 (2013: \$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:

29 September 2014

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue	2	<u>9,705,096</u>	<u>8,560,311</u>
<b>Gross surplus</b>		9,705,096	8,560,311
Salaries and employee benefits		(974,701)	(1,025,454)
Depreciation		(32,243)	(25,151)
IT and Network Costs		(21,025)	(18,510)
Marketing and Promotion		(131,242)	(108,841)
Rent and Utilities		(104,011)	(101,840)
Administration expenses		(138,262)	(124,214)
Travel costs		(101,523)	(99,522)
NSM Management		(3,416,736)	(2,770,022)
Gateway		(425,579)	(429,037)
SAMP		(4,320,295)	(3,840,794)
Team Australia Automotive		-	(5,368)
Other expenses		<u>(216,669)</u>	<u>(195,938)</u>
<b>Surplus/(Loss) before income tax</b>		(177,190)	(184,380)
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus/(Loss) for the year</b>		<u><b>(177,190)</b></u>	<u><b>(184,380)</b></u>
Surplus/(Loss) attributable to member of the company		<u>(177,190)</u>	<u>(184,380)</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 2014**

	Note	2014 \$	2013 \$
Surplus/(Loss) for the year		(177,190)	(184,380)
Other comprehensive income:		<u>                    </u>	<u>                    </u>
Other comprehensive income for the year, net of tax		<u>                    </u>	<u>                    </u>
Total comprehensive income for the year		<u><u>(177,190)</u></u>	<u><u>(184,380)</u></u>
Total comprehensive income attributable to member of the company		<u><u>(177,190)</u></u>	<u><u>(184,380)</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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	4,504,214	4,280,995
Trade and other receivables	5	56,452	170,931
Financial assets	6	180,000	160,500
Other current assets	7	39,270	41,288
<b>TOTAL CURRENT ASSETS</b>		<u>4,779,936</u>	<u>4,653,714</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	93,494	82,281
Intangibles	9	1,800	1,800
<b>TOTAL NON-CURRENT ASSETS</b>		<u>95,294</u>	<u>84,081</u>
<b>TOTAL ASSETS</b>		<u>4,875,230</u>	<u>4,737,795</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	115,998	498,207
Provisions	11	191,770	171,321
Other	12	3,741,264	3,066,599
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,049,032</u>	<u>3,736,127</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	7,209	5,489
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>7,209</u>	<u>5,489</u>
<b>TOTAL LIABILITIES</b>		<u>4,056,241</u>	<u>3,741,616</u>
<b>NET ASSETS</b>		<u>818,989</u>	<u>996,179</u>
<b>EQUITY</b>			
Retained Surpluses		818,989	996,179
<b>TOTAL EQUITY</b>		<u>818,989</u>	<u>996,179</u>

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 2014**

	Retained Earnings \$	Total \$
<b>Balance at 1 July 2012</b>	1,180,559	1,180,559
<b>Comprehensive income</b>		
Loss attributable to the members of the company	<u>(184,380)</u>	<u>(184,380)</u>
<b>Total comprehensive income for the year</b>	<u>(184,380)</u>	<u>(184,380)</u>
<b>Balance at 30 June 2013</b>	<u>996,179</u>	<u>996,179</u>
<b>Balance at 1 July 2013</b>	996,179	996,179
<b>Comprehensive income</b>		
Loss attributable to the members of the company	<u>(177,190)</u>	<u>(177,190)</u>
<b>Total comprehensive income for the year</b>	<u>(177,190)</u>	<u>(177,190)</u>
<b>Balance at 30 June 2014</b>	<u>818,989</u>	<u>818,989</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 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts - Grants		6,323,011	7,991,247
Receipts - Other		357,506	305,572
Interest received		133,769	161,220
Payments		<u>(6,528,111)</u>	<u>(7,858,965)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>16</b>	<u>286,175</u>	<u>599,074</u>
<b>Cash flows from investing activities</b>			
Purchases of plant & equipment		(61,312)	(44,148)
Sale of plant & equipment		17,856	19,091
Patent investment		-	-
<b>Net cash provided by (used in) investing activities</b>		<u>(43,456)</u>	<u>(25,057)</u>
<b>Cash flows from financing activities</b>			
Changes in investments		<u>(19,500)</u>	<u>(75,500)</u>
<b>Net cash provided by (used in) financing activities</b>		<u>(19,500)</u>	<u>(75,500)</u>
Net increase (decrease) in cash held		223,219	498,517
Cash and cash equivalents at beginning of financial year		<u>4,280,995</u>	<u>3,782,478</u>
Cash and cash equivalents at end of financial year	<b>16</b>	<u>4,504,214</u>	<u>4,280,995</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 2014**

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 24 September 2014 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 2014**

**Depreciation**

The depreciable amount of all fixed assets are depreciated on a prime cost basis (PC) and diminishing value basis (DV) 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	25%
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 2014**

*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 2014**

**(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 2014**

**(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) 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.

**(i) 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.

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

**(j) 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.

**(k) 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.

**(l) 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.

**(m) Comparative figures**

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

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**(n) 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.

**(o) 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 review of all government funding is currently being undertaken by Ernst and Young for the Government. The outcome of the review will not be known until 31 December 2014.

**2. Revenue and other income**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revenue		
Grant Income		
Operating	1,610,535	1,491,798
SAMP	4,258,421	3,754,499
NSM	<u>3,369,244</u>	<u>2,744,950</u>
	<u>9,238,200</u>	<u>7,991,247</u>
Jurisdictional Payments	180,000	180,000
Project revenue	-	44,000
ICS V2 income	16,364	16,364
Interest received	<b>2(a)</b> 133,065	160,079
Cost recoveries	137,467	161,072
Other revenue	-	7,549
Total revenue	<u>9,705,096</u>	<u>8,560,311</u>
<b>(a) Interest received from:</b>		
Other corporations	<u>133,065</u>	<u>160,079</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

<b>3.</b>	<b>Expenses</b>	<b>2014</b> \$	<b>2013</b> \$
	Surplus from continuing operations includes the following specific expenses:		
	<b>Expenses:</b>		
	Depreciation and amortisation expense	32,243	25,151
	Net loss on disposal of non-current assets:		
	Property, plant and equipment	9,868	1,718
	Auditor remuneration	22,562	26,920
	Rental expense	<u>107,842</u>	<u>106,053</u>
<b>4.</b>	<b>Current assets - cash and cash equivalents</b>	<b>2014</b> \$	<b>2013</b> \$
	Cash at bank	<u>4,504,214</u>	<u>4,280,995</u>
<b>5.</b>	<b>Current assets - trade and other receivables</b>	<b>2014</b> \$	<b>2013</b> \$
	Trade receivables	30,386	80,146
	Other debtors	-	2,013
	Goods and services tax	16,060	78,062
	Accrued interest	<u>10,006</u>	<u>10,710</u>
		<u>56,452</u>	<u>170,931</u>
<b>6.</b>	<b>Current assets - financial assets</b>	<b>2014</b> \$	<b>2013</b> \$
	Held-to-maturity investments	(a) <u>180,000</u>	<u>160,500</u>
	<b>(a) Held-to-maturity investments:</b>		
	Term deposit - provisions	<u>180,000</u>	<u>160,500</u>
<b>7.</b>	<b>Current assets - other assets</b>	<b>2014</b> \$	<b>2013</b> \$
	Prepayments	<u>39,270</u>	<u>41,288</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Property improvements	14,834	14,834
Less accumulated depreciation	<u>(2,208)</u>	<u>(1,837)</u>
Total land and buildings	<u>12,626</u>	<u>12,997</u>
Plant and equipment	123,650	154,555
Less accumulated depreciation	<u>(100,495)</u>	<u>(126,424)</u>
	<u>23,155</u>	<u>28,131</u>
Motor vehicles	38,439	38,265
Less accumulated depreciation	<u>(1,448)</u>	<u>(5,661)</u>
	<u>36,991</u>	<u>32,604</u>
Software	32,064	44,894
Less accumulated depreciation	<u>(15,095)</u>	<u>(40,941)</u>
	<u>16,969</u>	<u>3,953</u>
Furniture and fittings	54,105	54,954
Less accumulated depreciation	<u>(50,352)</u>	<u>(50,358)</u>
	<u>3,753</u>	<u>4,596</u>
<b>Total property, plant and equipment</b>	<u>93,494</u>	<u>82,281</u>

**(a) Movement in carrying amounts**

For disclosure on movement in carrying amounts please refer to note 21(a) in the end of this financial report.

**9. Non-current assets - intangible assets**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Patents and trademarks	1,800	1,800
Accumulated amortisation and impairment losses	<u>-</u>	<u>-</u>
	<u>1,800</u>	<u>1,800</u>
<b>Reconciliation of patents and trademarks</b>		
Balance at beginning of year	1,800	1,800
Additions	-	-
Disposals	<u>-</u>	<u>-</u>
Closing carrying value at end of year	<u>1,800</u>	<u>1,800</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**10. Current liabilities - trade and other payables**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	68,656	453,584
Accrued costs	29,652	31,776
Withholding taxes payable	17,690	12,870
SGC super payable	-	(23)
	115,998	498,207

**11. Current liabilities - employee provisions**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for holiday pay:</b>		
Opening balance at 1 July 2013	56,061	48,556
Leave Taken	(2,438)	7,505
Balance at 30 June 2014	53,623	56,061

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for long service leave:</b>		
Opening balance at 1 July 2013	38,537	37,185
Additional provisions raised	1,225	1,352
Balance at 30 June 2014	39,762	38,537

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for redundancy pay</b>		
Opening balance at 1 July 2013	76,723	-
Additional provisions raised	21,662	76,723
Balance at 30 June 2014	98,385	76,723

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Total provisions</b>		
Opening balance at 1 July 2013	171,321	85,741
Additional provisions raised	20,449	85,580
Balance at 30 June 2014	191,770	171,321

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**12. Current liabilities - other**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Income in advance		
NSM grant funds on hand at end of year	1,230,255	685,829
SAMP grant funds on hand at end of year	2,492,962	2,316,600
Other	18,047	64,170
	<b>3,741,264</b>	<b>3,066,599</b>

**13. Non-current liabilities - provisions**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for long service leave:</b>		
Opening balance at 1 July 2013	5,489	-
Additional provisions raised	1,720	5,489
Balance at 30 June 2014	<b>7,209</b>	<b>5,489</b>

**14. 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:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<b>368,518</b>	<b>370,312</b>

**15. 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 2014**

**16. Cash flow information**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash</b>		
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	<u>4,504,214</u>	<u>4,280,995</u>
	<u>4,504,214</u>	<u>4,280,995</u>
<b>(b) Reconciliation of cash flow from operations with profit</b>		
Surplus/(loss) after income tax	(177,190)	(184,380)
Non-cash flows in surplus:		
Depreciation and amortisation	32,243	25,151
(Surplus) / loss on sale of property, plant and equipment	9,868	1,718
Changes in assets & liabilities:		
(Increase) / decrease in trade and other receivables	104,610	(102,272)
Increase / (decrease) in trade and other payables	(382,209)	113,451
Increase / (decrease) in deferred revenue	674,666	676,677
Increase / (decrease) in provisions	22,169	91,070
(Increase) / decrease in prepayments	<u>2,018</u>	<u>(22,341)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>286,175</u>	<u>599,074</u>

**17. Capital and leasing commitments**

**(a) Operating lease commitments**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Payable - minimum lease payments		
- not later than 12 months	63,511	61,601
- Later than 12 months but not later than 5 years	<u>-</u>	<u>-</u>
	<u>63,511</u>	<u>61,601</u>

The property lease commitments are non-cancellable operating lease contracted for but not recognised in the financial statements with a one-year term. Increase in lease commitments is in line with the lease agreement terms.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**18. 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:

	<b>Note</b>	<b>2014</b> \$	<b>2013</b> \$
<b>Financial assets</b>			
Cash and cash equivalents	4	4,504,214	4,280,995
Trade and other receivables	5	56,452	170,931
<b>Financial assets</b>			
Held-to-maturity investments			
- investments in government and fixed interest securities	6	180,000	160,500
<b>Total financial assets</b>		<u>4,740,666</u>	<u>4,612,426</u>
<b>Financial liabilities</b>			
Trade and other payables	10	115,998	498,207
<b>Total financial liabilities</b>		<u>115,998</u>	<u>498,207</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 .

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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.

**19. Company details**

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

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

- 20. 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.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE, 2014**

**21. (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 2012	13,368	35,797	23,104	6,186	5,638	84,093
Additions	-	5,884	38,265	-	-	44,149
Disposals	-	-	(20,809)	-	-	(20,809)
Depreciation expense	(371)	(13,549)	(7,956)	(2,233)	(1,042)	(25,151)
<b>Carrying amount at 30 June 2013</b>	<b>12,997</b>	<b>28,132</b>	<b>32,604</b>	<b>3,953</b>	<b>4,596</b>	<b>82,282</b>
Additions	-	11,099	38,439	21,642	-	71,180
Disposals	-	(1,786)	(25,815)	(124)	-	(27,725)
Depreciation expense	(371)	(14,290)	(8,237)	(8,502)	(843)	(32,243)
<b>Carrying amount at 30 June 2014</b>	<b>12,626</b>	<b>23,155</b>	<b>36,991</b>	<b>16,969</b>	<b>3,753</b>	<b>93,494</b>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**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 2014, 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 2014 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: 25 September 2014





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