



**All the right
connections for
local industry**

Annual report
2011–12

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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.





CHAIRMAN'S REVIEW

2011–12 was again a challenging year that Industry Capability Network (ICN) Limited operated in.



'...global economic issues and the strong Australian dollar accounted for this challenging climate.'

Numerous global economic issues and the strong Australian dollar accounted for the challenging climate in 2011–12. This year also saw an increase in the running costs for businesses, and we will start to see the impact of this in the next financial year.

Throughout the year, ICN Limited provided strong strategic ground work and collaborated with ICN offices across Australia and New Zealand, to ensure that ICN continued to assist many local companies overcome these challenges, and continue to win new business. With the help of ICN, contracts worth \$4.2 billion were awarded to Australian and New Zealand companies during 2011–12 that may have otherwise gone overseas.

Major highlights for the year include the addition of two new National Sector Managers (NSM) – steel and mining. These new positions add to the six NSMs already in place – rail, health, water, oil and gas, clean technology, and NBN. A successful trade mission was conducted to the USA as part of the ICN Limited managed Team Australia Automotive project. Many enhancements have been made to ICN Limited's technology systems, ICN Toolbox and ICN Gateway, and strong national marketing support has been provided through the development of new external communication materials and an intranet for all ICN employees.

The ICN Limited Board operates within a strong governance model, and by keeping a close eye on the economic

climate, we continue to set and adjust the organisation's strategic direction. Our continued exemplary results and our strong financial position is a testament to the effectiveness of our governance.

2011–12 saw the re-election of Mr Nixon Apple, Mr Bruce Griffiths and Mr Russell Kenery to the Board. Mr Bob Herbert AM and Mr Bruce Griffiths also continued their roles as Supplier Advocates for the water and rail industries respectively.

An Australian Government ministerial reshuffle provided ICN Limited with a new Minister. We acknowledge and thank our Minister, the Honourable Greg Combet AM MP and our previous Minister, Senator the Honourable Kim Carr, for their ongoing support and assistance. We also wish to thank the department and in particular Mr Mike Lawson, Ms Deborah Anton and their team for their continuing confidence in ICN Limited and our activities.

I'd like to finish my review of 2011–12 by thanking the ICN Limited team for their dedication and hard work throughout the year. They have delivered fantastic outcomes, with limited resources. I sincerely congratulate them on their achievements.

DAVID MCLACHLAN AO
Chairman



EXECUTIVE DIRECTOR'S REPORT

It has been a very productive year for ICN Limited, with continued strong service delivery and ongoing support for local industry.



'Our focus is always on maximising the probability of success for Australian and New Zealand businesses.'

Our focus is always on maximising the probability of success for Australian and New Zealand businesses. I will remember 2011–12 as a tough year for the manufacturing industry, due to the pressure from a number of global macro-economic issues, such as a weakened global economy following the global financial crisis, and the strong Australian dollar. The industry is likely to face additional pressure in the future from rising energy costs, and the growth of global supply chains.

That being said, there is plenty of positive activity being done to support local industry, including the work being undertaken by ICN Limited, through ICN Gateway, the National Sector Manager (NSM) program, Supplier Access to Major Projects program, and the ICN–Austrade–Enterprise Connect alliance.

At 30 June 2012, around 130 projects were listed on ICN Gateway, valued at around \$247 billion. In 2011–12, through ICN, \$4.2 billion has been awarded in contracts to Australian and New Zealand companies – a fantastic win for local industry.

A great success for ICN Limited has been our sector approach to supporting local industry. The NSM program has been operating since May 2010, and 2011–12 saw the continuation of six NSMs – rail, water, health, oil and gas, clean technology and NBN, plus the addition of two new sector managers – steel and mining. ICN Limited also created and implemented three new sector-specific directories to support the NSMs. These are one-stop-shops for the oil and gas, mining and

health industries, and add to the directories already established for the cleantech, steel, rail and water industries. These directories will further develop into knowledge exchange points for industry.

Another promising project has been the implementation of the ICN–Austrade–Enterprise Connect alliance. Funding from the Australian Government has allowed ICN Limited to have a dedicated team member embedded within Austrade.

We continued to build our strategic alliances with Australian Manufacturing Technology Institute Limited (AMTIL), Australasian Rail Association (ARA), waterAUSTRALIA, Federation of Automotive Products Manufacturers (FAPM) and Austrade and look forward to working with them again in 2012–13.

Our management of the Team Australia Automotive project concluded with a very successful mission to the USA led by the Honourable Steve Bracks. We will continue to support the auto sector through our management of the Access Auto Australia initiative.

Most importantly, the IT, marketing and project management services offered by ICN Limited continue to be in high demand and I'm confident that we can continue to deliver excellent service and value to our internal and external clients.

All these activities and outcomes have helped ICN further strengthen its position as the industry authority on Australian and New Zealand procurement partnerships.

The team at ICN Limited continues to deliver superior services to our stakeholders, often within tight budgets and timeframes. I am proud to work with them and acknowledge their outstanding contributions.

To the Board I express my thanks for their guidance and the time and effort they dedicate to the governance and performance of ICN Limited. Their strategic thought, careful analysis and commitment to delivery allows us to maximise the probability of Australian and New Zealand companies winning business locally and overseas.

The Competitive Industries Branch and the Australian Industry Participation team within Department of Industry, Innovation,

Science, Research and Tertiary Education (DIISRTE), led by Ms Deborah Anton and Dr Brett Yeomans, continue to give both the company (and me personally) their support, encouragement and advice. Their belief in our goals and the support they give is invaluable.

2012–13 is shaping up to be another busy and exciting year, and I look forward to leading the team in our continued work in supporting local industry.

DEREK LARK
Executive Director





HIGHLIGHTS FOR THE YEAR

- Contracts worth \$4.2 billion awarded to Australian companies that may have otherwise gone to overseas suppliers.
- The continuation of six sector managers – rail, water, oil and gas, clean technology, health, and NBN, plus the addition of two new sector managers – steel and mining.
- Implemented three new sector-specific directories for the oil and gas, mining and health industries, which add to the directories already established for cleantech, steel, rail and water sectors.
- Implementation of the ICN–Austrade–Enterprise Connect alliance.
- Management of \$1,905,200 of new Supplier Access to Major Projects (SAMP) grants. There were seven SAMP applications received and five projects approved.
- The management of SAMP grants worth \$5,386,479.
- SAMP contracts worth \$3.563 billion awarded to Australian companies that may have otherwise gone to overseas suppliers.
- SAMP activities resulting in more than 602 contracts won by Australian suppliers and \$6.77 billion of opportunities identified.
- A very successful trade mission to the USA, led by the Honourable Steve Bracks, which concluded ICN Limited's management of the Team Australia Automotive (TAA) project.
- To date Australian companies have won an estimated US\$726.476 million worth of ongoing contracts as members of TAA.
- Development of an intranet for all ICN employees, containing resources, contact details for all ICN employees, upcoming events, and news.
- Development and implementation of a national quarterly newsletter, launched in March 2012.
- Many enhancements to ICN Toolbox and ICN Gateway.
- Annual grant payments of more than \$4 million.
- Further development of our alliances with Austrade, Australasian Railway Association (ARA), Defence Export Unit, Enterprise Connect, Federation of Automotive Parts Manufacturers (FAPM), Australian Manufacturing Technology Institute Limited (AMTIL) and waterAUSTRALIA.
- ICN Limited increased its customer satisfaction score to achieve a rating of 84%.
- More than 9,000 new companies registered on ICN Gateway.
- At 30 June 2012, around 130 projects were listed on ICN Gateway, valued at \$247 billion.



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, provide and manage the national data and communications systems used by ICN, including ICN Toolbox and ICN Gateway
- > establish links with global supply chain managers to help Australian and New Zealand small and medium enterprises (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 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.





VALUE DELIVERY 2012

Information, communication and technology

→ ICN Gateway

- 130 projects listed online.
- More than 31,000 registrations of interest from local businesses.
- Over \$247 billion contracts on offer.

Commercial opportunities

- 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

- Development of an intranet for all ICN employees.
- Development of materials for national use and distribution including brochures, case studies and advertising.
- Development of a quarterly newsletter that has a national circulation of more than 5,000 copies.

Financial

- Grant worth \$500,000 received for Team Australia Automotive stage six.

SAMP

- The Department of Industry, Innovation, Science, Research and Tertiary Education allocated up to \$2,000,000 for AIP–SAMP this year of which \$1,905,200 was allocated.
- In the reporting period, 602 contracts worth \$3.563 billion were awarded to Australian companies that may have otherwise gone to overseas suppliers.

	SAMP Australia	AIP–SAMP	Total
Grants under management	3	20	23
Grant amount	\$256,600	\$5,129,879	\$5,386,479
New applications	0	7	7
Value of applications	0	\$2,597,308	\$2,597,308
New grants	0	5	5
Value of grants	0	\$1,905,200	\$1,905,200

STRATEGIC ALLIANCES



+ Global opportunity activities with a number of third-party organisations on behalf of ICN.



NATIONAL COORDINATION

ICN Limited continued to provide coordination for the network of nine ICN offices across Australia and New Zealand.

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 2011–12, with meetings held in Canberra, Hobart, Melbourne and Wellington.

At a national level, ICN Limited represented ICN through a range of organisations and forums including:

- > AusIndustry
- > Austrade
- > Australian Customs and Border Protection Service
- > Australia Made, Australian Grown
- > Defence Materiel Organisation
- > Defence Export Unit
- > Department of Industry, Innovation, Science, Research, and Tertiary Education (DIISRTE) – meeting of Chairs of DIISRTE's Advisory Bodies
- > Enterprise Connect
- > FAPM.

As national representative and coordinator for ICN, ICN Limited provided input and liaison with DIISRTE on a wide range of issues including:

- > the management of the SAMP programs
- > involvement of ICN Limited and ICN in other Australian Government industry programs
- > ICN Limited and DIISRTE 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
- > appointment of an ICN liaison officer to enhance collaboration with Austrade and Enterprise Connect.



MARKETING & COMMUNICATIONS

The ICN Limited marketing team has developed a strong demand for general marketing support from ICN state offices and National Sector Managers.

ICN continues to build on its commitment to a single brand and the work completed by the marketing team continues to grow.

To meet this demand, ICN Limited has added two part-time marketing and communications professionals to the marketing team to work two days per week in the Deakin office.

Priorities for the year included the development of national case studies to showcase the great work ICN does to support local industry, the launch of a new quarterly newsletter distributed nationally to key external stakeholders, and the continued day-to-day work on strengthening the ICN brand.

The ICN Limited marketing team works closely with ICN offices across the country, assisting them with nationally focused communication needs. A major milestone for ICN Limited in working with ICN offices was the development of the ICN intranet – ICN Exchange. ICN Exchange is a restricted website for the use of all ICN employees. It contains a resource database (with useful resources such as case studies and newsletters), a contact database that provides details of all ICN employees, and separate news and events sections, where all employees can post items. ICN Exchange has received some excellent feedback, and is now widely used by ICN employees across Australian and New Zealand.

The marketing team continues to work with Executive Directors, National Sector Managers, consultants and external stakeholders to make sure ICN's brand is presented with a professional, consistent and national approach.

Key outcomes for the year included:

- > development of an ICN general brochure for national use
- > development and implementation of a national quarterly newsletter, launched in March 2012
- > development of 12 case studies on ICN's successes
- > sponsorship of the Manufacturer's Monthly Endeavour Awards
- > national presence at major conferences and events
- > contributed key editorial features to sector-specific publications
- > advertising placement in sector-specific publications
- > development of an ICN intranet, for all ICN employees
- > refresh to ICN Limited's website to include more up-to-date information and resources.





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 2006–07.

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, 20 AIP–SAMP projects were managed. Seven projects were completed, of which two will continue to be monitored until a satisfactory audit of project expenditure and a final report has been received. This will leave 12 active projects to be managed.
- > Total wins for the reporting period have amounted to 539 contracts worth \$3.428 billion.
- > The return on grants managed is 671:1*.
- > There was one round of SAMP grants this year. This took place in October 2011 and ICN Limited received seven applications for funding. Following consideration of the applications, five projects received grants (see table below).

During the reporting period the following projects have reported significant wins.

- > \$716 million awarded to Van Oord Australia for Darwin Harbour Dredging Works package for the Ichthys LNG project.
- > \$500 million awarded by the KHI–LOR Consortium, for the Cryogenic Tanks package as part of the Ichthys LNG project, to Australian company Laing O'Rourke, who is in a joint venture consortium with Korean Company Kawasaki Heavy Industries.
- > \$200 million to Iplex Pipelines Australia Pty Ltd (QLD) for supply of high-density polyethylene (HDPE) pipe and fittings for underground services for the Queensland Curtis LNG Plant.
- > China Coal Industries Technologies and South East Queensland Hospitals projects also delivered significant wins.



An Australian Government Initiative

Project	Applicant	Grant**
Ichthys Development Project Supply Chain Opportunities No 3	ICN NT	\$298,000
Olympic Dam Expansion	ICN SA	\$326,000
Australian Water Supplier Access to USA	ICN SA	\$700,000
Gladstone LNG projects (extension)	ICN QLD	\$198,900
Browse LNG	ICN WA	\$382,300
Total		\$1,905,200

* Return = Wins ÷ Grants

** Ex GST

The following table shows the number and value of successful contracts achieved under the AIP–SAMP program in 2011–12:

Project	State	Status	Cumulative 2011–12		Cumulative 2010–11		Change	
			No	\$m	No	\$m	No	\$m
Guangdong Province Services	VIC	Complete	4	10.604	4	10.604	–	–
Australian Brazil Sports and Events Alliance	VIC	Complete	18	38	12	6.5	6	31.50
Sustainable Airports Infrastructure China	VIC	Current	1	0.12	1	0.12	–	–
Parkville Comprehensive Cancer Centre (PCCC)	VIC	Current	–	–	–	–	–	–
ASEAN Health Infrastructure Alliance	VIC	Current	4	0.91	–	–	4	0.91
China Coal Industries Technology stage 2	NSW	Current	12	197.1	–	–	12	197.10
Global Mining Supply Chains	NSW	Current	–	–	–	–	–	–
PNG LNG	QLD	Current	25	150	0	0	25	150.00
QGC Queensland Curtis LNG	QLD	Current	9	222.6	6	95.16	3	127.44
Major Project Supplier Qualification	QLD	Current	na	na	na	na	na	na
Gladstone LNG Extension	QLD	New	13	224.006	–	–	13	224.01
Major Hospitals Constructions	QLD	Current	470	1150	96	221.2	374	928.80
Asian Oil and Gas Projects Supply Chain stage 2	WA	Current	4	0.164	–	–	4	0.21
Wheatstone LNG	WA	Complete	37	52.8	–	–	37	52.80
Browse LNG	WA	New	–	–	–	–	–	–
Olympic Dam Expansion	SA	New	–	–	–	–	–	–
Australian Water Supplier Access to USA	SA	New	–	–	–	–	–	–
Ichthys LNG Stages 2 and 3	NT	Current	75	1,641	16	25.51	59	1,615.00
Kitan Development	NT	Current	2	100	0	0	2	100.00
Total			674	3,786.814	135	359.09	539	3,427.77

Note: There were 20 projects under management during 2011–12 but the Ichthys project is combined for reporting purposes.



SAMP Australia

- > There were no active SAMP Australia projects during the year.
- > ICN Limited monitored three previously completed projects.
- > Under the auspices of SAMP Australia, 63 contracts were awarded to Australian industry during the reporting period worth \$135.723 million. This represents a return of 381:1*.
- > Twelve wins worth \$118.898 million have been subsequently reported for the Rail Carriages project in NSW.

A breakdown of the successful contracts shows that:

- > 37% were awarded to suppliers outside the state in which the project was located
- > 76% of the contracts were awarded to SMEs
- > 41% were awarded to suppliers classified as being in regional areas.

The following table shows the value of successful contracts achieved under the SAMP Australia program in 2011–12:

Project	State	Status	Cumulative 2011–12		Cumulative 2010–11		Change	
			No.	\$m	No.	\$m	No.	\$m
ADI Mulwala	NSW	Complete	28	52.252	5	12.850	23	39.402
NSW Wind Farms	NSW	Complete	57	105.931	17	90.730	9	15.201
AWD Warships	SA	Complete	–	175.785	–	94.665	–	81.120
Total			85	333.968	22	198.245	63	135.723

* Return = Wins ÷ Grants

Funding of the SAMP program

Deeds between ICN Limited and the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) provide funding for the program. ICN Limited submits reports to the department on the management and achievements of the SAMP program. The funds allocated by DIISRTE during the reporting period amounted to \$2 million (ex GST) for AIP–SAMP.

Total program to date

Since the start of SAMP in 1997, ICN Limited has allocated a total of \$15.052 million from funding provided by DIISRTE to finance industry research and assistance. Under the program, 149 projects have received support resulting in over \$7.95 billion in contract wins.



NATIONAL SECTOR MANAGERS

The National Sector Manager (NSM) program started in May 2010 and is now approximately two-thirds of the way through the projected program timeframe.

Under the program, ICN received extra funding through the SAMP program to target priority sectors. NSMs were 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.

Eight NSMs are in place and operating. Following earlier volatility and vacancies, the group of NSMs has stabilised with all places filled and with some continuity. A second workshop was conducted in 2011 to refine operations and determine NSM reporting requirements.

The activity reports of the managers indicate significant levels of engagement with government at all levels, industry and project proponents. All 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 sectors.

The NSMs work closely with the Australian Government's Resources Sector Supplier Envoy, the Honourable Peter Beattie and four of the eight NSMs also work closely with dedicated Australian Government Supplier Advocates – Dr Marc Newson (clean technologies), Mr Dennis O'Neill (steel), Mr Bruce Griffiths (rail) and Mr Bob Herbert AM (water).

The priority sectors and the NSMs are:



CLEANTECH
ROB MCCULLAGH
ICN NSW



HEALTH
DAVID RYANT
ICN VIC



MINING
DAVID ROBERTS
ICN QLD



NATIONAL BROADBAND NETWORK
DAVID ANDERSON
ICN TAS



OIL & GAS
COLBY HAUSER
ICN WA



RAIL
TONY CARNEY
ICN VIC



STEEL
ANDREW KILONI
ICN QLD



WATER
HAMISH GORDON
ICN SA



TEAM AUSTRALIA AUTOMOTIVE

Team Australia Automotive (TAA) is a consortium that started in 2006 to help Australian automotive component manufacturers access the global supply chains of the North American original equipment manufacturers (OEMs).

ICN Limited leads TAA in partnership with our Victorian and South Australian offices, FAPM, the governments of South Australia and Victoria, and Austrade.

In 2011 the consortium received a grant from the Australian Government's Automotive Market Access Program (AMAP) to continue through to 30 June 2012, to promote Australian companies into North America and to support and administer the Access Auto Australia website, www.accessautoaustralia.com.



In June, TAA conducted a very successful mission to the USA headed by the Honourable Steve Bracks. Eleven companies participated and attended meetings with Ford, Toyota and General Motors in Michigan, and in California with the electric vehicle company Tesla. On the mission were a number of new and innovative companies who generated a lot of interest in the meetings they attended.

With the completion of AMAP, 2012 sees the final stage of the program. TAA has been running for six years and during that time it has represented over 40 companies in the North American market. To date Australian companies have won an estimated US\$726.476 million worth of ongoing contracts as members of TAA.

The Access Auto Australia website, which is now populated with over 100 companies, will remain active and will be used to promote the Australian automotive industry in overseas markets and on future missions led by the automotive envoys.



ICN Gateway, ICN Toolbox, the Market Channel Admin Tool 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 notifications preferences and register 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.

Future developments

- > In 2012–13 we are designing and developing extensive enhancements to ICN Gateway website and the ICN Toolbox admin application. These changes will provide a more accurate and elegant solution to matching suppliers directly to work packages on major projects and to regional opportunities.
- > 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 developing personalised services to enable users to see all of the projects, work packages, opportunities, news and events they need to see, in one tailored location, to help them make their business more accessible.
- > We are designing and developing more applications suited to use on mobile platforms such as the iPhone/iPad and Android devices.



STRATEGIC DIRECTION

ICN Limited continued to provide coordination for the network of nine ICN offices across Australia and New Zealand.

Our target in 2011–12 was to continue to build upon the foundations for ICN’s overall service offering whilst at the same time enhancing our value proposition through leveraged sector-specific activities. Each year our strategic plan is implemented to make sure our long-term horizons for goal delivery are achievable.

As well as our eight core sectors, we are also strategically engaged in the defence and automotive sectors through other focused programs. We further built upon the technology

systems that we supply to ICN (and others) to enable the sectors to be better presented to the markets.

To make sure we are adding value to ICN and meeting the needs of our clients, we survey our members within ICN annually to measure their satisfaction with our services. This year we recorded another increase in satisfaction with a 3% rise, which takes the satisfaction level to 84%.

All 2012 milestones were achieved.

Strategic Plan 2011–2014

2012 Milestones	2014 Targets	2014 Outcomes
1. Piloted the use of social networking in the rail and water sectors.	NSM program extended for a further four years.	Built capability of selected national sectors.
2. Established a mechanism to transfer data to and from the IT systems.	All major projects on ICN Gateway. All company data < six months old.	Facilitating seamless and consistent access to opportunities and capabilities.
3. Piloted mobile device applications for both internal and external use.	Network satisfaction at least 85%.	Highly valued by the network (IT, marketing, thought leadership).
4. Established the mechanism to work with Austrade on capability advice and global opportunities.	Formal relationships with all related agencies and sector peak bodies.	Trusted partner in key federal agencies and peak bodies.
5. Established a workable governance model for National Sector Managers.	Online system with Austrade fully functional and linked to sector directories.	Providing access to international supply chain opportunities.
6. Completed the strategic marketing milestones.	Selected to manage all related projects by the department.	Professional management of federal programs.
7. Established a formal internal communications program and intranet.	Engaged by all stakeholders through online business networking communities.	Leveraging the best online platforms and capabilities.
8. Completed the TAA Stage 6 program.		
9. Established a mechanism to improve data quality.		

Pathways

Influence and lead sector initiatives	Data gathering management and credibility	Invest in IT and online infrastructure	Partner with complementary agencies and programs	Nationally consistent communications and marketing	Ensuring a national aligned approach	National approach to advisors upskilling
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APPENDIX ONE COMPANY MEMBERSHIP

The members of ICN Limited are:

- > Department of Industry, Innovation, Science, Research and Tertiary Education
- > 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 (Tasmania)
- > ACT Government Economic Development Directorate
- > New Zealand Trade & Enterprise.





APPENDIX TWO

EMPLOYEE DETAILS AS AT 30 JUNE 2012





APPENDIX THREE 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 2012 was:

**CHAIRMAN****MR DAVID MCLACHLAN AO**

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

**DEPUTY CHAIRMAN****MR ROBERT HERBERT AM**

Director Skilled Group Ltd | Trustee/Director ESSSuper | Trustee MCG
Australian Government Water Supplier Advocate
55 Tivoli Road, South Yarra VIC 3141 | 03 9827 0388

**DIRECTOR****MR PETER BLACKNEY**

General Manager, Maintenance Division
G&S Engineering Services
PO Box 5774, Mackay Mail Centre QLD 4741 | 07 4963 7607

**DIRECTOR****MR BRUCE GRIFFITHS**

Managing Director, Monoduo Pty Ltd
Australian Government Rail Supplier Advocate
8 Monomeath Avenue, Toorak VIC 3142 | 03 9822 4415

**DIRECTOR****MR RUSSELL KENERY**

Principal
Kenery & Associates
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**DIRECTOR****MR JAMES PEARSON**

Chief Executive
Chamber of Commerce & Industry WA
PO Box 6209, East Perth WA 6892 | 08 9365 7625

**DIRECTOR****MR NIXON APPLE**

Industry and Economic Advisor
Australian Manufacturing Workers Union
2nd Floor, 251 Queensberry Street, Carlton South VIC 3053 | 03 9230 5706

**SECRETARY****MR DEREK LARK**

Executive Director
Industry Capability Network Limited
PO Box 130, Deakin West ACT 2600 | 02 6285 2033

Mr Nixon Apple, Mr Bruce Griffiths and Mr Russell Kenery were re-elected at the 2011 AGM.



APPENDIX FOUR

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, Tasmania and New Zealand have branch offices in regional centres.

NORTHERN TERRITORY

6B/1450 Stuart Highway
(Cnr Winnellie Rd and Hickman St)
Winnellie NT 0820
GPO Box 1882
Darwin NT 0801
Phone 08 8922 9422
Fax 08 8922 9430
Email info@icnnt.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@icnns.org.au

WELLINGTON

Level 15, The Majestic Towers
100 Willis Street
Wellington NZ
PO Box 2878
Wellington NZ
Phone +64 4 816 8398
Fax +64 4 816 8366
Email info@icn.govt.nz

AUSTRALIAN CAPITAL TERRITORY

Level 4, Nara Centre
1 Constitution Avenue
Canberra ACT 2600
GPO Box 158
Canberra ACT 2601
Phone 1800 244 650
Fax 02 6207 0033
Email info@icnact.org.au

WESTERN AUSTRALIA

Level 4, 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

VICTORIA

Level 11, 10 Queens Road
Melbourne VIC 3004
PO Box 7492
St Kilda Road VIC 8004
Phone 03 8689 2500
Fax 03 9866 6304
Email info@icnvc.org.au

TASMANIA

Level 7, 22 Elizabeth Street
Hobart TAS 7000
GPO Box 646
Hobart TAS 7001
Phone 03 6233 5878
Fax 03 6233 5550
Email info@icntas.org.au

QUEENSLAND

33 McKechnie Drive
Eight Mile Plains QLD 4113
PO Box 4012
Eight Mile Plains QLD 4113
Phone 07 3364 0670
Fax 07 3364 0780
Email info@icnqld.org.au

SOUTH AUSTRALIA

131–139 Grenfell Street
Adelaide SA 5000
GPO Box 1264
Adelaide SA 5001
Phone 1300 553 309
Fax 08 8303 2950
Email info@icnsa.org.au



APPENDIX FIVE SUPPLIER ACCESS TO MAJOR PROJECTS (SAMP)

The Australian Government, through the Department of Industry, Innovation, Science, Research, and Tertiary Education (DIISRTE), 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. ICN Limited manages the funding on behalf of DIISRTE and is responsible for advertising grant funding rounds, coordinating the SAMP selection panel, managing grant payments and reporting on project activity.

Recipients of the funding research and identify capable and competitive Australian companies capable of supplying goods and services to the projects.

This gives capable and competitive Australian suppliers the opportunity to compete for work against overseas suppliers.

The initial program, known as SAMP Australia, has provided almost \$7.5 million in funds over 10 years. To date, with the help of the SAMP Australia program, Australian industry has won \$3,301 million worth of Australian project contracts that may otherwise have been contracted offshore.

A second program, 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 SAMP Global program assisted with the delivery of \$605 million of contracts to Australian suppliers. More information on the SAMP program is available at www.icn.org.au.

Following is a list SAMP projects that were reported on in 2011–12.

SAMP Australia

ICN New South Wales	ADI Mulwala
	NSW Wind Farms
ICN South Australia	AWD Warships

AIP-SAMP

ICN Victoria	Guangdong Province Services
	Australian Brazil Sports and Events Alliance
	Sustainable Airports Infrastructure China
	Parkville Comprehensive Cancer Centre (PCCC)
	ASEAN Health Infrastructure Alliance
ICN New South Wales	China Coal Industries Technology Phase 2 Additional Grant
	Global Mining Supply Chains
ICN Queensland	PNG LNG
	Major Hospitals Construction
	QGC Queensland Curtis LNG
	Major Project Supplier Qualification
	Gladstone LNG Extension
ICN Western Australia	Asian Oil and Gas Projects Supply Chains stage 2 Additional Grant
	Wheatstone LNG
	Browse LNG
ICN South Australia	Olympic Dam Expansion
	Australian Water Supplier Access to USA
ICN Northern Territory	Ichthys LNG Supply Chain Opportunities stage 2 Additional Grant
	Ichthys LNG Supply Chain Opportunities stage 3 Additional Grant
	Kitan Development



APPENDIX SIX

INDEPENDENT AUDIT REPORT



Auswild & Co
 CHARTERED ACCOUNTANTS
 ABN: 29 725 771 792

Independent auditor's report to the members of Industry Capability Network Limited (ICNL)

We have audited the accompanying financial report of Industry Capability Network Limited ("the company"), which comprises the statement of financial position as at 30th June, 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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*.

Audit Opinion

In our opinion:

1. the financial report of Industry Capability Network Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company at 30th June, 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



G.J. BRADLEY
Principal
Registered Auditor No: 1249

CANBERRA
9th August, 2012



APPENDIX SEVEN

FINANCIAL STATEMENTS

Industry Capability Network Limited

ABN 85 068 571 513

Financial Report

For the year ended 20 June 2012

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ICN Limited has prepared these statements to meet the requirements of the Corporations Law. However, ICN Limited is a non-profit organisation and any surplus funds in the current year will be retained and transferred to reserves. The Board resolved that no dividend would be paid to members.

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 2012.

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
 Peter Geoffrey Blackney
 Bruce Atkin Griffiths
 Robert Norman Herbet
 Russell Allan Kenery
 James Hugo Pearson

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 \$119,323.

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.

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 the 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 Team Australia Automotive, SAMP AIP, National Sector Managers and Gateway programs.

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

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.

Information on Directors

Mr David John McLachlan AO -Chairman

Qualifications

-Fellow Australian Institute of Company Directors (Dip)

Experience

-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

-Director

-Honours BA and MA Carleton University, Ottawa Ontario Canada

Experience

- Industry and Economic Advisor to Australian Manufacturing Workers Union
 - Board member Investment Committee Australian Super
 - Board member Clean Technology Investment Committee

Mr Peter Geoffrey Blackney

Qualifications

-Director

-Bachelor of Economics, Australian National University

-Graduate of Australian Institute of Company Directors (Dip)

-Williamson Fellow

Experience

- Extensive experience as a Board Director and as a senior executive of maintenance and project delivery to the utilities, industrial and mining sectors.

Mr Bruce Atkin Griffiths

Experience

-Director

-Consultant, Futuris Automotive Group

Mr Robert Norman Herbert AM -Deputy Chairman, Director

Qualifications

-Bachelor of Commerce (Industrial Relations), UNSW

Experience

-Currently Company Director and Consultant

Mr Russell Allan Kenery

Qualifications

-Director

-Fellow - Illuminating Engineering Society (Aus & NZ)

-Engineers Registration Board CEI (London)

-Advanced Management Program (RMIT)

Experience

-Currently Director, Kenery & Associates

Mr James Hugo Pearson

Qualifications

-Director

- B.Sc (Honours) University of WA

- MBA (Deakin University);

-GAICD

Experience

-Currently Chief Executive, Chamber of Commerce and Industry Western Australia

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

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	4	3
Mr Peter Geoffrey Blackney	4	4
Mr Bruce Atkin Griffiths	4	4
Mr Robert Norman Herbert AM	4	4
Mr Russell Allan Kenery	4	4
Mr James Hugo Pearson	4	3

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.

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



Dated:

16 August 2012

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue	2	<u>8,616,730</u>	<u>8,484,684</u>
Gross profit		8,616,730	8,484,684
Other revenue	2	11,652	1,116
Salaries and employee benefits		(1,024,307)	(810,203)
Depreciation		(29,892)	(36,663)
IT and Network Costs		(22,629)	(35,329)
Marketing and Promotion		(188,546)	(148,716)
Rent and Utilities		(102,641)	(125,850)
Administration expenses		(161,170)	(112,504)
Travel costs		(119,882)	(119,049)
NSM Management		(2,751,482)	(2,496,969)
Gateway		(263,844)	(413,771)
SAMP		(3,363,873)	(2,963,405)
Team Australia Automotive		(576,623)	(888,895)
Other expenses		<u>(142,816)</u>	<u>(36,386)</u>
Profit before income tax	3	(119,323)	298,060
Income tax expense		<u>-</u>	<u>-</u>
Profit for the year		<u>(119,323)</u>	<u>298,060</u>
Profit attributable to member of the company		<u>(119,323)</u>	<u>298,060</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 2012

	Note	2012 \$	2011 \$
Profit for the year		(119,323)	298,060
Other comprehensive income:		_____	_____
Other comprehensive income for the year, net of tax		_____ 0	_____ -
Total comprehensive income for the year		<u><u>(119,323)</u></u>	<u><u>298,060</u></u>
Total comprehensive income attributable to member of the company		<u><u>(119,323)</u></u>	<u><u>298,060</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 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,782,478	3,549,017
Trade and other receivables	5	68,659	12,739
Financial assets	6	85,000	126,168
Other current assets	7	18,947	66,415
TOTAL CURRENT ASSETS		<u>3,955,084</u>	<u>3,754,339</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	84,093	101,631
Intangibles	9	1,800	1,800
TOTAL NON-CURRENT ASSETS		<u>85,893</u>	<u>103,431</u>
TOTAL ASSETS		<u><u>4,040,977</u></u>	<u><u>3,857,770</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	384,756	244,469
Provisions	11	85,740	87,153
Other	12	2,389,922	2,226,266
TOTAL CURRENT LIABILITIES		<u>2,860,418</u>	<u>2,557,888</u>
TOTAL LIABILITIES		<u><u>2,860,418</u></u>	<u><u>2,557,888</u></u>
NET ASSETS		<u><u>1,180,559</u></u>	<u><u>1,299,882</u></u>
EQUITY			
Retained profits		<u>1,180,559</u>	<u>1,299,882</u>
TOTAL EQUITY		<u><u>1,180,559</u></u>	<u><u>1,299,882</u></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 2012

	Share Capital	
	Retained Earnings \$	Total \$
Balance at 1 July 2010	1,001,822	1,001,822
Comprehensive Income		
Profit attributable to the member of the company	298,060	298,060
Total comprehensive income for the year	298,060	298,060
Balance at 30 June 2011	1,299,882	1,299,882
Balance at 1 July 2011	1,299,882	1,299,882
Comprehensive Income		
Profit attributable to the member of the company	(119,323)	(119,323)
Total comprehensive income for the year	(119,323)	(119,323)
Balance at 30 June 2012	1,180,559	1,180,559

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 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts		8,342,312	7,571,620
Interest received		218,454	194,223
Payments		(8,356,162)	(8,125,950)
Net cash provided by (used in) operating activities	15	<u>204,604</u>	<u>(360,107)</u>
Cash flows from investing activities			
Purchases of plant & equipment		(12,674)	(77,309)
Sale of plant & equipment		363	18,182
Patent investment		-	(1,800)
Net cash provided by (used in) investing activities		<u>(12,311)</u>	<u>(60,927)</u>
Cash flows from financing activities			
Changes in investments		41,168	(29,946)
Net cash provided by (used in) financing activities		<u>41,168</u>	<u>(29,946)</u>
Net increase (decrease) in cash held		233,461	(450,980)
Cash and cash equivalents at beginning of financial year		3,549,017	3,999,998
Cash and cash equivalents at end of financial year	15	<u><u>3,782,478</u></u>	<u><u>3,549,018</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 2012

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.

1. SUMMARY OF 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 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 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 profit 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 2012

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 profit or loss' in which case transactions costs are expensed to profit 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 2012

(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.

Fair value

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.

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 profit 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 profit or loss.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(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 profits. 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 profit 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 2012

(g) Employee Benefits

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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(h) Provisions

Provisions are recognised when the company 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(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.

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

(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.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(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.

(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 has no reason to believe that the grant funding will not continue.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
2. REVENUE AND OTHER INCOME			
Revenue			
Grant Income		8,055,729	7,727,102
Jurisdictional Payments		180,000	162,000
Funds for Reallocation		-	72,183
Project Revenue		-	276,519
ICS V2 Income		15,000	13,750
Interest received	2(a)	227,810	193,122
Cost Recoveries		115,031	31,315
Other revenue		23,160	8,693
Total Revenue		<u>8,616,730</u>	<u>8,484,684</u>
Other Income			
Gain on disposal of property, plant and equipment		42	-
Foreign currency exchange gain		11,610	1,116
Total Other Income		<u>11,652</u>	<u>1,116</u>
(a) Interest received from:			
Other corporations		<u>227,810</u>	<u>193,123</u>
3. PROFIT FOR THE YEAR			
Profit from continuing operations includes the following specific expenses:			
Expenses:			
Depreciation and amortisation expense		29,892	36,663
Net loss on disposal of non-current assets:			
Property, plant and equipment		-	4,751
Auditor Remuneration		19,800	23,100
Rental Expense		<u>98,920</u>	<u>95,078</u>
4. CASH AND CASH EQUIVALENTS			
Cash at bank		<u>3,782,478</u>	<u>3,549,017</u>
5. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		27,038	10,245
Goods and services tax		29,771	-
Accrued interest		11,850	2,494
		<u>68,659</u>	<u>12,739</u>

INDUSTRY CAPABILITY NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
6. FINANCIAL ASSETS			
CURRENT			
Held-to-maturity investments	(a)	<u>85,000</u>	<u>126,168</u>
(a) Held-to-maturity investments:			
Term deposit:			
Term Deposit - Provisions		<u>85,000</u>	<u>126,168</u>
7. OTHER ASSETS			
CURRENT			
Prepayments		<u>18,947</u>	<u>66,415</u>
8. PROPERTY, PLANT AND EQUIPMENT			
Property improvements		14,834	14,834
Less accumulated depreciation		<u>(1,466)</u>	<u>(1,097)</u>
Total land and buildings		<u>13,368</u>	<u>13,737</u>
Plant and equipment		159,428	155,537
Less accumulated depreciation		<u>(123,631)</u>	<u>(111,660)</u>
		<u>35,797</u>	<u>43,877</u>
Motor vehicles		37,078	37,078
Less accumulated depreciation		<u>(13,974)</u>	<u>(6,273)</u>
		<u>23,104</u>	<u>30,805</u>
Software development		44,894	41,325
Less accumulated depreciation		<u>(38,708)</u>	<u>(33,491)</u>
		<u>6,186</u>	<u>7,834</u>
Furniture and fittings		54,954	53,672
Less accumulated depreciation		<u>(49,316)</u>	<u>(48,294)</u>
		<u>5,638</u>	<u>5,378</u>
Total property, plant and equipment		<u>84,093</u>	<u>101,631</u>
(a) Movement in carrying amounts			
For disclosure on movement in carrying amounts please refer to note 18(a) in the end of this financial report.			

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
9. INTANGIBLE ASSETS			
Patents and trademarks		1,800	1,800
Accumulated amortisation and impairment losses		-	-
		<u>1,800</u>	<u>1,800</u>
Reconciliation of patents and trademarks			
Balance at beginning of year		1,800	-
Additions		-	1,800
Disposals		-	-
Closing carrying value at 30 June 2012		<u>1,800</u>	<u>1,800</u>

Impairment Disclosures

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 10-year period with the period extending beyond five years is extrapolated using an estimated growth rate. The cash flows are discounted using the yield of 10-year government bonds at the end of the period.

10. TRADE AND OTHER PAYABLES

CURRENT

Goods and services tax	-	29,261
Trade creditors	343,683	171,170
Accrued costs	27,817	24,649
Withholding taxes payable	13,256	19,348
SGC super payable	-	41
	<u>384,756</u>	<u>244,469</u>

11. PROVISIONS

	2012 \$
Provision for holiday pay:	
Opening balance at 1 July 2011	54,458
Additional provisions raised	<u>(5,902)</u>
Balance at 30 June 2012	<u>48,556</u>

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
		2012 \$	
Provision for long service leave:			
Opening balance at 1 July 2011		32,696	
Additional provisions raised		<u>4,489</u>	
Balance at 30 June 2012		<u>37,185</u>	
		2012 \$	
Total Provisions			
Opening balance at 1 July 2011		87,153	
Additional provisions raised		<u>(1,413)</u>	
Balance at 30 June 2012		<u>85,740</u>	
Analysis of Total Provisions			
		2012 \$	2011 \$
Current		<u>85,740</u>	<u>87,153</u>
12. OTHER LIABILITIES			
CURRENT			
Income in advance		<u>2,389,922</u>	<u>2,226,266</u>

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

\$ \$

13. KEY MANAGEMENT PERSONNEL COMPENSATION

Director	Salary	Superannuation	Director Fees	Totals
	\$	\$	\$	\$
Mr David John McLachlan AO	59,954	5,396	-	65,350
Mr William Nixon Apple	-	-	8,800	8,800
Mr Peter Geoffrey Blackney	7,339	661	0	8,000
Mr Bruce Atkin Griffiths	-	-	8,800	8,800
Mr Robert Norman Herbert AM	-	-	8,800	8,800
Mr Russell Allan Kenery	-	-	8,800	8,800
Mr James Hugo Pearson	-	-	6,600	6,600
Total Compensation	67,293	6,057	41,800	115,150

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.

Note 2012 2011

15. CASH FLOW INFORMATION

(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	3,782,478	3,549,017
	<u>3,782,478</u>	<u>3,549,017</u>

(b) Reconciliation of cash flow from operations with profit

Profit after income tax	(119,323)	298,060
Non-cash flows in profit:		
Depreciation and amortisation	29,892	36,663
(Profit) / loss on sale of property, plant and equipment	(42)	4,751
Changes in Assets & Liabilities:		
(Increase) / decrease in trade and other receivables	(55,920)	143,545
Increase / (decrease) in trade and other payables	140,287	(36,724)
Increase / (decrease) in deferred revenue	163,656	(773,795)
Increase / (decrease) in provisions	(1,414)	22,270
(Increase) / decrease in prepayments	47,468	(54,877)
Net cash provided by (used in) operating activities	<u>204,604</u>	<u>(360,107)</u>

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
16. Financial Instruments			
(a) Financial Risk Management			
The company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable.			
(b) Financial Risks			
The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.			
(c) Interest Rate Risk			
Interest rate risk is managed with a mixture of floating and fixed rate debt.			
(d) Liquidity Risk			
The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.			
(d) Credit Risk			
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements			
17. COMPANY DETAILS			
The registered office and principal place of business of the company is:			
Industry Capability Network Limited			
Ground Floor, 37 Gells Court			
Deakin ACT 2600			

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2012

18. (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 2010	8,430	29,649	24,968	18,493	2,378	83,918
Additions	5,651	29,664	37,078	1,282	3,635	77,310
Disposals	-	-	(22,933)	-	-	(22,933)
Depreciation expense	(343)	(15,436)	(8,308)	(11,941)	(635)	(36,663)
Carrying amount at 30 June 2011	13,738	43,877	30,805	7,834	5,378	101,632
Additions	-	7,821	-	3,569	1,284	12,674
Disposals	-	(321)	-	-	-	(321)
Depreciation expense	(370)	(15,580)	(7,701)	(5,217)	(1,024)	(29,892)
Carrying amount at 30 June 2012	13,368	35,797	23,104	6,186	5,638	84,093

INDUSTRY CAPABILITY NETWORK LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

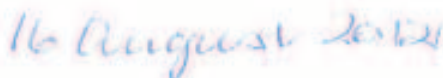
1. the financial statements and notes, which comprise the statement of financial position as at 30 June 2012, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes are in accordance 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 2012 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:







**All the right
connections for
local industry**

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