

Annual Report 2012-13

**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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Chairman's review

2012-13 was an interesting and important year, with the release of the Prime Minister's Taskforce on Manufacturing, Smarter Manufacturing for a Smarter Australia, and the subsequent passing of legislation to establish the Australian Industry Participation (AIP) Authority.

During the year, ICN Limited made strong contributions to the related request for comment on the Taskforce's preparation of the report. The passing of the legislation could see major changes for the Company's operational status in 2013-14 and we have spent time preparing for any possible changes to ICN Limited's operational status that might come from the establishment of the AIP Authority.

Throughout the year, ICN Limited worked and collaborated with ICN offices across Australia to continue to provide high-quality services to local companies and major projects alike. With the help of ICN, contracts worth \$7.3 billion were awarded to Australian and New Zealand businesses during 2012-13 that may have otherwise gone overseas.

These contracts are major wins for Australian industry, however with the resources sector shifting towards lower production costs and existing operations rather than new investment, future wins in the sector will be harder to find, and Australian businesses will need to adapt to these shifts to be successful. As indeed our network will need to review the offerings we provide to ensure continuing relevance in assisting Australian and New Zealand industry.

The ICN Limited Board operates within a strong governance model, and by keeping a close eye on the trends of our key focus sectors and 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.

2012-13 saw the re-election of Mr Peter Blackney, Mr Bob Herbert AM, Mr James Pearson and myself to the Board. The Board reluctantly accepted the resignation of Mr Blackney in March. Mr Bob Herbert AM and Mr Bruce Griffiths OAM also continued their roles as Supplier Advocates for the water and rail industries respectively.

We acknowledge and thank our Ministers for their support and assistance. We also wish to thank the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education and in particular Mr Mike Lawson, Mr Grant Wilson, Ms Deborah Anton and their teams for their continuing confidence in ICN Limited and our activities.

Last but not least, I would like to thank the ICN Limited team, led by Mr Derek Lark for their dedication and hard work throughout 2012-13 and I look forward to working with them in 2013-14.

David McLachlan AO
Chairman

“
...with the resources sector shifting towards lower production costs and existing operations rather than new investment, future wins in the sector will be harder to find...



Executive Director's report

It has been a very productive and important year for ICN Limited, with our strong ongoing support for local industry. 2012-13 saw the introduction of new legislation to establish the Australian Industry Participation (AIP) Authority. What this means for ICN Limited is still to be decided, and we continue to prepare for possible changes to the way ICN Limited operates from the establishment of the Authority.

On the ground, our focus is always on maximising the probability of success for Australian and New Zealand businesses and this year there was plenty of positive activity undertaken by ICN.

At 30 June 2013, around 180 projects were listed on ICN Gateway, valued at around \$264 billion. In 2012-13, through ICN, \$7.3 billion has been awarded in contracts to Australian and New Zealand companies – a fantastic win for local industry.

Even with the strong performance in terms of contractual wins for local companies, there have also been some challenges. The resources construction boom appears to be waning, and with the focus now shifting to operational management and existing resources, wins for Australian businesses will be harder to find.

That being said, there is plenty of activity being done to support local industry, including the work being undertaken by ICN Limited.

ICN Gateway has been enhanced to better meet the complex buyer needs for pre-qualification and improvements to the registration process have made the system easier to access for local businesses. We also developed training videos to help inform our ICN Gateway users.

The National Sector Manager (NSM) program continues to be a success story for ICN Limited. 2012-13 saw the continuation of eight NSMs – rail, water, health, oil and gas, clean energy, steel, mining and NBN. ICN Limited supported the NSMs on various projects, including showcasing ICN at conference exhibitions also developing advertising, editorial and providing general marketing material and advice. The program has been extended for a further 12 months.

We have developed enhanced business models to better reflect our relationship with Buy Australian at Home and Abroad and Supplier Advocates and to enhance and further cement the roles of our National Sector Managers.

We continued to build our strategic alliances with Australian Manufacturing Technology Institute Limited (AMTIL), Australasian Rail Association (ARA), waterAUSTRALIA, Austrade and the Federation of Automotive Products Manufacturers (FAPM). 2013 also saw ICN Limited hand over the management of the Access Auto Australia website to FAPM.

“ Even with the strong performance in terms of contractual wins for local companies, there have also been some challenges. ”

ICN Limited undertook joint marketing activities with Export Finance and Insurance Corporation (EFIC) and Australian Made Campaign Limited. This included an online campaign to communicate key research undertaken by EFIC to help SMEs wanting to break into the resources sector and also partnering with Australian Made Campaign Limited to present a webinar on ICN Gateway.

We continue to produce our quarterly newsletter, providing updates to our key stakeholders and SMEs and have further enhanced our online presence with LinkedIn groups.

The IT, marketing, administration and project management services offered by ICN Limited continue to be in high demand and we will continue to deliver excellent services in 2013-14. I am proud to work with the ICN Limited team and acknowledge their outstanding contributions.

To the Board, led by Chairman David McLachlan, I express my thanks for their dedication to ICN Limited. Their strategic input allows us to maximise the probability of Australian and New Zealand companies winning business locally and overseas.

I would also like to thank Mr Grant Wilson and Dr Brett Yeomans, and their team, from the Australian Industry Participation Branch and the Australian Industry Participation section within Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education. Their continued support is invaluable.

2013-14 could see some major changes for ICN Limited, and I look forward to leading the team through these changes and continue in our work to support local industry.

Derek Lark
Executive Director



Highlights for the year

- The network contributed to contracts worth **\$7.3 billion** awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- The continuation of **eight sector managers** – rail, water, oil and gas, clean energy, health, steel, mining and NBN.
- Continuation of the **ICN-Austrade-Enterprise Connect alliance**.
- Management of **\$2,402,319** of new **Supplier Access to Major Projects (SAMP)** grants. There were 15 SAMP applications received and ten projects approved (with only nine progressing).
- The management of **SAMP grants worth \$7,114,198**.
- The network reported **SAMP contracts worth \$3.564 billion** awarded to Australian companies that may have otherwise gone to overseas suppliers.
- SAMP activities resulting in more than **446 contracts won by Australian suppliers** and **\$12.717 billion** of opportunities identified.
- Development of **one website for the whole network** (previously ten separate websites).
- Continued development of **SAMP specific and general case studies** that highlight successes of ICN.
- Many **enhancements to ICN Toolbox and ICN Gateway**.
- Annual grant payments of **more than \$4 million**.
- **Further development of our alliances** with Austrade, Australian Made Campaign Limited, ARA, Defence Export Unit, Enterprise Connect, FAPM, AMTIL and waterAUSTRALIA.
- ICN Limited increased its customer satisfaction score with the network to achieve a **rating of 84.7%**.
- More than **9,800 new companies** registered on ICN Gateway.
- At 30 June 2013, around 180 projects were listed on ICN Gateway, **valued at \$264 billion**.



The network contributed to contracts worth \$7.3 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.



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.



ICN providing the right connections for Bayu-Undan

A 502 kilometre subsea pipeline connects the Bayu-Undan gas facility, located in the Timor Sea, to the Darwin LNG plant in Darwin, Northern Territory. The 3.24 million tonne per annum plant will increase Northern Territory exports by \$450 million per annum throughout the life of its operation.

The \$3.3 billion Bayu-Undan gas field was developed and is being operated by ConocoPhillips, in partnership with Eni, Santos, INPEX, Tokyo Electric Power and Tokyo Gas. The field is expected to have a 25 year life span.

As part of this project ConocoPhillips agreed to an Australian Industry Participation (AIP) plan. ICN worked with ConocoPhillips on this plan through the identification of Australian companies to supply products and services.

To support ICN, the Australian Government provided funding through its Supplier Access to Major Projects (SAMP) program.

ICN has been involved in this project from its beginning in 2001. As part of ConocoPhillips AIP plan, ICN identified local companies that had the capability to provide the products and services ConocoPhillips (and the projects major contractors) were looking for.

'We highlighted to the project proponents that there are many Australian companies that have the required technology, capability and are cost effective' says Kevin Peters, CEO, ICN Northern Territory.

'ICN represented the capabilities of Australian suppliers at an early stage to ensure opportunities were available to them' continued Kevin. ConocoPhillips have regularly involved ICN in the identification of Australian suppliers for new project works and renewal of contracts.

ConocoPhillips also accessed ICN's services for the 2010 maintenance shut down for supply of local capable suppliers.

'ICN managed almost 200 enquiries for ConocoPhillips, saving the company time and money.' says Kevin. In total, ConocoPhillips awarded 82 Australian companies contracts, valued at a total of \$259.714 million.

“ ICN worked with ConocoPhillips on this plan through the identification of Australian companies to supply products and services.

Value delivery 2012-2013

Information, communication and technology

- ICN Gateway.
- 180 projects listed online.
- More than 44,452 registrations of interest from local businesses.
- Over \$264 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

- Consolidation of nine state (and New Zealand) ICN websites into one national website.
- Continued support of the NSM program including event management, editorial pieces and advertising.
- Development of joint marketing initiatives with Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCS RTE), waterAUSTRALIA, Australian Made and Enterprise Connect.

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, Innovation, Climate Change, Science, Research and Tertiary Education allocated up to \$2,000,000 for AIP-SAMP this year. All available funds were allocated.
- In the reporting period, 446 contracts worth \$3.564 billion were awarded to Australian companies that may have otherwise gone to overseas suppliers.

	AIP-SAMP
Grants under management	27
Grant amount	\$7,114,198
New applications	15
Value of applications	\$4,708,863
New grants	9
Value of grants	\$2,402,319

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
- Federation of Automotive Products Manufacturers (FAPM)
- waterAUSTRALIA
- 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 three times during 2012-13, with meetings held in Brisbane, Adelaide and Canberra.



ICN Limited continued to coordinate nine ICN offices across Australia and New Zealand.



At a national level, ICN Limited 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
- DIICCSRTE - meeting of Chairs of DIICCSRTE's Advisory Bodies
- Enterprise Connect
- PlastixANZ
- FAPM.

As national representative and coordinator for the ICN, ICN Limited provided input and liaison with DIICCSRTE 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 DIICCSRTE 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.

A long-exposure photograph of an industrial facility at night. In the foreground, a road shows vibrant red and white light trails from passing vehicles. Behind the road is a dark, corrugated metal fence. In the background, several large, rusted cylindrical storage tanks are visible. Further back, industrial structures with tall chimneys or towers are silhouetted against a dark blue night sky. Two bright lights, one on the left and one in the center, create starburst effects. The entire image is overlaid with a semi-transparent geometric pattern of overlapping triangles in shades of blue and orange.

“ ICN Gateway has more than 180 projects valued at around \$264 billion.

All the right connections for local industry





Marketing and communications

ICN Limited continued to support ICN and the NSMs with the strategic milestone of 'One Network' as the overarching driver for all marketing activities.

The marketing team also worked closely with Executive Directors, consultants and external stakeholders to uphold a high and consistent standard for the ICN brand.

During this period there was a strong focus on joint initiatives. A major project between ICN Limited, NSM Water, Water Supplier Advocate, waterAUSTRALIA and DIICCS RTE was Ozwater '13. This involved a large stand, promotional material, presentations, networking cocktail function and meetings. The stand showcased eight SMEs, giving them the opportunity to exhibit under a professional brand, generate leads and network across the water industry. The feedback from SMEs was overwhelmingly positive.

The marketing team also worked with our partner organisations through a number of initiatives including a campaign with Export Finance and Insurance Corporation (email, online and ICN newsletter) featuring a series of useful articles to help SMEs get more work in the resources sector.

Joint initiatives also included an ICN Gateway

webinar which was developed and delivered for Australian Made Campaign Limited licensees and ICN clients. ICN Limited also collaborated with Enterprise Connect's marketing department on cross promotional opportunities.

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.

“ The ICN Limited marketing team continues to support ICN and National Sector Managers with marketing services and advice.



A strategic milestone for ICN Limited marketing was the development of one website for the whole network. The marketing team managed this project from inception to its launch in December 2012.

Each region now has access to a complete content managed site and has full technical support. Since its launch, the marketing team has continued to further develop the site.

Other key outcomes for the year included:

- ICN Exchange (intranet) upgrades introducing a number of new functions including email notifications, new resource database, the ability to export contact lists, development of a network-wide electronic mailing system
- creation of a new corporate ICN video
- four editions of the national newsletter developed and distributed
- development of 13 case studies on ICN's successes
- more than 10 editorial pieces placed in sector-specific publications
- various templates, ads and marketing materials for state-based activities
- development of LinkedIn corporate profile
- national presence at major conferences and events.

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, 27 AIP-SAMP active projects were managed. Four projects were completed and two projects were cancelled. This leaves 21 projects under management, as at 30 June 2013.
- Total wins for the reporting period have amounted to 446 contracts worth \$3,564 billion.
- The return on grants managed is 640:1*.
- There were two rounds of SAMP grants this year. This took place in October 2012 and May 2013. ICN Limited received 15 applications for funding. Following consideration of the applications, 10 projects received grants (see table opposite).

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

- A ten-year contract worth \$1 billion awarded to Bristow Helicopters Australia for fixed and rotary wing services to the Ichthys project.
- \$260 million awarded to Technip Oceania (WA) for offshore commissioning Inpex project.
- \$105 million to Schneider Electric (Australia) Pty Ltd for prefabricated substation buildings on the Wheatstone LNG project.
- The ICN Global Supply Chain Access Service – Oil and Gas project has resulted in 194 Australian suppliers being accepted onto the pre-qualified supplier registers of major global oil and gas module contractors and engineering companies.
- The Australian Water Supplier Access to US project has enabled a number of Australian suppliers to gain a foothold in the US market, establishing partnering arrangements, and satisfying pre-qualification and registration requirements that will allow them to compete in that market.

* *Return = wins ÷ grants* ** *Ex GST*

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

SAMP project overview and outcomes

Project	Applicant	Grant**
Ichthys LNG final Construction & Operational Phase	ICN NT	\$397,500
New Generation Rolling Stock	ICN QLD	\$254,000
NW Rail Link	ICN NSW	\$280,450
Wheatstone No 2	ICN WA	\$401,402
New Children's Hospital	ICN WA	\$145,172
National Health Alliance Program	ICN VIC	\$171,000
Roy Hill Iron Ore	ICN WA	\$183,295
Mount Peake Vanadium mine	ICN NT	\$270,000
GVK Alpha Coal/ Kevin's Corner Coal – Design & Construction	ICN QLD	\$299,500
TOTAL:		\$2,402,319

** Ex GST

The following table shows the number and value of successful contracts achieved under the AIP-SAMP program in 2012-13:

Project	State	Status	Current		Previous		Change	
			No.	\$m	No.	\$m	No.	\$m
ASEAN Health	ICN VIC	Active	14	5.96	4	0.91	10	5.05
Gladstone LNG Extension	ICN QLD	Active	15	223.0	13	224.01	2	(1.01)
Global Supply chains Oil and Gas No 2	ICN WA	Complete	5	0.21	4	0.16	1	0.05
Wheatstone 1 & 2	ICN WA	Complete	106	795.2	37	52.8	69	742.4
INPEX 3	ICN NT	Complete	228	2,589.0	0	0	228	2,589.0
Kitan	ICN NT	Active	138	328.17	2	100	136	228.17
TOTAL:			506	3,941.54	60	377.88	446	3,563.66

Note 1: data for the Gladstone LNG Extension project reflects an adjustment of statistics between this project and the Queensland Curtis LNG project.

Note 2: additional 21 projects had no reporting changes in this period.

Funding of the SAMP program

Deeds between ICN Limited and the DIICCS RTE 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 DIICCS RTE 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 \$17.052 million from funding provided by DIICCS RTE. The Department provided 27 grants to facilitate Australian industry access to major projects, resulting in \$11.514 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 Supplier Advocate program.

“ A major outcome has been the cross-collaboration between states to coordinate ICN activities within the sectors. ”



The priority sectors and the NSMs are:



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

Rob McCullagh
(finished June 2013)
ICN NSW



Mining

David Roberts
(finished June 2013)
ICN QLD



Water

Hamish Gordon
ICN SA



Steel

Andrew Kiloni
ICN QLD



Technology systems

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 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 admin 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 2013-14 we are continuing 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 designing and developing more applications suited to use on mobile platforms such as the iPhone/iPad and Android devices.



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

Strategic direction

“ **ICN Limited is leading the network in monitoring the environment and developing the ‘one network’ strategic direction.** ”

Our target in 2012-13 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. 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 network offices within ICN annually to measure their satisfaction with our services. This year we recorded another increase in satisfaction, which takes the satisfaction level to 84.7%.


The 2013 milestones were substantially achieved.

Strategic Plan 2012 - 2015

June 2013 Milestones	2015 Targets	2015 Outcomes
1. Agreed roadmap to realise 'One Network'	<ul style="list-style-type: none"> Seamless delivery All states offering same core services 	One Network
2. Undertake agreed sector expos		
3. Agreed and promoted core offerings	<ul style="list-style-type: none"> # of new products sets Increased access to global markets 	Proactive Market Offerings
4. Surveyed our quality of service and published first annual report		
5. Analysed disruptive technology and piloted program	<ul style="list-style-type: none"> Consistent set of skills at all locations # for client satisfaction 	Consistent Customer Experience
6. Up skilled consultants with three training modules (enquires, sales, systems)	<ul style="list-style-type: none"> # of new clients Level of ongoing governments support 	Valued Independent Consultancy Service
7. Researched and workshopped alternative business models	<ul style="list-style-type: none"> Program renewal # of invitations to participate in adjacent programs 	Collaborator with Federal Gov't Dept
8. Published an independent review of our IT systems	<ul style="list-style-type: none"> Best online systems # user satisfaction 	Adaptable Technology
9. Relationship management plan, including Australian Made Campaign Limited, developed and allocated	<ul style="list-style-type: none"> New models 	Ahead of the Curve on Business Models

Pathways

Understand & Respond to Stakeholder Needs	Tailored Personalised Advice	Step Changes in Technology	All Govt Buy-In	Demonstrate Successes	Strong Sector Approach	Professional National Skills Base	Business Model Innovation
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“ On the ground, our focus is always on helping Australian and New Zealand companies find new business.

All the right connections for local industry

Appendix one

Company membership

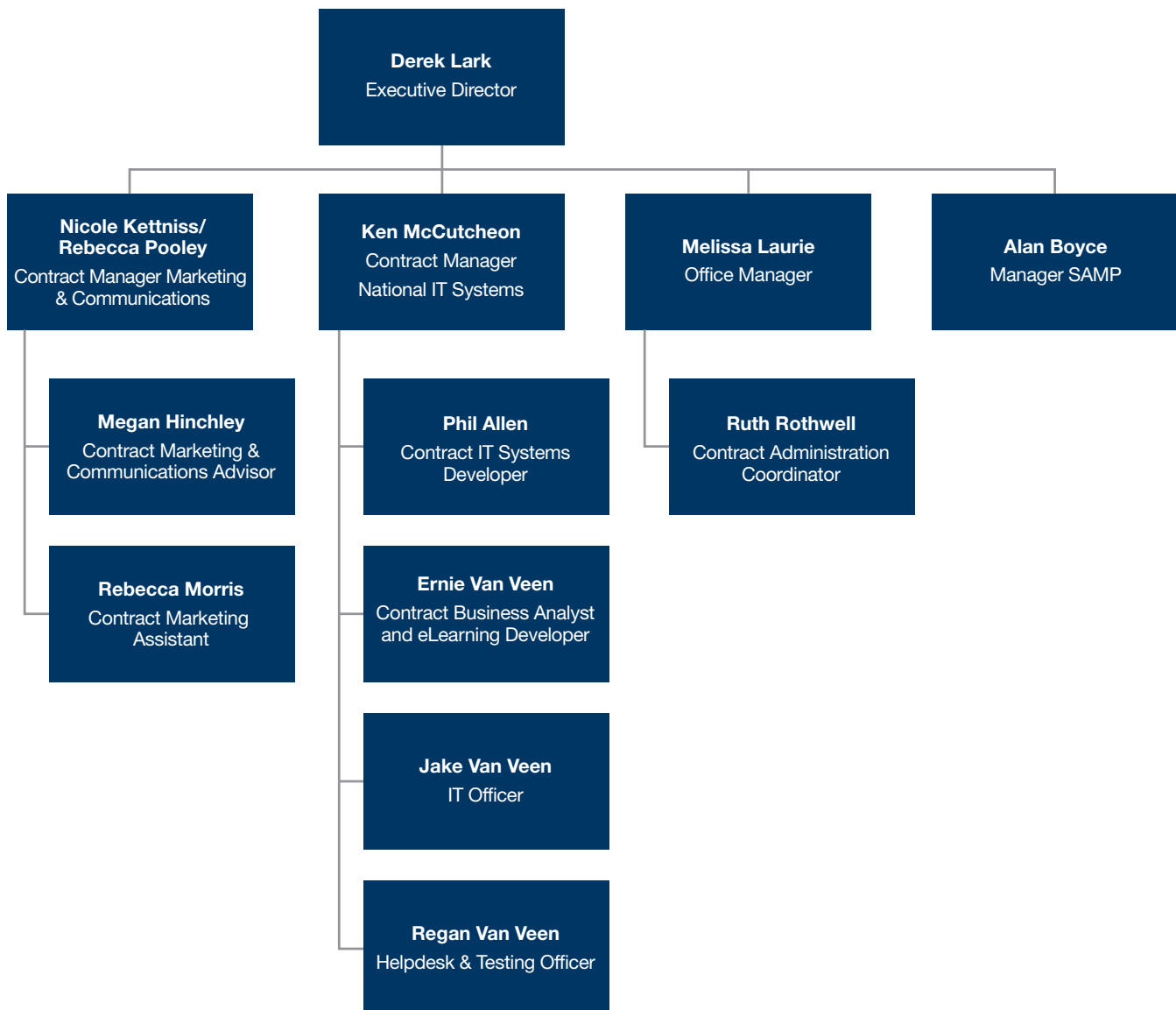
The members of ICN Limited are:

- Department of Industry, Innovation, Climate Change, 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 (TAS)
- ACT Government Economic Development Directorate
- New Zealand Trade & Enterprise.

Appendix two

Employee details

as at 30 June 2013



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 2013 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
Chairman TrackSAFE Foundation
Trustee MCG
Commonwealth Water Supplier
Advocate
55 Tivoli Road, South Yarra VIC 3141
03 9827 0388



Director (resigned 31 March 2013)

Mr Peter Blackney

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



Director

Mr Bruce Griffiths OAM

Managing Director
Monoduo Pty Ltd
8 Monomeath Avenue
Toorak VIC 3142
03 9822 4415



Director

Mr Russell Kenery

Principal
Kenery & Associates
PO Box 47
Red Hill VIC 3937
03 5931 0348



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 Peter Blackney, Robert Herbert, David McLachlan and James Pearson were re-elected at the 2012 AGM.
Mr Peter Blackney resigned on 31 March 2013.*

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 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
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Appendix five

Supplier Access to Major Projects (SAMP)

The Australian Government, through the Department of Industry, Innovation, Climate Change, Science, Research, and Tertiary Education (DIICCSRTE), 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 DIICCSRTE and is responsible for 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 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.

Following is a list SAMP projects that were reported on in 2012-13

AIP-SAMP

ICN Victoria	<p>Australia Brazil Sports and Events Alliance</p> <p>Sustainable Airports Infrastructure China</p> <p>Guangdong Provinces Services</p> <p>ASEAN Health Infrastructure Alliance</p> <p>Parkville Comprehensive Cancer Centre (PCCC)</p> <p>National Healthcare Alliance</p>
ICN New South Wales	<p>North West Rail</p> <p>China Coal Industries Technology Phase 2 Additional Grant</p> <p>Global Mining Supply Chains</p>
ICN Queensland	<p>PNG LNG Projects</p> <p>QGC Queensland Curtis LNG</p> <p>Major Project Supplier Qualification</p> <p>Gladstone LNG Extension</p> <p>New Generation Rolling Stock</p> <p>GVK Alpha / Kevin's Corner Coal – Design & Construction</p>
ICN Western Australia	<p>Asian Oil and Gas Projects Supply Chains Phase 2 Additional Grant</p> <p>Wheatstone LNG No 1</p> <p>Browse LNG</p> <p>Children's Hospital</p> <p>Wheatstone LNG No 2</p> <p>Roy Hill Iron Ore Mine</p>
ICN South Australia	<p>Australian Water Supplier Access to USA</p> <p>Olympic Dam Expansion</p>
ICN Northern Territory	<p>Ichthys LNG Supply Chain Opportunities Phase 3 Additional Grant</p> <p>Ichthys LNG Final Construction & Operational Phase</p> <p>Kitan Development</p> <p>Mt Peake Vanadium Mine</p>



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, 2013, and the Income Statement, 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*.

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Liability limited by a scheme
approved under Professional
Standards Legislation

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, 2013 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
16th August, 2013



Appendix seven

Financial statements

The financial statements for ICN Limited as at 30 June 2013 include:

- Directors' report
- Income statement
- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements
- Directors' declaration.

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 2013

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 (Retired 31 March 2013)
Bruce Atkin Griffiths
Robert Norman Herbert
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 \$184,380

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:

- agree a roadmap to realise One Network
- undertake agreed sector expos
- agree and promote core offerings
- survey our quality of service and publish the 1st annual report
- analyse disruptive technology and undertake a pilot program
- upskill consultants with 3 training modules (enquiries, sales, systems)
- research and workshop alternative business models

The company's long-term objectives are to:

- Complete the establishment of One Network
- Develop proactive market offerings
- Provide a consistent customer experience
- Offer a valued independent consultancy service
- Collaborate with Federal Government Departments
- Adopt adaptable technology
- Be ahead of the curve on business models

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 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.

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.

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
- 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 Peter Geoffrey Blackney

Qualifications

Experience

- Director (Retired 31 March 2013)
- Bachelor of Economics, Australian National University
- Graduate of Australian Institute of Company Directors (Dip)
- Williamson Fellow
- 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 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

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
- 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

Meetings of directors

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

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	5	5
Mr William Nixon Apple	5	3
Mr Peter Geoffrey Blackney	5	4
Mr Bruce Atkin Griffiths OAM	5	5
Mr Robert Norman Herbert AM	5	5
Mr Russell Allan Kenery	5	5
Mr James Hugo Pearson	5	4

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.

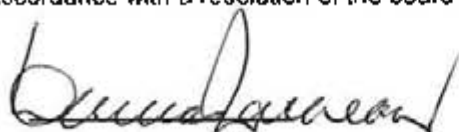
The company is incorporated under Corporations Act and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of \$50 towards any outstanding liabilities. At 30 June 2013, the total amount that members of the company are liable to contribute if the company is wound up is \$500 (2012: \$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



Dated:

18/09/13

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue	2	<u>8,560,311</u>	<u>8,616,730</u>
Gross profit		8,560,311	8,616,730
Other revenue	2	0	11,652
Salaries and employee benefits		(1,025,454)	(1,024,307)
Depreciation		(25,151)	(29,892)
IT and Network Costs		(18,510)	(22,629)
Marketing and Promotion		(108,841)	(188,546)
Rent and Utilities		(101,840)	(102,641)
Administration expenses		(124,214)	(161,170)
Travel costs		(99,522)	(119,882)
NSM Management		(2,770,022)	(2,751,482)
Gateway		(429,037)	(263,844)
SAMP		(3,840,794)	(3,363,873)
Team Australia Automotive		(5,368)	(576,623)
Other expenses		<u>(195,938)</u>	<u>(142,816)</u>
Profit/(Loss) before income tax	3	(184,380)	(119,323)
Income tax expense		<u>-</u>	<u>-</u>
Profit/(Loss) for the year		<u>(184,380)</u>	<u>(119,323)</u>
Profit/(Loss) attributable to member of the company		<u><u>(184,380)</u></u>	<u><u>(119,323)</u></u>

The accompanying notes form part of these financial statements.

INDUSTRY CAPABILITY NETWORK LIMITED
ABN 85 068 571 513

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Profit/(Loss) for the year		(184,380)	(119,323)
Other comprehensive income:		_____	_____
Other comprehensive income for the year, net of tax		_____ -	_____ -
Total comprehensive income for the year		<u><u>(184,380)</u></u>	<u><u>(119,323)</u></u>
Total comprehensive income attributable to member of the company		<u><u>(184,380)</u></u>	<u><u>(119,323)</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 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,280,995	3,782,478
Trade and other receivables	5	170,931	68,659
Financial assets	6	160,500	85,000
Other current assets	7	41,288	18,947
TOTAL CURRENT ASSETS		4,653,714	3,955,084
NON-CURRENT ASSETS			
Property, plant and equipment	8	82,281	84,093
Intangibles	9	1,800	1,800
TOTAL NON-CURRENT ASSETS		84,081	85,893
TOTAL ASSETS		4,737,795	4,040,977
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	498,207	384,756
Provisions	11	171,321	85,740
Other	12	3,066,599	2,389,922
TOTAL CURRENT LIABILITIES		3,736,127	2,860,418
NON-CURRENT LIABILITIES			
Provisions	13	5,489	-
TOTAL NON-CURRENT LIABILITIES		5,489	-
TOTAL LIABILITIES		3,741,616	2,860,418
NET ASSETS		996,179	1,180,559
EQUITY			
Retained profits		996,179	1,180,559
TOTAL EQUITY		996,179	1,180,559

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 2013

	Retained Earnings \$	Total \$
Balance at 1 July 2011	1,299,882	1,299,882
Comprehensive income		
Loss attributable to the member of the company	(119,323)	(119,323)
Total comprehensive income for the year	<u>(119,323)</u>	<u>(119,323)</u>
Balance at 30 June 2012	<u>1,180,559</u>	<u>1,180,559</u>
Balance at 1 July 2012	1,180,559	1,180,559
Comprehensive income		
Loss attributable to the member of the company	(184,380)	(184,380)
Total comprehensive income for the year	<u>(184,380)</u>	<u>(184,380)</u>
Balance at 30 June 2013	<u>996,179</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 CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts - Grants		7,991,247	8,055,729
Receipts - Other		305,572	286,583
Interest received		161,220	218,454
Payments		<u>(7,858,965)</u>	<u>(8,356,162)</u>
Net cash provided by (used in) operating activities	16	<u>599,074</u>	<u>204,604</u>
Cash flows from investing activities			
Purchases of plant & equipment		(44,148)	(12,674)
Sale of plant & equipment		19,091	363
Patent investment		<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(25,057)</u>	<u>(12,311)</u>
Cash flows from financing activities			
Changes in investments		<u>(75,500)</u>	<u>41,168</u>
Net cash provided by (used in) financing activities		<u>(75,500)</u>	<u>41,168</u>
Net increase (decrease) in cash held		498,517	233,461
Cash and cash equivalents at beginning of financial year		<u>3,782,478</u>	<u>3,549,017</u>
Cash and cash equivalents at end of financial year	16	<u><u>4,280,995</u></u>	<u><u>3,782,478</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 2013

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 16 August 2013 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 2013

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 2013

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 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 2013

(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
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(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.

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

2. Revenue and other income

	2013	2012
	\$	\$
Revenue		
Grant Income		
Operating	1,491,798	2,058,924
SAMP	3,754,499	3,456,521
NSM	2,744,950	2,540,284
	<u>7,991,247</u>	<u>8,055,729</u>
 Jurisdictional Payments	 180,000	 180,000
Project revenue	44,000	-
ICS V2 income	16,364	15,000
Interest received	2(a) 160,079	227,810
Cost recoveries	161,072	115,031
Other revenue	7,549	23,160
Total revenue	<u>8,560,311</u>	<u>8,616,730</u>
 Other income		
 Gain on disposal of property, plant and equipment	 -	 42
Foreign currency exchange gain	-	11,610
Total other income	<u>-</u>	<u>11,652</u>
 (a) Interest received from:		
Other corporations	<u>160,079</u>	<u>227,810</u>

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

3. Expenses

	2013	2012
	\$	\$
Profit from continuing operations includes the following specific expenses:		
Expenses:		
Depreciation and amortisation expense	25,151	29,892
Net loss on disposal of non-current assets:		
Property, plant and equipment	1,718	-
Auditor remuneration	26,920	19,800
Rental expense	<u>106,053</u>	<u>98,920</u>

4. Current assets - cash and cash equivalents

	2013	2012
	\$	\$
Cash at bank	<u>4,280,995</u>	<u>3,782,478</u>

5. Current assets - trade and other receivables

	2013	2012
	\$	\$
Trade receivables	80,146	27,038
Other debtors	2,013	-
Goods and services tax	78,062	29,771
Accrued interest	<u>10,710</u>	<u>11,850</u>
	<u>170,931</u>	<u>68,659</u>

6. Current assets - financial assets

	2013	2012
	\$	\$
Held-to-maturity investments	(a) <u>160,500</u>	<u>85,000</u>

(a) Held-to-maturity investments:

Term deposit:	-	-
Term deposit - provisions	<u>160,500</u>	<u>85,000</u>

7. Current assets - other assets

	2013	2012
	\$	\$
Prepayments	<u>41,288</u>	<u>18,947</u>

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

	2013	2012
	\$	\$
Property improvements	14,834	14,834
Less accumulated depreciation	<u>(1,837)</u>	<u>(1,466)</u>
Total land and buildings	<u>12,997</u>	<u>13,368</u>
Plant and equipment	154,555	159,428
Less accumulated depreciation	<u>(126,424)</u>	<u>(123,631)</u>
	<u>28,131</u>	<u>35,797</u>
Motor vehicles	38,265	37,078
Less accumulated depreciation	<u>(5,661)</u>	<u>(13,974)</u>
	<u>32,604</u>	<u>23,104</u>
Software	44,894	44,894
Less accumulated depreciation	<u>(40,941)</u>	<u>(38,708)</u>
	<u>3,953</u>	<u>6,186</u>
Furniture and fittings	54,954	54,954
Less accumulated depreciation	<u>(50,358)</u>	<u>(49,316)</u>
	<u>4,596</u>	<u>5,638</u>
Total property, plant and equipment	<u><u>82,281</u></u>	<u><u>84,093</u></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

	2013	2012
	\$	\$
Patents and trademarks	1,800	1,800
Accumulated amortisation and impairment losses	<u>-</u>	<u>-</u>
	<u>1,800</u>	<u>1,800</u>
Reconciliation of patents and trademarks		
Balance at beginning of year	1,800	1,800
Additions	-	-
Disposals	<u>-</u>	<u>-</u>
Closing carrying value at 30 June 2013	<u><u>1,800</u></u>	<u><u>1,800</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Current liabilities - trade and other payables

	2013	2012
	\$	\$
Trade creditors	453,584	343,683
Accrued costs	31,776	27,817
Withholding taxes payable	12,870	13,256
SGC super payable	(23)	-
	<u>498,207</u>	<u>384,756</u>

11. Current liabilities - employee provisions

	2013	2012
	\$	\$
Provision for holiday pay:		
Opening balance at 1 July 2012	48,556	54,458
Additional provisions raised	<u>7,505</u>	<u>(5,902)</u>
Balance at 30 June 2013	<u>56,061</u>	<u>48,556</u>

	2013	2012
	\$	\$
Provision for long service leave:		
Opening balance at 1 July 2012	37,185	32,696
Additional provisions raised	<u>1,352</u>	<u>4,489</u>
Balance at 30 June 2013	<u>38,537</u>	<u>37,185</u>

	2013	2012
	\$	\$
Provision for redundancy pay		
Opening balance at 1 July 2012	-	-
Additional provisions raised	<u>76,723</u>	<u>-</u>
Balance at 30 June 2013	<u>76,723</u>	<u>-</u>

	2013	2012
	\$	\$
Total provisions		
Opening balance at 1 July 2012	85,741	87,154
Additional provisions raised	<u>85,580</u>	<u>(1,413)</u>
Balance at 30 June 2013	<u>171,321</u>	<u>85,740</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. Current liabilities - other

	2013	2012
	\$	\$
Income in advance		
NSM grant funds on hand at end of year	685,829	620,379
SAMP grant funds on hand at end of year	2,316,600	1,728,091
Other	64,170	41,452
	<u>3,066,599</u>	<u>2,389,922</u>

13. Non-current liabilities - provisions

	2013	2012
	\$	\$
Provision for long service leave:		
Opening balance at 1 July 2012	-	-
Additional provisions raised	5,489	-
Balance at 30 June 2013	<u>5,489</u>	<u>-</u>

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:

	2013	2012
	\$	\$
Short-term employee benefits	<u>370,312</u>	<u>358,986</u>

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.

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

16. Cash flow information

	2013	2012
	\$	\$
(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	4,280,995	3,782,478
	<u>4,280,995</u>	<u>3,782,478</u>
(b) Reconciliation of cash flow from operations with profit		
Profit/(loss) after income tax	(184,380)	(119,323)
Non-cash flows in profit:		
Depreciation and amortisation	25,151	29,892
(Profit) / loss on sale of property, plant and equipment	1,718	(42)
Changes in assets & liabilities:		
(Increase) / decrease in trade and other receivables	(102,272)	(55,920)
Increase / (decrease) in trade and other payables	113,451	140,287
Increase / (decrease) in deferred revenue	676,677	163,656
Increase / (decrease) in provisions	91,070	(1,414)
(Increase) / decrease in prepayments	(22,341)	47,468
Net cash provided by (used in) operating activities	<u>599,074</u>	<u>204,604</u>

17. Capital and leasing commitments

(a) Operating lease commitments

	2013	2012
	\$	\$
Payable - minimum lease payments		
- not later than 12 months	61,601	61,601
- Later than 12 months but not later than 5 years	0	0
	<u>61,601</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 may occur in line with the consumer price index (CPI).

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

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:

	Note	2013 \$	2012 \$
Financial assets			
Cash and cash equivalents	4	4,280,995	3,782,478
Trade and other receivables	5	170,931	68,659
Financial assets			
Held-to-maturity investments			
- investments in government and fixed interest securities	6	160,500	85,000
Total financial assets		<u>4,612,426</u>	<u>3,936,137</u>
Financial liabilities			
Trade and other payables	10	498,207	384,756
Total financial liabilities		<u>498,207</u>	<u>384,756</u>

Specific financial risk exposures and management

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

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

a. Credit risk

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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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 Geils Court
Deakin ACT 2600

INDUSTRY CAPABILITY NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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, 2013

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 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
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)
Carrying amount at 30 June 2013	12,997	28,132	32,604	3,953	4,596	82,282

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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 2013, 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 2013 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: 18/09/13



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