

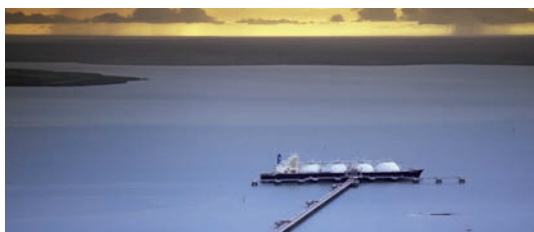


INDUSTRY
CAPABILITY
NETWORK LTD
Creating opportunity for Industry

Annual Report

INDUSTRY CAPABILITY NETWORK LIMITED
(ACN 068 571 513)

Reporting on operations for the year
1 January 2008 to 31 December 2008



there's an **aussie** who can help



Creating opportunity for Industry



VISION

To contribute to increased economic activity and employment for Australia and New Zealand (ANZ) by assisting ANZ industries to gain a greater share of domestic and international business opportunities

MISSION

To maximise ANZ industry participation in investment projects and global supply chains



**INDUSTRY
CAPABILITY
NETWORK**
Creating opportunity for Industry

Industry Capability Network Limited

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CHAIRMAN'S FORWARD

It is with pleasure that I present to you the 2008 Annual Report of the Industry Capability Network Limited (ICNL). This year has been another exciting chapter for ICNL.

The rapid development of markets both locally and globally has meant that the Network's services have continued to be strongly sought and our delivery continues to be extremely well regarded in the highest circles. Not only have we continued to provide core services, building on over twenty five years of experience but our presence globally continues to grow.



Our move to a sectoral focus was not by accident. Using the formal strategic planning mechanism, engaging with key stakeholders and leveraging our alliances with like minded organisations has led the Board to focus specific attention and resources into a number of key sectors; Defence, Water, Rail, Automotive, Clean Technologies and Health.

The success of this strategic decision can be clearly seen in the ongoing management by ICNL of the Team Australia Automotive project. The promotion of Team Auto at the Society of Automotive Engineers Conference in Detroit in April was a highlight. Our Team's booth was in a key area of the exhibition hall, between General Motors and Honda which afforded us many senior industry visitors. But for the global economic crisis at the end of the year and the downturn in vehicle sales in the United States many contracts would have been written for Australian companies as a result of our ongoing in-market representations. I believe as the world emerges from the crisis our foundation work will translate into orders.

Operationally the year was also challenging and fulfilling. We were extremely grateful to the Federal Government for a significant boost in operational funds for the 2008-09 year. An independent review of the Company recommended this strengthening of ICNL and the material increase in funds is being spent in the areas of marketing and enhancement of our technology systems. ICNL has been able to engage additional resources in both areas.

Our technology systems are acknowledged as the best in Australia and New Zealand. Building on this strength and leveraging our move to a sectoral based delivery has allowed us to develop new directory based online portals. We have also engaged with a number of major project developments to provide online work package promotion and vendor identification assistance through our Project Gateway system. The Board further determined that it would research the development of the hardware and software associated with these user "front ends" to ensure that our systems remain at the leading edge of available technologies and that our



risk profile within the ICT environment is managed at the most achievable level.

A further recommendation of the independent review was the retention of the Supplier Access to Major Projects (SAMP) program. SAMP funding continues to be highly sought after and the Board were extremely pleased to be able to provide grants of \$1.662 million in the 2008 year. The Network, using funds provided by the Department of Innovation, Industry, Science and Research and managed by ICNL, recommended almost six thousand ANZ companies to major project procurement staff. Over \$548 million dollars in contracts were awarded.

Globally we continue to work closely with Austrade. Our sectoral focus is closely aligned with a number of sectors and markets that they are pursuing. ICN provides the capability knowledge to link to the opportunities that are identified.

The Board welcomed new Director James Pearson as a replacement for John Langoulant who resigned due to work commitments. John's contributions were highly regarded and the Board reluctantly accepted his resignation. Our new Director has brought a range of skills and experience to the Board and his contributions to our work in 2008 have been extremely valuable. I look forward to working with him. Indeed our entire Board must be congratulated for their commitment, vision and hard work. Their work on strategic direction, their clear vision for the future and their strong commitment to ANZ industry success is important to the strong performance of the Company.

This success would of course not be possible without two key components; our staff and the Commonwealth Government Department of Innovation, Industry, Science and Research (DIISR). I would like to thank the team at ICNL for their focus and delivery. Our small team delivers everything the Board asks from them with minimal resources. To Mike Lawson, Brett Yeomans and the staff at DIISR thank you for your continued counsel and support.

I look forward to 2009 and commended to you our Annual Report.

David McLachlan AO
Chairman



EXECUTIVE DIRECTOR'S REPORT

Exciting challenges, new opportunities and converging themes, 2008 will be a year to remember.

The work of ICNL since inception continues to provide real value to our members, the Network and the economies of Australia and New Zealand. Our members' survey shows an increase in customer satisfaction for the third year in a row.



Our highlights extended across all facets of our business.

Technology support is a key deliverable to our states. This year we enhanced these services including:

- expanded our Project Gateway product to include sector activities as well as major project portals
- established on line directories for the water, automotive, technology and clean energy sectors
- designed a new IT infrastructure including a "Consultants Toolbox" to support them in their day to day work

New Alliances established, reflecting our focus on strategic market sectors and emerging local and global opportunities. Of note are arrangements we established with:

- Defence Export Unit
- Water Industry Alliance
- Australasian Rail Association
- Enterprise Connect

Team Australia Automotive, helping companies enter the supply chains of OEM's through representation in North America:

- completion of Stage 2 and funding for Stage 3
- exhibiting at the SAE Conference in Detroit
- recommendation by the Bracks Inquiry to expand the program into other markets

SAMP

- reinvestment of available funds into new projects
- increased applications for funds

Our financial management is always important. As a small not for profit, ICNL is continually monitoring expenses as well as seeking alternative opportunities for income. This year our funding from DIISR had a significant increase, for this we were very grateful. We have also been successful in winning fees for services provided above our normal free provisions. The additional income is primarily being used to expand our technology services and to increase our market presence. To that end we welcomed to the team Ms Sue Johnston-Vos to the new position of Manager Client Services and Mr Ernie Van Veen to the position of



Analyst/Programmer. They have made a significant contribution not only in their core responsibilities but also as valued members of our small team.

The whole team at ICNL has, as always, contributed to our notable performance outcomes in 2008. I am proud to work with them and acknowledge their outstanding contributions.

To the Board I express my gratitude for their personal guidance and the time and effort put to the governance and performance of the Company. Their strategic thought, careful analysis and attention to delivery ensures that ICNL is at the forefront of assisting ANZ companies win business locally and globally. This work ensures the outcomes of the Company against the objectives of all stakeholders.

Mr Mike Lawson and Mr Brett Yeomans and the team at Australian Industry Participation within DIISR have also provided both the Company and me personally with their support, encouragement and advice. To them thank you, their ongoing assistance is greatly appreciated by all within ICNL and the Network.

I am looking forward to the challenges ahead and the difference that the Network will bring to the successful delivery of ANZ companies working together.

Derek Lark
Executive Director





Highlights for the Year

- Management of \$5.182 million worth of SAMP Grants
- 26 SAMP applications received and 12 projects approved
- Contracts worth \$548 million were awarded to Australian companies that may have otherwise gone to foreign suppliers.
- SAMP Global activities have resulted in almost \$50 million of contracts won by Australian suppliers and almost \$1000 million of opportunities identified.
- The first contract placed with a Team Australia Automotive member company for supply into the US market
- Commenced a project to develop a new on line capability database which will be known as the ICN Warehouse of Industry Capability
- Established new on line directories for industry sectors; water, clean technology, information and communications technology, automotive, defence, transport, mining and oil, gas and energy.
- Memorandums of Understanding with the Defence Export Unit and Australasian Rail Association and a close relationship with the Water Industry Alliance
- A new marketing campaign to support industry; ***“There’s an Aussie who can help”***.



Focus Areas

The primary functions of ICNL 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 the Network
- To manage the national data and communications systems used by the Network including the Supplier Showcase and Project Gateway
- To establish links with global supply chain managers to assist Australia and New Zealand small and medium enterprises to gain access to the global supply chains of major project developers
- To develop Network wide marketing and to raise awareness and understanding of opportunities available to participate in major projects and global supply chains
- To provide a direct interface to the Australian Government and relevant Australian Government departments
- To manage, on behalf of the Australian Government, grant monies and in particular monies associated with SAMP
- To undertake research on behalf of the States and Australian Government
- To coordinate activities of the Network to assist companies to identify Australian suppliers when applying for Tariff Concession Orders and/or the Enhanced Project By-law Scheme.





Value Delivery 2008

Information, Communications and Technology:

- Supplier Showcase:
 - All national data on line and up to date
 - All major and urgent system upgrades approved by ITWG completed
- Project Gateway:
 - 64 projects listed on line
 - almost 13,000 registrations of interest, and
 - more than \$60 billion contracts on offer

Commercial Opportunities:

- Fee for Service for specialist IT services

Financial:

- Increased funding support from the Australian Government
- Grant of \$468,038 for funding for Team Auto Stage 3

SAMP

	SAMP Australia	SAMP Global	AIP - SAMP	Total
Grants under management	28	9	4	41
Grant Amount	\$2,638,734	\$1,634,070	\$909,091	\$5,181,895
New Applications	11	5	10	26
Value of Applications	\$1,124,980	\$860,584	\$3,090,836	\$5,076,400
New Grants	6	2	4	12
Value of Grants	\$523,319	\$230,000	\$909,091	\$1,662,401

- Contracts worth \$548 million were awarded to Australian companies that may have otherwise gone to foreign suppliers.

Strategic Alliances:

- Austrade
- Ai Group
- Australasian Rail Association
- Water Industry Alliance
- Defence Export Unit
- Team Australia Automotive
- Global opportunity activities with a number of third party organisations on behalf of the Network



National Co-ordination

ICNL continued to provide coordination for the Network of nine Industry Capability Network offices across Australia and New Zealand.

The Network Standard Operating Procedures define the functions of National Coordination and the National Coordinator as:

- To facilitate the coordination of the common activities of participating ICN offices which are independent, bodies
- To achieve cooperation between each participating ICN office on matters of common interest
- To enhance the prime function of the ICN, namely the promotion of Australian and New Zealand (ANZ) industry
- To facilitate the collection and publication of appropriate statistics and standardisation of reports on ICN activities
- To undertake promotional work on behalf of the participating ICN offices
- To foster an open exchange of information between participating ICN offices
- To enhance the ICN collective database on industry capability
- To encourage commonality and best practice in operations across ICN and consistency in application of standard operating procedures
- To coordinate and act as secretariat for meetings of national significance
- To make submissions on matters of national interest as agreed mutually by the ICN offices
- To represent the interests of the collective ANZ ICN offices federally and in forums of national significance.

The Network Directors met on four occasions during 2008, with meetings held in Canberra, Brisbane, Melbourne and Wellington. ICNL also organised and facilitated a whole of Network consultants workshop in Melbourne in July.

At a national level, ICNL represented the Network in a range of forums including:

- Future Materials Ltd;
- Defence Materiel Organisation;
- Defence Export Unit;
- Ai Group - ICT Electronics & Electrical Advisory Council;
- Enterprise Connect Network; and
- Australian Trade Commission.

As national representative and coordinator for the Network, ICNL provided input and liaison with DIISR in relation to a wide range of issues including:

- Management of the SAMP programs
- Involvement of ICNL and ICN in other Australian Government

Industry programs

- ICNL - DIISR processes and relationship management
- Cost recovery opportunities and mechanisms
- Governance and funding
- AusIndustry programs and the Enhanced Project By-law Scheme.



Marketing, Communications and Public Relations

ICNL continues to promote the activities of the Network on behalf of our stakeholders.

Key activities in 2008 included:

The National Capability Newsletter produced for distribution to the Network offices provides information on activities across Australia and New Zealand as well as a Quarterly Members' Newsletter for key Network stakeholders and a Weekly ICNL Business Update e-Newsletter which highlights business opportunities to the state offices.

Editorials and advertising including Manufacturers' Monthly Magazine, Canberra Times; The Wings Journal and AMTIL Year Book "The Source"

ICN's marketing campaign for 2009 will be known as "***There's an Aussie who can help***". To support this there will be a 30 second promotional video clip which will be displayed on the ICN webpage and will be used on other marketing materials.



there's an **aussie** who can help



In collaboration with IT staff and in line with our strategic approach, new sector directories have been developed for Water, Rail, Defence, Automotive and Clean Technologies. Closer ties with The Water Industry Alliance have resulted in ICN's amalgamation with the Working Committee for Australian Water Export Plan.

We continue to participate as a major sponsor of the Manufacturers' Monthly Magazine Endeavour Awards. The winner of the 2008 Global Integration Company of the Year, were Marand Precision Engineering, who focused on stringent quality performance and secured contracts with the Joint Strike Fight (JSF) F-35 Lightning II project. CST Composites were highly commended in this category as well.



Marand Precision Engineering CEO Rohan Stocker accepting the award.

ICNL had a significant role in the sponsorship which includes judging of entries. The awards attracted entries from a wide range of companies and we are proud to support and encourage the innovations of local manufacturers. We look forward to our continued sponsorship of the awards in 2009.



Our People

We have a small number of employees. They form a very energetic and capable team.

Mr Derek Lark is the Executive Director supported by;
Mr Alan Boyce, Manager Major Projects (Part time),
Mr Michael Hough, Manager IT and Special Projects,
Miss Melissa Laurie, Administrative and Accounts Officer,
Ms Sue Johnston-Vos, Manager Client Services and
Mr Ernie Van Veen, Analyst/Programmer.

Ms Johnston-Vos and Mr Van Veen joined the Company in the third quarter.

We also draw on the resources of a number of external suppliers to supplement the activities of our employees, particularly in the areas of accounting, legal and marketing support.





Supplier Access to Major Projects (SAMP)

The SAMP program is an Australian Government initiative launched in 1997. The initial program mostly targeted major projects in Australia but was expanded in 2006-07 to provide greater focus on major projects overseas and supply markets for those projects through the introduction of SAMP Global. Projects in Australia were covered by the re-named SAMP Australia program.

A subsequent review of SAMP Australia conducted in 2007 found that the network, for pursuing opportunities to supply projects within Australia, had matured and that more flexible arrangements to assist the Industry Capability Network (ICN) to help Australian suppliers to access global supply chains were desirable. In line with recommendations of a 2007 evaluation, SAMP Australia was subsequently closed to new applications and SAMP Global was modified to assist Australian industry to access global supply chains through major local projects. This step also freed up funds that were allocated to ICNL to assist in the maintenance of the IT infrastructure and in the marketing of the services of the ICN. The revised SAMP program came into operation in July 2008.

Current Projects

AIP-SAMP

Grants for the AIP SAMP program were first offered in October 2008. There were 10 applications for funding, of which grants totalling \$909,091 were made to four projects as follows:

Project Title	Applicant	Summary	Grant (ex GST)
INPEX LNG Supply Chain Opportunities	NT ICN	Major LNG pipeline and processing in Darwin and coastal WA and NT	\$302,709
Asian Oil and Gas	ICN WA	Access to supply chains of major Asian oil and gas Module Contractors and Asian global procurement hubs of global engineering companies.	\$250,382
China Coal Industry Technologies	ICN NSW	Export of Australia's coal mining and processing technologies, products, and services to the Chinese coal mining sector.	\$152,300
PNG LNG Projects	ICN QLD	Access to LNG development in PNG	\$203,700
TOTAL			\$909,091



SAMP Australia

There are currently fifteen active SAMP Australia projects. Ten completed projects continue to be monitored to record later contract successes.

Seven projects applied for and were granted extensions of completion date – due mostly to project delays.

Nine projects were completed and industry contributions of \$343,215 were returned. Returned funds will be applied to future project grants.

New SAMP Australia projects funded this year are as follows:

Project	Applicant	Grant ex GST
Air Warfare Destroyer (AWD) Project	ICN SA	\$140,000
HCPV Solar Power project	ICN VIC	\$57,310
New Melbourne Royal Children's Hospital	ICN VIC	\$90,000
Worsley Efficiency and Growth project	ICN WA	\$90,000
Yarwun 2 Alumina Expansion	ICN QLD	\$80,000
NSW Wind Energy projects	ICN NSW	\$66,000
Total		\$523,310

These projects, and previous projects still reporting, have resulted in successful enquiries worth \$548 million in 2008. This represents a return of 240:1 for the active or completed projects during the year. A total of 1106 companies were recommended to projects.

In the reporting period, 311 contracts were awarded to Australian industry. A breakdown of the successful contracts shows:

- 49 were awarded to companies outside the State in which the project was located
- 235 of the contracts were awarded to companies or businesses that qualify as SMEs
- 12 of the contracts were awarded to companies classified as being in regional areas.

The level of enquiries and the value of successful contracts achieved under the program this year is set out in the following table.



SAMP Australia WINS Summary December 2007 - December 2008

Wins Summary 2008								
PROJECT	State	Status	CURRENT		PREVIOUS		CHANGE	
			No	\$M	No	\$M	No	\$M
Alcan G3	NT	Complete	203	285.057	203	285.057		
Blacktip (add 'IGrant)	NT	Active	25	57.400	12	54.891	13	2.509
Darwin Clean Fuels	NT	Active						
Bayu Undan Mtce / Upgrade	NT	Active	67	124.923	14	1.890	53	123.033
Weddell PS	NT	Complete	103	40.203	59	4.622	44	35.581
Gold Coast Desal Plant	QLD	Active	63	73.205	11	18.384	52	54.821
Traveston Xing Dam	QLD	Active						
Yarwun 2 Alumina	QLD	Active	3	53.800			3	53.800
Greater Gorgon	WA	Complete						
Pluto LNG	WA	Active	17	22.239	3	2.900	14	19.339
North Rankin Redev'pmt	WA	Complete	6	9.855			6	9.855
Worsley Alumina	WA	Active	4	12.300	0		4	12.300
SEA 4000 AWD	VIC	Complete						
Various Pulp Mills	VIC	Complete						
Amphibious Ships project	VIC	Complete	1	30.000			1	30.000
Royal Childrens Hospital	VIC	Active	1	28.500			1	28.500
PV Solar Plant	VIC	Active						
HQ JOC	ACT	Complete	18	23.500	1	7.000	17	16.500
ADI Mulwala	NSW	Active						
No 5 Blast Furnace	NSW	Complete						
Port Waratah 3D	NSW	Complete	24	14.915	24	14.915		
Rail Carriages	NSW	Active	1	18.400	1	18.400		
Visy Pulp mill	NSW	Active	16	43.552			16	43.552
NSW Wind Farms	NSW	Active						
Project Magnet	SA	Complete	11	10.069	11	10.069		
Prominent Hill Mine	SA	Complete	70	179.939	10	61.660	60	118.279
AWD warships	SA	Active						
Gunn pulp Mill	TAS	Complete	56	120.000	56	120.000		
TOTAL			486	862.800	202	314.731	284	548.069

SAMP Global

The SAMP Global program was launched in 2006. Since inception, 20 applications requesting \$4.957 million of SAMP Global grants have been applied for and \$1.634 million awarded.

Two projects – ‘Shanghai World Expo 2010’ and ‘African Resource and Infrastructure projects’ were awarded grants in June 2008.

The program has facilitated introductions of more than 160 Australian suppliers to international project proponents and resulted in almost \$50 millions of contracts won. Opportunities in the order of \$1 billion have been identified. As a result of the program, many Australian suppliers have entered into joint ventures with international companies and established a presence close to decision makers of these major projects.

Nine SAMP Global projects have received grants. These are:

Project Name	Status	Approved	Grant Approved (ex GST)
US Gulf Coast Reconstruction	Active	Nov-06	\$280,000
Aerospace – UK	Active	Nov-06	\$180,000
Commonwealth Games – India	Active	Nov-06	\$240,000
Nickel Mining - New Caledonia	Complete	Nov-06	\$100,000
Overseas LNG & Subsea Equipment	Complete	Nov-06	\$130,000
Major Projects Middle East and North Africa	Complete	Aug-07	\$300,000
Eastern Indonesia Mining	Active	Aug-07	\$174,070
African Resource and Infrastructure projects	Active	Jun 08	\$120,000
Shanghai World Expo 2010	Active	Jun 08	\$110,000

Funding of the SAMP Program

Deeds between ICNL and DIISR provide funding for the program. ICNL present reports to the Department on the management and achievements of the SAMP program. The funds allocated by DIISR during the year amounted to \$1,662,401.¹

Total Program to Date

Since the commencement of SAMP in 1997, ICNL has allocated a total of \$10.466 million from funding provided by DIISR to finance industry research and assistance. 123 projects have received assistance under the program.

¹ This represents the total of grants approved for SAMP Australia, SAMP Global and AIP SAMP during 2008.



Team Australia Automotive (TAA)

In 2006, ICNL in conjunction with the Governments of Victoria and South Australia, the Federation of Automotive Parts Manufacturers, ICN offices in Victoria and South Australia and Austrade was successful in gaining a grant from the Australian Government under the SAMP Global program to engage a contractor, to be based in Detroit, to assist Australian automotive parts manufacturers gain access to the global supply requirements of the major automobile manufacturers.

In 2008 the project received extended financial support from the Governments to operate for a second stage. Contracts to the value of \$6.3 million were achieved. A number of pending contracts have not been completed due to the global financial crisis and the downturn in passenger automotive sales.

As part of our promotions TAA and member companies attended the SAE Expo and Congress in Detroit in April. With a key location in the exhibition hall between General Motors and Honda and the loan of a Pontiac G8 GT(Holden Commodore) for display, our booth was extremely well patronised over the conference week. A number of new, high level introductions ensued.

In the later half of 2008, in response to market conditions, our representatives in Detroit have added the heavy truck and bus sectors to their focus to identify additional opportunities in North America.

These activities continue to provide consortium members and related stakeholders with valuable knowledge, insights and relationships. The lower value of the Australian dollar should assist in the placement of orders when the industry commences recovery, expected in the later half of 2009. Stage 3 funding for the first half of 2009 was confirmed in December.



Our Technology Systems

Current Systems

Project Gateway and ICS Showcase are the core of our IT systems. During 2008 both have seen changes to provide a greater level of functionality. Project Gateway now includes industry directories, which allows suppliers to register their interest in the sector or in specific projects. With this addition suppliers are now able to register their interest in being kept informed of new projects and related information pertaining to the directory. These registrations will form the base for directories of Australian and New Zealand suppliers who have an interest or expertise in a specific industry.

Additionally project owners can promote their projects and opportunities by having their own dedicated and customisable webpage. Having a unique URL gives them a direct path into Project Gateway which allows suppliers to register their interest in the project in general, or in specific work packages. The project manager is then able to download and analyse the details of the suppliers who have registered.

- Since Project Gateway's introduction in 2006, there have been over 13,000 registrations.
- There are currently 8 industry directories with over 550 registered suppliers.

Future Development

The technology systems are being redeveloped in 2009 with a new web based application with features such as:

- A new web based desktop application for consultants is being developed in partnership with the ICN offices. This system is being built to accommodate typical consultant work flows.
- An improved consultants workspace will provide an enhanced ability to quickly identify Australian and New Zealand suppliers and identify their capability and products and services
- Single point of entry for Australian and New Zealand suppliers
- Authorised company representatives will be able to simply and easily enter their company details in the one place
- Enhanced features for project managers to assist them in maximising the data collected from project registrations
- Ability for the public to search on the basic details entered by suppliers.



Strategic Direction

As part of our ongoing focus on strategic direction, the Board held a strategic workshop in November and adopted a new plan which built on the sound foundations of our core activities, but with an eye to the future, particularly the market sectors where ANZ companies are known to excel.

Our sectors for focus in 2009 and beyond are:

- Defence
- Water
- Rail
- Automotive
- Health and Medical
- Building Australia Fund.

We also surveyed our members to measure their satisfaction with our services and recorded another increase this year to a satisfaction level of seventy four per cent.

Our Board continues to give careful consideration to changes in our external environment. Globalisation, the expansion of free trade agreements and the emergence of global supply chains all have an impact on the way suppliers need to interact with buyers. Nevertheless we believe that the maximisation of Local Industry Participation, within WTO rules, is an essential element of the ongoing economic strength of the ANZ economies and the rapid and strong recovery once world economic conditions stabilise.

The strategic plan developed in 2009 is outlined in the following table:



Strategic Plan



Version 2

Strategic Plan 2008 -2011

2009 Milestones

1. Secured multi -year funding commitment (core and development) (DM)
2. Formalised and activated alliance with Enterprise Connect (BAG)
3. Built ICN national network profile in target sectors e.g. clean energy (DL)
4. New IT system operational and third party info included (DL)
5. Data sets enhanced to improve quality & include sectors of interest (KP)
6. Brokered two significant SAMP funded projects (RH)
7. Added two new influential champions (DM)

2011 Targets

2011 Outcomes

Growth in enquiries from all sectors for capability advice

**Authoritative & Creditable
Source of Aust Capability**

All major projects in ANZ linked via Project Gateway or within sector directories

**Recognised 'Go To Place'
for Large Projects**

Formal alliances with all relevant third party organisations as well associations for each strategic sector

**Strong Stakeholder
Alliances**

Engaged by associated organisations to provide linkage to the Network

**Broker of
National Capabilities**

ICNL web sites and directories have case studies embedded for public information

**Understand &
Promote Success**

Involved in forums, conferences and think tanks within chosen strategic sectors

**Thought Leader on
Supply Chains**

Rolling funding model with at least two year funding horizon

**Robust
Funding Model**

Pathways

Focus On
Primary
Targets

Build On
Successes

Build
Comprehensive
Sectorial
Info Set

Build
Cohesiveness
Across
Network

Form Strategic
Alliances
With Aligned
Program

Build
IT Platform
& Integrity
Of Info

Source
Funding For
Strategic
Opportunities

Secure
Multi - Year
Funding



Appendix One

Company Membership

The membership of ICNL remained unchanged in 2008.

The members of ICNL are:

Department of Innovation, Industry, Science and Research

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 of Trade and Economic Development (SA)

Department of Economic Development (Tasmania)

Department of Business and Industry Development (ACT)

New Zealand Trade & Enterprise.



Appendix Two

Board Composition

The Board of Directors consists of seven people elected by the members the following were re-elected,

Mr Bruce Griffiths
Mr Russell Kenery
Mr Nixon Apple

Mr John Langoulant resigned on the 3 April 2008

Mr James Pearson was invited by the board on the 30 September 2008 and accepted on the 17 October 2008.

The full composition of the Board of Directors at 31 December 2008 was:

Chairman

Mr David McLachlan AO
Industry Capability Network Limited
P0 Box 130
DEAKIN WEST ACT 2600
02 6285 2033



Deputy Chairman

Mr Robert Herbert AM
Formerly Chief Executive (Ai Group)
Company Director and Consultant
Safari Biz Pty Ltd
55 Tivoli Road
SOUTH YARRA VIC 3141
02 9827 0388



Directors

Mr Peter Blackney
Executive General Manager
Resources & Industrials Eastern
Transfield Services (Australia) Pty Ltd
Level 10, 111 Pacific Highway
NORTH SYDNEY NSW 2060
02 9464 1719



Mr Bruce Griffiths
Managing Director
Futuris Automotive Group Limited
80 Turner Street
PORT MELBOURNE VIC 3207
03 9644 4222



Mr Russell Kenery
Principal
Kenery & Associates
PO Box 47
RED HILL VIC 3937
03 5931 0348



Mr James Pearson
Chief Executive
Chamber of Commerce and Industry WA
PO Box 6209
EAST PERTH WA 6892
08 9365 7625



Mr Nixon Apple
Industry 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





Appendix Three

ICN Contact Details

Offices of the Industry Capability Network (ICN) are established in every State of Australia, the Australian Capital Territory, Northern Territory and New Zealand. The ICN offices in Queensland, New South Wales, Victoria and Tasmania have branch offices in regional centres.

Industry Capability Network
Australian Capital Territory
Level4, Nara Centre
1 Constitution Avenue
CANBERRA ACT 2600
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CANBERRA ACT 2601
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Fax: 02 6207 0033
Email: info-act@icn.org.au

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NORTH SYDNEY NSW 2060
PO Box 2013
NORTH SYDNEY NSW 2059
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Fax: 02 9025 3151
Email: info-nsw@icn.org.au

Industry Capability Network
Northern Territory
6B/1450 Stuart Highway
(Cnr Winnellie Rd & Hickman St)
WINNELLIE NT 0820
GPO Box 1882
DARWIN NT 0801
Tel: 08 8922 9422
Fax: 08 8922 9430
Email: info-nt@nticn.org.au

Industry Capability Network
Queensland
C/- QMI Solutions
Brisbane Technology Park
Cnr Miles Platting & Logan Rd
EIGHT MILE PLAINS QLD 4113
PO Box 4012
EIGHT MILE PLAINS QLD 4113
Tel: 07 3364 0670
Fax: 07 3364 0786
Email: info-qld@icn.org.au

Industry Capability Network
South Australia
Level 11, 178 North Terrace
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ADELAIDE SA 5001
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Fax: 08 8303 2960
Email: info-sa@org.au

Industry Capability Network
Tasmania
Level 7, 22 Elizabeth Street
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HOBART TAS 7001
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ST KILDA ROAD VIC 8004
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Industry Capability Network
Western Australia
Level 4, 180 Hay Street
EAST PERTH WA 6004
PO Box 6209
EAST PERTH WA 6892
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Appendix Four

Supplier Access to Major Projects Program

The Australian Government, through DIISR, provides funding to employ specialist consultants for the purpose of helping Australian industry participate in major Australian and International projects.

The initial SAMP program targeted major projects within Australia.

By assisting project teams at the earliest stage of design and development, ICN is able to introduce project procurement groups to credible and competitive ANZ suppliers. This gives local companies the opportunity to compete for work against overseas suppliers. The program recognises that the assistance provided by ICN is a valuable component of the project management.

The existing program, now known as SAMP Australia, has provided over \$7.5 million in funds over ten years.

To date, \$2.278 billion worth of contracts have been won by Australian and New Zealand industry that may have been contracted offshore.

A second program, SAMP Global, was launched in 2006. This program was aimed at achieving global opportunities, access and outcomes for capable and competitive Australian industry in major projects overseas.

The SAMP Global program has awarded grants totalling \$1.634 million to nine projects.

In July 2008, SAMP was further revised as a result of a review of SAMP Australia conducted in 2007 which found that the network, for pursuing opportunities to supply projects within Australia, had matured and that more flexible arrangements to assist the ICN to help Australian suppliers to access global supply chains were desirable. In line with the recommendations, SAMP Australia was subsequently closed to new applications and SAMP Global was modified to assist Australian industry to access global supply chains through major local projects.

Funding is used to assist research and identify capable and competitive Australian industry capable of supplying goods and services to the projects.

The initial round of AIP SAMP in October 2008 funded four projects totalling \$909,091.



Projects assisted under the Australian Industry Participation SAMP Program this year are as follows:

SAMP Australia

ICN Northern Territory	<ul style="list-style-type: none"> • Alcan G3
	<ul style="list-style-type: none"> • Eni Blacktip
	<ul style="list-style-type: none"> • Darwin Clean Fuels
	<ul style="list-style-type: none"> • Bayu Undan & Darwin LNG maintenance
	<ul style="list-style-type: none"> • Weddell Power Station
ICN Queensland	<ul style="list-style-type: none"> • Gold Coast Desalination Plant
	<ul style="list-style-type: none"> • Traveston Dam St 1
	<ul style="list-style-type: none"> • Yarwun 2 Alumina
ICN Victoria	<ul style="list-style-type: none"> • SEA 4000 AWD
	<ul style="list-style-type: none"> • Various Pulp Mills
	<ul style="list-style-type: none"> • Amphibious Ships
	<ul style="list-style-type: none"> • Royal Childrens Hospital
	<ul style="list-style-type: none"> • PV Solar Plant
ICN ACT	<ul style="list-style-type: none"> • Defence HQ JOC
ICN NSW	<ul style="list-style-type: none"> • ADI propellants Mulwala
	<ul style="list-style-type: none"> • No 5 Blast Furnace
	<ul style="list-style-type: none"> • Port Waratah Coal Loader Stage 3D
	<ul style="list-style-type: none"> • Rail Carriages
	<ul style="list-style-type: none"> • Visy Pulp & Paper Mill
	<ul style="list-style-type: none"> • NSW Wind Farms
ICN WA	<ul style="list-style-type: none"> • Greater Gorgon
	<ul style="list-style-type: none"> • Pluto LNG
	<ul style="list-style-type: none"> • North Rankin Redevelopment
	<ul style="list-style-type: none"> • Worsley Alumina
ICN South Australia	<ul style="list-style-type: none"> • Project Magnet
	<ul style="list-style-type: none"> • Prominent Hill Mine
	<ul style="list-style-type: none"> • AWD Warships
ICN Tasmania	<ul style="list-style-type: none"> • Gunn Pulp Mill

SAMP Global

ICN NSW	<ul style="list-style-type: none"> • US Gulf Coast Reconstruction
ICN Victoria	<ul style="list-style-type: none"> • Australian Aerospace Tooling Industry Cluster (AATIC)
	<ul style="list-style-type: none"> • Commonwealth Games – India
	<ul style="list-style-type: none"> • Shanghai World Expo 2010
ICN Queensland	<ul style="list-style-type: none"> • Nickel Mining - New Caledonia
	<ul style="list-style-type: none"> • African Resource and Infrastructure projects
ICN WA	<ul style="list-style-type: none"> • Overseas LNG & Subsea Equipment
Templeton Galt	<ul style="list-style-type: none"> • Major Projects Middle East and North Africa
ICN Northern Territory	<ul style="list-style-type: none"> • Eastern Indonesia Mining Supply Chain



AIP SAMP

ICN NT	<ul style="list-style-type: none">• INPEX LNG Supply Chain Opportunities
ICN WA	<ul style="list-style-type: none">• Asian Oil and Gas Module Contractors and Procurement Hubs
ICN NSW	<ul style="list-style-type: none">• China Coal Industry Technologies
ICN Queensland	<ul style="list-style-type: none">• PNG LNG Projects



Appendix Five

Employee details as at 31 December 2008

The location of Industry Capability Network Limited office is Ground Floor, 37 Geils Court, Deakin, in the Australian Capital Territory. The employees of ICNL are listed.

Mr Derek Lark
Executive Director

Mr Alan Boyce
Manager Major Projects (Part time)

Mr Michael Hough
Manager IT and Special Projects

Miss Melissa Laurie
Administrative and Accounts Officer

Ms Sue Johnston-Vos
Manager Client Services

Mr Ernie Van Veen
Analyst/Programmer

Industry Capability Network Limited
P0 Box 130
DEAKIN WEST ACT 2600

Telephone: 02 6285 2033
Facsimile: 02 6285 2842
Email: info@icn.org.au
Website: www.icn.org.au



Appendix Six

Independent Audit Report

Auswild & Co has agreed to act as auditor for ICNL. Its opinion of the financial statement of ICNL as at 31 December 2008 follows.



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 balance sheet as at 31st December, 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

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 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Report of the directors'.

PRINCIPAL Graham J Bradley B.BUS F.C.A.
4 Dugan Street DEAKIN ACT 2600 PO Box 9045 DEAKIN ACT 2600
Telephone: (02) 6281 3360 Facsimile: (02) 6281 2590
Email: g.bradley@netspeed.com.au

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 31st December, 2008 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*.
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
23rd February, 2009



Appendix Seven

Financial Statement

The financial statements for ICNL as at 31 December 2008 comprise the Directors' Report, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the Financial Statements and Directors' Declaration.

These statements have been prepared to meet the requirements of the Corporations Law. However, ICNL 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

For the Year Ended 31 December 2008

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Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

31 December 2008

Your Directors present their report on the company for the financial year ended 31 December 2008.

1. General information

(a) Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Names	Appointed / Resigned
David John McLachlan AO	
William Nixon Apple	
Peter Geoffrey Blackney	
Bruce Atkin Griffiths	
Robert Norman Herbert AM	
Russell Allan Kenery	
John Leslie Langoulant	resigned 18 March 2008
James Hugo Pearson	appointed 17 October 2008

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

(b) 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 SAMP Australia, SAMP Global and Team Australia Automotive Programs.

There have been no significant changes in the nature of the company's principal activities during the financial year.

2. Business Review

(a) Operating result

The profit of the company amounted to \$383,367.

(b) Review of operations

A review of the operations of the company during the financial year and the results of those operations found that the company continued its position as the coordinating body between Commonwealth Australian Government agencies and the Industry Capability Network.



Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

31 December 2008

3. Other items

(a) Significant changes in state of affairs

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

(b) After balance day events

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.

(c) Future developments

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.

(d) Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 2008 has been received and can be found on page 58 of the financial report.

4. Director Information

(a) Information on directors

David John McLachlan AO	Chairman
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
William Nixon Apple	Director
Experience	Currently Advisor, Industry and Investment Policy, Australian Council of Trade Unions
Peter Geoffrey Blackney	Director
Experience	Currently General Manager, Commercial, Transfield Services (Australia) Pty Ltd



Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

31 December 2008

4. Director information continued

(a) Information on directors continued

Bruce Atkin Griffiths	Director
Experience	Currently Managing Director, Futuris Automotive Group
Robert Norman Herbert AM	Deputy Chairman, Director
Experience	Currently Company Director and Consultant
Russell Allan Kenery	Director
Experience	Currently Director, Kenery & Associates
John Leslie Langoulant	Director
Experience	Chief Executive, Chamber of Commerce and Industry Western Australia
James Hugo Pearson	Director
Experience	Currently Chief Executive, Chamber of Commerce and Industry Western Australia

(b) Meetings of directors

During the financial year, five meetings of Directors were held. Attendances by each Director during the year were as follows:

Director	Number eligible to attend	Number attended
David John McLachlan AO	4	4
William Nixon Apple	4	3
Peter Geoffrey Blackney	4	3
Bruce Atkin Griffiths	4	4
Robert Norman Herbert AM	4	4
Russell Allan Kenery	4	3
John Leslie Langoulant	1	0
James Hugo Pearson	1	1



Industry Capability Network Limited

ABN: 85 088 571 513

Directors' Report

31 December 2008

5. Indemnifying officers or auditors

(a) Insurance premiums paid for directors

The company 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 company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$5,500.


6. Proceedings on behalf of company

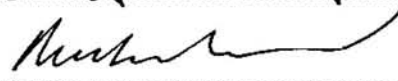
(a) No leave or proceedings

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 any part of those proceedings.

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

Signed in accordance with a resolution of the Board of Directors.

Director: 

Director: 

Dated this 17 day of March 2009



Industry Capability Network Limited

ABN: 85 088 571 513

Directors' Declaration

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 24 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 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: 

Director: 

Dated this 17 day of March 2009



Industry Capability Network Limited

ABN: 85 068 571 513

Income Statement

For the Year Ended 31 December 2008

		2008	2007
	Note	\$	\$
Other revenue	2	3,340,071	3,385,012
Salaries and employee benefits		(522,244)	(503,662)
Depreciation costs	5	(18,235)	(63,419)
Administrative costs		(75,305)	(105,266)
Marketing and promotions		(37,180)	(61,322)
Rent and utilities		(73,822)	(80,910)
IT and network costs		(121,751)	(180,872)
Team Australia Auto		(496,327)	(310,393)
SAMP Global		(607,000)	(679,068)
SAMP Australia		(911,470)	(1,376,555)
Travel		(92,499)	(89,658)
Office equipment		(871)	(4,896)
Profit / (loss) for the year		383,367	(71,009)

*The accompanying notes form part of the financial statements.
These financial statements should be read in conjunction with the attached Audit Report.*



Industry Capability Network Limited

ABN: 85 068 571 513

Balance Sheet

As at 31 December 2008

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,569,723	1,806,234
Investments		1,223,727	-
Trade and other receivables	7	404,116	105,443
Total current assets		3,197,566	1,911,677
Non-current assets			
Property, plant and equipment	8	26,023	38,473
Total non-current assets		26,023	38,473
TOTAL ASSETS		3,223,589	1,950,150
LIABILITIES			
Current liabilities			
Trade and other payables	9	314,861	89,229
Provisions	10	51,991	40,755
Other liabilities	11	1,723,608	1,070,404
Total current liabilities		2,090,460	1,200,388
TOTAL LIABILITIES		2,090,460	1,200,388
NET ASSETS		1,133,129	749,762
EQUITY			
Retained earnings		1,133,129	749,762
TOTAL EQUITY		1,133,129	749,762

The accompanying notes form part of the financial statements.
These financial statements should be read in conjunction with the attached Audit Report.



Industry Capability Network Limited

ABN: 85 068 571 513

Statement of Changes in Equity

For the Year Ended 31 December 2008

	Retained Earnings \$	General Reserves \$	Total \$
Balance at 1 January 2006	820,771	-	820,771
Loss attributable to members	(71,009)	-	(71,009)
Transfers to and from reserves	-	-	-
Balance at 31 December 2007	749,762	-	749,762
Profit attributable to members	383,367	-	383,367
Transfers to and from reserves	-	-	-
Balance at 31 December 2008	1,133,129	-	1,133,129

*The accompanying notes form part of the financial statements.
These financial statements should be read in conjunction with the attached Audit Report.*



Industry Capability Network Limited

ABN: 85 068 571 513

Statement of Cash Flows

For the Year Ended 31 December 2008

	Note	2008 \$	2007 \$
Cash from operating activities:			
Receipts from customers		2,957,871	4,996,401
Payments to suppliers and employees		(2,048,398)	(4,224,505)
Interest received		83,528	66,042
Total cash from operating activities	12(a)	993,001	837,938
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		-	5,000
Payments to acquire plant and equipment		(5,785)	(25,603)
Net cash used by investing activities		(5,785)	(20,603)
Cash flows from investing activities:			
Proceeds from borrowings		-	-
Transferred to investments		(1,223,727)	-
Net cash used by investing activities		(1,223,727)	-
Net cash increase (decreases) in cash and cash equivalents		(236,511)	817,335
Cash and cash equivalents at beginning of year		1,806,234	988,899
Cash and cash equivalents at end of year	6(a)	1,569,723	1,806,234

The accompanying notes form part of the financial statements.
These financial statements should be read in conjunction with the attached Audit Report.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

1. Statement of significant accounting policies

The financial report is for Industry Capability Network Limited as an individual entity, incorporated and domiciled in Australia. Industry Capability Network Limited is a company limited by guarantee.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Corporations Act 2001*.

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

The financial report has been prepared on an accruals basis and is based on historical costs.

(a) Income tax

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

(b) Plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued at the fair value of the asset at the date it is acquired.

Depreciation

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

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

1. Statement of significant accounting policies continued

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20 – 50%
Furniture, Fixtures and Fittings	20%
Improvements	2.5%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(d) Financial instruments

Recognition and initial measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

(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 stated at amortised cost using the effective interest rate method.

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

1. Statement of significant accounting policies continued

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

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

Impairment

At each reporting date, 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 the income statement.

(e) Impairment of assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

1. Statement of significant accounting policies continued

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs.

(g) 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.

(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 short-term borrowings in current liabilities on the balance sheet.

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(j) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Grant income is recognised as income when received or controlled.

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

1. Statement of significant accounting policies continued

(k) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative figures

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

(m) Rounding of Amounts

Amounts in the financial report and Directors' report have been rounded off to the nearest \$1.

(n) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report 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 group.

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

2. Revenue

	Note	2008 \$	2007 \$
Operating activities			
- Grant revenue		2,719,178	2,512,285
- Grant funds for re-allocation (SAMP)		-	173,047
- Jurisdictional payments		162,000	162,000
- Industry contribution (SAMP)		343,215	435,400
- Interest income		115,076	69,757
- ICS V2 Income		-	16,125
- Sub-lease income		-	9,195
- Web hosting		-	2,400
- Other revenue		602	4,803
Total revenue		3,340,071	3,385,012

3. Profit from ordinary activities

Rental expense on operating leases			
Minimum lease payments		52,633	57,033
(a) Revenue and net gains			
Profit / (loss) on sale of plant and equipment		-	(5,143)

4. Auditor's remuneration

Remuneration of the auditor for:			
- Auditing or reviewing the financial report		7,300	6,055

These notes form part of the financial statements.



Industry Capability Network Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2008

5. Depreciation and amortisation

	2008	2007
	\$	\$
Depreciation	18,005	61,940
Amortisation of leasehold improvements	230	1,479
	18,235	63,419

6. Cash assets

Bank balances	1,569,723	1,288,165
Investments	1,223,727	518,069
	2,793,450	1,806,234

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	1,569,723	1,806,234
	1,569,723	1,806,234

7. Receivables

CURRENT		
Trade receivables	354,945	83,753
Prepayments	5,867	9,934
GST receivable	-	-
Interest receivable	43,304	11,756
	404,116	105,443

These notes form part of the financial statements.



Industry Capability Network Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2008

8. Property, plant and equipment

	2008 \$	2007 \$
Plant and equipment		
At cost	136,569	137,813
Less accumulated depreciation	(122,858)	(115,115)
Total plant and equipment	13,711	22,698
Furniture, fixtures and fittings		
At cost	47,851	47,261
Less accumulated depreciation	(46,824)	(43,751)
Total furniture, fixtures and fittings	1,027	3,510
Computer software		
At cost	99,750	99,750
Less accumulated depreciation	(97,239)	(96,489)
Total computer software	2,511	3,261
Improvements		
At cost	9,184	9,184
Less accumulated depreciation	(410)	(180)
Total improvements	8,774	9,004
Total property, plant and equipment	26,023	38,473

(a) Movements in carrying amounts

	Plant & Fixtures and Equipment	Furniture, Fixtures and Fittings	Computer Software	Improvements	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	22,698	3,510	3,261	9,004	38,473
Additions	5,195	590	-	-	5,785
Disposals	-	-	-	-	-
Depreciation expense	(14,182)	(3,073)	(750)	(230)	(18,235)
Carrying amount at the end of year	13,711	1,027	2,511	8,774	26,023

These notes form part of the financial statements.



Industry Capability Network Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2008

9. Payables

	2008	2007
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	305,851	71,664
GST Payable	-	-
Accrued expenses	-	3,500
Accrued wages	-	12,681
Superannuation	7,123	2,193
Salary Packages	1,887	(809)
	314,861	89,229

10. Provisions

	Employee entitlements	Total
	\$	\$
Opening balance at 1 January 2008	40,755	40,755
Additional provisions	11,237	11,237
At 31 December 2008	51,991	51,991

Analysis of total provisions

	2008	2007
	\$	\$
Current	51,991	40,755
Total	51,991	40,755

11. Deferred income

Grants in advance	1,723,608	1,070,404
Total	1,723,608	1,070,404

These notes form part of the financial statements.



Industry Capability Network Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2008

12. Cash flow information

(a) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

	2008	2007
	\$	\$
Net income / (loss) for the period	383,367	(71,007)
Prior period adjustments	-	-
Non-cash flows in profit from ordinary activities		
Amortisation	230	1,479
Depreciation	18,005	61,940
Net loss on disposal of property, plant and equipment		5,143
Changes in assets and liabilities		
(Increase) / decrease in trade and term receivables	(298,673)	1,074,637
Increase / (decrease) in trade payables and accruals	225,632	(817,887)
Increase / (decrease) in deferred revenue	653,204	582,543
Increase / (decrease) in provisions	11,236	1,092
Cash flow from operations	993,001	837,938

13. 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.

These notes form part of the financial statements.



Industry Capability Network Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2008

13. Financial instruments continued

(e) 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

At the 31 December 2008 71% of the company's outstanding receivables were from one source – The Department of Innovation Industry, Science and Research (formerly the Department of Industry, Tourism and Resources).

(f) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in the market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows;

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year	
	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	5.90	6.50	1,524,379	1,092,530	-	518,069
Investments	-	-	-	-	1,223,727	-
Receivables	-	-	-	-	-	-
Total Financial Assets	-	-	1,524,379	1,092,530	1,223,727	518,069
Financial Liabilities:						
Trade and sundry payables	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-	-

	Non-Interest Bearing		Total	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	45,344	195,635	1,569,723	1,806,234
Investments	-	-	1,223,727	-
Receivables	404,116	105,443	404,116	105,443
Total Financial Assets	449,460	301,078	3,197,566	1,911,677
Financial Liabilities:				
Trade and sundry payables	314,861	89,229	314,861	89,229
Total Financial Liabilities	314,861	89,229	314,861	89,229

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

14. Directors' and executives' remuneration

(a) Directors' and specified executives' names

Names and positions held by Directors and specified executives in office at any time during the financial year are:

David John McLachlan AO	Chairman
William Nixon Apple	Director
Peter Geoffrey Blackney	Director
Bruce Atkin Griffiths	Director
Robert Norman Herbert AM	Deputy Chairman, Director
Russell Allan Kenery	Director
John Leslie Langoulant	Director
James Hugo Pearson	Director

(b) Directors' remuneration

	Salary	Superannuation Contribution	Director Fees	Total
	\$	\$	\$	\$
David John McLachlan AO	55,162	4,965	-	60,127
William Nixon Apple	-	-	6,000	6,000
Peter Geoffrey Blackney	5,504.58	495.42	-	6,000
Bruce Atkin Griffiths	-	-	8,000	8,000
Robert Norman Herbert AM	-	-	8,000	8,000
Russell Allan Kenery	-	-	6,000	6,000
John Leslie Langoulant	-	-	-	-
James Hugo Pearson	-	-	2,000	2,000
Total	60,667	5,460.42	30,000	96,127

15. Dependency

(a) Government grants

The company is dependent upon the receipt of Deed of Grant funding from the Commonwealth Government. The current deed expires on 30 June 2009 and non-renewal of grant funds would have a material impact on the company's operating activities.

16. 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.

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Year Ended 31 December 2008

17. Change in accounting policy

The following Australian Accounting Standards issued or amended which are applicable to the company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for the Entity
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 101: Presentation of Financial Statements AASB 107: Cash Flow Statements AASB 116: Property, Plant and Equipment AASB 138: Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	1 July 2009
AASB 123	AASB 123: Borrowing Costs	As above	1 January 2009	1 July 2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101: Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in recognised income and expenditure.	1 January 2009	1 July 2009
AASB 101	AASB 101: Presentation of Financial Statements	As above	1 January 2009	1 July 2009

18. Company details

(a) Registered office

The registered office of the company is:

Industry Capability Network Limited

Ground Floor, 37 Geils Court

DEAKIN ACT 2600

These notes form part of the financial statements.



Auswild & Co
CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Industry Capability Network Limited for the year ended 31st December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Auswild & Co.

G. Bradley
Principal

Canberra
23rd February, 2009

PRINCIPAL Graham J Bradley B.BUS F.C.A.
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under Professional
Standards Legislation



GLOSSARY

ANZ

Australia and New Zealand

AWD

Air Warfare Destroyer

DIISR

Department of Innovation, Industry, Science and Research

DMO

Defence Materiel Organisation

ICN

Industry Capability Network

ICNL

Industry Capability Network Ltd

ICS

Industry Capability Showcase

ITWG

IT Working Group

QMI

QMI Solutions Limited

SBAS

Small Business Advisory Services

SAMP

Supplier Access to major Projects

TAA

Team Australia Automotive

