

Annual Report

INDUSTRY CAPABILITY NETWORK LIMITED
(ACN 068 571 513)

Reporting on operations for the half year
1 January 2009 to 30 June 2009



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



INDUSTRY
CAPABILITY
NETWORK
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 Limited
PO Box 130
DEAKIN WEST ACT 2600
37 Geils Court
DEAKIN ACT 2600

Phone 02 6285 2033
Fax 02 6285 2842
Email info@icn.org.au
Web www.icn.org.au



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Chairman's forward

I present for your consideration our Annual Report for the period from 1 January 2009 to 30 June 2009.

This report reflects the shorter reporting period as we adjust to the revised financial year arrangements approved at our AGM when the members resolved to change the company operational year to coincide with our funding from the Australian Government, which is aligned with the financial year.

Even so, there have been many exciting outcomes. First, the Australian Government advised us that it would renew our funding for three years starting from 1 July 2009. We also were successful in receiving additional funding to assist in the development of our new IT platform as well as a significant boost to the funding for the Supplier Access to Major Projects (SAMP) program. These outcomes will allow the company to enhance the delivery of our core activities to our stakeholders and members.

We have reached a number of significant milestones this year. In the Victorian office, where the network was founded, 25 years of operation will be achieved this year, the network will achieve \$10 billion in wins for Australian and New Zealand (ANZ) companies and the ICNL Board will have met on no less than 50 occasions.

We are excited with the opportunities that continue to emerge. Our Project Gateway system now has 75 major opportunities with many billions of dollars of contracts on offer. The SAMP program has been further refined to more easily facilitate the placement of consultants within major projects. The combination of these two activities ensures our early engagement in major projects, including those within the defence, oil and gas, automotive and infrastructure sectors.



The Board continues to focus strategically on emerging opportunities. We have continued our involvement in the management of the Team Australia Automotive program and are seeking to leverage that approach into other sectors such as clean technology, rail and water. We continue to work closely with our partners, including Austrade, the Australasian Railway Association and Water Australia to develop strategic opportunities for ANZ businesses.

My thanks go to my fellow Board members, to Mr Mike Lawson, and his team at the Department of Innovation, Industry, Science and Research (DIISR) and to the employees at ICNL. Working together as a team we have again delivered superior outcomes for Australian industry, our stakeholders and the Australian public.

David McLachlan AO
Chairman

Executive Director's report

The first half of 2009 was extremely rewarding.

We have seen the emergence of a number of new activities, which will enhance ICNL's services and the outcomes for Australian industry participation.

The development of our new database and online projects system is particularly timely, given the emergence of a focus on sectoral activities, where ANZ companies have competitive advantage, intellectual property and value-added offerings. The new system will make it far easier for our consultants to help buyers and suppliers, and for major projects to promote their needs in the marketplace. The special grant of \$145,000 from DIISR to assist in data cleansing and new hardware was most welcome.

Our Project Gateway system has emerged as a market leader with some of the biggest projects in Australia listing their works packages online. This gives small business suppliers, with a simple one-stop location to identify new opportunities for their businesses.

In this half year, we also launched a new marketing campaign called, **'there's an aussie who can help'**. This has received widespread attention in the media and we were very thankful when the Minister for Innovation, Industry, Science and Research, Senator the Hon Kim Carr launched the campaign for us. This is part of our ongoing efforts to ensure all companies get full, fair and reasonable opportunity to bid for local contracts.

These activities are important in a year when economic conditions are the toughest they have been for a long time. The Australian Government's various



stimulus packages, the building education revolution and a National Broadband Network are just some projects that we are working on.

We also continued to work on the Team Australia Automotive program and while market conditions were tough, our agent in Detroit continued to extract opportunities from a very depressed market.

The next year has all hallmarks of one of the most exciting periods in ICNL's history.

The whole team at ICNL continue to deliver superior services to our stakeholders. 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 dedicated 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.

The team at Australian Industry Participation within DIISR, led by Mr Mike Lawson and Mr Brett Yeomans, continue to give both the company and me personally their support, encouragement and advice. Their support of and belief in our goals and objectives is invaluable.

Our ongoing success under this model is assured and I look forward to leading our team on this exciting journey.

Derek Lark
Executive Director

Highlights for the year

- > Management of \$600,000 worth of new SAMP grants
- > Seven SAMP applications received and four projects approved
- > Contracts worth \$1.136 billion were awarded to Australian companies that may have otherwise gone to offshore suppliers
- > SAMP Global activities have resulted in almost \$111 million of contracts won by Australian suppliers and almost \$1.028 billion of opportunities identified
- > A further round of funding for Team Australia Automotive and additional contracts placed with a Team Australia Automotive member company for supply into the US market despite the global financial crisis
- > Ongoing development of a new online capability database, known as the ICN Warehouse of Industry Capability, including a special grant from DIISR of \$145,000 to assist in data cleansing and hardware enhancement
- > Detailed analysis of the capability of the solar energy sector for Enterprise Connect
- > Further development of our alliances with Austrade, Australasian Railway Association, Defence Export Unit, Enterprise Connect and Water Australia
- > The public launch of our **'there's an aussie who can help'** marketing campaign to support industry



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 identify Australian suppliers when applying for Tariff Concession Orders and/or the Enhanced Project By-law Scheme

Value delivery 2009

Information, communications and technology

- > Supplier Showcase
 - All national data online and up-to-date
 - All major and urgent system upgrades approved by IT working group completed
- > Project Gateway
 - 75 projects listed online
 - More than 18,000 registrations of interest
 - 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 (awarded in 2008)

Strategic alliances

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



SAMP

- > Contracts worth \$1.136 billion were awarded to Australian companies that may have otherwise gone to offshore suppliers

	SAMP Australia	SAMP Global	AIP-SAMP	Total
Grants under management	25	9	8	42
Grant amount	\$2,338,542	\$1,634,070	\$1,499,091	\$5,471,703
New applications	0	0	7	7
Value of applications	0	0	\$1,272,420	\$1,272,420
New grants	0	0	4	4
Value of grants	0	0	\$600,000	\$600,000

National coordination

ICNL continued to provide coordination for the Network of nine Industry Capability Network offices across ANZ.

The Network's 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 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 two occasions during 2009, with meetings held in Hobart and Sydney.



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
- > Australian Trade Commission

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

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

In 2009, we produced a new-look National Capability Newsletter for distribution to the Network offices that has 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.

ICN's new **'there's an aussie who can help'** marketing campaign for 2009 continues to gain momentum. We developed promotional material to support the theme and this continues to help position the Network on a national level.



there's an aussie who can help





We continue to participate as a major sponsor of the Manufacturers' Monthly Magazine Endeavour Awards. The ICN-sponsored 2009 Global Integration Award went to Aunew Group Holding with highly commended awards going to Austal and Ronstan International. The award recognised Aunew for its export of health food products to the Asian market, Ronstan for high-speed ships into the US market and Austral for sailboat hardware internationally.



The 2009 Global Integration Award, from left, Karl Ye, Aunew Group Holding, David McLachlan, ICN, Graham Cunningham, Ronstan and Peter Hogan, Austal.

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 2010.

Cleantech – Solar Capability Mapping

Enterprise Connect engaged ICNL to prepare a capability report on the solar segment of the Cleantech sector, including solar photovoltaic, solar thermal and solar water components.

ICNL sourced information on companies operating in the sector and those wishing to become active in the area. We also compiled detailed information on the activities of Australian companies AUSRA and Lloyd Energy, the Australian company that is building the Cloncurry solar plant in Queensland.

Each ICN state office prepared the data and ICNL assembled the final report. ICNL also visited AUSRA to compile its information for the report.

Enterprise Connect paid the network \$42,000 in total for the project and each ICN office received payment to compile and supply its data in accordance with their agreed charges for the project.

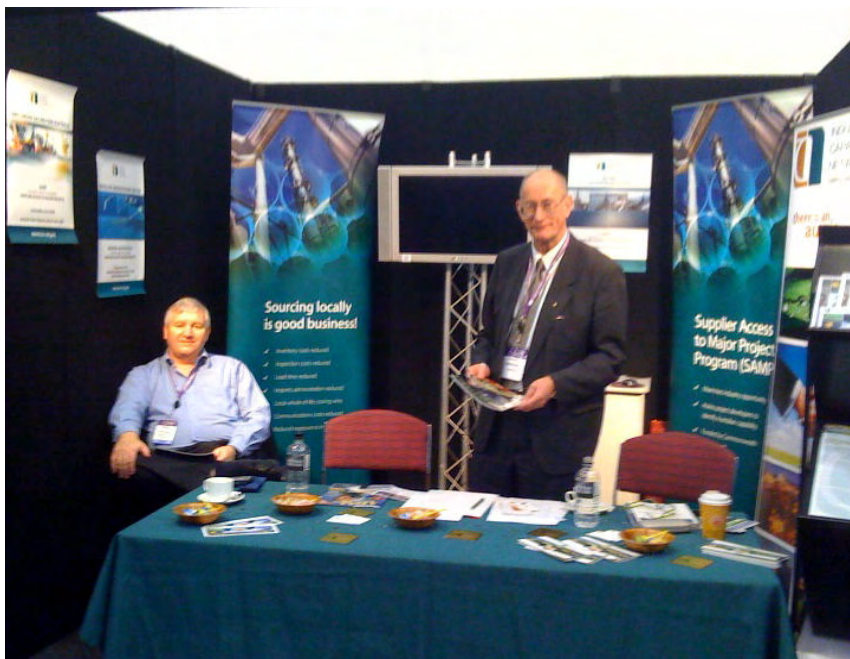
Cleantech roadshow

ICNL, in collaboration with Austrade and Enterprise Connect, went on a roadshow of major capital cities to promote existing and emerging opportunities within the clean energy sector. The roadshow drew 215 businesses involved in the sector nationally and offered important information on the range of government programs and support services available to boost industry capability and international reach. Each ICN office contributed to the success of the roadshows by promoting it to their networks and being available on the day to meet with interested parties.



2009 Defence+Industry conference and trade exhibition

ICNL organised a stand at the 2009 D+I conference and trade exhibition held in Adelaide. Representatives from ICNL, Tasmania, Northern Territory and New Zealand ICN offices were available to help promote ICN.



ICN at Defence+Industry, from left, Keith Wheatland, Executive Director ICN TAS and Bob Murdoch, Manager Australian ICN Relationships, ICN NZ

Our people

We have a small number of employees who 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
- > Ms Sue Johnston-Vos, Manager Client Services
- > Ms Melissa Laurie, Administrative and Accounts Officer
- > Mr Ernie Van Veen, Analyst/Programmer

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 expanded in 2006/07 to give greater focus on major projects overseas and supply markets for those projects. This new initiative was called SAMP Global. Projects in Australia were then 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 it was desirable for ICN to have more flexible arrangements to help Australian suppliers to access global supply chains. In line with recommendations of the 2007 evaluation, SAMP Australia subsequently closed to new applications and SAMP Global was modified to help 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 program, known as AIP-SAMP, started in July 2008.

AIP-SAMP

The 'Asian oil and gas module contractors and the Asian procurement hubs' project (ICN WA) and 'China Coal Industries Technologies' project (ICN NSW) are making significant progress in securing access to supply chains and also for safety-related products and services for use in the China coal industry.

In March 2009, ICNL advertised a round of the program and received seven applications for funding. A review panel meeting met on 22 April 2009 to consider applications. This resulted in an offer of grants to four projects:

Project title	Applicant	Requested	Grant*
QGC Queensland Curtis LNG project	ICN QLD	\$200,000	\$200,000
Major hospitals construction	ICN QLD	\$120,000	\$120,000
Shanghai World Expo 2010	ICN VIC	\$140,000	\$120,000
Commonwealth Games 2010 Delhi	ICN VIC	\$206,940	\$160,000
Total		\$660,940	\$600,000

* Ex GST

SAMP Australia

- > There were five active SAMP Australia projects during the year
- > ICNL monitored 20 completed projects to record later contract successes
- > One project was granted an extension due to project delays
- > Nine projects were completed, one terminated and industry contributions of \$276,055 were returned. The Weddell Power Station project returned \$2,503 of unexpended funds. The Darwin Clean Fuels project returned unexpended funds of \$38,718 in April 2009. Returned funds will be applied to future project grants



These projects, and previous projects still reporting, have resulted in successful enquiries worth \$1.136 billion in 2009. This represents a return of 625:1 for the active or completed projects during the year.

A total of 2,614 company recommendations were made to projects.

In the reporting period, 404 contracts were awarded to Australian industry. A breakdown of the successful contracts shows that:

- > 43% awarded to suppliers outside the state in which the project was located
- > 58% of the contracts were awarded to SMEs
- > 46% were awarded to suppliers classified as being in regional areas

Summary of SAMP Australia wins 1 January 2009 to 30 June 2009

The following table shows the level of enquiries and the value of successful contracts achieved under the program this year.

Project	State	Status	Current		Previous		Change	
			No.	\$m	No.	\$m	No.	\$m
SEA 4000 AWD	VIC	Complete						
Various Pulp Mills	VIC	Complete	63	219.000			63	219.000
Amphibious Ships	VIC	Complete	1	30.000			1	30.000
Royal Children's Hospital	VIC	Complete	1	28.500			1	28.500
PV Solar Plant	VIC	Complete						
No 5 Blast Furnace	NSW	Complete						
ADI Mulwala	NSW	Active						
Port Waratah 3D	NSW	Complete	24	14.915	24	14.915		
Rail Carriages	NSW	Complete	1	18.400	1	18.400		
Visy Pulp mill	NSW	Complete	16	43.552			16	43.552
NSW Wind Farms	NSW	Active	1	0.260			1	0.260
Pluto LNG	WA	Complete	20	22.305	11	12.244	9	10.061
North Rankin Redevelop.	WA	Complete	13	11.328			13	11.328
Worsley Alumina	WA	Complete	11	31.190			11	31.190
Gold Coast Desal Plant	QLD	Complete	63	73.205	18	30.261	45	42.944
Traveston Xing Dam	QLD	Active						
Yarwun 2 Alumina	QLD	Active	16	128.841			16	128.841
AWD Warships	SA	Active						
Project Magnet	SA	Complete	11	10.069	11	10.069		
Prominent Hill Mine	SA	Complete	70	179.939	14	64.179	56	115.760
Blacktip	NT	Complete	60	181.371			60	181.371
Darwin Clean Fuels	NT	Complete						
Bayu-Undan	NT	Complete	82	259.714	14	1.890	68	257.824
Weddell Power Station	NT	Complete	103	40.203	59	4.622	44	35.581
Gunn Pulp Mill	TAS	Complete	56	120.000	56	120.000		
Total			612	1 412.792	208	276.580	404	1 136.212



SAMP Global

The SAMP Global program was launched in 2006. Since inception, there have been 20 applications requesting \$4.957 million of SAMP Global grants and \$1.634 million awarded to nine of those projects.

This year, we have made progress payments of \$29,107 to five projects. This leaves a balance of \$152,221 outstanding (due for payment in 2009/10).

The program has facilitated introductions of more than 247 Australian suppliers to international project proponents and resulted in more than \$111 million of contracts won.

Notable successes have been in the projects where Australian industry has proven expertise. The Commonwealth Games 2010 Delhi and Shanghai World Expo 2010 projects have already delivered more than \$100 million of contracts.

The world recession has affected other projects. It has been difficult to break into the African mining and infrastructure market and long lead times and delays have affected the Australian Aerospace Tooling Industry Cluster (AATIC) project. The Gulf Coast reconstruction project flagged a number of opportunities but the US market is notoriously difficult to access. This will be more so because of the slowdown in the US economy.

The Indonesian mining opportunities look promising, as there is a clear shortage of expertise available locally for maintenance of high-tech equipment.

ICN has identified opportunities in excess of \$1.028 billion. 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.

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 reporting period amounted to \$600,000.

Total program to date

Since the start of SAMP in 1997, ICNL has allocated a total of \$11.975 million from funding provided by DIISR to finance industry research and assistance. Under the program, 131 projects have received assistance.



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, based in Detroit, to help Australian automotive parts manufacturers gain access to the global supply requirements of the major automobile manufacturers.

In the early part of 2009, the defence vehicle sector was also added to the portfolio to identify more opportunities in North America.

An Australian company received an order for \$1million for transmission services despite the issues faced by the automotive sector.

Since the program started, the program has received two more funding grants from DIISR and it is expected to continue to run for at least another year through the Automotive Market Access Program.

It is expected that Australian companies will be in a good position to access market opportunities as the sector recovers later in 2009 and early 2010.

Our technology systems

Project Gateway and ICS Showcase are at 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 a sector, or for specific projects. With this enhancement, suppliers can also register to receive updates and information about new projects and the directory. These registrations will form the base for directories of ANZ suppliers who have an interest or expertise in a specific industry.

Project owners can also promote their projects and opportunities by having their own **dedicated and customised webpage**. This gives them a unique URL and a direct path into Project Gateway allowing suppliers to register their interest in the project in general or specific work packages. The project manager can then download and analyse the details of the registered suppliers.

Since Project Gateway's introduction in 2006, there have been more than 18,000 registrations.

There are eight industry directories with more than 1,368 registered suppliers.



Future development

In 2009, we are redeveloping the technology systems. Here are some of the key initiatives we are developing in partnership with the ICN offices:

- > A new web-based desktop application that includes typical work flows for consultants
- > An enhanced consultant's workspace that will improve the Network's ability to quickly identify ANZ suppliers and their capabilities, and products and services
- > A single entry point for ANZ suppliers
- > One central and easy-to-use place for authorised company representatives to enter their company details
- > Enhanced features for project managers to help them maximise the data collected from project registrations
- > A new search that allows the public to find basic details entered by suppliers

Strategic direction

As part of our ongoing focus on strategic direction, the Board held a strategic workshop in November. During the workshop, ICNL adopted a new plan which builds 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 within the Network to measure their satisfaction with our services and recorded another increase this year to a satisfaction level of 74%.

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 World Trade Organization 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 following page shows an outline of the strategic plan developed in 2009.



2009 milestones

Secured multi-year funding commitment (core and development)

Formalised and activated alliance with Enterprise Connect

Built ICN national network profile in targets sectors e.g. clean energy

New IT system operational and third party info included

Data sets enhanced to improve quality and include sectors of interest

Brokered two significant SAMP-funded projects

Added two new influential champions

Targets 2011

Growth in enquiries from all sections for capability advice

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

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

Engaged by associations to provide linkage to the Network

ICNL websites and directories have case studies embedded for public information

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

Rolling funds model with at least two-year funding horizon

Outcomes 2011

Authoritative and creditable source of Australian capability

Recognised 'go to place' to large projects

Strong stakeholder alliances

Broker of national capabilities

Understand and promote success

Thought leader on supply chains

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 and integrity of info

Source funding for strategic opportunities

Secure multi-year funding

Appendix one: Company membership

The membership of ICNL remained unchanged in 2009.

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: Employee details as at 30 June 2009

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:

Mr Derek Lark
Executive Director

Mr Alan Boyce
Manager Major Projects (part time)

Mr Michael Hough
Manager IT and Special Projects

Ms Sue Johnston-Vos
Manager Client Services

Ms Melissa Laurie
Administrative and Accounts Officer

Mr Ernie Van Veen
Analyst/Programmer

Phone

02 6285 2033

Fax

02 6285 2842

Email

info@icn.org.au

Web

www.icn.org.au

Address

Industry Capability Network Limited

P0 Box 130

DEAKIN WEST ACT 2600

Appendix three: Board composition

The Board of Directors consists of seven people elected by the members.

The following were re-elected at the AGM:

- > Peter Blackney
- > Robert Herbert
- > David McLachlan
- > James Pearson

The full composition of the Board of Directors at 30 June 2009 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



Director

Mr Peter Blackney
General Manager Operational Development
Jemena
Locked Bag 19
MOUNT WAVERLEY VIC 3149
03 8551 7433



Director

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

**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 and Industry WA
PO Box 6209
EAST PERTH WA 6892
08 9365 7625

**Director**

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 four: ICN contact details

Offices of the Industry Capability Network (ICN) are 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.

Australian Capital Territory

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

New South Wales

Suite 3, Century Plaza
80 Berry Street
NORTH SYDNEY NSW 2060
PO Box 2013
NORTH SYDNEY NSW 2059
Phone 02 9025 3150
Fax 02 9025 3151
Email info-nsw@icn.org.au

New Zealand

The Majestic Towers
100 Willis Street
WELLINGTON NZ
PO Box 2878
WELLINGTON NZ
Phone +64 4 816 8398
Fax +64 4 816 8366
Email info-nz@icn.org.au

Northern Territory

6B/1450 Stuart Highway
Cnr Winnellie Rd and Hickman St
WINNELLIE NT 0820
GPO Box 1882
DARWIN NT 0801
Phone 08 8922 9422
Fax 08 8922 9430
Email info-nt@nticn.org.au

Queensland

C/- QMI Solutions
Brisbane Technology Park
Cnr Logan and Miles Platting Rds
EIGHT MILE PLAINS QLD 4113
PO Box 4012
EIGHT MILE PLAINS QLD 4113
Phone 07 3364 0670
Fax 07 3364 0786
Email info-qld@icn.org.au

South Australia

Level 11, 178 North Terrace
ADELAIDE SA 5000
PO Box 1264
ADELAIDE SA 5001
Phone 08 8303 2268
Fax 08 8303 2960
Email info-sa@org.au

**Tasmania**

Level 7, 22 Elizabeth Street
HOBART TAS 7000
GPO Box 646
HOBART TAS 7001
Phone 03 6233 5550
Fax 03 6233 5551
Email info-tas@icn.org.au

Victoria

Level 11, 10 Queens Road
MELBOURNE VIC 3004
PO Box 7492
ST KILDA ROAD VIC 8004
Phone 03 9866 6155
Fax 03 9866 6304
Email info-vic@icn.org.au

Western Australia

Level 4, 180 Hay Street
EAST PERTH WA 6004
PO Box 6209
EAST PERTH WA 6892
Phone 08 9365 7623
Fax 08 9365 7550
Email info-wa@icn.org.au

Appendix five: 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 helping project teams at the earliest stage of design and development, ICN can 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 help given by ICN is a valuable component of the project management.

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

To date, ANZ industry has won \$2.395 billion worth of Australian project contracts that may otherwise have been contracted offshore.

A second program, SAMP Global, was launched in 2006. This program aimed to identify 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.

To date, Australian suppliers have won approximately \$111.7 million of international project contracts.



In July 2008, SAMP was further revised as a result of a review of SAMP Australia conducted in 2007. The 2007 review found that the Network, for pursuing opportunities to supply projects within Australia, had matured and it was desirable for ICN to have more flexible arrangements to help Australian suppliers access global supply chains.

In line with the recommendations, SAMP Australia closed to new applications and SAMP Global was modified to help Australian industry access global supply chains through major local projects.

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

The first round of AIP-SAMP in October 2008 funded four projects totalling \$909,091. A second round in March 2009 funded four more projects totalling \$600,000.

The 'Asian oil and gas module contractors and the Asian procurement hubs' project (ICN WA) and 'China Coal Industries Technologies' project (ICN NSW) are making significant progress in securing access to supply chains and also for safety related products and services for use in the China coal industry.

Projects helped under the Australian industry participation SAMP program are on the following pages.

SAMP Australia

ICN New South Wales	ADI propellants Mulwala
	No 5 Blast Furnace
	Port Waratah Coal Loader Stage 3D
	Rail Carriages
	Visy Pulp and Paper Mill
	NSW Wind Farms
ICN Northern Territory	Eni Blacktip (grant 2)
	Darwin Clean Fuels
	Bayu Undan and Darwin LNG
	Weddell Power Station
ICN Queensland	Gold Coast Desalination Plant
	Traveston Dam St 1
	Yarwun 2 Alumina
ICN South Australia	Project Magnet
	Prominent Hill Mine
	AWD Warships (project 2)
ICN Tasmania	Gunn Pulp Mill
ICN Victoria	SEA 4000 AWD
	Various pulp mills
	Amphibious Ships
	Royal Children's Hospital
	PV Solar Plant
ICN Western Australia	Pluto LNG (grant 2)
	North Rankin Redevelopment
	Worsley Alumina



SAMP Global

ICN New South Wales	US Gulf Coast Reconstruction
ICN Northern Territory	Eastern Indonesia Mining Supply Chain
ICN Queensland	African Resource and Infrastructure projects
	Nickel Mining - New Caledonia
ICN Victoria	Australian Aerospace Tooling Industry Cluster (AATIC)
	Australia/India Sports, Events and Major Projects Alliance
	Shanghai World Expo 2010
ICN Western Australia	Overseas LNG and Subsea Equipment
Templeton Galt	Major Projects Middle East and North Africa

AIP SAMP

ICN Queensland	Major hospitals construction
	QGC Queensland Curtis LNG project
ICN Victoria	Commonwealth Games 2010 Delhi
	Shanghai World Expo 2010

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 30 June 2009 follows.



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 30th June, 2009, and the income statement, statement of changes in equity and cash flow statement for the six months period 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 30th June, 2009 and of its performance for the six months period 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.

A handwritten signature in black ink, appearing to read 'G.J. Bradley', written in a cursive style.

G.J. BRADLEY
Principal
Registered Auditor No: 1249

CANBERRA
13th August, 2009

Appendix seven: Financial statement

The financial statements for ICNL as at 30 June 2009 comprise:

- > Directors' report
- > Statement of financial performance
- > Statement of financial position
- > Statement of cash flows
- > Notes to the financial statements
- > 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

Financial statements

For the six-month period ended 30 June 2009



Industry Capability Network Limited

ABN: 85 068 571 513

For the Six Month Period Ended 30 June 2009

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Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

30 June 2009

Your Directors present their report on the company for the six month period ended 30 June 2009.

1. General information

(a) Directors

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

Names	Appointed / Resigned
David John McLachlan AO	
William Nixon Apple	
Peter Geoffrey Blackney	
Bruce Atkin Griffiths	
Robert Norman Herbert AM	
Russell Allan Kenery	
James Hugo Pearson	

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

(b) Principal activities

The principal activities of the company during the period 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 period.

2. Business Review

(a) Operating result

The loss of the company amounted to \$250,411.

(b) Review of operations

A review of the operations of the company during the period 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

30 June 2009

3. Other items

(a) Significant changes in state of affairs

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

(b) After balance day events

The new financial reporting year for the entity is from 1 July to 30 June.

There are no other matters or circumstances have arisen since the end of the period 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 auditor's independence declaration for the period ended 30 June 2009 has been received and can be found on page 25 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

30 June 2009

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
James Hugo Pearson	Director
Experience	Currently Chief Executive, Chamber of Commerce and Industry Western Australia

(b) Meetings of directors

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

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



Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

30 June 2009

5. Indemnifying officers

(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 period.

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

Director: 

Director: 

Dated this 2 day of September 2009



Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Declaration

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 25 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 30 June 2009 and of the performance for the period 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 2 day of September 2009



Industry Capability Network Limited

ABN: 85 068 571 513

Income Statement

For the Six Month Period Ended 30 June 2009

		6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	Note	\$	\$
Other revenue	2	3,179,974	3,340,071
Salaries and employee benefits		(262,153)	(522,244)
Depreciation costs	5	(7,575)	(18,235)
Administrative costs		(33,911)	(75,305)
Marketing and promotions		(39,121)	(37,180)
Rent and utilities		(45,041)	(73,822)
IT and network costs		(112,376)	(121,751)
Team Australia Auto		(517,711)	(496,327)
SAMP Global		(346,343)	(607,000)
SAMP Australia		(634,607)	(911,470)
SAMP AIP		(1,323,899)	-
Solar Mapping		(21,605)	-
ICS		(33,000)	-
Travel		(48,611)	(92,499)
Other expenses		(4,432)	(871)
Profit / (loss) for the period		(250,411)	383,367

*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 30 June 2009

	Note	6 Month Period Ended 30/06/2009 \$	12 Month Period Ended 31/12/2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	2,918,071	1,569,723
Investments	6	334,745	1,223,727
Trade and other receivables	7	38,795	404,116
Total current assets		3,291,611	3,197,566
Non-current assets			
Property, plant and equipment	8	60,222	26,023
Total non-current assets		60,222	26,023
TOTAL ASSETS		3,351,833	3,223,589
LIABILITIES			
Current liabilities			
Trade and other payables	9	163,437	314,861
Provisions	10	52,783	51,991
Other liabilities	11	2,252,895	1,723,608
Total current liabilities		2,469,115	2,090,460
TOTAL LIABILITIES		2,469,115	2,090,460
NET ASSETS		882,718	1,133,129
EQUITY			
Retained earnings		882,718	1,133,129
TOTAL EQUITY		882,718	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 Changes in Equity

For the Six Month Period Ended 30 June 2009

	Retained Earnings \$	General Reserves \$	Total \$
Balance at 1 January 2007	749,762	-	749,762
Profit / (loss) attributable to members	383,367	-	383,367
Transfers to and from reserves	-	-	-
Balance at 31 December 2008	1,133,129	-	1,133,129
Profit / (loss) attributable to members	(250,411)	-	(250,411)
Transfers to and from reserves	-	-	-
Balance at 30 June 2009	882,718	-	882,718

*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 Six Month Period Ended 30 June 2009

		6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	Note	\$	\$
Cash flows from operating activities:			
Receipts from customers		4,163,842	2,957,871
Payments to suppliers and employees		(3,732,344)	(2,048,398)
Interest received		69,291	83,528
Total cash from / (used by) operating activities	12(a)	500,789	993,001
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		350	-
Payments to acquire plant and equipment		(41,773)	(5,785)
Net cash from / (used by) investing activities		(41,423)	(5,785)
Cash flows from financing activities:			
Proceeds from borrowings		-	-
Transferred to / from investments		888,982	(1,223,727)
Net cash from / (used by) financing activities		888,982	(1,223,727)
Net cash increase / (decrease) in cash and cash equivalents		1,348,348	(236,511)
Cash and cash equivalents at beginning of period		1,569,723	1,806,234
Cash and cash equivalents at end of period	6(a)	2,918,071	1,569,723

*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 Six Month Period Ended 30 June 2009

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 and diminishing value 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 Six Month Period Ended 30 June 2009

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%
Software	20%
Motor Vehicle	25%

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 Six Month Period Ended 30 June 2009

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 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 Six Month Period Ended 30 June 2009

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 Six Month Period Ended 30 June 2009

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

Comparative figures represent a 12 month period from 1 January 2008 to 31 December 2008.

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

(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 Six Month Period Ended 30 June 2009

2. Revenue

		6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	Note	\$	\$
Operating activities			
- Grant revenue		2,588,628	2,719,178
- Grant funds for re-allocation (SAMP)		41,222	-
- Jurisdictional payments		81,000	162,000
- Industry contribution (SAMP)		327,631	343,215
- Solar mapping		42,000	-
- Interest income		44,620	115,076
- ICS V2 income		32,300	-
- Other revenue		22,573	602
Total revenue		3,179,974	3,340,071

3. Profit from ordinary activities

Rental expense on operating leases			
Minimum lease payments		33,977	52,633
(a) Revenue and net gains			
Profit / (loss) on sale of plant and equipment		350	-

4. Auditor's remuneration

Remuneration of the auditor for:			
- Auditing or reviewing the financial report		5,250	7,300

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

5. Depreciation and amortisation

	6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	\$	\$
Depreciation	7,575	18,005
Amortisation of leasehold improvements	-	230
	<u>7,575</u>	<u>18,235</u>

6. Cash assets

Bank balances	2,918,071	1,569,723
Investments	334,745	1,223,727
	<u>3,252,816</u>	<u>2,793,450</u>

(a) Reconciliation of cash

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

Cash and cash equivalents	2,918,071	1,569,723
	<u>2,918,071</u>	<u>1,569,723</u>

7. Receivables

CURRENT		
Trade receivables	13,362	354,945
Prepayments	6,800	5,867
GST receivable	-	-
Interest receivable	18,633	43,304
	<u>38,795</u>	<u>404,116</u>

These notes form part of the financial statements.

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

8. Property, plant and equipment

	6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	\$	\$
Plant and equipment		
At cost	143,294	136,569
Less accumulated depreciation	(126,992)	(122,858)
Total plant and equipment	16,302	13,711
Furniture, fixtures and fittings		
At cost	47,851	47,851
Less accumulated depreciation	(47,102)	(46,824)
Total furniture, fixtures and fittings	749	1,027
Computer software		
At cost	99,750	99,750
Less accumulated depreciation	(97,611)	(97,239)
Total computer software	2,139	2,511
Improvements		
At cost	9,184	9,184
Less accumulated depreciation	(524)	(410)
Total improvements	8,660	8,774
Motor Vehicles		
At cost	33,331	-
Less accumulated depreciation	(959)	-
Total motor vehicles	32,372	-
Total property, plant and equipment	60,222	26,023

These notes form part of the financial statements.



Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

(a) Movements in carrying amounts

	Plant & Equipment	Furniture, Fixtures and Fittings	Computer Software
	\$	\$	\$
Balance at the beginning of period	13,711	1,027	2,511
Additions	8,442	-	-
Disposals	-	-	-
Depreciation expense	(5,851)	(278)	(372)
Carrying amount at end of period	16,302	749	2,139

	Improvements	Motor Vehicles	Total
	\$	\$	\$
Balance at the beginning of period	8,774	-	26,023
Additions	-	33,331	41,773
Disposals	-	-	-
Depreciation expense	(114)	(959)	(7,574)
Carrying amount at end of period	8,660	32,372	60,222

9. Payables

	6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	41,251	305,851
GST Payable	97,718	-
Accrued expenses	8,388	-
Accrued wages	16,080	-
Superannuation	-	7,123
Salary Packages	-	1,887
	163,437	314,861

These notes form part of the financial statements.

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

10. Provisions

	Employee entitlements	Total
	\$	\$
Opening balance at 1 January 2009	51,991	51,991
Additional provisions	792	792
As at 30 June 2009	52,783	52,783

Analysis of total provisions

	6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	\$	\$
Current	52,783	51,991
Total	52,783	51,991

11. Deferred income

Grants and jurisdictional payments in advance	2,252,895	1,723,608
Total	2,252,895	1,723,608

These notes form part of the financial statements.

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

12. Cash flow information

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

	6 Month Period Ended 30/06/2009	12 Month Period Ended 31/12/2008
	\$	\$
Net income / (loss) for the period	(250,411)	383,367
Prior period adjustments	-	-
Non-cash flows in profit from ordinary activities:		
Amortisation	-	230
Depreciation	7,575	18,005
Net profit / loss on disposal of property, plant and equipment	(350)	-
Changes in assets and liabilities:		
(Increase) / decrease in trade and term receivables	365,321	(298,673)
Increase / (decrease) in trade payables and accruals	(151,425)	225,632
Increase / (decrease) in deferred revenue	529,287	653,204
Increase / (decrease) in provisions	792	11,236
Cash flow from operations	500,789	993,001

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

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

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

(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	
	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	5.90	5.90	2,918,071	1,524,379	-	-
Investments	-	-	-	-	334,745	1,223,727
Receivables	-	-	-	-	-	-
Total Financial Assets	-	-	2,918,071	1,524,379	334,745	1,223,727
Financial Liabilities:						
Trade and sundry payables	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-	-
			Non-Interest Bearing		Total	
			2009	2008	2009	2008
			\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents			-	45,344	2,918,071	1,569,723
Investments			-	-	334,745	1,223,727
Receivables			38,795	404,116	38,795	404,116
Total Financial Assets			38,795	449,460	3,291,611	3,197,566
Financial Liabilities:						
Trade and sundry payables			163,437	314,861	163,437	314,861
Total Financial Liabilities			163,437	314,861	163,437	314,861

These notes form part of the financial statements.

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Six Month Period Ended 30 June 2009

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 period 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
James Hugo Pearson	Director

(b) Directors' remuneration

	Salary	Superannuation Contribution	Director Fees	Total
	\$	\$	\$	\$
David John McLachlan AO	54,280	2,255	-	56,535
William Nixon Apple	-	-	6,000	6,000
Peter Geoffrey Blackney	6,624	495	-	7,199
Bruce Atkin Griffiths	-	-	6,000	6,000
Robert Norman Herbert AM	-	-	6,000	6,000
Russell Allan Kenery	-	-	6,000	6,000
James Hugo Pearson	-	-	6,000	6,000
Total	60,904	2,750	30,000	93,734

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 Six Month Period Ended 30 June 2009

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 2008-6 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 2008 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 2008-8 Amendments to Australian Accounting Standards	AASB 101: Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2008 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

I declare that, to the best of my knowledge and belief, during the six months period ended 30th June, 2009 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
13th August, 2009

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

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scheme approved
under Professional
Standards Legislation

GLOSSARY

ANZ

Australia and New Zealand

ANZ WICI

Australia and New Zealand Warehouse of Industry Capability Information

AWD

Air Warfare Destroyer

DIISR

Department of Innovation, Industry, Science and Research

DMO

Defence Material 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



Creating Opportunity for Industry