



Annual Report 2010

Industry Capability Network Limited

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Vision

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

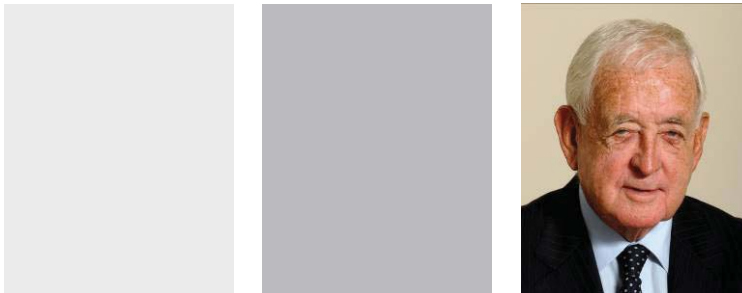
Mission

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

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Chairman's forward



A stellar year best describes 2009–10 for Industry Capability Network Limited (ICNL).

Major highlights for the year included the Minister's announcement of an extra \$8.5 million over four years to boost Australian industry participation in supply opportunities and the subsequent engagement of six National Sector Managers within ICN. Funding from the Department of Innovation, Industry, Science and Research (DIISR) allowed for the placement of an ICN Liaison Officer within Austrade and our IT team finalised two years of work to launch the new ICN Toolbox and ICN Gateway systems. A new logo was introduced and our marketing collateral updated together with the redevelopment of the network's national website.

ICNL celebrated its fifteenth year in operation, a milestone for any small business and particularly for a not-for-profit company that fundamentally supports government programs and coordinates a federated structure.

The Board continues to operate in an effective and efficient manner with a strong governance model over the government programs the company is charged to manage. This is all with a keen eye on the environment in which we operate and expect to encounter in the future, through regular strategic reviews.

We have been closely associated with development in the water and rail sectors. Based on our experience in the automotive industry, ICNL led strategic workshops in both sectors and we were very proud when the government appointed two of our directors, Mr Bob Herbert AM and Mr Bruce Griffiths, as Supplier Advocates to the water and rail sectors respectively.

These outcomes clearly demonstrate the benefits of our close engagement with the relevant industry associations, government departments and Austrade and the strength of the capability information within ICN.

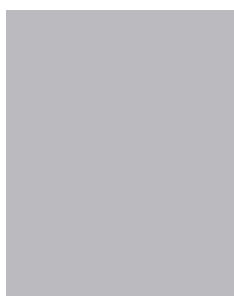
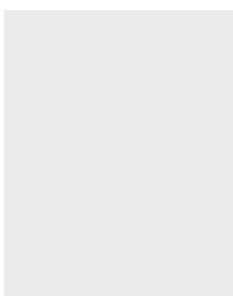
The strong support of the Minister, the department and in particular Mr Mike Lawson and his team has been a significant factor in our outcomes and my Board is extremely grateful for their confidence and support.

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The team at ICNL again proved that big things can be achieved with limited resources when the focus is on the strategies and outcomes we identified as integral to our success. They have done very well again this year and I congratulate them most sincerely on their achievements.

David McLachlan AO
Chairman

Executive Director's report



I will remember 2009–10 as a year of significant achievements for ICNL and one that builds a strong foundation for future success.

We continued to deliver valued services to our stakeholders and further strengthened our place in the market as the authority on Australian and New Zealand industry capability.

Without a doubt, the most exciting outcome for this year was the completion and launch of our new online systems, ICN Gateway and ICN Toolbox. ICN Gateway is a new website that allows the public to search for Australian and New Zealand suppliers and future business opportunities. By registering their details on ICN Gateway, local companies open up their business to the public search and ICN consultants. Complementing this tool is the ICN Toolbox, an online program linked to ICN Gateway that allows ICN consultants to manage their day-to-day work.

ICN Gateway positions us as an industry leader for procurement services and will be the platform for future sector-specific products.

I personally thank DIISR for the funding that made this new system a reality. Without their support, this would not have been possible.

Another exciting development during the year was the network's decision to introduce a new logo. In 2009, the network recognised a need to reinforce ICN as a coordinated, cooperative and national organisation. ICN's Executive Directors decided that a new logo and a national approach to marketing would be one of the tools that would allow us to achieve this outcome. Our new logo marks a fresh beginning for the network and a move towards a modern, dynamic and nation-wide presence.

This decision allowed us to launch new marketing collateral and a brand new website, all with a national and consistent message for the network.

We also received extra funding from DIISR for the appointment of six industry specialists to help local SMEs win contracts both here and overseas. Called National Sector Managers, the role will work as a coordinator between ICN's state offices, the Australian Government-appointed Supplier Advocates, industry associations and other stakeholders within their sector. Funding from DIISR also allowed for the appointment of a Liaison Officer to operate between ICN, Austrade and Enterprise Connect.

We enter our fourth year of managing the Team Australia Automotive program and while market conditions have been tough, US\$31.14 million worth of contracts have been written as a direct result of the program.

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

The 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 thanks for their personal guidance and the time and effort they dedicate to the governance and performance of the company. Their strategic thought, careful analysis and commitment to delivery allows us to help Australian and New Zealand companies win business locally and overseas.

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

Next year is shaping up to be another great one for ICNL as we continue to develop the successes of 2009–10. I look forward to leading our team in another exciting year.

Derek Lark
Executive Director

Highlights for the year

- > Development and launch of the new ICN Toolbox and ICN Gateway systems
- > National Sector Managers employed in the sectors of water, rail, oil & gas, health, National Broadband Network and clean technology to develop those sectors within Australia and New Zealand
- > Management of \$1,387,822 worth of new Supplier Access to Major Projects (SAMP) grants
- > Seventeen SAMP applications received and nine projects approved
- > Contracts worth \$2.629 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers
- > SAMP activities resulting in more than 1,000 contracts worth \$1.772 billion by Australian suppliers and almost \$11.945 billion of opportunities identified
- > Development of a strategy for the delivery of industry sector web portals
- > Positioned ourselves to enable development and hosting of both desktop and mobile applications that can share and contribute to ICN's industry sector capability data

Highlights for the year continued

- > The introduction of a new logo for ICN and the redevelopment of supporting marketing tools including the national website and marketing collateral
- > Team Australia Automotive in its fourth year of successful operation and US\$31.14 million worth of contracts written as a direct result of the program
- > Further development of our alliances with Austrade, Australasian Railway Association, Defence Export Unit, Enterprise Connect, Federation of Automotive Products Manufacturers and Water Australia

Focus areas

The primary functions of ICN Limited are to:

- > provide a coordination role for the state, territory and New Zealand network offices ensuring a common and consistent approach to activities and to support the ongoing enhancement and development of the network
- > develop, provide and manage the national data and communications systems used by the network including ICN Toolbox and ICN Gateway
- > establish links with global supply chain managers to help Australian and New Zealand small and medium enterprises (SMEs) to gain access to the global supply chains of major project developers
- > develop network-wide marketing and to raise awareness and understanding of opportunities available to participate in major projects and global supply chains
- > provide a direct interface to the Australian Government and relevant Australian Government departments
- > manage, on behalf of the Australian Government, grant monies and in particular monies associated with SAMP
- > undertake research on behalf of the states and Australian Government
- > manage the National Sector Manager program and support the Supplier Advocates
- > coordinate activities of the network to help companies identify Australian suppliers when applying for Tariff Concessions and/or the Enhanced Project By-law Scheme.

Value delivery 2010

Information, communications and technology

- > ICN industry capability database holds more than 50,000 verified companies
- > ICN Gateway
 - 75 projects listed online
 - More than 20,000 registrations of interest
 - Nearly \$100 billion contracts on offer

Commercial opportunities

- > Fee for service for delivery of sector portals for internal, government and industry clients

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Marketing and communications

- > New logo and supporting collateral developed for the network
- > New websites created for ICN Gateway and ICN's national website

Financial

- > Increased funding support from the Australian Government
- > Grant worth \$8.5 million over four years received for National Sector Managers, enhanced collaboration and information sharing
- > Grant worth \$500,000 received for Team Australia Automotive stage four

SAMP

- > The department allocated \$1.772 million to SAMP resulting in contracts worth \$1.611 billion to Australian companies that may have otherwise gone offshore to overseas suppliers

	SAMP Australia	SAMP Global	AIP-SAMP	Total
Grants under management	21	4	15	41
Grant amount	\$1,840,844	\$534,470	\$3,143,419	\$5,518,733
New applications	0	0	17	17
Value of applications	0	0	\$3,841,902	\$3,841,902
New grants	0	0	7	8
Value of grants	0	0	\$1,387,822	\$1,387,822

Strategic alliances

- > Austrade
- > Ai Group
- > Australasian Railway Association
- > Defence Export Unit
- > Enterprise Connect
- > Federation of Automotive Products Manufacturers
- > Team Australia Automotive
- > Water Australia
- > Water Industry Alliance
- > Global opportunity activities with a number of third party organisations on behalf of the network

National coordination

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

The network's standard operating procedures define the functions of national coordination and the national coordinator as:

- > facilitating the coordination of the common activities of participating ICN offices which are independent bodies
- > achieving cooperation between each participating ICN office on matters of common interest
- > enhancing the prime function of the ICN, namely the promotion of Australian and New Zealand industry
- > facilitating the collection and publication of appropriate statistics and standardisation of reports on ICN activities
- > undertaking promotional work on behalf of the participating ICN offices
- > fostering an open exchange of information between participating ICN offices
- > enhancing the ICN collective database on industry capability
- > encouraging commonality and best practice in operations across ICN and consistency in application of standard operating procedures
- > coordinating and act as secretariat for meetings of national significance
- > making submissions on matters of national interest as agreed mutually by the ICN offices
- > representing the interests of the collective Australian and New Zealand ICN offices federally and in forums of national significance.

The network's Executive Directors met four times during 2009–2010, with meetings held in Adelaide, Melbourne, Wellington and Darwin.

At a national level, ICNL represented the network at a range of organisations and forums including:

- > Ai Group - ICT Electronics & Electrical Advisory Council
- > Austrade
- > Defence Materiel Organisation
- > Defence Export Unit
- > DIISR - meeting of Chairs of DIISR's Advisory Bodies
- > Enterprise Connect
- > Federation of Automotive Parts Manufacturers
- > Future Materials Ltd

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

- > the 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 Enhanced Project By-law Scheme and Tariff Concessions
- > strategic planning for the network's Executive Directors
- > support for the Australian Government's Supplier Advocates
- > strategic planning for the Australian rail and water industry associations
- > appointment of an ICN Liaison Officer to enhance collaboration with Austrade and Enterprise Connect.

Marketing and communications

During the year ICNL led the network through a number of significant marketing and communication changes. This included the launch of a new logo and national website, as well the implementation of a strategy to reinforce the network as a single brand.

We appointed a marketing and communication manager to drive the new initiative and a leading creative agency to deliver the visual and messaging components. Our main objective is to offer the network marketing services that allow ICN to have a professional, consistent and national marketing presence.

ICNL provides marketing services at a national level as well as support for ICN's state-based activities. The appointment of Supplier Advocates and National Sector Managers is also an opportunity for ICN to strengthen its marketing activities at a national level.

Key outcomes for the year included:

- > new logo and accompanying brand style guide
- > complete redesign of ICN's main website
- > sponsorship of the Manufacturer's Monthly Endeavour Awards
- > design for ICN new online tool, ICN Gateway
- > design and implementation of new business stationery, electronic templates, building signage, display materials and marketing collateral
- > trade stand at the 2009 Tasmanian Manufacturing Conference.

Supplier Access to Major Projects (SAMP)



The SAMP program is an Australian Government initiative that was initially launched in 1997. The original program mostly targeted major projects in Australia. It was expanded to encompass international projects through SAMP Global in 2006–07. SAMP helps Australian suppliers gain access to global through major projects both within Australia and overseas.

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Following the announcement of extra funding by the Australian Government for SAMP, we have appointed National Sector Managers to coordinate and promote sector-based supplier success (see page 25 for full details). This initiative will complement the existing AIP-SAMP grant program.

AIP-SAMP

- > There are sixteen active AIP-SAMP projects
- > Total wins to date have amounted to \$112 million for a return on grants allocated of 100:1

There were three rounds of SAMP grants this year. These took place in September, February and May and ICNL received 17 applications for funding. Following consideration of the applications, nine projects received grants:

Project	Applicant	Requested	Grant*
Australia Brazil Sports and Events Alliance	ICN VIC	\$229,960	\$229,960
Guangdong Province Services	ICN VIC	\$157,500	\$157,500
Shell Prelude FLNG	ICN WA	\$115,952	\$115,952
Wheatstone LNG & Domestic Gas Plant	ICN WA	\$230,880	\$230,880
Aviation Infrastructure, China	ICN VIC	\$290,000	\$290,000
Giant Magellan Telescope	ICN ACT	\$210,000	\$210,000
Parkville Comprehensive Cancer Centre	ICN VIC	\$137,950	\$137,950
Global Mining Supply Chains	ICN NSW	\$225,580	\$225,580
Major Project Supplier Qualification	ICN QLD	\$328,350	\$246,506 [#]
Total		\$1,926,172	\$1,844,328

* Ex GST

[#] Funding provided from monies for sectorally-directed SAMP activities

Citing project delays, the applicant for the Giant Magellan Telescope later declined the grant offer.

The following projects have reported significant wins:

- > Commonwealth Games 2010 Delhi. Wins for pyrotechnics, design, installation and operation of the international broadcasting centre and swimming pool starting blocks and lane equipment
- > China Coal Industries technologies. Contracts to de-gas mines
- > Inpex LNG project. Initial harbour and civil investigation work.

SAMP Australia

- > There were five active SAMP Australia projects during the year
- > ICNL monitored 15 previously completed projects
- > Traveston Crossing Dam was cancelled and funding returned
- > Two projects were completed, one terminated and industry contributions of \$110,000 were returned

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Under the auspices of SAMP Australia, 496 contracts were awarded to Australian industry during the reporting period worth \$378.388 million. This represents a return of 1311:1.

The result is partly due to revised statistics received from Eni for the Blacktip Gas project.

A breakdown of the successful contracts shows that:

- > 77% were awarded to suppliers outside the state in which the project was located
- > 36% of the contracts were awarded to SMEs
- > 29% were awarded to suppliers classified as being in regional areas.

Summary of SAMP Australia wins 1 July 2009 to 30 June 2010

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
Amphibious Ships	VIC	Complete	5	30.000	4	30.000	1	
Royal Children's Hospital	VIC	Complete	5	40.128	4	38.500	1	1.628
PV Solar Plant	VIC	Complete						
ADI Mulwala	NSW	Complete						
Port Waratah 3D	NSW	Complete	70	218.523	70	218.523		
Rail Carriages	NSW	Complete	3	28.235	1	18.400	2	9.835
Visy Pulp Mill	NSW	Complete	16	43.552	16	43.552		
NSW Wind Farms	NSW	Active	8	5.291	6	4.651	2	0.640
Pluto LNG	WA	Complete	30	39.926	29	39.076	1	0.850
North Rankin Redevelop.	WA	Complete	19	13.643	18	13.567	1	0.076
Worsley Alumina	WA	Complete	25	85.000	24	84.000	1	1.000
Gold Coast Desalination	QLD	Complete	63	73.195	63	73.195		
Traveston Crossing Dam	QLD	Cancelled						
Yarwun 2 Alumina	QLD	Active	57	279.122	57	279.122		
AWD Warships	SA	Complete						
Prominent Hill Mine	SA	Complete	70	179.939	70	179.939		
Blacktip	NT	Complete	547	545.730	60	181.371	487	364.359
Darwin Clean Fuels	NT	Cancelled						
Bayu-Undan	NT	Complete	82	259.714	82	259.714		
Weddell Power Station	NT	Complete	103	40.203	103	40.203		
Gunns Pulp Mill	TAS	Complete	56	120.000	56	120.000		
Total			1159	2002.201	663	1623.813	496	378.388

SAMP Global

The SAMP Global program started in 2006.

Following the termination of the Australian Aerospace Tooling Industry Cluster (AATIC) project, only two projects were active during the year and the African Resources project was completed.

This year, progress payments of \$94,221 have been made to two projects. This ends the payments schedule for SAMP Global.

Unexpended funds of \$53,100 were returned from the AATIC project.

The remaining project, Indonesian Mining Opportunities, generated a further five work packages for which Australian industry could bid.

The SAMP Global program has facilitated introductions of more than 123 Australian suppliers to international project proponents and resulted in more than \$55.39 million of contracts won.

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Funding of the SAMP program

Deeds between ICNL and DIISR provide funding for the program. ICNL submits reports to the department on the management and achievements of the SAMP program. The funds allocated by DIISR during the reporting period amounted to \$1 million for AIP-SAMP.

Total program to date

Since the start of SAMP in 1997, ICNL has allocated a total of \$13.573 million from funding provided by DIISR to finance industry research and assistance. Under the program, 139 projects have received support resulting in just over \$3.5 billion in contract wins.

National Sector Managers



In July 2009, the Australian Government announced \$19.1 million in funding to boost Australian industry participation over four years. As part of this announcement, ICN received extra funding through the SAMP program to target priority sectors. ICN appointed National Sector Managers to oversee and coordinate ICN's activities and work with the Supplier Advocates to make sure Australian and New Zealand companies are well place to pursue opportunities in the chosen sectors.

The program started in May 2010 with ICN appointing six National Sector Managers in network offices around Australia. In this first month, ICNL facilitated a workshop in Canberra for the National Sector Managers, ICN's Executive Directors, DIISR, Enterprise Connect, Austrade and a number of the Supplier Advocates. The two-day workshop built a strong platform for the managers in terms of their roles, expected outcomes and key priorities for the first year. Most importantly, the workshop allowed the National Sector Managers to come together as a cohesive team and gave them the opportunity to meet the key players within their sector.

The National Sector Managers (and their office locations within the network) are:

- > David Anderson – National Broadband Network (Hobart)
- > Tony Carney – Rail (Melbourne)
- > Erin Evans – Oil & Gas (Perth)
- > Kevin Payne – Water (Adelaide)
- > David Ryant – Health (Melbourne)
- > Trevor Toivonen – Clean Technology (Sydney)

Team Australia Automotive



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

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ICNL leads Team Australia Automotive in partnership with our Victorian and South Australian offices, Federation of Automotive Parts Manufacturers, the governments of South Australia and Victoria and Austrade. In 2009, the consortium made an application for further funding and received a fourth grant from the Australian Government's Automotive Market Access Program to continue its promotion of Australian companies into North America.

Team Australia Automotive's contract with its representative in Detroit expired during the year and it sought expressions of interest from a number of qualified companies. Team Australia Automotive narrowed the applicants to three and following interviews, selected Terry Barr Sales based on its long-term experience within the US and value for money offered.

During a visit to Australia in January, representatives from Terry Barr Sales met with Australian automotive ambassador, Mr Steve Bracks to talk about how they will promote TAA members companies in the North American automotive market. Mr Bracks shared his analysis of the automotive markets with Terry Barr Sales and confirmed the support TAA companies would get from the federal and state governments.

Following the meeting, representatives from TAA companies, federal and state governments and the automotive industry gathered to hear Mr Barr and Mr Bracks speak about the US automotive market and the TAA initiative. It also gave attendees an opportunity to network and talk to the representatives from Terry Barr Sales.

Team Australia Automotive represents 18 Australian manufacturers in the US auto industry.

So far, US\$31.14 million worth of contracts have been won by Australian companies as a direct result of Team Australia Automotive.

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With appointment of Terry Barr Sales in the US, the subsequent change in strategy and the improvements in the US automotive market, it is hoped that 2010 will present more opportunities. If the Australian dollar falls to a more favourable level, this will also make Australian companies more competitive.

Technology systems

ICN Gateway, ICN Toolbox and the ICN industry capability database are at the core of our IT systems. We completed a major project in June 2010 so we could introduce new systems that deliver:

- > a more inviting web presence
- > a simple, easy-to-use online tool to help suppliers create and edit their company profile
- > easier and more flexible searching and browsing for project opportunities
- > a much simpler method for suppliers to register expressions of interest for opportunities
- > the ability for the public to search for suppliers within regions and by capability
- > a secure and intuitive tool (ICN Toolbox) that allows ICN consultants to more easily and effectively manage industry capability data, help project proponents and buyers, quickly list new projects and opportunities, more easily analyse and distribute expressions of interest, and produce timely, accurate reporting
- > the ability to interconnect and share industry data
- > the ability to serve cloud framework and mobile applications.

Our database contains more than 50,000 suppliers and nearly 200,000 industry contacts, and is growing at a rate of hundreds of suppliers per week.

Future development

In 2010–2011 we are designing and developing a number of enhancements to the new ICN Toolbox and ICN Gateway systems. These enhancements will allow us to share industry capability information, via the internet, to industry sector specialists, industry associations and government agencies at all levels. These enhancements will also allow us to deliver tailored services to industry associations and specialists, both as desktop/notebook computer tools, and as applications developed for mobile platforms such as the Blackberry, iPhone and iPad.

Strategic direction

Our move in 2009 to a more sector-based approach was confirmed by Minister Kim Carr's announcement in July 2009 to provide extra funding to ICN to target sectors most likely to benefit from increased awareness of Australia industry capabilities.

This initiative is being delivered through contracts for the placement of National Sector Managers in ICN offices around Australia.

Our sectors are:

- > Clean technology – New South Wales
- > Health – Victoria
- > National Broadband Network – Tasmania
- > Oil and gas – Western Australia
- > Rail – Victoria
- > Water – South Australia

We are also strategically engaged in the defence and automotive sectors through other focused programs.

To make sure we are adding value to the network and meeting the needs of our clients, each year we survey our members within the network to measure their satisfaction with our services and recorded a 4% increase this year to a satisfaction level of 78%.

Our Board regularly reviews our strategic plan against the environment in which we operate, mindful of the needs of our stakeholders and the emerging market trends which will have to be accommodated. Our plan is built upon a foundation of core activities that support the medium to long-term outcomes and targets.

The following page shows an outline of the strategic plan developed in 2010.

Strategic Plan 2010-2013

2011 Milestones

1. Network recognises and moves to a seamless delivery model
2. Effective strategic alliances that support all sector and market activities
3. Enhanced brand recognition with third party endorsements
4. Review Energy Efficiency as a potential sector program
5. Add two new industry champions & support existing champions
6. Ensure effectiveness and alignment of sector and SAMP programs
7. Demonstrate ICNL's contribution through the value added model
8. Enhance and develop the IT infrastructure to support ICN and industry
9. Establish enhanced relationships with Commonwealth stakeholders

Pathways

Foster Collaboration Across ANZ Network	Key Target Sectors Effectively Managed	Create win/win Relationships Within Sector Alliances	Leverage & Support Supplier Advocates	Build & Support ICN Champion Base	Effective Use of IT System	ANZ-wide Approach to Strategic Marketing	Effective Internal & External Communication
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2013 Targets

2013 Outcomes

<ul style="list-style-type: none"> ✓ Widely engaged with influential third parties 	Independent Thought Leadership & Advocacy
<ul style="list-style-type: none"> ✓ Preferred supplier of IT systems for all stakeholders ✓ Use of IT system by aligned industry associations 	Relevant and Strategic Infrastructure
<ul style="list-style-type: none"> ✓ Meeting best practice benchmarks ✓ Consistent experience irrespective of customer touch point 	Seamless Delivery Across ANZ Network
<ul style="list-style-type: none"> ✓ Stakeholders 80% satisfied or better with program administration ✓ ROI on SAMP investment. 	Effective coordination of National Programs eg. SAMP
<ul style="list-style-type: none"> ✓ All sectors aligned with relevant third parties ✓ Cross sector collaborations ✓ Influential champions engaged 	Effective National & Sector Specific Alliances
<ul style="list-style-type: none"> ✓ Strong brand recognition in all jurisdictions ✓ Unsolicited approaches for advice ✓ Frequent third party endorsement 	Recognised "Go To Place" For Industry and Govt
<ul style="list-style-type: none"> ✓ Programs continue within government policy and ICNL adequately funded to deliver 	Ongoing Program with Secure Funding

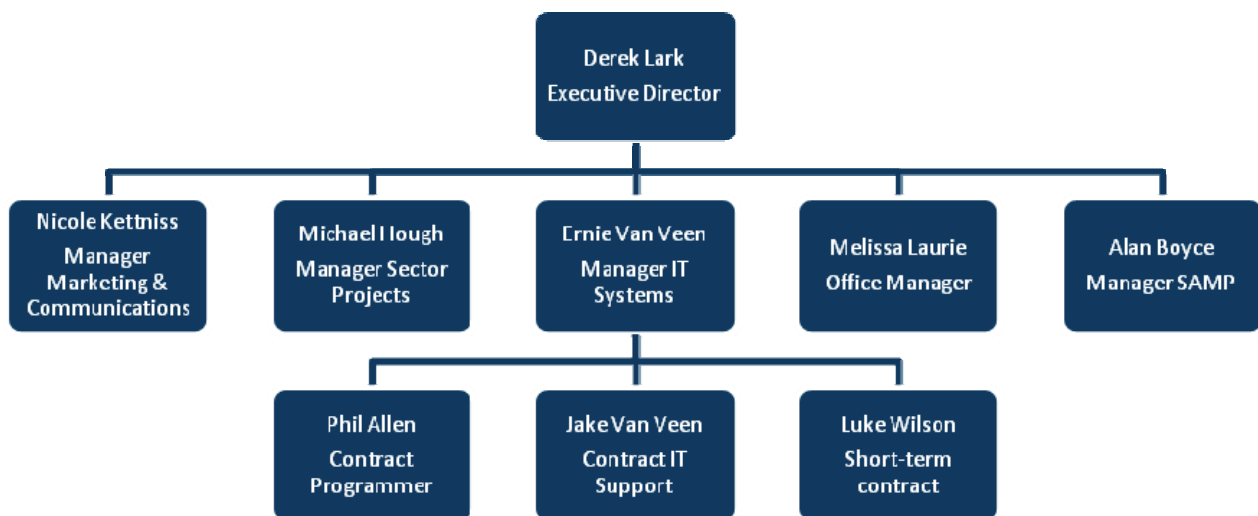
Appendix one: Company membership

The membership of ICNL remained unchanged in 2010.

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, Tourism and the Arts (Tasmania)
- > Department of Business and Industry Development (ACT)
- > New Zealand Trade & Enterprise

Appendix two: Employee details as at 30 June 2010



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Office address

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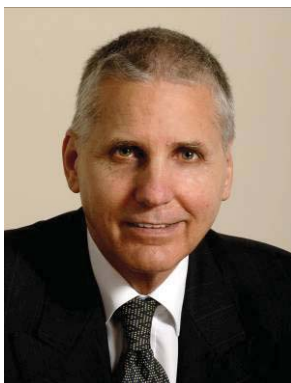
Appendix three: Board composition



David McLachlan AO



Robert Herbert AM



Peter Blackney



Bruce Griffiths

The Board of Directors consists of seven people elected by the members.
The full composition of the Board of Directors at 30 June 2010 was:

Chairman

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

Deputy Chairman

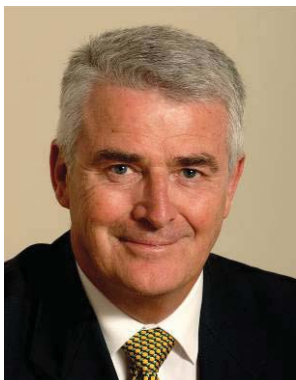
Mr Robert Herbert AM
Chairman, IXC International Limited
Company Director and Consultant
Safari Biz Pty Ltd
55 Tivoli Road
SOUTH YARRA VIC 3141
03 9827 0388

Director

Mr Peter Blackney
General Manager Contracting Services
Jemena Asset Management Pty Limited
2 Windjana Street
HARRISON ACT 2914
02 9397 9136

Director

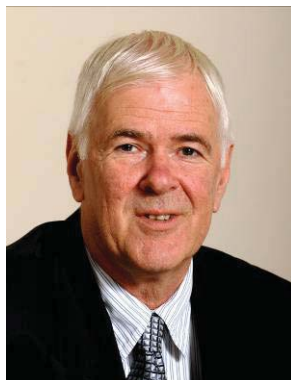
Mr Bruce Griffiths
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Futuris Automotive Group Limited
80 Turner Street
PORT MELBOURNE VIC 3207
03 9644 4222



Russell Kenery



James Pearson



Nixon Apple



Derek Lark

Director

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

Director

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

Director

Mr Nixon Apple
Industry Advisor
Australian Manufacturing Workers
Union
2nd Floor, 251 Queensberry Street
CARLTON SOUTH VIC 3053
03 9230 5706

Secretary

Mr Derek Lark
Executive Director
Industry Capability Network Limited
PO Box 130
DEAKIN WEST ACT 2600
02 6285 2033

Mr Nixon Apple, Mr Bruce Griffith and Mr Russell Kenery were re-elected at the AGM

Appendix four: ICN contact details

ICN has offices in every state of Australia, the Australian Capital Territory, Northern Territory and New Zealand. The ICN offices in Queensland, New South Wales, Victoria, Tasmania and Wellington have branch offices in regional centres.

Northern Territory

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

New South Wales

Suite 3, Century Plaza
80 Berry Street
North Sydney NSW 2060
PO Box 2013
North Sydney NSW 2059
Phone 02 9927 3100
Fax 02 8920 1856
Email info@icnns.org.au

Wellington

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

Australian Capital Territory

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

Western Australia

Level 4, 180 Hay Street
East Perth WA 6004
PO Box 6209
East Perth WA 6892
Phone 08 9365 7623
Fax 08 9365 7550
Email info@icnwa.org.au

Victoria

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

Tasmania

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

South Australia

131-139 Grenfell Street
Adelaide SA 5000
GPO Box 1264
Adelaide SA 5001
Phone 08 8303 2268
Fax 08 8303 2950
Email info@icnsa.org.au

Queensland

33 McKechnie Drive
Eight Mile Plains QLD 4113
PO Box 4012
Eight Mile Plains QLD 4113
Phone 07 3364 0670
Fax 07 3364 0788
Email info@icnqld.org.au

Auckland

Level 12 ANZ Centre
23-29 Albert Street
Auckland 1150
P O Box 8680
Auckland 1150
Phone +64 9 354 9168

Appendix five: Supplier Access to Major Projects program

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

ICNL manages the funding of behalf of DIISR and is responsible for advertising for grant funding rounds, coordinating the SAMP selection panel, managing grant payments and reporting on project activity.

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

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

The initial program, known as SAMP Australia, has provided almost \$7.5 million in funds over ten years. To date, with the help of the SAMP Australia program, Australian and New Zealand industry has won \$2.773 billion worth of Australian project contracts that may otherwise have been contracted offshore.

A second program, SAMP Global, started in 2006 with the objective of identifying global opportunities for Australian suppliers in major projects overseas. It has since been revised to facilitate opportunities for Australian suppliers through major projects in Australia and overseas (AIP-SAMP).

The following pages list SAMP projects that were active in 2009–10.

SAMP Australia

ICN New South Wales	
	ADI Mulwala
	Port Waratah 3D
	Rail Carriages
	Visy Pulp Mill
	NSW Wind Farms
ICN Northern Territory	
	Eni Blacktip
	Darwin Clean Fuels
	Bayu Undan and Darwin LNG
	Weddell Power Station
ICN Queensland	
	Gold Coast Desalination Plant
	Traveston Crossing Dam
	Yarwun 2 Alumina
ICN South Australia	
	Prominent Hill Mine
	AWD Warships
ICN Tasmania	
	Gunns Pulp Mill
ICN Victoria	
	Amphibious Ships
	Royal Children's Hospital
	PV Solar Plant
ICN Western Australia	
	Pluto LNG
	North Rankin Redevelopment
	Worsley Alumina

SAMP Global

ICN Northern Territory	
	Eastern Indonesia Mining Supply Chain
ICN Queensland	
	African Resource and Infrastructure projects
ICN Victoria	
	Australia India Sports Events and Major Projects Alliance
	Australian Aerospace Tooling Industry Cluster (AATIC)

AIP-SAMP

ICN Victoria	
	Australian Brazil Sports and Events Alliance
	Commonwealth Games 2010 Delhi
	Expo 2010 Shanghai China
	Guangdong Province Services
	Sustainable Airports Infrastructure China
	Parkville Comprehensive Cancer Centre (PCCC)
ICN New South Wales	
	China Coal Industries Technology
	Global Mining Supply Chains
ICN Queensland	
	Major Hospitals Construction
	QGC Queensland Curtis LNG
	PNG LNG
ICN Western Australia	
	Asian Oil and Gas Projects Supply Chains
	Shell Prelude FLNG
	Wheatstone LNG
ICN Northern Territory	
	Inpex LNG Supply Chain Opportunities

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 2010 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 statement of financial position as at 30th June, 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company, would be in the same terms if provided to the directors' as at the date of this auditor's report.

4 Dugan Street
DEAKIN ACT 2600
PO Box 9045
DEAKIN ACT 2600

P: 02 6281 3360
F: 02 6281 2590
E: mail@auswildca.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, 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



G.J. BRADLEY
Principal
Registered Auditor No: 1249

CANBERRA
13th August, 2010

Appendix seven: Financial statement

The financial statements for ICNL as at 30 June 2010 include:

- > Directors' report
- > statement of financial performance
- > statement of financial position
- > statement of cash flows
- > notes to the financial statements
- > Directors' declaration.

ICN Limited has prepared these statements to meet the requirements of the Corporations Law. However, 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 period ending 30 June 2010

Industry Capability Network Limited

ABN: 85 068 571 513

For the Period Ended 30 June 2010

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Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

30 June 2010

Your directors present their report on the company for the financial year ended 30 June 2010.

Directors

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

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 financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of entity secretary at the end of the financial year:

- Derek Lark was appointed company secretary on 20 January 2004.

Principal Activities

The principal activities of the entity 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; and
- to manage the SAMP Australia, SAMP Global, Team Australia Automotive, AIP, Domain Sector Specialist and Gateway Programs.

No significant changes in the nature of the entity's principal activities occurred during the financial year.

Operating Results

The profit of the entity amounted to \$119,104.

Review of Operations

A review of the operations of the entity during the financial year and the results of those operations found that the entity 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 2010

Significant Changes in State of Affairs

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

After Balance Day Events

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

Future Developments

Likely developments in the operations of the entity 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 entity.

Environmental Issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

Mr David John McLachlan AO	- Chairman
Qualifications	- Fellow Australian Institute of Company Directors (Dip)
Experience	- Appointed Chairman on inauguration of the company. Retired from the Australian Army with the rank of Major General in March 1994 after 37 years service
Mr William Nixon Apple	- Director
Qualifications	- Honours BA and MA Carleton University, Ottawa Ontario Canada
Experience	- Currently Industry and Economic Advisor, Industry and Investment Policy, Australian Manufacturing Workers Union
Mr Peter Geoffrey Blackney	- Director
Qualifications	- Bachelor of Economics, Australian National University - Graduate of Australian Institute of Company Directors (Dip) - Williamson Fellow
Experience	- Currently General Manager, Contracting Services, Jemena Asset Management Pty Limited
Mr Bruce Atkin Griffiths	- Director
Experience	- Currently Chairman, Futuris Automotive Group

Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

30 June 2010

Information on Directors continued

Mr Robert Norman Herbert AM Deputy Chairman, Director

- Qualifications - Bachelor of Commerce (IR), UNSW
Experience - Currently Company Director and Consultant

Mr Russell Allan Kenery

- Qualifications - Director
- Fellow - Illuminating Engineering Society (Aus & NZ)
- Engineers Registration Board CEI (London)
- Advanced Management Program (RMIT)
Experience - Currently Director, Kenery & Associates
- Chairman - InnovationXchange (IXC Australia Ltd)

Mr James Hugo Pearson

- Qualifications - Director
- B.Sc (Honours) University of WA
- MBA (Deakin University);
- GAICD
Experience - Currently Chief Executive, Chamber of Commerce and Industry Western Australia

Meetings of Directors

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

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	3	3
Mr William Nixon Apple	3	3
Mr Peter Geoffrey Blackney	3	3
Mr Bruce Atkin Griffiths	3	2
Mr Robert Norman Herbert AM	3	3
Mr Russell Allan Kenery	3	2
Mr James Hugo Pearson	3	3

Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Report

30 June 2010

Indemnifying Officers

The entity has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the entity, other than conduct involving a wilful breach of duty in relation to the entity. The amount of the premium was \$5,500.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

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

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 54 of the director's report.

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

Director:



Director:



Dated this 24th day of September 2010



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 year ended 30th June, 2010 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, 2010

Industry Capability Network Limited

ABN: 85 068 571 513

Statement of Comprehensive Income

For the Period Ended 30 June 2010

		12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	Note	\$	\$
Revenue	2	6,806,881	3,179,974
Salaries and employee benefits		(652,460)	(262,153)
Depreciation costs	3	(28,208)	(7,575)
Administrative costs		(110,554)	(33,911)
Marketing and promotions		(106,902)	(39,121)
Rent and utilities		(69,026)	(45,041)
IT and network costs		(199,879)	(112,376)
Gateway		(311,895)	-
Team Australia Automotive		(659,933)	(517,711)
SAMP Global		(253,799)	(346,343)
SAMP Australia		(503)	(634,607)
SAMP AIP		(2,775,209)	(1,323,899)
DSS Management		(1,234,719)	-
Solar Mapping		2,800	(21,605)
ICS		(14,082)	(33,000)
Travel		(94,178)	(48,611)
Project expenses		(176,247)	-
Other expenses		(2,983)	(4,432)
Profit / (loss) for the period		119,104	(250,411)
Other comprehensive income:			
Net gain on revaluation of non-current assets		-	-
Net (loss) / gain on revaluation of financial assets		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		119,104	(250,411)
Profit attributable to members of the entity		119,104	(250,411)
Total comprehensive income attributable to members of the entity		119,104	(250,411)

The accompanying notes form part of these financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Statement of Financial Position

As at 30 June 2010

	Note	12 Month Period Ended 30/06/2010 \$	6 Month Period Ended 30/06/2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,999,997	2,918,071
Trade and other receivables	5	156,284	31,995
Financial assets	7	96,222	334,745
Other assets	6	11,539	6,800
TOTAL CURRENT ASSETS		4,264,042	3,291,611
NON-CURRENT ASSETS			
Property, plant and equipment	8	65,425	58,083
Intangible assets	9	18,493	2,139
TOTAL NON-CURRENT ASSETS		83,918	60,222
TOTAL ASSETS		4,347,960	3,351,833
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	281,193	163,437
Provisions	11	64,884	52,783
Other liabilities	12	3,000,061	2,252,895
TOTAL CURRENT LIABILITIES		3,346,138	2,469,115
TOTAL LIABILITIES		3,346,138	2,469,115
NET ASSETS		1,001,822	882,718
EQUITY			
Retained earnings		1,001,822	882,718
TOTAL EQUITY		1,001,822	882,718

The accompanying notes form part of these financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Statement of Changes in Equity

For the Period Ended 30 June 2010

	Retained Earnings \$	General Reserves \$	Total \$
Balance at 1 January 2009	1,133,129	-	1,133,129
Profit / (loss) attributable to members	(250,411)	-	(250,411)
Total other comprehensive income for the period	-	-	-
Balance at 30 June 2009	882,718	-	882,718
Profit / (loss) attributable to members	119,104	-	119,104
Total other comprehensive income for the period	-	-	-
Balance at 30 June 2010	1,001,822	-	1,001,822

Industry Capability Network Limited

ABN: 85 068 571 513

Statement of Cash Flows

For the Period Ended 30 June 2010

		12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	Note	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		7,309,110	4,163,842
Payments to suppliers and employees		(6,532,687)	(3,732,344)
Interest received		120,648	69,291
Total cash generated from operating activities	15(b)	<u>897,071</u>	<u>500,789</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		2,829	350
Payments to acquire plant and equipment		(56,497)	(41,773)
Net cash used in investing activities		<u>(53,668)</u>	<u>(41,423)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Transferred to / from investments		238,523	888,982
Net cash generated from financing activities		<u>238,523</u>	<u>888,982</u>
Net increase / (decrease) in cash held		1,081,926	1,348,348
Cash and cash equivalents at beginning of the period		2,918,071	1,569,723
Cash and cash equivalents at end of the period	15(a)	<u>3,999,997</u>	<u>2,918,071</u>

The accompanying notes form part of these financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

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

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and 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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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).

(b) Plant and Equipment

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

These notes form part of the financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised 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 (PC) and diminishing value basis (DV) over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment (PC)	20 – 50%
Furniture, Fixtures and Fittings (PC)	20%
Improvements (PC)	2.5%
Software (PC)	20%
Motor Vehicle (DV)	25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes 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 statement of comprehensive income. 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.

These notes form part of the financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The *effective interest rate method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

These notes form part of the financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 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.

Fair Value

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

Impairment

At 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 statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, 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 statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of 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 Period Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(n) Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Industry Capability Network Limited.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

These notes form part of the financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

Note 2: Revenue and Other Income

	12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	\$	\$
<i>Revenue from Operating Activities</i>		
- Grant revenue	6,301,594	2,588,628
- Grant funds for re-allocation (SAMP)	53,100	41,222
- Jurisdictional payments	162,000	81,000
- Industry contribution (SAMP)	143,000	327,631
- Solar mapping	-	42,000
- Interest income	105,610	44,620
- ICS V2 income	30,715	32,300
- Other revenue	10,862	22,573
Total Revenue	6,806,881	3,179,974

Note 3: Profit for the year

(a) Expenses

Depreciation and Amortisation		
- plant and equipment	9,852	5,851
- furniture, fixtures and fittings	557	278
- improvements	230	114
- motor vehicles	8,268	959
- computer software	9,301	372
Total Depreciation and Amortisation	28,208	7,575

These notes form part of the financial statements

Industry Capability Network Limited

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Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 7: Financial Assets

	12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	\$	\$
CURRENT		
Held to maturity financial assets	96,222	334,745
	<u>96,222</u>	<u>334,745</u>

Note 8: Property, Plant and Equipment

Plant and equipment		
At cost	125,872	143,294
Less accumulated depreciation	(96,223)	(126,992)
Total plant and equipment	<u>29,649</u>	<u>16,302</u>
Furniture, fixtures and fittings		
At cost	50,037	47,851
Less accumulated depreciation	(47,659)	(47,102)
Total furniture, fixtures and fittings	<u>2,378</u>	<u>749</u>
Improvements		
At cost	9,184	9,184
Less accumulated depreciation	(754)	(524)
Total improvements	<u>8,430</u>	<u>8,660</u>
Motor Vehicles		
At cost	34,195	33,331
Less accumulated depreciation	(9,227)	(959)
Total motor vehicles	<u>24,968</u>	<u>32,372</u>
Total property, plant and equipment	<u>65,425</u>	<u>58,083</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 Period Ended 30 June 2010

Note 8: Property, Plant and Equipment (continued)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment	Furniture, Fixtures and Fittings	Improvements
	\$	\$	\$
Balance at the beginning of year	16,302	749	8,660
Additions at cost	29,047	2,186	-
Disposals and reallocations	(5,848)	-	-
Depreciation expense	(9,852)	(557)	(230)
Carrying amount at end of year	<u>29,649</u>	<u>2,378</u>	<u>8,430</u>

	Motor Vehicles	Total
	\$	\$
Balance at the beginning of year	32,372	58,083
Additions at cost	864	32,097
Disposals and reallocations	-	(5,848)
Depreciation expense	(8,268)	(18,907)
Carrying amount at end of year	<u>24,968</u>	<u>65,425</u>

Note 9: Intangible Assets

	12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	\$	\$
Computer software – at cost	40,043	99,750
Accumulated amortisation	(21,550)	(97,611)
Net carrying value	<u>18,493</u>	<u>2,139</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 Period Ended 30 June 2010

Note 9: Intangible Assets (continued)

	Computer Software
	\$
Balance at the beginning of year	2,139
Additions at cost and reallocations	27,044
Disposals	(1,389)
Depreciation expense	(9,301)
Carrying amount at end of year	<u>18,493</u>

Note 10: Trade and Other Payables

	12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	154,638	41,251
GST Payable	97,634	97,718
Accrued expenses	27,888	8,388
Accrued wages	687	16,080
Superannuation	346	-
	<u>281,193</u>	<u>163,437</u>

Note 11: Provisions

	Employee Benefits	Total
	\$	\$
Opening balance at 1 July 2009	52,783	52,783
Additional provisions raised during the year	12,101	12,101
Balance as at 30 June 2010	<u>64,884</u>	<u>64,884</u>

These notes form part of the financial statements

Industry Capability Network Limited

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Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 11: Provisions (continued)

Analysis of Total Provisions

	12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	\$	\$
Current	64,884	52,783
Total	64,884	52,783

Note 12: Other Liabilities

Grants and jurisdictional payments in advance	3,000,061	2,252,895
Total	3,000,061	2,252,895

Note 13: Key Management Personnel Compensation

	Salary	Superannuation Contribution	Director Fees	Total
	\$	\$	\$	\$
David John McLachlan AO	57,590	16,212	-	73,802
William Nixon Apple	-	-	6,600	6,600
Peter Geoffrey Blackney	-	661	7,339	8,000
Bruce Atkin Griffiths	-	-	4,400	4,400
Robert Norman Herbert AM	-	-	6,600	6,600
Russell Allan Kenery	-	-	4,400	4,400
James Hugo Pearson	-	-	6,600	6,600
Total Compensation	57,590	16,873	35,939	110,402

Note 14: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

These notes form part of the financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 15: Cash flow information

(a) Reconciliation of Cash

	12 Month Period Ended 30/06/2010	6 Month Period Ended 30/06/2009
	\$	\$
Cash at bank	3,999,997	2,918,071
	3,999,997	2,918,071

(b) Reconciliation of Cashflow from Operations with Profit after Income Tax

Profit / (loss) after income tax	119,104	(250,411)
Non cash flows:		
Depreciation and amortisation	28,208	7,575
(Profit) / loss on sale of property, plant and equipment	1,764	(350)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(124,289)	365,321
Increase / (decrease) in trade and other payables	117,756	(151,425)
Increase / (decrease) in deferred revenue	747,166	529,287
Increase / (decrease) in provisions	12,101	792
Increase / (decrease) in prepayments	(4,739)	-
	897,071	500,789

Note 16: Financial Instruments

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable.

(b) Financial Risks

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

(c) Interest Rate Risk

Interest rate risk is managed with a mixture of floating and fixed rate debt.

(d) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

These notes form part of the financial statements

Industry Capability Network Limited

ABN: 85 068 571 513

Notes to the Financial Statements

For the Period Ended 30 June 2010

Note 17: Entity Details

The registered office of the company is:

Industry Capability Network Limited

Ground Floor, 37 Geils Court

DEAKIN ACT 2600

The principal place of business is:

Industry Capability Network Limited

Ground Floor, 37 Geils Court

DEAKIN ACT 2600

Industry Capability Network Limited

ABN: 85 068 571 513

Directors' Declaration

The directors of the entity declare that:

1. the financial statements and notes, as set out on pages 55 to 70 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the entity.
2. in the directors' opinion, there are reasonable grounds to believe that the entity 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 24th day of September 2010