ICE CORPORATION

Shareholders' Report – March 2003

Headlines:

Qtr end 31 March 2003

Earnings

- EBITDA Profit for the quarter of $54k, Statutory profit YTD of $5.8m

Revenues

- Manufacturing recovery continuing – 44% up on prior corresponding period
- Licensing deliveries occurring but delays continue
- Trading and Royalty revenues poor

New Business

- RT7 License deliveries to Korea and China continue
- Another new China RT7 License signed

Post balance date events and Outlook

- First USA license contract signed - for RT8
- Licensing deliveries are occurring against signed contracts but have been delayed by the SARS virus and the soft global Telco market
- Manufacturing to improve
- Trading and royalties to remain poor
- Cash flow pressure exists
- Share trading suspended while an operational review to generate cash undertaken
- Old Secured Debt of $3.1m replaced with new secured debt of $1.05m on 19 June 2003.
- Long term Licensing prospects good

Managing Director's Review

The return to a trading EBITDA of $54k for the quarter was expected as Licensing revenues increased due to the delivery of license work against contracts signed in previous quarters to China and Korea. The improved performance of manufacturing against the prior corresponding period was also a feature.

Our second RT7 48V/100Amp contract has been signed in China with another new licensee. The two contracts signed since Christmas contains quarterly royalty payment clauses instead of the previous annual payment condition. This negotiated change is expected to have a smoothing impact on our cash flow once the licensees move from license transfer to production and sales. All future license contracts will have quarterly royalty payment conditions and unit volume performance clauses representing a significant change in the nature of the License contracts for RTP.

Manufacturing revenue and EBITDA was significantly up on the corresponding quarter last year and we are confident of the prospects for manufacturing growth in the short and medium term. Loading Coil orders from Telstra have been significant this quarter and are expected to improve over the next six months.

In addition the interest expense relief from the balance sheet restructuring had a cushioning impact on the after tax loss for the quarter.

Post Balance Date Events and Trading Outlook

Since balance date (being 31 March 2003) we have signed an RT8 48V/50Amp and 24V/100Amp license with our first USA Licensee. The USA is the worlds largest Telco supply market representing nearly 50% of the global demand. Until RT7 and RT8, RTP has not had suitable products for the USA market and with modifications to be made to other products in the RT range; a USA capable suite of products is available for licensing.

The total Licensing contracts in progress to be delivered is nearly $1.9m as at the release of this report. However, there have been unexpected delays in delivery performance that affected the timing of our revenue recognition, June 2003 forecast and cash flow. These delays included the impact of the SARS virus on the ability of our two China Licensees and our RTP staff, to travel between our countries on a timely basis and a later than planned license take-up from our new USA licensee due to the uncertain nature of the USA economic climate and the recent Iraq war. These deferrals have materially changed our Operating EBITDA expectations for the year ended 30 June 2003; down to approximate break even from the $1.3m forecast at December.

While Royalty and Trading revenues are expected to remain at their present low levels, Manufacturing demand is increasing and we are presently reviewing ways to increase capacity, throughput and profit.

The operating cash flow of the Group has come under pressure and on 22 May 2003 the Board requested a suspension of the trading in the company's shares on the ASX, while it conducts a review of the operations of the business. This review is continuing. As part of this review, the Board has made adjustments to the Group's financing arrangements.

This has included a replacement of the secured debt of the Group, $3.1m at 31 March 2003 with new debt of $1.05m on 17 June 2003. This has generated a net debt reduction and statutory EBITDA improvement of $2.05m. In addition, the Board has directed management to conduct a review of the operations of the business to generate cash in the short term.

Directors are also investigating opportunities for further funding solutions that may include an issue of capital. The Board has engaged Patterson Ord Minnett Finance (Perth) to assist it with its investigations.

The board and management are confident of the strategic positioning of the business. Licensing sales prospects in the medium and long term are positive with RT8 and RT7 popular with the target market. We are well placed for any anticipated improvement in the global Telco industry.

Finally, on behalf of the Board, we would like to thank Mr Michael Butler for his invaluable assistance to the company as Chairman over the past two years.

Jeff Hooper
Managing Director and Chief Executive Officer

ICE Corporation Limited

(Unaudited accounts for the 9 months ended 31 March 2003)

STATEMENT OF FINANCIAL PERFORMANCE	THIRD QUARTER		YEAR TO DATE	
	2002 $000's	2003 $000's	2002 $000's	2003 $000's
Revenue				
Manufacturing/ Trading	791	1,138	3,504	3,248
Licensing	422	353	1,531	807
Royalities & Dividends	310	240	796	374
Other revenue	-	5	103	73
Non-operating	-	-	1,215	-
Total revenue	**1,523**	**1,736**	**7,149**	**4,502**
EBITDA				
Manufacturing/ Trading	(63)	122	126	535
Licensing	276	(53)	304	(483)
Royalities & Dividends	310	240	796	374
Oilfields/ Other	30	5	(34)	67
Corporate	(179)	(229)	(599)	(668)
Non-operating	-	(31)	1,072	5,969
Total EBITDA	374	54	1,665	5,794
Depreciation & Amortisation	(80)	(76)	(231)	(236)
EBIT	**294**	**(22)**	**1,434**	**5,558**
Net interest	(238)	(55)	(754)	(458)
EBT	**56**	**(77)**	**680**	**5,100**
Income tax expense	-	-	-	(111)
Profit after tax	**56**	**(77)**	**680**	**4,989**
Basic Earnings Per Share (cents)			1.0	3.0
Capital expenditure	**4**	**12**	**84**	**32**

STATEMENT OF FINANCIAL POSITION	Jun-02 $000's	Dec 02 $000's	Mar-03 $000's
Current assets			
Cash	102	70	68
Receivables	1,554	945	854
Inventories	1,776	1,796	1,859
Other	100	258	267
Non-current assets			
Investments	316	313	312
Property, plant and equipment	536	492	472
Intangibles	2,282	2,697	2,786
Total assets	6,666	6,571	6,618
Current liabilities			
Accounts payable	1,023	1,374	1,449
Interest bearing liabilities	990	123	260
Provisions	190	134	181
Other	-	20	-
Non-current liabilities			
Interest bearing liabilities	12,173	3,085	2,964
Provisions	81	97	103
Total liabilities	14,457	4,833	4,957
Net assets	(7,791)	1,738	1,661
Shareholders' equity			
Share capital & reserves	25,607	30,070	30,070
Retained losses	(33,398)	(28,332)	(28,409)
Total shareholders' equity	(7,791)	1,738	1,661