INTELLIGENT COMMUNICATION ENTERPRISE CORP
Form 10-Q
May 16, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2011

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________ to ___________

Commission File Number 000-10822

Intelligent Communication Enterprise Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania	25-1229323
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13 Spottiswoode Park Road Singapore	088640
(Address of principal executive offices)	(Zip Code)

+65 6324-0225
(Registrant's telephone number)

n/a
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
x Yes ¨No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
¨Yes ¨No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

L a r g eAccelerated
accelerated filerfiler ¨
o

Non-accelerated filer o	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
¨Yes xNo

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of May 12, 2011, the issuer had one class of common stock, with a par value of $0.0001, of which 535,828,074 shares were issued and outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Balance Sheets
March 31, 2011 and December 31, 2010
(unaudited)

		2011		2010
Assets				
Current assets:				
Cash	$	289,583	$	186,966
Accounts receivable, net		1,810,499		1,412,733
Prepaid expenses and deposits		91,144		78,559
Note receivable		500,000		500,000
Income taxes receivable		10,971		10,771
Total current assets		2,702,197		2,189,029
Property and equipment, net		303,475		369,975
Intangible assets, net		2,975,159		3,966,879
Total assets	$	5,980,831	$	6,525,883
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	2,135,969	$	1,522,384
Accrued expenses		529,897		755,403
Accrued compensation		326,889		492,734
Customer deposits and deferred revenue		264,983		247,216
Amounts due to stockholder		616,451		472,806
Promissory note		17,352		17,352
Total current liabilities		3,891,541		3,507,895
Stockholders' Equity				
Preferred stock:				
$0.0001 par value, authorized 150,000,000 issued and outstanding nil shares (2010 - nil)		-		-
Common stock:				
$0.0001 par value, authorized 250,000,000,000 shares issued and outstanding 643,688,472 shares (2010 - 640,023,118)		64,366		64,000
Additional paid-in capital		25,785,068		25,532,084

Accumulated deficit		(23,914,966)		(22,737,828)
Accumulated other comprehensive income		154,822		159,732
Total stockholders' equity		2,089,290		3,017,988
Total liabilities and stockholders' equity	$	5,980,831	$	6,525,883

See accompanying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Operations
For the three months ended March 31, 2011 and 2010
(unaudited)

		2011		2010
Revenue	$	2,847,872	$	2,502,173
Cost of revenue		2,205,262		2,056,877
Gross margin		642,610		445,296
Expenses:				
General and administrative		1,815,012		3,247,545
Loss from operations		(1,172,402)		(2,802,249)
Other income and expense:				
Interest expense		(4,736)		(1,379)
Interest expense - related parties		-		(48,554)
		(4,736)		(49,933)
Net loss for the period	$	(1,177,138)	$	(2,852,182)
Loss per share - basic and diluted	$	(0.00)	$	(0.01)
Weighted average number of shares outstanding		640,732,641		491,425,473

See accompanying notes to consolidated financial statements.

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statement of Stockholders' Equity and Comprehensive Loss
For the three months ended March 31, 2011 and the year December 31, 2010
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficiency)
	Number of Shares	Amount				
Balance December 31, 2009	436,667,826	43,665	15,315,676	(15,955,706)	(64,041)	(660,406
Net loss	-	-	-	(6,782,122)	-	(6,782,122
Foreign currency translations	-	-	-	-	223,773	223,773
Comprehensive loss						(6,558,349
Common stock issued for services provided	18,270,000	1,827	1,241,073	-	-	1,242,900
Common stock issued for acquisition of subsidiary	202,613,061	20,261	9,579,739	-	-	9,600,000
Common stock issued for acquistion, retracted	(52,920,000)	(5,292)	(3,084,228)	-	-	(3,089,520
Common stock issued for conversion of convertible notes payable	29,143,814	2,914	1,998,497	-	-	2,001,411
Common stock issued for settlement of	6,248,417	625	444,798	-	-	445,423

amounts due to stockholder										
Options issued to related parties for services	-		-		14,420		-		-	14,420
Beneficial conversion feature of convertible note payable	-		-		22,109		-		-	22,109
Balance December 31, 2010	640,023,118		64,000		25,532,084		(22,737,828)		159,732	3,017,988
Net Loss	-		-		-		(1,177,138)		-	(1,177,138)
Foreign currency translations	-		-		-		-		(4,910)	(4,910)
Comprehensive loss										(1,182,048)
Common stock issued for settlement of amounts owing to related parties	3,192,854		319		224,681		-		-	225,000
Common stock issued on exercise of options	472,500		47		28,303		-		-	28,350
Balance March 31, 2011	643,688,472	$	64,366	$	25,785,068	$	(23,914,966)	$	154,822	$ 2,089,290

See accompanying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Cash Flows
For the three months ended March 31, 2011 and 2010
(unaudited)

		2011		2010
Cash provided by (used in):				
Operating activities:				
Net loss for the period	$	(1,177,138)	$	(2,852,182)
Adjustment to reconcile net loss for the period to net cash used in operating activities:				
Depreciation of property and equipment		79,267		117,135
Amortization of intangible assets		991,720		1,033,886
Common stock issued for services		-		1,140,000
Amortization of debt discounts and beneficial conversion of convertible loans		-		22,109
Changes in operating assets and liabilities net of effects of acquistions:				
Accounts receivable		(397,766)		(356,506)
Prepaid expenses and deposits		(12,585)		14,388
Income taxes receivable		(200)		3,968
Accounts payable		613,585		850,349
Accrued expenses		(225,506)		(139,440)
Customer deposits and deferred revenue		17,767		(251,494)
Accrued compensation		59,155		93,713
Net cash used in operating activities		(51,701)		(324,074)
Investing activities:				
Purchase of property and equipment		(8,262)		-
Cash component upon acquisition		-		28,617
Increase in restricted cash		-		(6,971)
Net cash provided by (used in) investing activities		(8,262)		21,646
Financing activities:				
Repayment of advances to employees		-		28,477
Proceeds from advance from affiliated company		162,700		221,737
Net cash provided by financing activities		162,700		250,214
Increase in cash during the period		102,737		(52,214)
Foreign exchange effect on cash		(120)		(139,262)
Cash at beginning of the period		186,966		620,412

Cash at end of the period	$	289,583	$	428,936

See accompanying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Cash Flows (continued)
For the three months ended March 31, 2011 and 2010
(unaudited)

Supplementary Information:

	2011	2010
Interest paid	$ -	$ -
Income taxes paid	-	-
Non-cash transactions:		
Common stock issued for acquisition of subsidiary	-	9,600,000

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Description of Business and Summary of Significant Accounting Policies

Organization

Intelligent Communication Enterprise Corporation (the "Company" or "Intelligent") is in the integrated mobile communications business. The Company operates in three business segments – iCEmms (mobile-messaging services), iCEsync (multimedia solutions to mobile communities, including our Modizo business), and iCEmat (mobile-authentication technologies) (see Note 1).

On November 12, 2009, Intelligent acquired all of the stock of Radius-ED Limited ("Radius") through the issuance of 379,787,226 shares of common stock of Intelligent (representing 89% of post-issuance voting stock) and issuance of a convertible promissory note in the amount of $1,500,000. Prior to the acquisition of Radius, Whitefields Capital Limited held a majority of Intelligent's and Radius's voting stock. Specifically, Whitefields Capital Limited owned 62% of the voting stock of Intelligent and 100% of the voting stock of Radius. In addition, certain members of Whitefields Capital Limited's management and board of directors served on the board of Intelligent. Based on these facts, Intelligent and Radius were deemed under the common control of Whitefields Capital Limited. As the entities were deemed under common control, the acquisition has been recorded using the pooling-of-interest method effective as of January 1, 2009, in accordance with Financial Accounting Standards Board ("FASB") standards on business combinations for entities under common control.

On January 20, 2010, Intelligent acquired all of the stock of Solesys S.A. through the issuance of 149,693,061 shares of common stock of Intelligent. Intelligent has accounted for this transaction using the acquisition method.

Interim Period Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the Securities and Exchange Commission's instructions. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and that, in the opinion of management, are necessary for a fair presentation of the results for such interim period. The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. Certain information and note disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on April 15, 2011.

Going Concern

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred losses and has negative working capital as of March 31, 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern. It is the Company's intention to raise additional equity to finance the further development of markets for its products until positive cash flows can be generated from its operations. However, there can be no assurance that such additional funds will be available to the Company when required or on terms acceptable to the Company. Such limitations could have a material adverse effect on the Company's business, financial condition, or operations, and these consolidated financial statements do not include any adjustment that could result. Failure to obtain sufficient additional funding would necessitate the Company to reduce or limit its operating activities or even discontinue operations.

Principles of Consolidation

The 2010 consolidated financial statements include the accounts of Intelligent Communication Enterprise Corporation and its wholly owned subsidiaries Mobiclear Ltd., Mobiclear, Inc. (Philippines), Mobiclear Inc. (British Virgin Islands), Radius-ED Limited, ICE Mobile Sdn Bhd., and Radius-ED Inc., Solesys S.A., and ICE Messaging Pte. Ltd. Operations of Radius-ED Limited, Radius-ED Inc., Mobiclear, Inc. (Philippines), and Solesys S.A. have been included up to the time of divestiture. The 2011 consolidated financial statements include the accounts of Intelligent Communication Enterprise Corporation and its wholly owned subsidiaries Mobiclear Ltd., Mobiclear Inc. (British Virgin Islands), ICE Mobile Sdn. Bhd., and ICE Messaging Pte. Ltd.

All significant intercompany balances and transactions have been eliminated.

Cash

Cash consists of checking accounts held at financial institutions in Malaysia and Singapore. At times cash balances may exceed insured limits. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable result primarily from provision of mobile-messaging services to customers and are recorded at their principal amounts. Receivables are considered past due after 30 days. When necessary, the Company provides an allowance for doubtful accounts that is based on a review of outstanding receivables, historical collection information, and current economic conditions. There is an allowance for doubtful accounts of $62,510 at March 31, 2011, and $62,136 at December 31, 2010. Receivables are generally unsecured. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered. The Company does not have off-balance sheet credit exposure related to its customers. At March 31, 2011, two customers accounted for 47% of the net accounts receivable balance, and as at December 31, 2010, three customers accounted for 42% of the net accounts receivable.

Fair Value Measurements

Fair value is defined as the exchange price that will be received for an asset or paid to transfer a liability (an exit price) in the principal. Valuation techniques used to measure fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company uses the following fair value hierarchy based on three levels of inputs, of which the first two are considered to be observable and the third unobservable:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Property and Equipment

Property and equipment is primarily comprised of furniture, computer equipment and software, and leasehold improvements that are recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives as follows: furniture, seven years; computer equipment, five years; computer equipment and software, three years; leasehold improvements, over the lesser of the estimated remaining useful life of the asset or the remaining term of the lease.

Amortization of leasehold improvements is included with depreciation. Repairs and maintenance costs are charged to expense as incurred. Expenditures that substantially increase the useful lives of existing assets are capitalized.

Intangible Assets

Intangible assets include software development costs, customer lists, and supplier contracts and are amortized on a straight-line basis over the estimated useful lives of two to three years. The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life. The Company performs periodic reviews of its capitalized intangible assets to determine if the assets have continuing value to the Company.

The Company expenses all costs related to the development of internal-use software as incurred, other than those incurred during the application development stage, after achievement of technological feasibility. Costs incurred in the application development stage are capitalized and amortized over the estimated useful life of the software. Internally developed software costs are amortized on a straight-line basis over the estimated useful life of the software. The Company performs periodic reviews of its capitalized software development costs to determine if the assets have continuing value to the Company. Costs for assets that are determined to be of no continuing value are written off. During the three-month periods ended March 31, 2011 and 2010, software development costs of $8,262 and $nil, respectively, have been capitalized.

Impairment of Other Long-Lived Assets

The Company evaluates the recoverability of its property and equipment and other long-lived assets whenever events or changes in circumstances indicate impairment may have occurred. An impairment loss is recognized when the net book value of such assets exceeds the estimated future undiscounted cash flows attributed to the assets or the business to which the assets relate. Impairment losses, if any, are measured as the amount by which the carrying value exceeds the fair value of the assets. During the three-month periods ended March 31, 2011 and 2010, no potential impairment losses related to the Company's long-lived assets were identified.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue, which includes charges on a transactional basis and support fees, realized or realizable and earned when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, price is fixed and determinable, and collectability is reasonably assured. The Company establishes persuasive evidence of a sales arrangement for each type of revenue transaction based on a signed contract with the aggregator or end user. ICE Mobile provides operators with the "SMS Gateway," which is the infrastructure acting as the intermediary between the mobile operators' short-message service, or SMS, centers and the content providers' mobile content applications. Customers are the mobile operators' fixed and mobile subscribers who utilize the content, which is the data ranging from entertainment to information to which customers can access and receive SMS. Revenue is recognized based on the number of mobile terminating ("MT") or transmitted messages from the SMS center and/or SMS Gateway to the cellular handset.

Advertising Expenses

It is the Company's policy to expense advertising costs as incurred. No advertising costs were incurred during the three-month periods ended March 31, 2011 and 2010.

Research and Development Expenses

Research and development expenses include all direct costs, primarily salaries for Company personnel and outside consultants, related to the development of new products, significant enhancements to existing products, and the portion of costs of development of internal use software required to be expensed. Research and development costs are charged to operations as incurred with the exception of those software development costs that may qualify for capitalization.

Income Taxes

Deferred income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, operating loss, and tax credit carryforwards, and are measured using the enacted income tax rates and laws that will be in effect when the differences are expected to be recovered or settled. Realization of certain deferred income tax assets is dependent upon generating sufficient taxable income in the appropriate jurisdiction. The Company records a valuation allowance to reduce deferred income tax assets to amounts that are more likely than not to be realized. The initial recording and any subsequent changes to valuation allowances are based on a number of factors (positive and negative evidence). The Company considers its actual historical results to have a stronger weight than other more subjective indicators when considering whether to establish or reduce a valuation allowance.

The Company continually evaluates its uncertain income tax positions and may record a liability for any unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties are recorded as a component of interest expense and other expense, respectively.

Because tax laws are complex and subject to different interpretations, significant judgment is required. As a result, the Company makes certain estimates and assumptions in: (1) calculating its income tax expense, deferred tax assets, and deferred tax liabilities; (2) determining any valuation allowance recorded against deferred tax assets; and (3) evaluating the amount of unrecognized tax benefits, as well as the interest and penalties related to such uncertain tax positions. The Company's estimates and assumptions may differ significantly from tax benefits ultimately realized.

Net Loss per Share

Basic net loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share takes into consideration common shares outstanding (computed under basic loss per share) and potentially dilutive securities. For the three-month periods ended March 31, 2011 and 2010, outstanding stock options and warrants are antidilutive because of net losses, and as such, their effect has not been included in the calculation of diluted net loss per share. Common shares issuable are considered outstanding as of the original approval date for purposes of earnings per share computations.

Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss), as defined, includes net income, foreign currency translation adjustment, and all changes in equity (net assets) during a period from non-owner sources. To date, the Company has not had any significant transactions that are required to be reported in other comprehensive income (loss), except for foreign currency translation adjustments.

Foreign Operations and Currency Translation

The functional currency of the Company's foreign subsidiaries is the local currency. Assets and liabilities of foreign subsidiaries, other than those denominated in U.S. dollars, are translated into U.S. dollars at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange throughout the year. Gains or losses from these translations are reported as a separate component of other comprehensive income (loss) until all or a part of the investment in the subsidiaries is sold or liquidated. The translation adjustments do not recognize the effect of income tax because the Company expects to reinvest the amounts indefinitely in operations.

Transaction gains and losses that arise from exchange-rate fluctuations on transactions denominated in a currency other than the local functional currency are included in general and administrative expenses.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the fiscal year. The Company makes estimates for, among other items, useful lives for depreciation and amortization, determination of future cash flows associated with impairment testing for long-lived assets, determination of the fair value of stock options and warrants, valuation allowance for deferred tax assets, allowances for doubtful accounts, and potential income tax assessments and other contingencies. The Company bases its estimates on historical experience, current conditions, and other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions.

Financial Instruments

The Company has the following financial instruments: cash, accounts receivable, notes receivable, accounts payable, accrued expenses, and notes payable. The carrying value of these financial instruments approximates their fair value due to their liquidity or their short-term nature.

Share-Based Compensation

The Company accounts for stock-based awards at fair value on date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes valuation model, which is consistent with the Company's valuation techniques previously utilized for options in footnote disclosures.

Note 2. Note Receivable

The note receivable is due in full by June 11, 2011.

Note 3. Property and Equipment, net

Property and equipment consist of the following:

	March 31, 2011	December 31, 2010
	$ 2,846,406	$ 2,791,700

Furniture, computer equipment and software		
Leasehold improvements	49,533	48,630
	2,895,939	2,840,330
Less accumulated depreciation	(2,592,464)	(2,470,355)
Property and equipment, net	$ 303,475	$ 369,975

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Note 4. Intangible Assets

Intangible assets consist primarily of software development costs, customer and reseller relationships, and supplier contracts, which are amortized over the estimated useful life, generally on a straight-line basis with the exception of customer relationships, which are generally amortized over the greater of straight-line or the related asset's pattern of economic benefit.

	March 31, 2011	December 31, 2010
Customer and reseller relationships	$ 655,955	$ 655,955
Supplier contracts	1,062,852	1,062,852
Intellectual property	6,346,370	6,346,370
	8,065,177	8,065,177
Less accumulated amortization	(5,090,018)	(4,098,298)
Intangible assets, net	$ 2,975,159	$ 3,966,879

The net book value of intangible assets will be fully amortized during the year ending December 31, 2011.

Note 5. Promissory Note

The Company issued a non-interest-bearing promissory note, due June 15, 2009, in the amount of $17,352. The promissory note remains unpaid as of March 31, 2011.

Note 6. Related-Party Transactions

During the three months ended March 31, 2011 and 2010, an affiliated company advanced net funds and services in the amount of $162,700 and $221,737, respectively, which is included in amounts due to stockholder.

Note 7. Share Capital

Preferred Stock

The Company's authorized capital includes 150,000,000 shares of preferred stock of $0.0001 par value. The designation of rights including voting powers, preferences, and restrictions shall be determined by the Board of Directors before the issuance of any shares.

No shares of preferred stock are issued and outstanding as of March 31, 2011 and 2010.

Common Stock

The Company is authorized to issue 250 billion shares of common stock, par value of $0.0001.

On December 15, 2010, the Board of Directors approved the forward-split of the issued and outstanding common stock on the basis of seven new shares for each share, effective upon the approval of the regulatory authorities. The Company's common stock was forward-split effective as of December 30, 2010.

On January 14, 2010, the Board of Directors approved the forward-split of the issued and outstanding common stock on the basis of three new shares for each share, effective upon the approval of the regulatory authorities. The

Company’s common stock was forward-split effective as of February 5, 2010.

On September 18, 2009, the Board of Directors approved the consolidation of the issued and outstanding common stock on the basis of one new share for each 600 shares, effective upon approval of the regulatory authorities. The Company's common stock was consolidated effective as of October 20, 2009.

On June 19, 2008, the Board of Directors approved the consolidation of the issued and outstanding common stock on the basis of one new share for each 250 shares, effective upon approval of the regulatory authorities. The Company's common stock was consolidated effective July 21, 2008.

The application of these stock consolidations and forward-splits has been shown retroactively in these consolidated financial statements.

During the three months ended March 31, 2011, the Company:

- issued 3,192,854 shares of common stock as settlement of accrued compensation owing with a fair value of $225,000; and
    - issued 472,500 shares of common stock on the exercise of options to purchase 1,575,000 shares of common stock, after giving effect to the reverse stock split and using the cashless method.

Stock Purchase Warrants

At March 31, 2011, the Company had reserved 54,488 shares of the Company's common stock for the following outstanding warrants:

Number of Warrants	Exercise Price	Expiry
308	$ 71.43	2011
280	82.14	2011
1,400	571.43	2012
17,500	0.031	2013
35,000	0.018	2013

Pursuant to a prior year debt arrangement, the Company is obligated to issue warrants, as commission fees, entitling the holder to purchase 18,480 shares of common stock. There were no warrants issued or exercised during the three months ended March 31, 2011.

Note 8. Stock-Based Compensation

Although the Company does not have a formal stock option plan, it issues stock options to directors, employees, advisors, and consultants. Stock options generally have a three- to five-year contractual term, vest over a two- to three-year period, and forfeit 90 days after termination of employment.

A summary of the Company's stock options as of March 31, 2011, is as follows:

	Number of Options	Weighted Average Exercise Price

Outstanding at December 31, 2010	2,768,934	$0.042
Options exercised	(1,575,000)	0.042
Outstanding at March 31, 2011	1,193,934	$0.042

The following table summarizes stock options outstanding at March 31, 2011:

Exercise Price	Number Outstanding at March 31, 2011	Average Remaining Contractual Life (Years)	Number Exercisable at March 31, 2011	Intrinsic Value at March 31, 2011
$0.008	2,184	1.33	2,184	$ 131
0.042	1,191,750	3.58	913,535	54,812

During the three months ended March 31, 2011, options to purchase 1,575,000 shares of common stock were exercised and no options were forfeited.

At March 31, 2011, 1,193,934 shares of common stock were reserved.

The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model. The assumptions used in calculating the fair value of the options granted were: risk-free interest rate of 5.0%, a 2.5 year expected life, a dividend yield of 0.0%, and a stock price volatility factor of 226% to 260%.

There were no options issued during the three months ended March 31, 2011 and 2010.

Note 9. Commitments and Contingencies

Pursuant to a financing agreement entered into in February 2008, the Company is obligated to issue warrants, exercisable for five years from date of issue, for a number of shares of common stock equal to 10% of the number of shares issued under the financing. As of March 31, 2011, the Company is obligated to issue warrants to purchase 18,480 shares of common stock.

Pursuant to an agreement entered into in August 2008, the Company is obligated to issue shares of common stock equivalent to 1% of the issued and outstanding shares of the Company at each of March 1, 2009, June 1, 2009, and September 1, 2009.

Lease Commitments

The Company incurred total rent expense of $33,240 and $38,222, for the three months ended March 31, 2011 and 2010, respectively. Future lease commitments for 2011 total $39,768.

Note 10. Segment Information

We operate on a global platform and as such have structured our operations in three lines of business, each encompassing global business: (1) corporate and iCEmms (mobile-messaging services); (2) iCEsync (multimedia solutions to mobile communities); and (3) iCEmat (mobile-authentication technologies). Our summary financial information by segment for the three months ended March 31, 2011 and 2010, as taken from the internal management reports, is as follows:

	Three Months Ended	Three Months Ended

	March 31, 2011	March 31, 2010
Revenue		
iCEmat	$ -	$ -
iCEmms	2,847,872	2,422,914
iCEsync	-	79,259
	$ 2,847,872	$ 2,502,173

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Loss	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
iCEmat	$ (896)	$ (1,067)
iCEmms	(143,418)	(1,963,658)
iCEsync	(1,032,824)	(887,457)
	$(1,177,138)	$(2,852,182)
Assets		
iCEmat	$ 502,500	$ 502,500
iCEmms	2,825,512	2,523,384
iCEsync	2,652,819	3,499,999
	$ 5,980,831	$ 6,525,883

Revenues are attributed to geographical region based on location of customer.

	Three Months Ended March 31		Long-lived Assets	
	2011	2010	2011	2010
Revenues				
Asia	$2,347,676	$1,243,549	$3,278,634	$4,336,854
Europe	500,196	1,258,624	-	-
All other regions	-	-	-	-
	$2,847,872	$2,502,173	$3,278,634	$4,336,854

Note 11. Subsequent Events

Subsequent to March 31, 2011:

- The Company entered into an agreement, and completed the transaction, to sell two of its subsidiaries, ICE Mobile Sdn. Bhd. and ICE Messaging Pte. Ltd., which comprise all of the Company's messaging business (iCEmms) operations, assets, and liabilities. Consideration received comprised of $2.0 million in cash and the return of 110 million shares of the Company's common stock, which had a fair value of $2.75 million as of the date of the closing on May 10, 2011. A balance of $370,000 will be received upon the buyer's satisfaction of assets received and liabilities assumed. The buyer had previously acquired the 110 million shares of the Company's stock in a private transaction and these shares have been cancelled and the amount returned to the Company's authorized but unissued shares. The revenues and assets attributable to the iCEmms division are as indicated in Note 10 to these consolidated financial statements.

Upon completion of the sale, the results of operations of the messaging business (iCEmms) will be classified as discontinued operations. The Company expects to record a gain of approximately $4.3 million in the second quarter.

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The Company issued 2,139,602 shares of common stock of the Company as settlement for accrued compensation owing with a fair value of $117,916.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the accompanying unaudited consolidated financial statements for the three-month periods ended March 31, 2011 and 2010, and our annual report on Form 10-K for the year ended December 31, 2010, including the consolidated financial statements and notes thereto.

Forward-Looking Information May Prove Inaccurate

This report contains statements about the future, sometimes referred to as “forward-looking” statements. Forward-looking statements are typically identified by the use of the words “believe,” “may,” “could,” “should,” “expect,” “anticipate,” “estimate,” “project,” “propose,” “plan,” “intend,” and similar words and expressions. Statemen describe our future strategic plans, goals, or objectives are also forward-looking statements.

Readers of this report are cautioned that any forward-looking statements, including those regarding our management’s current beliefs, expectations, anticipations, estimations, projections, proposals, plans, or intentions, are not guarantees of future performance or results of events and involve risks and uncertainties. The forward-looking information is based on present circumstances and on our predictions respecting events that have not occurred, that may not occur, or that may occur with different consequences from those now assumed or anticipated. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors. The forward-looking statements included in this report are made only as of the date of this report. We are not obligated to update such forward-looking statements to reflect subsequent events or circumstances.

Introduction

Management believes the most significant feature of our financial condition is that during the three months ended March 31, 2011, we continued to expand the iCEmms division. While we managed to increase our gross profit slightly, the business is still very competitive.

Subsequent to March 31, 2011, we received an offer to purchase our iCEmms division, consisting of our two wholly owned subsidiaries, ICE Mobile Sdn. Bhd. and ICE Messaging Pte. Ltd., for cash of $2.37 million and the return and cancellation of 110,000,000 shares of our common stock with a value of $2.75 million as of the closing date of May 10, 2011. We agreed to sell the iCEmms division because the profit margins have been diminishing over the period of time that we have operated the business as more, larger, and better-funded businesses have entered into this market. We believe that the completion of this transaction, together with the substantial improvement to our financial position, will allow us to focus on our Modizo business. It is expected that the Modizo business will commence generating revenue in the second quarter.

Results of Operations

Comparison of the Three Months Ended March 31, 2011,
with the Three Months Ended March 31, 2010

Our gross revenue for the three-month period ended March 31, 2011, was $2,847,872, as compared to $2,502,173 for the respective three-month period ended March 31, 2010, an increase of 13.8%. This increase is due to increased business in our iCEmms division. Our gross profit percentage rose to 22.6% for the three months ended March 31, 2011, as compared to 17.8% for the comparable period ended March 31, 2010.

Our operating expenses for the three months ended March 31, 2011, were $1,815,012, as compared to $3,247,545 for the comparable period ended March 31, 2010, a decrease of 45.0%. This reflects the elimination of certain one-time consulting costs of $1,140,000 incurred during the three months ended March 31, 2010, and reduced amortization costs in the three months ended March 31, 2011.

Overall, we sustained a net loss of $1,177,138 for the three-month period ended March 31, 2011, as compared to a net loss of $2,852,182 in the corresponding period of the preceding year.

We had 28 full-time employees as of March 31, 2011.

Segment Information

We operate on a global platform and as such have structured our operations in three lines of business, each encompassing global business: (1) corporate and iCEmms (mobile messaging services); (2) iCEsync (multimedia solutions to mobile communities, including our Modizo business); and (3) iCEmat (mobile authentication technologies). Our summary financial information by segment for the three months ended March 31, 2011 and 2010, as taken from the internal management reports, is as follows:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenue		
iCEmat	$ -	$ -
iCEmms	2,847,872	2,422,914
iCEsync	-	79,259
	$ 2,847,872	$ 2,502,173
Loss		
iCEmat	$ (896)	$ (1,067)
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	$(1,177,138)	$(2,852,182)
Assets		
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Revenues are attributed to geographical region based on location of customer.

	Three Months Ended March 31		Long-lived Assets	
	2011	2010	2011	2010
Revenues				
Asia	$2,347,676	$1,243,549	$3,278,634	$4,336,854
Europe	500,196	1,258,624	-	-
All other regions	-	-	-	-
	$2,847,872	$2,502,173	$3,278,634	$4,336,854

Liquidity and Capital Resources

As of March 31, 2011, our current assets were $2,702,197, as compared to $2,189,029 at December 31, 2010. As of March 31, 2011, our current liabilities were $3,891,541, as compared to $3,507,895 at March 31, 2010. Operating activities used net cash of $51,701 for the three months ended March 31, 2011, as compared to using net cash of $324,074 for the three months ended March 31, 2010.

Net cash of $8,262 was spent on investing activities during the three months ended March 31, 2011, as compared to net cash of $21,646 provided by investing activities for the three months ended March 31, 2010.

Subsequent to March 31, 2011, we closed on the sale of our iCEmms division, which included the receipt of $2.37 million of cash as well as the assignment to the buyer of approximately $2.5 million of liabilities directly associated with the iCEmms division.

We have not yet determined the effect on our cash balances, but we do expect to have positive working capital after the transaction closes and we have paid other liabilities that were not included in the iCEmms division.

Net cash of $162,700 was provided by financing activities during the three months ended March 31, 2011, consisting of net advances from an affiliated company, as compared to net cash provided by financing activities of $250,214 during the comparable three-month period ended March 31, 2010, which consisted of net advances from an affiliated company of $221,737 and repayment of advances to employees of $28,477.

Our current balances of cash will not meet our working capital and capital expenditure needs for the whole of the current year. Because we are not currently generating sufficient cash to fund our operations, we will need to rely on external financing to meet future capital and operating requirements. Any projections of future cash needs and cash flows are subject to substantial uncertainty. Our capital requirements depend upon several factors, including the rate of market acceptance, our ability to get to production and generate revenues, our level of expenditures for production, marketing, and sales, purchases of equipment, and other factors. We can make no assurance that financing will be available in amounts or on terms acceptable to us, if at all. Further, if we issue equity securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences, or privileges senior to those of existing holders of common stock, and debt financing, if available, may involve restrictive covenants that could restrict our operations or finances. If we cannot raise funds, when needed, on acceptable terms, we may not be able to continue our operations, grow market share, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements, all of which could negatively impact our business, operating results, and financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this Quarterly Report, is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our current principal executive officer and principal financial officer (our “Certifying Officers”), the effectiveness of our disclosure controls and procedures as of March 31, 2011, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of March 31, 2011, our disclosure controls and procedures were not effective.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2011, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II—OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended March 31, 2011, we issued the following unregistered securities, which have not been previously reported, as follows:

- On March 10, 2011, we issued 3,192,854 shares of common stock for settlement of accrued compensation with a fair value of $225,000.

- On May 12, 2011, we issued 2,139,602 shares of common stock for settlement of accrued compensation with a fair value of $117,916.

In the issuances above, no general solicitation was used and the transactions were negotiated directly with our executive officers. The recipients of the common stock represented in writing that they were not residents of the United States, acknowledged that the securities constituted restricted securities, and consented to a restrictive legend on the certificates to be issued. These transactions were made in reliance on Regulation S.

ITEM 6. EXHIBITS

The following exhibits are filed as a part of this report:

Exhibit Number*	Title of Document	Location
Item 31	Rule 13a-14(a)/15d-14(a) Certifications	
31.01	Certification of Principal Executive Officer Pursuant to Rule 13a-14	Attached
31.02	Certification of Principal Financial Officer Pursuant to Rule 13a-14	Attached
Item 32	Section 1350 Certifications	
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)	Attached
32.02	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)	Attached

* All exhibits are numbered with the number preceding the decimal indicating the applicable SEC reference number in Item 601 and the number following the decimal indicating the sequence of the particular document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant

INTELLIGENT COMMUNICATION
ENTERPRISE CORPORATION

Date: May 16, 2011	By:	/s/ Bala Balamurali Bala Balamurali, President and Chief Executive Officer
Date: May 16, 2011	By:	/s/ Sarocha Hatthasakul Sarocha Hatthasakul Chief Financial Officer