INTELLIGENT COMMUNICATION ENTERPRISE CORP
Form 10-Q
August 18, 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 June 30, 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.)
75 High Street Singapore	179435
(Address of principal executive offices)	(Zip Code)

+65 6595-6637
(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 x No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 11, 2011, the issuer had one class of common stock, with a par value of $0.0001, of which 553,973,412 shares were issued and outstanding.

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Balance Sheets
June 30, 2011 and December 31, 2010
(unaudited)

		2011		2010
Assets				
Current assets:				
Cash	$	872,667	$	66,249
Prepaid expenses and deposits		16,041		2,500
Note receivable		-		500,000
Total current assets		888,708		568,749
Property and equipment, net		25,736		21,643
Intangible assets, net		1,749,999		3,499,999
Assets of discontinued operations		-		2,435,492
Total assets	$	2,664,443	$	6,525,883
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	493,934	$	400,804
Accrued expenses		65,911		46,337
Accrued compensation		81,389		439,144
Amounts due to stockholder		111,950		472,806
Promissory note		17,352		17,352
Liabilities of discontinued operations		-		2,131,452
Total current liabilities		770,536		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 536,275,956 shares (2010 - 640,023,118)		53,625		64,000
Additional paid-in capital		23,182,389		25,532,084
Accumulated deficit		(21,498,182)		(22,737,828)

Accumulated other comprehensive income		156,075		159,732
Total stockholders' equity		1,893,907		3,017,988
Total liabilities and stockholders' equity	$	2,664,443	$	6,525,883

See accompanying notes to consolidated financial statements.

3

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Operations
For the three and six months ended June 30, 2011 and 2010
(unaudited)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenue	$ -	$ -	$ -	$ 77,389
Cost of revenue	-	-	-	-
Gross margin	-	-	-	77,389
Expenses:				
General and administrative	1,991,766	716,632	3,249,038	3,080,878
Other income and expense:				
Interest expense	(1,071)	(1,112)	(5,807)	(2,491)
Interest expense - related parties	-	(26,445)	-	(74,999)
	(1,071)	(27,557)	(5,807)	(77,490)
Loss from continuing operations	(1,992,837)	(744,189)	(3,254,845)	(3,080,979)
Discontinued operations (Note 2):				
Income (loss) from discontinued operations	3,781	(164,484)	88,651	(679,877)
Gain on sale of discontinued division	4,405,840	-	4,405,840	-
Income (Loss) from discontinued operations	4,409,621	(164,484)	4,494,491	(679,877)
Net Income (Loss) for the period	$ 2,416,784	$ (908,673)	$ 1,239,646	$ (3,760,856)
Earnings (loss) per share				
Continuing operations				
Basic	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Diluted	(0.00)	(0.00)	(0.01)	(0.01)
Discontinued operations				
Basic	0.01	(0.00)	0.01	(0.00)
Diluted	0.01	(0.00)	0.01	(0.00)

Weighted average number of shares outstanding				
Basic	583,590,508	603,710,121	612,003,723	581,866,789
Diluted	584,756,828	608,735,191	613,170,043	586,891,859

See accompanying notes to consolidated financial statements.

4

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statement of Stockholders' Equity (Deficiency) and Comprehensive Loss
For the six months ended June 30, 2011 and the year December 31, 2010
(unaudited)

	Common Stock		Additional		Accumulated Other	Total Stockholder
	Number of Shares	Amount	Paid-in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Equity (Deficiency
Balance December 31, 2009	436,667,826	43,665	15,315,676	(15,955,706)	(64,041)	(66
Net loss	-	-	-	(6,782,122)	-	(6,78
Foreign currency translations	-	-	-	-	223,773	22
Comprehensive loss						(6,55
Common stock issued for services provided	18,270,000	1,827	1,241,073	-	-	1,24
Common stock issued for acquisition of subsidiary	202,613,061	20,261	9,579,739	-	-	9,60
Common stock issued for acquisition, retracted	(52,920,000)	(5,292)	(3,084,228)	-	-	(3,08
Common stock issued for conversion of convertible notes payable	29,143,814	2,914	1,998,497	-	-	2,00
Common stock issued for settlement of amounts due to stockholder	6,248,417	625	444,798	-	-	44

Options issued to related parties for services	-	-	14,420	-	-	1
Beneficial conversion feature of convertible note payable	-	-	22,109	-	-	2
Balance December 31, 2010	640,023,118	64,000	25,532,084	(22,737,828)	159,732	3,01
Net Income	-	-	-	1,239,646	-	1,23
Foreign currency translations	-	-	-	-	(3,657)	(
Comprehensive income						1,23
Common stock issued for settlement of amounts owing to related parties						
- during the three months ended March 31, 2011	3,192,854	319	224,681	-	-	22
- during the three months ended June 30, 2011	1,420,531	142	78,613	-	-	7
Common stock issued for services provided						
- during the three months ended June 30, 2011	1,166,953	117	55,733	-	-	5
Common stock issued on exercise of options	472,500	47	28,303	-	-	2
Options issued to related parties for services			1,975	-	-	
	(110,000,000)	(11,000)	(2,739,000)	-	-	(2,75

Return of common stock on disposal of mms division											
Balance June 30, 2011	536,275,956	$	53,625	$	23,182,389	$	(21,498,182)	$	156,075	$	1,89

See accompanying notes to consolidated financial statements.

5

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Cash Flows
For the six months ended June 30, 2011 and 2010
(unaudited)

	2011	2010
Cash used in operating activities of continuing operations:		
Operating activities:		
Net loss for the period from continuing operations	$ (3,254,845)	$ (3,080,979)
Adjustment to reconcile net loss from continuing operations for the period to net cash used in operating activities:		
Depreciation of property and equipment	4,170	7,953
Amortization of intangible assets	1,750,000	1,136,646
Provision for promissory note	500,000	-
Common stock issued for services	55,850	1,242,900
Options issued for services	1,975	
Amortization of debt discounts and beneficial conversion of convertible loans	-	22,109
Changes in operating assets and liabilities net of effects of acquisitions:		
Accounts receivable	-	(74,446)
Prepaid expenses and deposits	(13,541)	7,420
Accounts payable	93,130	136,738
Accrued expenses	19,574	(15,090)
Accrued compensation	(50,689)	92,515
Net cash used in operating activities from continuing operations	(894,376)	(524,234)
Cash provided by investing activities from continuing activities:		
(Purchase) of property and equipment	(8,262)	-
Cash component upon acquisition	-	22,173
Proceeds from sale of division, net	2,088,358	-
Net cash provided by investing activities from continuing operations	2,080,096	22,173
Cash flow from financing activities from continuing operations:		
Repayment of advances to employees	-	52,534
(Repayment to) proceeds from affiliated company, net	(360,856)	332,957
Net cash (used by) provided by financing activities from continuing operations	(360,856)	385,491
Increase in cash during the period	824,864	(116,570)

Foreign exchange effect on cash		3,657		(49,980)
Net cash (used) provided by discontinued operations		(22,103)		188,530
Cash at beginning of the period		66,249		-
Cash at end of the period	$	872,667	$	21,980

See accompanying notes to consolidated financial statements.

6

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Cash Flows (continued)
For the three months ended June 30, 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
Common stock returned as part consideration for sale of mms division	2,750,000	-

See accompanying notes to consolidated financial statements.

7

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") has continuing operations providing multimedia content and solutions to mobile communities. The iCEsync business using the Modizo.com platform will begin delivering content to subscribers in the third quarter of this fiscal year.

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.

On May 10, 2011, Intelligent sold its mobile-messaging services (iCEmms) division for cash of $2,370,000 and return of 110,000,000 shares of common stock of Intelligent, with a fair value of $2,750,000. Intelligent has accounted for the operations sold as discontinued operations.

Interim Period Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") 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 GAAP for complete financial statements. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and, 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 GAAP 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.

The financial results of our messaging business have been classified as discontinued operations for all periods presented in the consolidated statement of operations. See Note 2 for additional information regarding discontinued operations. Unless otherwise noted, amounts and disclosures throughout the notes to our consolidated financial statements relate to our continuing operations.

8

Going Concern

The Company's consolidated financial statements have been prepared in conformity with GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. During the three and six months ended June 30, 2011, the Company sold its iCEmms division, which was the only revenue producing division the Company had. The continuing operations are incurring losses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company will use cash received from the sale to retire debt and fund the iCEsync business, but the Company's intention is to raise additional equity to finance the further development of markets for its products and services 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, if at all. 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., 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 June 2011 consolidated financial statements include the accounts of Intelligent Communication Enterprise Corporation and its wholly owned subsidiaries Mobiclear Ltd. and Mobiclear Inc. (British Virgin Islands). ICE Mobile Sdn. Bhd. and ICE Messaging Pte. Ltd. are included up to the time of divestiture.

All significant intercompany balances and transactions have been eliminated.

Cash

Cash consists of checking accounts held at financial institutions in 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.

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 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.

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. Customer lists and supplier contracts, which were part of the iCEmms business, have been included up to the date of sale of the business and included in discontinued operations for comparative purposes.

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 six-month periods ended June 30, 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 six-month periods ended June 30, 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. For both the iCEmms and iCEsync businesses, the Company considers revenue, which includes charges on a transactional and other 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 customer.

Discontinued Operations

The Company reclassifies, from continuing operations to discontinued operations, for all periods presented, the results of operations for any component disposed of. The Company defines a component as being distinguishable from the rest of the Company because it has its own operations and cash flows. A component may be a reportable segment, an operating segment, a reporting unit, a subsidiary or an asset group. Such reclassifications have no effect on the net income or shareholders' equity.

Advertising Expenses

It is the Company's policy to expense advertising costs as incurred. No advertising costs were incurred during the six-month periods ended June 30, 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 Income per Share

Basic earnings per share of common stock is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted earnings per share of common stock reflects the maximum potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock and would then share in the net income of the company:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Basic	583,590,508	603,710,121	612,003,723	581,866,789
Incremental shares under stock compensation plans	915,684	4,774,434	915,684	4,774,434
Incremental shares connected with previously converted promissory notes	250,636	250,636	250,636	250,636
Fully Diluted	584,756,828	608,735,191	613,170,043	586,891,859

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 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.

12

Financial Instruments

The Company has the following financial instruments: cash, 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. Discontinued Operations

On May 10, 2011, the Company completed the sale of two subsidiaries, ICE Mobile Sdn. Bhd. and ICE Messaging Pte. Ltd., which comprised all of the Company's messaging business (iCEmms) operations, assets, and liabilities. Consideration received was $2.37 million in cash and return of 110 million shares of the Company's common stock, which had a fair value of $2.75 million as of the closing date. The buyer had previously acquired the 110 million shares of the Company's stock in a private transaction. These 110 million shares have been cancelled and returned to the Company's authorized but unissued shares.

The iCEmms division is being accounted for as discontinued operations in accordance with generally accepted accounting principles. The results of operations and cash flows for the comparative periods have been reformatted to separate the divested business from the Company's continuing operations.

The assets and liabilities of the discontinued operations are presented separately under the captions "Assets of discontinued operations" and "Liabilities of discontinued operations," respectively, in the balance sheet at December 31, 2010, and consist of the following:

Assets of discontinued operations:

Cash	$	120,717
Accounts receivable		1,412,733
Prepaid expenses and deposits		76,059
Income taxes receivable		10,771
Property and equipment		348,332
Intangible assets		466,880
	$	2,435,492

Liabilities of discontinued operations

Accounts payable	$	1,121,580
Accrued expenses		709,066
		53,950

Accrued compensation		
Customer deposits and deferred revenue		247,216
	$	2,131,452

13

Note 3. Note Receivable

The note receivable of $500,000 was due in full by June 11, 2011. To date, this amount has not been received and the amount has been fully provided for in the six months ended June 30, 2011.

Note 4. Property and Equipment, net

Property and equipment consist of the following:

	June 30, 2011	December 31, 2010
Furniture, computer equipment and software	$ $33,282	$ $ 2,791,700
Leasehold improvements	-	48,630
	33,282	2,840,330
Less accumulated depreciation	(7,546)	(2,470,355)
Property and equipment, net	$ $25,736	$ $ 369,975

Note 5. 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.

	June 30, 2011	December 31, 2010
Customer and reseller relationships	$ -	$ 655,955
Supplier contracts	-	1,062,852
Intellectual property	6,346,370	6,346,370
	6,346,370	8,065,177
Less accumulated amortization	(4,596,371)	(4,098,298)
Intangible assets, net	$ 1,749,999	$ 3,966,879

Note 6. 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 June 30, 2011.

Note 7. Related-Party Transactions

During the six months ended June 30, 2011 and 2010, an affiliated company provided services in the amount of $385,850 and $332,957, respectively. The unpaid balance of $111,950 is included in amounts due to stockholder.

Note 8. 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 June 30, 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 six months ended June 30, 2011, the Company:

- issued 3,192,854 shares of common stock as settlement of accrued compensation owing with a fair value of $225,000;

- 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;

- issued 1,420,531 shares of common stock as settlement of compensation owing with a fair value of $78,755; and

- issued 1,166,953 shares of common stock for services provided with a fair value of $55,850.

Stock Purchase Warrants

At June 30, 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

15

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 six months ended June 30, 2011.

Note 9. Stock-Based Compensation

Although the Company does not have a formal stock option plan, it issues stock options to directors, employees, advisors, and consultants.

A summary of the Company's stock options as of June 30, 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
Options forfeited	(278,250)	0.042
Outstanding at June 30, 2011	915,684	$0.042

The following table summarizes stock options outstanding at June 30, 2011:

Exercise Price	Number Outstanding at June 30, 2011	Average Remaining Contractual Life (Years)	Number Exercisable at June 30, 2011	Intrinsic Value at June 30, 2011
$0.008	2,184	1.08	2,184	$ 66
0.042	913,500	0.38	913,500	27,405

During the six months ended June 30, 2011, options to purchase 1,575,000 shares of common stock were exercised and 278,250 options were forfeited.

With the disposal of the iCEmms division, all warrants that were not then exercisable were made exercisable and the period for exercise of options was changed to 180 days after termination of employment with the Company.

At June 30, 2011, 915,684 shares of common stock were reserved for outstanding options.

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 six months ended June 30, 2011 and 2010.

Note 10. 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 June 30, 2011, the Company is obligated to issue warrants to purchase 18,480 shares of common stock.

16

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.

Note 11. Subsequent Events

Subsequent to June 30, 2011:

- The Company completed an agreement to acquire a 40% equity interest in i-amtv Limited by issuing 15,644,298 shares of common stock, with a fair value of $380,000, as full consideration.

- The Company issued 2,053,158 shares of common stock of the Company as settlement for accrued compensation owing with a fair value of $74,593.

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- and six-month periods ended June 30, 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 six months ended June 30, 2011, we sold our iCEmms division for cash of $2,370,000 and return of 110,000,000 shares of our common stock with a fair value of $2,750,000.

We sold the iCEmms division because the profit margins had 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 this sale, together with the substantial improvement to our financial position, will allow us to focus on and fund our Modizo (iCEsync) business, which we expect to commence generating revenue in the third quarter.

17

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2011,
with the Three and Six Months Ended June 30, 2010

Our gross revenue from continuing operations for the three- and six-month periods ended June 30, 2011 and June 30, 2010, was nil for each of these periods.

Our operating expenses from continuing operations for the three and six months ended June 30, 2011, were $1,991,766 and $3,249,038, as compared to $714,762 and $3,080,878 for the comparable periods ended June 30, 2010, an increase of 179% for the three months ended June 30, 2011 and 5% for the six months ended June 30, 2011, as compared to the respective three and six months ended June 30, 2010. Included in the three and six months ended June 30, 2011 is a provision of $500,000 for the note receivable.

Discontinued operations had net income of $3,781 and $88,651 for the three and six months ended June 30, 2011, as compared to a loss of $164,484 and $679,877 for the three and six months ended June 30, 2010. Operating results of the discontinued operations have only been included up to April 30, 2011, the effective date of disposal.

The sale of the discontinued operations resulted in a gain of $4,405,840 for the three and six months ended June 30, 2011.

Overall, we have net income of $2,416,784 and $1,239,646 for the three- and six-month periods ended June 30, 2011, as compared to net losses of $908,673 and $3,760,856 in the corresponding periods of the preceding year.

We had six full-time employees as of June 30, 2011.

Segment Information

Our continuing operations are one business and our results are no longer segmented.

Liquidity and Capital Resources

As of June 30, 2011, our current assets were $888,708, as compared to $568,749 at December 31, 2010. As of June 30, 2011, our current liabilities were $770,536, as compared to $3,507,895 ($1,376,443 not including current liabilities of discontinued operations) at December 31, 2010. Operating activities from continuing operations used net cash of $894,376 for the six months ended June 30, 2011, as compared to using net cash of $524,234 for the six months ended June 30, 2010.

During the six months ended June 30, 2011, investing activities provided net cash of $2,080,096, comprised of net proceeds of $2,088,358 from the sale of the discontinued operations and the expenditure of $8,262 on the purchase of fixed assets. This is compared to net cash of $22,173 provided by investing activities for the six months ended June 30, 2010.

Net cash of $360,856 was used by financing activities during the six months ended June 30, 2011, consisting of net repayment to an affiliated company, as compared to net cash provided by financing activities of $385,491 during the comparable six-month period ended June 30, 2010, which consisted of net advances from an affiliated company of $332,957 and repayment of advances to employees of $52,534.

18

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 June 30, 2011, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of June 30, 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 June 30, 2011, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

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

During the quarter ended June 30, 2011, we issued the following unregistered securities, which have not been previously reported, as follows:

- On June 2, 2011, we issued 507,614 shares of common stock pursuant to a consulting agreement with a fair value of $20,000.
- On July 20, 2011, we issued 2,053,158 shares of common stock for settlement of accrued compensation with a fair value of $74,593.

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 10	Material Contracts	
10.29	Employment Agreement between Intelligent Communication Enterprise Corporation and Victor Jeffery effective June 1, 2011	Incorporated by reference from the Current Report on Form 8-K filed June 6, 2011
10.30	Sale and Purchase Agreement dated June 17, 2011	Incorporated by reference from the Current Report on Form 8-K filed July 5, 2011
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	Attached

the Sarbanes-Oxley Act of 2002 (Chief
Financial Officer)

* 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. Omitted numbers in the sequence refer to documents previously filed as an exhibit.

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: August 18, 2011	By:	/s/ Victor Jeffery Victor Jeffery, President and Chief Executive Officer
Date: August 18, 2011	By:	/s/ Sarocha Hatthasakul Sarocha Hatthasakul Chief Financial Officer

21