INTELLIGENT COMMUNICATION ENTERPRISE CORP
Form 10-Q
August 14, 2012

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, 2012
¨	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.

¨Yes x 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).

x 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 August 13, 2012, the issuer had one class of common stock, with a par value of $0.0001, of which 625,881,006 shares were issued and outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Balance Sheets
June 30, 2012 and December 31, 2011
(unaudited)

	2012	2011
Assets		
Current assets:		
Cash	$ 21,804	$ 68,473
Accounts receivable	75,901	-
Prepaid expenses and deposits	2,837	2,554
Total current assets	100,542	71,027
Property and equipment, net	24,393	24,388
Intangible assets, net	1,234,714	-
Equity-method investment in i-amtv	366,963	372,192
Total assets	$ 1,726,612	$ 467,607
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable	$ 570,044	$ 493,326
Accrued expenses	72,966	39,167
Accrued compensation	217,091	6,795
Customer deposits and deferred revenue	11,120	-
Amounts due to stockholder	248,100	36,000
Amounts due to director	1,167	-
Promissory note	17,352	17,352
Total current liabilities	1,137,840	592,640
Stockholders' Equity (Deficiency)		
Preferred stock:		
$0.0001 par value, authorized 150,000,000 issued and outstanding nil shares (2011 - nil)	-	-
Common stock:		
$0.0001 par value, authorized 250,000,000,000 shares issued and outstanding 625,881,006 shares (2011 - 564,409,192)	62,585	56,438
Additional paid-in capital	25,423,522	24,046,669
Accumulated deficit	(25,054,418)	(24,384,215)
Accumulated other comprehensive income	157,083	156,075
Total stockholders' equity (deficiency)	588,772	(125,033)

Total liabilities and stockholders' equity (deficiency)	$	1,726,612	$	467,607

See accompanying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2012 and 2011
(unaudited)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Revenue	$ 107,915	$ -	$ 107,915	$ -
Cost of revenue	61,307	-	61,307	-
Gross margin	46,608	-	46,608	-
Expenses:				
General and administrative	519,353	1,991,766	710,863	3,249,038
Other income and expense:				
Interest expense	(421)	(1,071)	(718)	(5,807)
Equity-method investment activity	(1,670)	-	(5,230)	-
	(2,091)	(1,071)	(5,948)	(5,807)
Loss from continuing operations	(474,836)	(1,992,837)	(670,203)	(3,254,845)
Discontinued operations (Note 3):				
Income from discontinued operations	-	3,781	-	88,651
Gain on sale of discontinued division	-	4,405,840	-	4,405,840
Income from discontinued operations	-	4,409,621	-	4,494,491
Net Income (Loss) for the period	$ (474,836)	$ 2,416,784	$ (670,203)	$ 1,239,646
Earnings (loss) per share				
Continuing operations				
Basic	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Diluted	(0.00)	(0.00)	(0.00)	(0.01)
Discontinued operations				
Basic	$ -	$ 0.01	$ -	$ 0.01
Diluted	-	0.01	-	0.01
Weighted average number of shares outstanding				
Basic	625,881,006	583,590,508	617,437,076	612,003,723
Diluted	626,131,838	584,756,828	617,687,908	613,170,043

See accompanying notes to consolidated financial statements.

INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Comprehensive (Loss) Income
For the Three and Six Months Ended June 30, 2012 and 2011
(unauditied)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net (Loss) Income	$ (474,836)	$ 2,416,784	$ (670,203)	$ 1,239,646
Other comprehensive loss:				
Forgin currency translation adjustment gain (loss)	1,008	-	1,008	(3,657)
Total comprehensive (loss) income	$ (473,828)	$ 2,416,784	$ (669,195)	$ 1,235,989

See accompaying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION
ENTERPRISE CORPORATION

Consolidated Statements of
Stockholders' Equity (Deficit)
For the six months ended June 30, 2012 and the year
December 31, 2011
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Defic
	Number of Shares	Amount				
Balance December 31, 2010	640,023,118	$ 64,000	$ 25,532,084	$ (22,737,828)	$ 159,732	$ 3,01
Net Loss	-	-	-	(1,646,387)	-	(1,64
Foreign currency translations	-	-	-	-	(3,657)	(
Comprehensive loss						(1,65
Common stock issued for settlement of amounts owing to related parties	4,613,385	461	303,294	-	-	30
Common stock issued for services provided	13,655,891	1,366	541,577	-	-	54
Common stock issued on exercise of options	472,500	47	28,303	-	-	2
Options issued to related parties for services	-	-	1,975	-	-	
Return of common stock on sale of mms division	(110,000,000)	(11,000)	(2,739,000)	-	-	(2,75
	15,644,298	1,564	378,436	-	-	38

Common stock issued for acquisition of investment						
Balance December 31, 2011	564,409,192	56,438	24,046,669	(24,384,215)	156,075	(12
Net Loss	-	-	-	(670,203)	-	(67
Foreign currency translations	-	-	-	-	1,008	
Comprehensive loss	-	-	-	-	-	(66
Common stock issued for acquisition of subsidiary	61,471,814	6,147	1,376,853	-	-	1,38
Balance June 30, 2012	625,881,006	$ 62,585	$ 25,423,522	$ (25,054,418)	$ 157,083	$ 58

See accompanying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2012 and 2011
(unaudited)

	2012	2011
Cash used in operating activities of continuing operations:		
Operating activities:		
Net loss for the period from continuing operations	$ (670,203)	$ (3,254,845)
Adjustment to reconcile net loss for the period to net cash used in operating activities:		
Depreciation of property and equipment	7,275	4,170
Amortization of intangible assets	112,226	1,750,000
Provision for promissory note	-	500,000
Common stock issued for services	-	55,850
Options issued for services	-	1,975
Equity-method investment activity	5,230	-
Changes in operating assets and liabilities		
net of effects of acquistions:		
Accounts receivable	(2,689)	-
Prepaid expenses and deposits	1,333	(13,541)
Accounts payable	7,398	93,130
Accrued expenses	33,799	19,574
Accrued compensation	210,063	(50,689)
Customer deposits and deferred revenue	9,288	-
Net cash used in operating activities from continuing operations	(286,280)	(894,376)
Cash used in investing activities from continuing activities:		
Purchase of property and equipment	-	(8,262)
Cash component upon acquisition	25,392	-
Proceeds from sale of division, net	-	2,088,358
Net cash provided by investing activities from continuing operations	25,392	2,080,096
Cash flow from financing activities from continuing operations:		
Proceeds from directors	1,167	-
Proceeds from (repayment to) affiliated company, net	212,100	(360,856)
Net cash provided by (used in) financing activities from continuing operations	213,267	(360,856)

(Decrease) Increase in cash during the period		(47,621)		824,864
Foreign exchange effect on cash		952		3,657
Net cash used by discontinued operations		-		(22,103)
Cash at beginning of the period		68,473		66,249
Cash at end of the period	$	21,804	$	872,667

See accompanying notes to consolidated financial statements.

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INTELLIGENT COMMUNICATION ENTERPRISE CORPORATION

Consolidated Statements of Cash Flows (continued)
For the Six Months Ended June 30, 2012 and 2011
(unaudited)

Supplementary Information:

		2012	2011
Interest paid		$ -	$ -
Income taxes paid		-	-
Non-cash transactions:			
	Common stock issued for acquistion of subsidiary	1,383,000	-
	Common stock returned as part consideration for sale of mms division	-	2,750,000

See accompanying notes to consolidated financial statements.

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Notes to the 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 integrated media services. The iCEsync business using the Modizo.com platform distributes video content to website visitors and attracts advertising revenue.

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 was 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 (Note 3). The division's financial results of operations, cash flows, and balances have been reclassified as discontinued operations for all periods presented to enhance comparability.

On July 1, 2011, Intelligent acquired a 40% equity interest in i-amtv Limited through the issuance of 15,644,298 shares of common stock. Intelligent has accounted for this transaction using the equity-method of accounting.

On March 5, 2012, Intelligent completed the acquisition of Global Integrated Media Limited ("GIM") and exchanged 61,471,814 shares of common stock in exchange for all of the issued and outstanding shares of GIM with a fair value of $1.38 million. GIM has been consolidated effective from March 31, 2012, the date the Company gained control of GIM. 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 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, 2011, as filed with the Securities and Exchange Commission on April 16, 2012.

Going Concern

The Company’s consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, or GAAP, applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. During the year ended December 31, 2011, the Company sold its iCEmms division, which was its only revenue-producing division. The Company used cash received from the sale of its iCEmms division 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, the Company cannot assure that additional funds will be available to the Company when required or on terms acceptable to the Company, if at all. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. 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 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. Operations of ICE Mobile Sdn. Bhd. and ICE Messaging Pte. Ltd. have been included up to the time of divestiture.

For 2012, the consolidated financial statements include the accounts of Intelligent Communication Enterprise Corporation and its wholly owned subsidiaries Mobiclear Ltd. and Mobiclear Inc. (British Virgin Islands) and GIM and Global Integ. Media (GIM) Ltd., Corporation from March 31, 2012, the date the Company gained effective control of GIM.

All significant intercompany balances and transactions have been eliminated.

Cash

Cash consists of checking accounts held at financial institutions in Singapore, Hong Kong, and the Philippines. 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

Accounts receivable result primarily from provision of publishing 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 was no allowance for doubtful accounts at June 30, 2012. 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.

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 are 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 are 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 months ended June 30, 2012 and 2011, software development costs of $nil and $8,262, 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 months ended June 30, 2012 and 2011, 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 for the iCEsync business, which includes charges on a transactional and other basis, and for the GIM business, which includes contract publishing and advertising sales, 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 months ended June 30, 2012 or 2011.

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.

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Net Loss 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, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Basic	625,881,006	583,590,508	617,437,076	612,003,723
Incremental shares under stock compensation plans	2,184	915,684	2,184	915,684
Incremental shares connected with previously converted promissory notes	248,648	250,636	248,648	250,636
Fully diluted	626,131,838	584,756,828	617,687,908	613,170,043

Accumulated Other Comprehensive Income (Loss)

Total comprehensive income (loss), as defined, includes net income (loss), 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, determining fair values of assets acquired and liabilities assumed in business combinations, 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.

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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. Business Combinations

Acquisition of GIM

In the fourth quarter of 2011, the Company entered into an agreement to acquire GIM by issuing 61,471,814 million shares of the Company's stock, valued at $1,383,000 as of the date of the agreement, in exchange for all of the outstanding shares of GIM. The consideration for this transaction was exchanged on March 5, 2012. The Company has consolidated GIM as of March 31, 2012, the date the Company gained control of GIM. GIM is continuing to operate as Global Integrated Media Limited and offers custom publishing, advertising design, brand building, media representation, and website design and development. The objective of the acquisition is to expand the Company's service offerings and enhance the development of the Company's Modizo line of business. This business combination has been accounted for using the acquisition method.

The allocation of the purchase consideration to assets and liabilities is not yet finalized. The preliminary allocation of the purchase price was based upon a preliminary valuation and the Company's estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The primary areas of the preliminary purchase price allocation that are not yet finalized are the identification and determination of intangible assets. The preliminary fair values of the assets acquired and liabilities assumed by major class in the acquisition of GIM were recognized as follows:

Assets	
Cash	$ 25,392
Accounts receivable	73,212
Prepaid expenses and deposits	1,616
Property and equipment	7,225
Intangible assets	1,346,940
Total assets	1,454,385
Liabilities	
Accounts payable and accrued expenses	69,553
Customer deposits	1,832
	71,385
Net assets acquired	$ 1,383,000

Operations, revenue, and expenses include the operations of GIM effective from April 1, 2012, which is the first business day after the acquisition date.

Unaudited pro forma results of the Company for the three and six months ended June 30, 2012 and 2011, as if the acquisition occurred on January 1, 2011, after giving effect to certain acquisition accounting adjustments, are stated below. The unaudited pro forma information presented is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal year 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	$ 107,915	$ 170,799	$ 268,186	$ 328,648
Loss for the period	(474,836)	(42,318)	(709,592)	(1,279,365)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

Note 3. 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 GAAP. The results of operations and cash flows for the comparative periods have been reclassified to separate the divested business from the Company's continuing operations.

Note 4. Property and Equipment, net

Property and equipment consist of the following:

	June 30, 2012	December 31, 2011
Furniture, computer equipment and software	$ 51,620	$ 38,321
Less accumulated depreciation	(27,227)	(13,933)
Property and equipment, net	$ 24,393	$ 24,388

Depreciation expense for three- and six-month periods ended June 30, 2012 and 2011, was $3,193 and $7,275 and $2,085 and $4,170 respectively.

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,
2012

Intangible assets	$ 1,346,940
Less accumulated amortization	112,226
Intangible assets, net	$ 1,234,714

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Note 6. Equity-method Investment

On July 1, 2011, the Company acquired a 40% equity interest in i-amtv Limited, a Brunei corporation, for $380,000. The acquisition price was settled by the issuance of 15,644,298 shares of common stock. The Company has accounted for this investment using the equity-method of accounting as it has the ability to exercise significant influence, but not control, over the investee. The acquisition of an interest in i-amtv provides the Company with access to the video library for use with its Modizo.com platform. The Company's share of net income or loss in the equity-method investee is classified as "equity-method investment activity" on the consolidated statements of operations.

The following summarizes the equity-method investee's operations as provided to the Company by i-amtv Limited:

	Six Months Ended June 30, 2012
Statement of Operations:	
Revenue	$ -
Operating expenses	33,075
Other income	20,000
Net loss	$ (13,075)

The Company's share of loss for the six months ended June 30, 2012, is $5,230.

Note 7. 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, 2012.

Note 8. Related-Party Transactions

During the six months ended June 30, 2012 and 2011, an affiliated company provided services in the amount of $143,568 and $385,850 and advances of $68,532 and $nil, respectively. The unpaid balance of $248,100 is included in amounts due to stockholder.

Note 9. 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, 2012, and December 31, 2011.

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, 2012, the Company issued 61,471,814 shares of common stock as settlement in full for acquisition of all the issued and outstanding shares of GIM with a fair value of $1,383,000.

Stock Purchase Warrants

At June 30, 2012, the Company had reserved 52,500 shares of its common stock for the following outstanding warrants:

Number of Warrants	Exercise Price	Expiry
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 six months ended June 30, 2012.

Note 10. Stock-Based Compensation

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

A summary of the Company's stock options as of June 30, 2012, is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2011	2,184	$0.008
Options exercised	-	-
Options forfeited	-	-
Outstanding at June 30, 2012	2,184	$0.008

The following table summarizes stock options outstanding at June 30, 2012:

Exercise Price	Number Outstanding at June 30, 2012	Average Remaining Contractual Life (Years)	Number Exercisable at June 30, 2012	Intrinsic Value at June 30, 2012
$0.008	2,184	0.33	2,184	$24

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During the six months ended June 30, 2012, no options to purchase shares of common stock were issued, and no options were forfeited.

At June 30, 2012, 2,184 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%.

Note 11. 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, 2012, 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 $5,049 and $18,000, for the six months ended June 30, 2012 and 2011, respectively. There are future lease commitments of $7,599 for 2012 and $5,626 for 2013.

Note 12. Segment Information

The Company operates on a global platform and as such has structured its continuing operations in two lines of business, each encompassing global business: (1) corporate and Modizo (multimedia solutions to mobile communities); and (2) custom publishing and services. The Company's summary financial information by segment for the three and six months ended June 30, 2012 and 2011, as taken from the internal management reports, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue				
Modizo	$ 844	$ -	$ 844	$ -
Custom publishing	107,071	-	107,071	-
	$ 107,915	$ -	$ 107,915	$ -
Loss				
Modizo	$ (343,834)	$ (1,992,837)	$ (535,641)	$ (3,254,845)
Custom publishing	(129,332)	-	(129,332)	-
	$ (473,166)	$ (1,992,837)	$ (664,973)	$ (3,254,845)
Assets				
Modizo			$ 27,670	$ 2,664,443
Custom publishing			1,331,308	-
			$ 1,358,978	$ 2,664,443

All revenues and long-lived assets for the three and six months ended June 30, 2012 and 2011 are attributable to Asia.

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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, 2012 and 2011, and our annual report on Form 10-K for the year ended December 31, 2011, 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- and six-month periods ended June 30, 2012, we completed the acquisition and are now consolidating the operating results of Global Integrated Media Ltd. (GIM). The acquisition was paid for in whole by the issuance of 61,471,814 shares of our common stock with a fair value of $1,383,000.

We acquired GIM for its business of custom publishing, advertising design, brand building, media representation, and website design and development. The objective of the acquisition is to expand our service offerings and enhance the development of our Modizo line of business.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2012,
with the Three and Six Months Ended June 30, 2011

We had gross revenue of $107,915 for the three and six months ended June 30, 2012, as compared to no revenue for each of the three and six months ended June 30, 2011. This is due to the consolidation of operations of our new subsidiary and receipt of advertising revenue from our Modizo platform.

Our operating expenses from continuing operations for the three and six months ended June 30, 2012, were $519,353 and $710,863, respectively, as compared to $1,991,776 and $3,249,038, respectively, for the comparable periods ended June 30, 2011, a decrease for the three and six months ended June 30, 2012, of 74% and 78%, respectively. These reductions are primarily due to reduction of costs, including third-party consulting, since the disposal of the messaging business in the three and six months ended June 30, 2011.

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Overall, we have net losses, from continuing operations, of $474,836 and $670,203 for the respective three and six months ended June 30, 2012, as compared to net losses, from continuing operations, of $1,992,837 and $3,254,845 in the corresponding periods of the preceding year.

We had 19 full-time employees as of June 30, 2012.

Segment Information

We operate on a global platform and as such have structured our continuing operations in two lines of business, each encompassing global business: (1) corporate and Modizo (multimedia solutions to mobile communities); and (2) custom publishing and services. Our summary financial information by segment for the three and six months ended June 30, 2012 and 2011, as taken from the internal management reports, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue				
Modizo	$ 844	$ -	$ 844	$ -
Custom publishing	107,071	-	107,071	-
	$ 107,915	$ -	$ 107,915	$ -
Loss				
Modizo	$ (343,834)	$ (1,992,837)	$ (535,641)	$ (3,254,845)
Custom publishing	(129,332)	-	(129,332)	-
	$ (473,166)	$ (1,992,837)	$ (664,973)	$ (3,254,845)
Assets				
Modizo			$ 27,670	$ 2,664,443
Custom publishing			1,331,308	-
			$ 1,358,978	$ 2,664,443

All revenues and long-lived assets for the three and six months ended June 30, 2012 and 2011, are attributable to Asia.

Liquidity and Capital Resources

As of June 30, 2012, our current assets were $100,542, as compared to $71,027 at December 31, 2011. As of June 30, 2012, our current liabilities were $1,137,840, as compared to $592,640 at December 31, 2011. Operating activities from continuing operations used net cash of $286,280 for the six months ended June 30, 2012, as compared to use of net cash of $894,376 for the six months ended June 30, 2011.

During the six months ended June 30, 2012, investing activities provided net cash of $25,392, comprised of cash acquired in the acquisition of GIM. This is compared to the use of cash of $8,262 for purchase of property and the receipt of proceeds from the sale of the messaging division of $2,088,358 during the six months ended June 30, 2011.

Net cash of $213,267 was provided by financing activities during the six months ended June 30, 2012, as compared to net cash used by financing activities of $360,856 during the comparable six months ended June 30, 2011.

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 our principal executive officer and principal financial officers (our "Certifying Officers") , as appropriate, to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Certifying Officers, the effectiveness of our disclosure controls and procedures as of June 30, 2012, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of June 30, 2012, 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, 2012, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

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
Item 101	Interactive Data File	
101	Interactive Data File	To be filed within 30 days from the filing date of this report pursuant to the grace period provided for the filing of the first detail tagged submission.

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* 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: August 14, 2012	By:	/s/ Victor Jeffery Victor Jeffery, President and Chief Executive Officer
Date: August 14, 2012	By:	/s/ Sarocha Hatthasakul Sarocha Hatthasakul Chief Financial Officer