

**INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

**Company Registration Number: 59158**

**Annual Report and Audited Financial Statements  
For the year ended 30 June 2017**

# **INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

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# **INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

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## **Management and Administration**

### ***Directors of the Company***

Bradley Hill  
Frank Boner  
Stuart Platt-Ransom  
David Walker (*appointed 12 December 2017*)

### ***Investment Manager***

Global Capital Holdings (Australia) Proprietary Ltd  
Level 29  
The Chifley Tower  
2 Chifley Square  
Sydney  
New South Wales  
Australia

### ***Registered Office***

11 New Street  
St Peter Port  
Guernsey  
GY1 2PF

### ***Independent Auditor***

Saffery Champness  
PO Box 141  
La Tonnelle House  
Les Banques  
St Sampson  
Guernsey  
GY1 3HS

### ***Designated Manager and Administrator***

Vistra Fund Services (Guernsey) Limited  
11 New Street  
St Peter Port  
Guernsey  
GY1 2PF

### ***Listing and Annual Sponsor***

Clarien BSX Services Limited  
25 Reid Street  
Hamilton  
HM11  
Bermuda

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

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## Report of the Directors

The Directors submit their Annual Report and Audited Financial Statements of International Capital Investments Limited (the "Company") for the year ended 30 June 2017.

On 8 December 2014, amended and restated Articles of Incorporation were adopted by Special Resolution to comply with the application by the Company to become a Registered Closed-Ended Investment Scheme and to enable the ordinary shares to be listed on the Bermuda Stock Exchange. The Company, on 25 March 2015, became authorised by the Guernsey Financial Services Commission as a Registered Closed-Ended Collective Investment Scheme under the provisions of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Company is governed by the provisions of the Companies (Guernsey) Law, 2008, as amended.

On 6 July 2015, the Company was granted a listing for its ordinary shares on the Bermuda Stock Exchange.

On 17 January 2017, the Articles of Incorporation of the company were further amended by way of a special resolution.

## Incorporation

The Company was incorporated in Guernsey on 13 October 2014.

## Principal Activity

The Company's principal activity is to invest in a diversified portfolio of private equity and other specialised opportunities, with a predominant focus on investment in Australia.

## Results

The results for the year ended 30 June 2017 are stated in the Statement of Comprehensive Income on page 5.

## Going Concern

The Directors have assessed the going concern status of the Company and note that it is their intention to continue to operate the Company for the foreseeable future. The Directors are of the opinion that the Company has sufficient assets to meet its liabilities as and when they fall due and has adequate resources to continue in operational existence for the foreseeable future. As such, the Directors have deemed it appropriate to adopt the going concern basis in preparing these Financial Statements.

## Director

The Directors during the year ended 30 June 2017, and to date, are listed on page 1.

Mr Platt-Ransom is entitled to Director's fees totalling GBP5,025 (2016: GBP5,025) per annum. During the year, it was agreed that Mr Hill would also receive a fee for his services. The amount was to be back dated from March 2017 and would be the same amount as Mr Platt-Ransom. Mr Boner has elected not to take any Director's fees.

## Summary financial information

	<b>For the period from 13 October 2014 to 30 June 2015</b>	<b>For the year to 30 June 2016</b>	<b>For the year to 30 June 2017</b>
Loss for the period / year	(250,503)	(1,058,002)	(1,218,323)
Total Assets	1	16,269,676	15,056,505
Total Liabilities	(250,503)	(78,160)	(83,312)

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

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## Report of the Directors (continued)

### Significant investments

%	Investment Name	Description of business	Cost (AUD)	Valuation (AUD)
9.49	UCW Limited	Listed on the Australian Stock Exchange, the company builds and grows private education businesses in the Vocational Educational and Training Sector located in Australia.	1,755,200	1,221,867
46.22	Universal Partners Limited	Investment holding company investing in cash generating private equity investment opportunities of a high quality focusing particularly in the United Kingdom and across Europe.	6,068,061	5,953,370

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations.

The Companies (Guernsey) Law, 2008 (the "Law") requires the Directors to prepare Financial Statements for each financial period. Under that law, the Directors have elected to prepare the Financial Statements in accordance with Generally Accepted Accounting Principles (United Kingdom Accounting Standards and applicable Guernsey law). Under the Law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Companies (Guernsey) Law, 2008, as amended. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

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## **Report of the Directors (continued)**

### **Disclosure of information to Auditor**

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Independent Auditor**

Saffery Champness has indicated its willingness to act as the Company's independent auditor and a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board

Stuart Platt-Ransom

Frank Boner

**12 December 2017**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of International Capital Investments Limited**

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#### **Opinion**

We have audited the financial statements of International Capital investments Limited for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Principles).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT (continued)**  
**To the Members of International Capital Investments Limited**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT (continued)**  
**To the Members of International Capital Investments Limited**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Saffery Champness GAT  
Chartered Accountants

St. Sampson, Guernsey  
Channel Islands

**15 December 2017**

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	Year to 30 June 2017 AUD	Year to 30 June 2016 AUD
<b>Income</b>			
Realised losses on investments		(9,172)	-
Unrealised losses on investments		(1,147,079)	(1,065,644)
Unrealised foreign exchange movement on currency		7,828	-
Interest income		150,128	256,756
		<u>(998,295)</u>	<u>(808,888)</u>
<b>Expenses</b>			
Investment Manager's fees	10	87,500	105,100
Administration fees		59,977	73,653
Regulatory fees		17,515	18,342
Insurance fees		6,861	4,700
Investment costs / stamp duty		-	10,598
Legal and professional fees		838	7,353
Establishment costs		-	1,457
Audit fees		14,625	16,839
Directors' fees	10	11,549	10,676
General expenses		4,423	396
Realised foreign exchange loss on currency		16,740	-
		<u>220,028</u>	<u>249,114</u>
<b>Loss for the year</b>		<u>(1,218,323)</u>	<u>(1,058,002)</u>
Other comprehensive income		-	-
<b>Total comprehensive expense for the year</b>		<u>(1,218,323)</u>	<u>(1,058,002)</u>
Basic and diluted loss per Ordinary share	13	(69.62)	(60.46)
All activities are derived from continuing operations			

The notes on pages 9 to 18 form an integral part of these Financial Statements.

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 AUD	30 June 2016 AUD
<b>Non-Current Assets</b>			
Investments	6	7,011,167	2,294,356
<b>Current Assets</b>			
Unpaid share capital	9	1	1
Amounts held in escrow	14	5,322,046	-
Receivable on sale of investments	14	525,209	-
Debtors and prepayments	7	41,705	82,338
Cash and cash equivalents		2,156,377	13,892,981
		<u>8,045,338</u>	<u>13,975,320</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	8	83,312	78,160
<b>Total Net Current Assets</b>		<u>7,962,026</u>	<u>13,897,160</u>
<b>Total Net Assets</b>		<u><b>14,973,193</b></u>	<u><b>16,191,516</b></u>
<b>Capital and Reserves</b>			
Share capital	9	176	176
Share premium reserve	9	17,499,845	17,499,845
Reserves		(2,526,828)	(1,308,505)
<b>Shareholders' Surplus</b>		<u><b>14,973,193</b></u>	<u><b>16,191,516</b></u>

These Financial Statements were approved by the board of Directors and authorised for issue on 12 December 2017 and were signed on its behalf by:

Stuart Platt-Ransom

Frank Boner

The notes on pages 9 to 18 form an integral part of these Financial Statements.

## INTERNATIONAL CAPITAL INVESTMENTS LIMITED

### Statement of Changes in Equity For the year ended 30 June 2017

	Share Capital AUD	Share Premium AUD	Reserves AUD	Total Equity AUD
<b>Balance as at 30 June 2015</b>	<b>1</b>	<b>-</b>	<b>(250,503)</b>	<b>(250,502)</b>
Issue of ordinary shares	175	17,499,845	-	17,500,020
Total comprehensive expense for the year	-	-	(1,058,002)	(1,058,002)
<b>Balance as at 30 June 2016</b>	<b>176</b>	<b>17,499,845</b>	<b>(1,308,505)</b>	<b>16,191,516</b>
Total comprehensive expense for the year	-	-	(1,218,323)	(1,218,323)
<b>Balance as at 30 June 2017</b>	<b>176</b>	<b>17,499,845</b>	<b>(2,526,828)</b>	<b>14,973,193</b>

The notes on pages 9 to 18 form an integral part of these Financial Statements.

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Statement of Cash flows

For the year ended 30 June 2017

	Year to 30 June 2017 AUD	Year to 30 June 2016 AUD
<b>Cash flows from operating activities</b>		
Loss for the year	(1,218,323)	(1,058,002)
Unrealised loss on revaluation of investments held at fair value	1,147,079	1,065,644
Unrealised foreign exchange movement on currency	(7,828)	-
Realised loss on sale of investments	25,912	-
Interest for the year	(191,028)	-
Amounts due on purchase of investments not yet received	(5,322,046)	-
Decrease/(increase) in debtors and prepayments	40,633	(82,338)
Increase / (Decrease) in creditors and accrued expenses	5,152	(172,343)
Net cash used in operating activities	<u>(5,520,449)</u>	<u>(247,039)</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(6,781,950)	(3,360,000)
Proceeds on sale of investments	892,148	-
Amounts due on sale of investments	(525,209)	-
Net cash used in investing activities	<u>(6,415,011)</u>	<u>(3,360,000)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	17,500,020
Interest for the year	191,028	-
Net cash from financing activities	<u>191,028</u>	<u>17,500,020</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(11,744,432)</u>	<u>13,892,981</u>
Cash and cash equivalents at beginning of the year	13,892,981	-
Foreign exchange movement	7,828	-
<b>Cash and cash equivalents as at end of the year</b>	<u><u>2,156,377</u></u>	<u><u>13,892,981</u></u>

# **INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

## **Notes to the Financial Statements**

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### **1. General Information**

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International Capital Investments Limited is a Closed-Ended Investment Company established under the laws of Guernsey with limited liability on 13 October 2014. The Company's registration number is 59158. On 25 March 2015 the Company was licensed by the Guernsey Financial Services Commission ("GFSC") as a Registered Closed-Ended Collective Investment Scheme.

The address of its registered office is 11 New Street, St Peter Port, Guernsey, GY1 2PF.

The Company's principal activity is to invest in a diversified portfolio of private equity and other specialised opportunities, with a predominant focus on investment in Australia.

On 6 July 2015 the Company was granted a listing for its ordinary shares on the Bermuda Stock Exchange.

### **2. Statement of Compliance**

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The Financial Statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

### **3. Accounting Policies**

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#### **(a) Basis of preparation**

These Financial Statements were prepared in accordance with Financial Reporting Standard 102 ("FRS 102") including amendments to FRS 102 "Fair Value Disclosures" (effective for periods beginning on or after 1 January 2017), which have been early adopted by the Company. The presentation currency of these Financial Statements and the functional currency of the Company is Australian Dollars ("AUD"). The board consider AUD to be the presentational and functional currency as the majority of the net assets are AUD denominated.

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with applicable Guernsey Law and give a true and fair view.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been applied consistently unless otherwise stated.

#### **(b) Foreign Currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

#### **(c) Income and expenses**

Income and expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

#### **(d) Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

##### **i. Financial assets**

All financial assets are initially measured at transaction price, except for options and those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally their cost as at the transaction date).

# **INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

## **Notes to the Financial Statements (continued)**

### **3. Accounting Policies (continued)**

#### **(d) Financial Instruments (continued)**

##### *i. Financial assets (continued)*

The options are initially measured at fair value, which can often be, but is not necessarily equal to transaction price. During the year, the options have been revalued using the option pricing model (see note 3(d)iv).

Debtors and prepayments, as well as cash and cash equivalents, that are due within one year are measured at the undiscounted amount receivable. There are no debtors or prepayments due in more than one year.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *ii. Financial liabilities*

All financial liabilities are due within one year at recognition and measured at the undiscounted amount payable. These include creditors and accrued expenses. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### *iii. Fair value*

The fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. Where available fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve varying levels of management estimation and judgement, the degree of which is dependent on a variety of factors. Hierarchical levels, as defined by FRS 102, are directly related to the amount of subjectivity associated with the inputs to the valuation of these investments. See note 11 for further details.

The net asset value reported by the investment manager or administrator may be unaudited and may differ from the amounts which would have been realised from a redemption of the investment as, in some cases, the notified net asset values are based upon estimates. See note 4 for further details.

##### *iv. Investments*

The Directors value all unlisted investments based upon the latest available information notified to the Company by the fund manager or administrator of the investment, which in the Directors' opinion represents the fair value of the investments at the year end date. The valuation date of such investments may not always be coterminous with the year end date of the Company and in such cases the valuation of the investment as at the investment's last valuation date is used.

The difference between cost and valuation, being an unrealised surplus/deficit on investments, is recognised in the Statement of Comprehensive Income. Realised surpluses and deficits on part sales of investments are arrived at by deducting the average costs of such investments from their sale proceeds and are recognised in the Statement of Comprehensive Income.

The Directors value the options held by the Company, using an Option Pricing Model that utilises the historical volatility of the assets' returns to calculate a theoretical price for the options. Although the price is based on historical data, this is no guarantee of future performance and actual prices for the options, when they become available, may differ from the price utilised. This could result in either a positive or negative movement in the value of the options held.

##### **(e) Going Concern**

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements of the Company.

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 4. Significant judgements and key sources of estimation

In the application of the Company's accounting policies, which are disclosed above, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Valuation of Investments*

Critical judgement and estimation exists on the valuation of certain financial instruments which are valued using unadjusted net asset values per share provided by the manager or administrator of the instrument (Level 3). These are historical prices which would have been in effect had a transaction been undertaken as at the net asset value date. It is the judgement of the directors that these valuations represent fair value of these instruments.

Listed investments are based upon quoted prices in an active market and therefore do not involve a significant element of judgement or estimation.

### 5. Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £1,200 is payable to the States of Guernsey in respect of this exemption.

It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

### 6. Investments

	30 June 2017 AUD	30 June 2016 AUD
Opening portfolio cost	3,360,000	-
Additions at cost	6,781,950	3,360,000
Proceeds from sales	(892,148)	-
Net loss on sale	(25,912)	-
<b>Closing portfolio cost</b>	<b>9,223,890</b>	<b>3,360,000</b>
Accumulated unrealised loss on investments	(2,212,723)	(1,065,644)
<b>Closing valuation</b>	<b>7,011,167</b>	<b>2,294,356</b>

As a result of the Company's investment in UCW Limited, the Company acquired 8,888,888.89 options as a result of a 1:3 offer on subscription to UCW's shares. The options are exercisable at AUD 0.06 per option.

The Directors value the options held by the Company, using an Option Pricing Model that utilises the historical volatility of the asset's returns to calculate a theoretical price for the options. Although the price is based on historical data, this is no guarantee of future performance and actual prices for the options, when they become available, may differ from the price utilised. This could result in either a positive or negative movement in the value of the options held.

As at the year end the fair value of the options held was AUD 3,551 (2016: AUD 4,356).

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 7. Debtors and prepayments

	30 June 2017 AUD	30 June 2016 AUD
Prepayments	6,704	8,529
Bank interest receivable	32,908	73,809
Director's fee overpayment	2,093	-
	<u>41,705</u>	<u>82,338</u>

### 8. Creditors: amounts falling due within one year

	30 June 2017 AUD	30 June 2016 AUD
Investment Manager's fee payable	43,750	43,750
Administration fees payable	14,852	15,884
Audit fee payable	15,200	16,257
Directors' fees payable	4,968	2,269
Listing sponsor fees payable	4,542	-
	<u>83,312</u>	<u>78,160</u>

### 9. Share Capital

Management shares	2017 AUD	2016 AUD
<b>Authorised</b>		
Management shares of AUD1 each	<u>1</u>	<u>1</u>
<b>Issued and unpaid</b>		
Management shares of AUD1 each	<u>1</u>	<u>1</u>
Management shares are not redeemable, do not carry any right to dividends and in a winding up rank only for a return of the amount of paid up capital on the management shares. The one issued management share is yet to be paid for and is reflected in current assets on the Statement of Financial Position.		
<b>Ordinary Share Capital</b>	<b>2017 AUD</b>	<b>2016 AUD</b>
<b>Authorised</b>		
Ordinary shares of AUD 0.01 each	<u>999,000</u>	<u>999,000</u>
<b>Issued and fully paid</b>		
Ordinary shares of AUD 0.01 each	<u>175</u>	<u>175</u>
<b>Share Premium</b>		
In respect of ordinary share as at year end	<u>17,499,845</u>	<u>17,499,845</u>

The ordinary shares have a par value of AUD0.01 each in the share capital of the Company, as well as fractions of such ordinary shares, as the context requires.

# **INTERNATIONAL CAPITAL INVESTMENTS LIMITED**

## **Notes to the Financial Statements (continued)**

### **9. Share Capital (continued)**

On the Redemption Date, being the date one calendar month after the 11th anniversary of the Initial Closing Date, and subject to all Investments having been liquidated and/or distributed, the Company shall be obliged to redeem all Ordinary Shares and payment shall be affected by the Administrator to the shareholder no later than 5 Business Days after the Redemption Date.

The Redemption Date may be extended to the 13th anniversary of the Initial Closing Date, pursuant to the applicable resolution being passed by the requisite majority of Investors in general meeting.

The Company shall, prior to the Redemption Date, have the right, but not the obligation, on receipt by it of a request of redemption of Ordinary Shares to redeem all or any part of such Ordinary Shares at such price and at such time or times and otherwise in such terms as the Directors may in their absolute discretion determine without prejudice to the interest of the holders of the remaining Ordinary Shares.

Any such redemption of Ordinary Shares prior to the Redemption Date will be subject to a settlement and registration fee of up to 1.25% of the total value of the applicable transaction, of which 0.75% of the total value of the applicable transaction is payable to and for the account of the Administrator.

### **10. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

Mr Hill, a Director of the Company, is also a principal of Global Capital Holdings (Australia) Pty Ltd, the Investment Manager of the Company. Given this relationship, the Investment Manager is considered to be a related party.

Under the Investment Management Agreement the Investment Manager is entitled to an upfront fee of 0.25% of the Company's Funds on the aggregate subscription proceeds received by the Company, payable within thirty days of the Initial Closing Date, an Annual Fee of 0.5% per annum on the Company's Funds, with the first fee payable together with the upfront fee for the period from the Initial Closing Date to 30 June 2015. Thereafter future annual Investment Manager's Fee will be paid six monthly in advance; commencing 1 July 2015. Finally a Performance Incentive fee may be paid. Should the Company receive an annual IRR of 10% on the cost of the Investment Portfolio an amount of 20% of the excess of the cash flows over the cost of the Investment Portfolio will be payable to the Manager.

During the year under review the Investment Manager was entitled to fees of AUD 87,500 (2016: AUD 105,100), of which AUD 43,750 (2016: AUD 43,750) remained outstanding at the year end.

The Company has invested in two entities; UCW Limited and Evolt Pty Limited which are deemed to be related parties by way of the board seats held by Global Capital Holdings (Australia) Pty Limited, the investment manager of the Company.

During the year, two investments of AUD 155,200 and AUD 191,750 were made in UCW Limited and Evolt Pty Limited respectively.

The Investment in Evolt Pty Ltd is held by Global Evolt Pty Ltd under the terms of a bare trust agreement. Mr Hill, a Director of the Company, is also a Director of Global Evolt Pty Ltd. Given this relationship, Global Evolt Pty Ltd is considered a related party. Mr Hill, is also a Director of Evolt Pty Limited. Given this relationship, Evolt Pty Limited is also considered a related party.

The Investment in UCW Limited is held by Global UCW Pty Ltd under the terms of a bare trust agreement. Mr Hill, a Director of the Company, is also a Director of Global UCW Pty Ltd. Given this relationship, Global UCW Pty Ltd is considered a related party. Mr Hill, is also an Alternate Director of UCW Limited. Given this relationship, UCW Limited is also considered a related party.

Mr. Hill resigned his position on the board of Global Evolt Pty Ltd and Global UCW Pty Ltd as at 30 June 2017.

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 10. Related party transactions (continued)

During the year Directors' fees of AUD 10,327 (2016: AUD 10,676) were paid. Mr Platt-Ransom received AUD 8,692 (2016: AUD 10,676), of which AUD 2,111 (2016: AUD 2,269) was payable at the year end.

Mr Platt-Ransom was also overpaid one quarters Director's fee, amounting to AUD 2,093, which is receivable by the Company as at year end.

Mr Hill was entitled to a Director's fee from March 2017 and received AUD 1,635 (2016: Nil) , of which AUD 1,635 (2016: Nil) is outstanding at the year end.

### 11. Financial Instruments

The carrying values of the Company's financial assets and liabilities measured at fair value through the Statement of Comprehensive Income are summarised by category below:

	30 June 2017	30 June 2016
	AUD	AUD
<b>Financial assets</b>		
Measured at fair value through profit or loss:		
Investment at fair value	7,011,167	2,294,356
Measured at undiscounted amount receivable:		
Amounts held in Escrow	5,322,046	-
Receivable on sale of investments	525,209	-
Debtors (excluding prepayments)	32,908	73,809
Cash and cash equivalents	2,156,377	13,892,981
<b>Total financial assets</b>	<b>15,047,707</b>	<b>16,261,146</b>
<b>Financial liabilities</b>		
Measured at undiscounted amount payable:		
Creditors and accrued expenses	83,312	78,160
<b>Total financial liabilities</b>	<b>83,312</b>	<b>78,160</b>

Under FRS 102, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted Prices (unadjusted) for identical instruments in active markets

Level 2 - Prices of recent transactions for identical instruments

Level 3 - Valuation techniques using unobservable market data

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 11. Financial Instruments (continued)

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities measured at fair value:

	30 June 2017 AUD	30 June 2016 AUD
<b>Level 1 - Quoted Prices (unadjusted) for identical instruments in active markets</b>		
<i>Financial assets at fair value through profit and loss</i>	<u>1,221,867</u>	<u>1,333,333</u>
<b>Level 3 - Valuation techniques using unobservable market data</b>		
<i>Financial assets at fair value through profit and loss</i>	<u>5,789,300</u>	<u>961,023</u>

There have been no movements between levels during the year.

The price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the Company can demonstrate that the last transaction price is not a good estimate of fair value, that price is adjusted using a valuation technique and classified as a Level 3 investment.

Level 3 comprises of unlisted Private Equity instruments that are not quoted in active markets. In determining the fair value of the instruments, the Company has been advised by the Investment Manager of the current financial performance of the investment and as a result, has advised its valuation based on the investment's actual performance compared to expected performance. Where actual performance has fallen significantly below the expected level, an impairment has been recognised to reflect the change in economic reality of the investment.

A significant judgement in the valuation of the unlisted investments is the use of an earnings multiple applied to the earnings before interest, taxation, depreciation and amortisation ("EBITDA") of the investment. The multiple of EBITDA used during the year was 5.5 (2016: 5.5).

### 12. Financial Risk Management

The Investment Restrictions set out the risk management policies and guidelines for the Company. The main risks are summarised below.

#### a) Market price risk

This risk arises because the Company's investments are exposed to market price fluctuations, which are monitored by the Investment Manager. The Company has the following investment restrictions in order to manage this risk:

- A single investment may not exceed 30% of the aggregate amounts received by the Company from Investors (the "Company's Funds"), less an estimated amount of up to 1.5% of the Company's Funds (the "Expense Provision")
- A single investment strategy may not exceed 80% of the Company's Funds, less the Expense Provision. This may be exceeded if the investment is approved by Investors by Ordinary Resolution.

This investment policy remains unchanged from the previous year.

The Company's sensitivity to a 10% increase or decrease in market prices is as follows:

	Total Value of Investments AUD	Impact on Statement of Financial Position AUD
<b>30 June 2017</b>	<u>7,011,167</u>	<u>+/- 701,117</u>
<b>30 June 2016</b>	<u>2,294,356</u>	<u>+/- 229,436</u>

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 12. Financial Risk Management (continued)

#### b) Credit risk

The Company is exposed to credit risk on the counterparties with whom it trades. There exists a risk that counterparties may not perform their obligations and that settlement of transactions may not occur. It is the Directors' policy to enter into financial arrangements only with reputable counterparties and on this basis, places its cash and cash equivalents with Investec Bank (Channel Islands) Limited.

Investec Bank (Channel Islands) Limited has a Moody's rating of A2 and a Fitch rating of BBB+.

The Company is exposed to credit risk on its investments as a result of underperformance or withdrawal of investment in the underlying entities. The risk is mitigated by the thorough due-diligence process before an investment is made along with monitoring the investment throughout its life.

The exposure to a single investment are monitored by the Investment Manager to ensure that all investments do not exceed the agreed upon investment restrictions per the Investment Management Agreement.

The following carrying amount of financial assets best reflects the maximum credit risk exposure at the year end:

Assets	30 June 2017	30 June 2016
Cash and cash equivalents	2,156,377	13,892,981
Amounts held in Escrow	5,322,046	-
Receivable on sale of investments	525,209	-
Debtors (excluding prepayments)	32,908	73,809
Financial assets at fair value through profit or loss	7,011,167	2,294,356
	<u>15,047,707</u>	<u>16,261,146</u>

#### c) Liquidity risk

The Company's assets consist mainly of investment in Private Equity and cash. The main liabilities of the Company are as detailed in note 8 of these Financial Statements. Liquidity risk may arise from the potential inability to pay these liabilities when they fall due and the potential difficulty in liquidating its investments in order to meet these liabilities.

As the Company is a closed-ended fund, redemptions are only granted at the Directors' discretion. As a result, the Directors have the option to refuse redemption applications should this be required to mitigate liquidity risk.

As the Company currently has significant cash balances, well in excess of the amount of creditors due within one year, and the Investment Restrictions allow for an Expense Provision of up to 1.5% to be safeguarded from investment, the Directors are of the opinion that the Company has limited liquidity risk.

The Company's main financial commitments are its ongoing annual operating expenses:

30 June 2017	Less than 1 month AUD	1 - 3 months AUD	3 months to 1 year AUD	Total AUD
Administration fees	14,852	-	-	14,852
Directors' fees	4,968	-	-	4,968
Audit fees	15,200	-	-	15,200
Listing sponsor's fee	4,542	-	-	4,542
Investment management fees	43,750	-	-	43,750
	<u>83,312</u>	<u>-</u>	<u>-</u>	<u>83,312</u>

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 12. Financial Risk Management (continued)

#### c) Liquidity risk (continued)

##### 30 June 2016

Administration fees	15,884	-	-	15,884
Directors' fees	2,269	-	-	2,269
Audit fees	16,257	-	-	16,257
Investment management fees	43,750	-	-	43,750
	<u>78,160</u>	<u>-</u>	<u>-</u>	<u>78,160</u>

#### d) Currency risk

The Company's assets may be acquired in currencies other than the base currency of the Company. At the year end, one (2016: None) investment had been purchased in a currency other than the Company's base currency, Australian Dollars. The investment purchased during the year was in Pounds Sterling (GBP 3,750,000), therefore, exposing the Company to currency risk. The value of this investment at the year end was AUD 5,953,370. A 10% increase/decrease in the exchange rate between AUD and GBP at year end would result in an AUD 595,337 increase/decrease in net asset value.

Administration, Audit and Directors' fees are all based in Pounds Sterling and as such, are exposed to Currency risk, however, the Directors' are of the opinion that there is no significant risk to exchange rate fluctuations and the risk is mitigated by holding the majority of net assets in the base currency, except as noted above.

#### e) Capital risk

The capital of the Company is represented by its capital and reserves. The Company's capital can change significantly as a result of subscriptions and redemptions. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns.

As the Company is a closed-ended fund, redemptions are only granted at the Directors' discretion. As a result, the Directors have the option to refuse redemption applications should this be required to mitigate liquidity risk.

The capital and reserves of the Company, along with their movements for the year are detailed in the Statement of Changes in Equity on page 5.

#### f) Interest rate risk

The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market interest rates on cash balances.

The interest rate profile of the financial assets as at the Statement of Financial Position date is as follows:

	30 June 2017	30 June 2016
Zero rate financial assets	54,901	327,679
Variable rate financial assets	2,101,476	13,565,302
	<u>2,156,377</u>	<u>13,892,981</u>

The following sensitivity analysis has been determined based on the exposure to interest rates at the end of the reporting year. As at 30 June 2017, the impact on the result of a 100 basis point decrease in interest rates (with all other factors remaining equal) would result in a AUD 21,015 (2016: AUD 135,653) decrease in bank interest income. Similarly, a 100 basis point increase in interest rates would result in a AUD 21,015 (2015: AUD 135,653) increase in bank interest income.

# INTERNATIONAL CAPITAL INVESTMENTS LIMITED

## Notes to the Financial Statements (continued)

### 13. Basic and Diluted

	30 June 2017	30 June 2016
Loss attributable to ordinary shares	(1,218,323)	(1,058,002)
Weighted average number of shares in issue	17,500.02	17,500.02
Loss per ordinary share	(69.62)	(60.46)

The weighted average number of shares was calculated with reference to the number of days units have been in issue and hence their ability to influence income generated.

The ordinary shares had no dilutive potential as at 30 June 2017. Therefore, basic and diluted earnings per share are equal.

### 14. Subsequent events

On 4 July 2017, the Company settled a trade, selling 310,000 shares in Universal Partners Limited for proceeds of GBP 307,210 (AUD 525,209).

Prior to the year end, the Directors had approved an investment into Lighting Investment Australia for consideration of AUD 5,322,046. As at 30 June 2017, the funds had been transferred to the lawyers office of Ashurst Australia to be held in escrow pending completion of the transaction. The funds are shown as Amounts held in escrow on the Statement of Financial Position. The transaction was completed on 5 July 2017 and the Company acquired the following interest in Lighting Investment Australia:

	Quantity	Value	Consideration
Ordinary shares	5,105,101	2,903,682	206,822
Non voting ordinary shares	1,014,634	577,104	41,106
Preference shares	12,061,445	6,860,315	488,644
		<b>10,341,101</b>	<b>736,572</b>
Senior debt facility		4,759,828	4,356,399
Mezzanine debt facility		5,890,500	229,075
		<b>10,650,328</b>	<b>4,585,474</b>
		<b>20,991,429</b>	<b>5,322,046</b>

After the year end, the Company completed a purchase of ZAR 29,950,000 of series 2012-1 Sunshine Notes (issued by Sunshine Securities on 23 March 2012) from Investec Life Limited, for consideration of ZAR 11,300,000. The Company had resolved and committed to purchase the notes prior to the year end. The transaction was completed on 28 September 2017. Sunshine Securities is a limited company incorporated in Ireland. The notes are due to expire on 15 March 2045.

On 12 December 2017, David Walker was appointed as a director of the Company. Mr. Walker is also a director of Vistra Fund Services (Guernsey) Limited, the administrator of the Company. As a result of this appointment, and from the date thereof, Vistra Fund Services (Guernsey) Limited will become a related party to the Company.