Crystal Amber Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 June 2022

Company No. 47213

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Key Points

- Net Asset Value ("NAV") per share including dividends paid increased by 7.3%. After dividends, NAV declined by 1.2% to 145.03 pence (146.81 pence at 30 June 2021 and 143.19 pence at 31 December 2021).
- Following the result of the continuation vote, a new investment policy was approved by Shareholders to maximise returns of capital.
- Concentrated portfolio continues to deliver progress: from July 2021, the Hurricane Energy share price has almost tripled and the share price of Equals Group has doubled. The Company is actively engaged with all investee companies to deliver on their potential.
- Hurricane Energy prospects transformed with company now debt free with net cash accounting for around 50% of market capitalisation and production of three million barrels forecast over the next year.
- Completed exit from Leaf Clean Energy upon receipt of its final (£1.6 million) wind down distribution. Final distribution received equivalent to £61.17 per share against £4.54 per share carrying value.
- Increased cash returns to Shareholders, with £10.4 million distributed in two dividends and £0.5 million in share buybacks. A further 10 pence dividend, amounting to £8.3 million, was paid in August 2022.

[1] All capitalised terms are defined in the Glossary of Capitalised Defined Terms on pages 61 to 64 unless separately defined.

Chairman's Statement

I hereby present the fifteenth annual report of Crystal Amber Fund Limited ("the Company"), for the year to 30 June 2022. At the year end, NAV was £120.7 million, compared with an unaudited NAV of £119.4 million at 31 December 2021 and an audited NAV of £122.9 million at 30 June 2021. NAV per share was 145.03 pence at 30 June 2022 compared with 143.19 pence at 31 December 2021 and 146.81 pence at 30 June 2021. Underlying NAV, reflecting dividends paid, increased by 7.3% over the year.

During the year, the Company has continued to optimise outcomes for its portfolio companies and while the NAV has remained broadly flat, the Company's positive returns have been distributed to Shareholders. Two dividends, totalling 12.5 pence per share were paid in the period and another of 10 pence per share was paid after the year end in August 2022.

The Company also bought back 506,000 of its own shares at an average price of 113.73 pence as part of its strategy to limit any substantial discount of the Company's share price to NAV. Over the year, the Company's shares traded at an average month-end discount to NAV of 24.6%. At the year end, the shares traded at a discount of 20.0% to NAV. The share buyback programme had a positive contribution of 0.16% to NAV per share during the year.

The significant dividend distributions are a tangible product of the Company's revised investment policy, which was approved by Shareholders in March 2022 following the 2021 AGM, when the continuation vote did not achieve the requisite 75% majority. The revised policy commits the Company to maximising capital returns through the timely disposal of its holdings. This was initially envisaged to be largely completed by the end of 2023, with the exception of GI Dynamics, which was highlighted in the February circular as being a longer-term project. However, after consultation with Shareholders, it was clear that setting December 2023 as a fixed deadline could be counterproductive and consequently the Board reiterated its focus on the best outcomes for all Shareholders.

A good example of this measured progress is Equals, which the Company has held for some years, but refrained from selling until the management had built on its undoubted promise and made tangible improvements in its product offering. This was finally evident in 2022 and resulted in a rerating of the shares, at which point the Company began the process of reducing its stake from over 20% to less than 3% at the time of writing.

Whilst we hope that similar incremental improvements will lead to opportunities to reduce other holdings, the Company has had to act more purposefully in some cases, especially Hurricane Energy and Allied Minds. Allied Minds is covered in detail in the Investment Manager's report below, but Hurricane is worth noting here, as an example of the Company's determination to fight for Shareholders when necessary and the financial reward in doing so.

At the start of the year, the Company had received a favourable judgment from the High Court which had prevented a wholly unnecessary 95% dilution which the Hurricane management had sought to push through. Whilst market participants had written off Hurricane as little more than an embarrassment, the Company, with its long standing and deep technical knowledge, fought and succeeded in blocking the restructuring. Having previously suffered from the headwinds of a falling oil price, in the year under review, the tailwinds of a rising oil price fast tracked Hurricane's renaissance. Without the Company's intervention, Shareholders would have been deprived of any meaningful exposure to this improvement in the Company's fortunes. During the year, the Company also nominated a member of the Investment Adviser to the board of Hurricane Energy to continue to protect Shareholders' interests.

The Manager's focus on the Company's remaining companies has increased as investments have been realised and portfolio concentration increased. As an activist investor, this engagement takes many forms but generally the Company's preference is to engage constructively, in private, with investee companies, although Hurricane proved to be a necessary exception to this strategy of quiet engagement.

A more detailed review of investee companies is set out below in the Investment Manager's Report.

Christopher Waldron
Chairman

29 September 2022

Investment Manager's Report

Performance

The Company's NAV per share fell by 1.2% during the year. Adjusting for dividends paid, the total return in the Company's NAV per share for the year was 8%. This compares to the Numis Smaller Companies Index which fell by 13.6% in the same period.

Key positive contributors to performance were Hurricane Energy (15.9%) and Equals Group (9.6%). Key detractors were De la Rue (-16.8%) and Board Intelligence (-2.2%). The Company did not purchase FTSE put options in the year.

Portfolio and Strategy

At 30 June 2022, the Company held equity investments in nine companies (2021: 10). The Company also held a debt instrument in GI Dynamics and Sigma Broking Limited.

The Company's month-end average net cash and accruals position was -0.1% of NAV (2021: 0.3%), meaning that it has remained fully invested throughout the year. Cash realisations were principally utilised to fund two interim dividends and the share buybacks.

The Company's strategy is to optimise outcomes on a limited number of special situations where the Company believes value can be realised regardless of market direction. By its nature as an activist fund, the Company needs to hold sufficiently large stakes to facilitate engagement as a significant shareholder. Therefore, the Company is inevitably exposed to concentration risk but levels of investment in individual companies continue to be closely monitored and parameters are set to ensure this risk is managed and kept to an appropriate level.

As at 30 June 2022, the weighted average market capitalisation of the Company's listed investee companies was £129 million (30 June 2021: £229 million).

The Company's key positions remained the same over the year. The Company received the final distribution from the wind down of Leaf Clean Energy Company. A smaller position in Hansard Global was also sold. The Company increased its investment in GI Dynamics with a £3.2 million convertible note instrument. A new position in an unlisted business, Sigma Broking Limited was opened in the first half of the period, following a commitment by the Company in its last financial year. The Company increased its stake in Hurricane Energy to 28.9% of Hurricane's equity (2021: 22.6%), although the last new quoted investment purchase was made in April 2018. During the year, 10.9 million was returned to Shareholders through share buybacks and dividends (2021: £9 million).

The Company believes that because of its intensive activism, the investment in GI Dynamics now has considerable strategic value. This was recently evidenced by two approaches from US trade parties that have expressed an interest in making a significant investment in GI Dynamics. The Company looks forward to continuing to work with the company to achieve its operational milestones and to further develop the pathway to maximise shareholder value.

Additional investments and shareholder returns were funded by reducing the Company's shareholding in De La Rue and Equals Group. The holding in De la Rue decreased to 9.8% of De La Rue's equity (2021: 12.3%). The position in Equals was reduced as shares re-rated to 10% of the company.

Investment Manager's Report (continued)

Investee companies

Our comments on a number of our principal investments are as follows:

De La Rue Plc ("De La Rue")

De La Rue stands out as a case study of how poor leadership is the ultimate destroyer of shareholder returns. The company has a long and proud history, having been established in 1821 and has been printing banknotes since 1860. In 1982, the share price was 617.5 pence. Forty years later it is 86 pence. Ten years ago, De La Rue paid an annual dividend of 42.3 pence a share. In 2019, the dividend was shelved.

In July 2020, De La Rue completed a £100 million fundraise which was priced at 110 pence a share. Over the last two years, the business has been transformed. However, a combination of failing to fully capitalise on pricing in a buoyant currency market in 2020 as central buyers stocked up, limited contract wins in both its Currency and Authentication divisions, cost inflation and continuing to work through legacy issues inherited from the previous Chief Executive Martin Sutherland, has seen the market capitalisation decline to £172 million. During the year to June 2022, De La Rue's share price fell by 55 per cent.

The Company notes that since March, the current management team has achieved significant success with two legacy issues. Firstly, in March, the De La Rue Pension Trustee agreed that the planned £9.5 million per annum increase in pension contributions for the next six years was no longer required. Secondly, in July, De La Rue and Portals Paper Limited ("Portals") terminated the agreement they signed in 2018, which had committed De La Rue to purchase substantial quantities of paper until 2028. Without this termination, in the remaining years of the relationship, De La Rue would have been committed to paying Portals volume shortfall payments, which the Company estimates would have been approximately £8 million per annum.

In the year to March 2022, De La Rue delivered adjusted earnings per share of 13 pence. Current year market estimates are for adjusted earnings per share of 11.7 pence.

Despite these two legacy "wins," De La Rue's share price trades on less than eight times current year earnings. Whilst this reflects in part the market's understandable scepticism in the context of two profit warnings since January and a lack of pricing power, it has left De La Rue very vulnerable to corporate action. In the year to March 2022, the Authentication division achieved revenues of £90 million. Management is guiding to current year revenues of £100 million and close to 20 per cent operating margins. The Company believes that this division, with its long-term earnings visibility could now be sold for between £200 million and £250 million.

The Company believes that De La Rue is now at a critical position, with essential strategic decisions required, but unfortunately, over many years, De La Rue's track record demonstrates its poor judgment when it comes to making business decisions in the interests of its owners. The Company believes that now is the time for better decision making, with input from stakeholders.

Consequently, in early July, the Company wrote to the Chairman and Chief Executive of De La Rue to request that Crystal Amber, as a 10 per cent shareholder, be invited to nominate a director in a non-executive capacity and a decision is expected on this in the near future. With corporate action most likely, the Company believes it is in the interests of all stakeholders that a long-term and significant shareholder now has representation at board level.

Investment Manager's Report (continued)

Investee companies (continued)

Allied Minds plc ("Allied Minds")

The Company has been an investor in Allied Minds since November 2018, and currently owns more than 18% of its issued share capital. Engagement to date has secured a 70% reduction in the annual cost base.

Allied Minds' portfolio contains three significant holdings: Federated Wireless, BridgeComm and Orbital Sidekick.

In March 2020, Harry Rein was appointed Chairman of the Allied Minds board, having joined the board in November 2017. In January 2021, following a strategic review, Allied Minds introduced what it described as "a new form of governance better suited to achieve value creation." The board had no Chief Executive and Allied Minds was managed by its three non-executive directors. The Company considers, in practical terms, that Harry Rein was the key decision maker.

During the year, the Company expressed several governance concerns to Allied Minds, none of which was adequately resolved. In February 2022, Crystal Amber announced that it had sent a requisition notice to the board of Allied Minds requiring Allied Minds to convene a general meeting at which a resolution would be proposed to remove Harry Rein as a non-executive director. The Company considered Harry Rein to be a major impediment to value protection and realisation. Prior to the requisition meeting and following discussions with shareholders, Harry Rein agreed to step down from the board and as a result, the Company withdrew its requisition notice.

In March 2022, Allied Minds announced that it was undertaking a formal strategic review, aimed at creating and/or realising shareholder value. It also launched a formal sales process and the commencement of an offer period. Disappointingly, earlier this month, the board of Allied Minds has stated that whilst the process is ongoing, to date, no notable interest has been forthcoming.

Last month, Allied Minds announced that it considers that the costs of maintaining a premium listing on the Official List and the Main Market of the London Stock Exchange are now prohibitively high relative to Allied Minds' current size and maintaining a public listing is no longer in its best interests. It stated that it therefore intends to formally consult with shareholders regarding a possible delisting of the company. In response to the potential delisting, shares in Allied Minds fell by 40% to 10 pence.

The Company estimates that net asset value per share at Allied Minds is approximately 36 pence, placing the shares on a 70% discount to net asset value. If a delisting is to proceed, the Company believes that Allied Minds first must communicate to market participants a timeline of cash realisations and return of sale proceeds. Furthermore, it should explain how its three non-executive directors are going to be more than spectators at portfolio companies and fight for the interests of Allied Minds. The Company also believes that were a delisting to proceed, Allied Minds should offer private investors with shareholdings of up to 100,000 shares, the opportunity to tender their shares to the company for purchase. Allied Minds could purchase up to 5 per cent of its issued share capital, around 12 million shares. Doing so would be accretive to net asset value whilst providing private investors with a liquidity facility.

Equals Group plc ("Equals")

Equals has delivered impressive growth in the period as a result of substantial investments in product and marketing capabilities undertaken since 2019. These developed multi-currency capabilities for a range of users, including larger businesses and other financial intermediaries.

Sales efficiency also improved with the deployment of new tools. Since May 2021, growth in revenues across products has been aided by the launch of Equals Solution. This is a new multicurrency product with own-name IBAN capability targeted at larger corporations.

Investment Manager's Report (continued)

Investee companies (continued)

Equals Group plc ("Equals") (continued)

The Company has reduced its position from over 20% to 10% as the shares re-rated. Following the period end, additional disposals have taken the Company's equity holding in the company down to less than 3%.

The Company expects Equals to continue to deliver strong top line growth and to benefit from industry consolidation. Having engaged intensively with management over the last two years, it is pleasing to have converted this investment into substantial realised profits.

Hurricane Energy ("Hurricane")

In June 2021, Mr Justice Zacaroli in the High Court refused to sanction the Hurricane board's attempt to force through a highly dilutive debt for equity swap. At the time, Hurricane claimed that without a debt for equity swap, bondholders would not be able to recover more than 56% of their investment. The board had proposed that $50 million of the $230 million repayable to bondholders in July 2022 be converted into 95% of Hurricane's equity, with the remaining $180 million debt earning cash interest of 9.4 % per annum plus payment in kind interest of 5% per annum.

In July 2022, Hurricane announced that the bond had been repaid in full, thanks to recovered oil prices and an excellent operational performance. Furthermore, the company had net free cash of $89 million at the end of July. This is a remarkable transformation within 12 months. The Company's actions not only averted a wholly unnecessary 95% dilution but has positioned the Company to benefit from Hurricane's exciting prospects within its own assets and beyond.

Other strategic decisions materially contributed to the company's current strength. In August 2021, after a further request from Crystal Amber, Hurricane finally launched a tender offer for up to 50% of the outstanding bonds. Allocating up to $80 million of its cash, initially the tender was priced at up to 72 cents, but this was increased to 78 cents. Whilst the Company fails to understand the amount of time taken by the board to implement the buyback of the bonds (in early July 2021, the bonds were trading at just 49.25 cents), purchasing just over one third of the bonds in issue reduced Hurricane's capital and interest obligations by approximately $22 million. An additional buyback was implemented in December 2021, bringing the total savings to $29 million. Without the Company's successful intervention at the High Court, this would not have happened.

During the period, the Company engaged with management regarding the utilisation of tax losses. In its 2021 results, Hurricane disclosed that it had $382 million of ring-fenced trading losses at group level and other allowances and supplementary charge losses and investment allowances of $693 million, which have no expiry date and would be available for offset against future trading profits. Additionally, it had $328 million of capital allowances available against future ring-fenced trading profits. It commented that the estimated value of these losses and allowances at prevailing tax rates, including the Group's pre-trading expenditure, future decommissioning costs and non-ring-fenced losses, is $410 million. In the event of a corporate transaction, the Company believes that the benefit arising to Hurricane's shareholders could be very substantial.

In 2020 and 2021, the threat of massive equity dilution combined with continued downbeat comments from the previous board about the company's outlook, heavily contributed to what became a dreadful share price performance. Whilst there is no doubt that the fall in oil price in 2020 was entirely beyond management's control, the decision not to use some of its cash to buy-back the bonds when they were trading at a discount of 70%, as urged to do so at the time by Crystal Amber, has proven extremely costly in addition to legal costs of $17 million on a restructuring plan that both Crystal Amber and more importantly the High Court found to be inappropriate.

Investment Manager's Report (continued)

Investee companies (continued)

Hurricane Energy ("Hurricane") (continued)

The share price weakness enabled the Company to take advantage by increasing its shareholding to 29% of the company. Having previously banked profits of £43 million on Hurricane, the average cost of the Company's current shareholding is 6.7 pence a share.

In February 2022, the Company requested and were offered a position on the Hurricane board to assist Hurricane to fully realise its potential. In March 2022, Juan Morera was appointed to the board. Subsequently, the arrival of two additional independent non-executive directors means that the Hurricane board now meets the necessary governance standards.

GI Dynamics Inc ("GI Dynamics")

The company has continued preparations to initiate a randomised clinical trial in India. It is readying the necessary supporting team for the trial and its local partner Apollo Sugar Clinics have started to screen for patients in its hospitals. After delays due to the COVID-19 surge in India, the I-STEP clinical trial application was approved in December 2021 and the remaining approvals have been secured since then. The company expects to have initiated implants by the end of this year.

GI Dynamics has added new sites to its US trial and improved its design in a way that should facilitate patient enrolment. For example, requirements for certain minimum Vitamin D levels have been reduced. The US market opportunity is substantial.

The company has continued to make progress toward recovering the CE Mark for its device, albeit this has taken longer than expected. Encouragingly, recent publication of data gathered in its prior US trial supports a positive risk/benefit assessment of the treatment. Further data is expected to be published in a peer review journal over the coming months.

Outlook

The Manager is mindful of the concentration risk of the portfolio and the unhelpful macro-economic backdrop. However, its holdings are of strategic value, and this is expected to bear fruit in terms of maximising returns of capital. The Manager is optimistic that the strong relative performance of the last 12 months can be repeated in the coming 12 months.

Crystal Amber Asset Management (Guernsey) Limited

29 September 2022

Investment Policy

The Company is an activist fund which aims to identify and invest in undervalued companies and, where necessary, take steps to enhance their value. The Company aims to invest in a concentrated portfolio of undervalued companies which are expected to be predominantly, but not exclusively, listed or quoted on UK markets (usually the Official List or AIM) and which have a typical market capitalisation of between £100 million and £1 billion. Following investment, the Company and its advisers will also typically engage with the management of those companies with a view to enhancing value for all their Shareholders.

Investment objective

The objective of the Company is to provide its Shareholders with an attractive total return, which is expected to comprise primarily capital growth but with the potential for distributions from realised distributable reserves, including distributions arising from the realisation of investments, if this is considered to be in the best interests of its Shareholders.

Investment strategy

The Company focuses on investing in companies which it considers are undervalued and will aim to promote measures to correct the undervaluation. In particular, it aims to focus on companies which the Company's Investment Manager and Investment Adviser believe may have been neglected by fund managers and investment funds due to their size; where analyst coverage is inadequate or where analysts have relied on traditional valuation techniques and/or not fully understood the underlying business. The Company and its advisers seek the co-operation of the target company's management in connection with such corrective measures as far as possible. Where a different ownership structure would enhance value, the Company will seek to initiate changes to capture such value. The Company may also seek to introduce measures to modify existing capital structures and introduce greater leverage and/or seek the sale of certain businesses or assets of the investee company.

Where it considers it to be appropriate, the Company may (i) utilise leverage for the purpose of investment and enhancing returns to Shareholders and/or (ii) enter into derivative transactions, for example to provide portfolio protection against significant falls in the market or for the purposes of efficient portfolio management, in seeking to manage its exposure to interest rate and currency fluctuations through the use of currency and interest rate hedging arrangements, and to acquire exposure to target companies through contracts for difference.

Investment restrictions

It is not intended that the Company will invest, save in exceptional circumstances, in:

- companies with a market capitalisation of less than £100 million at the time of investment;
- pure technology based businesses; or
- unlisted companies or companies in pre-IPO situations.

It is expected that no single investment in any one company will represent more than 20% of the Gross Asset Value of the Company at the time of investment. However, there is no guarantee that this will be the case after any investment is made, or where the Investment Manager believes that an investment is particularly attractive.

Investment Policy (continued)

New Investment Policy

On 7 March 2022 a revised investment policy, as summarised in the following paragraphs, to reflect a realisation strategy, was approved by Shareholders at an Extraordinary General Meeting.

The Company adopted a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's strategic holdings, where appropriate (with the potential exception of GI Dynamics Inc) and returns of cash to Shareholders intended to be completed by 31 December 2023, although after consultation with Shareholders it was noted that this should be seen as a target rather than a deadline.

In seeking the realisation of predominantly all the Company's investments (with the possible exception of GI Dynamics), the Directors will aim to achieve a balance between maximising their net value and progressively returning cash to Shareholders. In so doing, the Board will take account of the continued costs of operating the Company. The Company's admission to AIM and the capacity to trade in its shares will be maintained for as long as the Directors believe it to be practicable and cost-effective within the requirements of the AIM Rules.

The Company will cease to make any new investments except where, in the opinion of the Investment Manager and with the approval of the Board, the investment is considered necessary by the Board to protect or enhance the value of any existing investments of the Company or to facilitate orderly disposals of assets held by the Company. Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders will be held by the Company, on behalf of the Shareholders, as cash on deposit and/or as cash equivalents.

At 31 December 2023, should any of the Company's investments remain unrealised, the Board will consider consulting Shareholders and/or make arrangements to seek Shareholder approval on the future strategy of the Company, including any steps that might be necessary to maximise the opportunity to realise value from the remaining assets of the Company.

Any material change to the New Investment Policy would require Shareholder approval before being implemented in accordance with the AIM Rules.

Dividend Policy

Following any material realisations of the Company's investments, the Directors intend to return cash to Shareholders using tax-efficient means such as redeemable shares and/or tender offers. The Directors intend to seek Shareholder approval to put mechanisms in place to enable such distributions to take place at the appropriate time. The Board intends to return cash to Shareholders by way of capital distributions. Accordingly, the Board intends to suspend the declaration of dividends until further notice.

Report of the Directors

Incorporation

The Company was incorporated on 22 June 2007 and was admitted to trading on AIM on 17 June 2008.

Principal activities

The Company is a Guernsey registered closed ended company established to provide Shareholders with an attractive total return, which is expected to comprise primarily capital growth and distributions from accumulated retained earnings taking into consideration unrealised gains and losses at that time. This will be achieved through investment in a concentrated portfolio of companies that are considered to be undervalued and which are expected to be predominantly, but not exclusively, listed or quoted on UK markets and which mostly have a market capitalisation of between £100 million and £1 billion.

The Company became a member of the AIC on 26 March 2009.

Business review

A review of the business together with likely future developments is contained in the Chairman's Statement on page 3 and the Investment Manager's Report on pages 4 to 8.

Results and dividend

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 34.

Historically, the Company has declared dividends twice yearly in the sum of 2.5 pence per share totalling 22.5 pence per share over the last five years to 30 June 2021 (the exception being the 2020 interim dividend which was withheld as a result of the emergence of COVID-19, which created uncertainty as to the timing and quantum of dividend receipts from the Company's portfolio companies). Traditionally, the dividends have been largely funded by dividends received from portfolio companies.

On 7 July 2021, the Company declared a second interim dividend of £2,093,425 in respect of the financial year ended 30 June 2021 equating to 2.5 pence per Ordinary share, which was paid on 30 July 2021 to Shareholders on the register on 15 July 2021.

On 22 December 2021, the Company declared an interim dividend of £8,338,000 in respect of the financial year ended 30 June 2022 equating to 10 pence per Ordinary share, which was paid on 2 February 2022 to Shareholders on the register on 14 January 2022.

On 7 July 2022, the Company declared an interim dividend of £8,338,000 equating to 10 pence per Ordinary share, which was paid on 5 August 2021 to Shareholders on the register on 15 July 2022.

Continuation vote

The Company has regularly submitted itself to continuation votes. An extraordinary resolution was passed at the 2019 AGM under which 75% of the votes would be required to continue as currently constituted and an extraordinary resolution was tabled at the 2021 AGM, requiring a 75% majority for continuation.

On 22 December 2021, the Company provided an update following the results of its 2021 AGM where the resolution that the Company continue as constituted received a majority of votes, but did not achieve the requisite 75% majority of votes cast and accordingly was not passed.

On 15 February 2022, the Company issued a circular which included a notice of Extraordinary General Meeting to be held on 7 March 2022 in connection with proposals for a change of investment policy and new management and incentive arrangements.

On 7 March 2022, Shareholders approved the change in investment policy and new management and incentive arrangements.

Report of the Directors (continued)

Going concern

The Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future and as a result of this, do not consider there to be any threat to the going concern status of the Company. As disclosed further in Note 1, the Directors have considered the potential impact of the effects of COVID-19, the Russian invasion of Ukraine and the current inflationary environment on the Company's activities and do not consider that these will impact the Company's ability to operate as a going concern.

The Directors have also considered the result of the continuation vote which occurred at the 2021 AGM and results of the subsequent EGM which did not conclude that the Company should be wound up. Following the AGM, the Company was obliged to return to Shareholders with proposals to either reorganise, restructure, or wind up the Company. Following extensive Shareholder consultation, a new investment policy was put before Shareholders which prioritised the intention to maximise the return of capital representing a change of strategy. In March 2022, this change of investment policy was approved by Shareholders.

The Board believes that it was in the interests of Shareholders as a whole for the Company to adopt a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's mature listed strategic holdings, where appropriate. The Company has a track record of returning cash to Shareholders via share buybacks and dividends. Since 2013, when the requirement for the continuation vote to be proposed at the 2021 AGM was introduced, £76.7 million has been returned to Shareholders via such means.

In 2014, the Company acquired an initial shareholding in GI Dynamics. The Company believes that because of its intensive activism, it has been able to acquire majority ownership of a strategically valuable shareholding, which comprises 81.5% of GI Dynamic's diluted share capital. With board representation, the Company is actively involved in the management of GI Dynamics.

The Company looks forward to continuing to work with GI Dynamics to achieve its operational milestones and to further develop the pathway to maximise shareholder value. Given the anticipated value accretive milestones, the Company believes it is appropriate that it gives GI Dynamics the time it requires to maximise Shareholder returns.

In due course, the Company will consult with investors about the longer-term plans for GI Dynamics to realise value for the Company's Shareholders. A trade sale is a potential crystallisation path. Alternatively, as the Company continues its disposal programme of its listed investment portfolio, it is possible that the Company's listing may provide a suitable and cost-effective vehicle for GI Dynamics to be listed, raise its profile and potentially, following the achievement of milestones, provide the Company's Shareholders with direct exposure to its growth prospects, as well as liquidity.

Long term viability

As further disclosed on page 19, the Company is a member of the AIC and complies with the AIC Code. In accordance with the AIC Code, the Directors have made a robust assessment of the prospects of the Company over the two-year period ending 30 June 2024. The Directors consider that this is an appropriate period to assess the viability of the Company given the average length of investment in each portfolio company and the time horizon over which investment decisions are made.

In considering the prospects of the Company, the Directors have considered the risks facing the Company, giving particular attention to the principal risks identified on pages 13 to 15, the effectiveness of controls over those risks, the process in place for identifying emerging risks and have evaluated the sensitivities of the portfolio to market volatility.

Report of the Directors (continued)

Long term viability (continued)

The Directors have also considered the Company's income and expenditure projections over the two-year period ending 30 June 2024, the fact that the Company currently has no borrowings and that most of its investments comprise readily realisable securities which can be expected to be sold to meet funding requirements if necessary.

Based on the results of this analysis, including the Investment Manager Agreement, change in investment strategy and future strategic plans involving GI Dynamics, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

Principal risks and uncertainties

The Company has implemented a rigorous risk management framework including a comprehensive risk matrix that is reviewed and updated regularly. This ensures that procedures are in place to identify principal risks, mitigate and minimise the impact of those risks should they crystallise, and to identify emerging risks and determine whether any action is required. The Investment Manager has created a Risk Committee from which the Board receives quarterly reports. Fred Hervouet, one of the Board Directors, liaises with the Risk Committee and attends its regular meetings to offer an independent view and to enhance communication between the committee and the Board. The Directors have carried out a robust assessment of the principal risk areas relevant to the performance of the Company including those that would threaten its business model, future performance, solvency and liquidity and these are detailed below. As it is not possible to eliminate risks completely, the purpose of the Investment Manager's risk management policies and procedures is to reduce and manage risk and to ensure that the Company is as adequately prepared as reasonably possible to respond to such risks and to minimise their impact should they occur.

Continuation

As a result of the loss of the continuation vote, the Board, with Shareholder approval, adopted a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's strategic holdings, where appropriate. The Company previously announced, based on the Investment Manager's assessment of the status and timing of anticipated corporate transactions, that it was targeting additional Shareholder returns of at least £40 million or 50 pence per Share before 30 June 2022. The payment of the 10 pence a share dividend to Shareholders on 9 February 2022, representing a gross return of £8.3 million, was the first shareholder return towards achieving that target.

As stated in the Company's circular to Shareholders dated 15 February 2022 to convene an EGM, the Company, following consultation with several Shareholders, determined it was no longer in the interests of the Company to impose a fixed deadline for the return of capital, but would retain 31 December 2023 as a target. On 7 July 2022 the Company declared a further interim dividend of 10 pence per share in respect of the financial year ended 30 June 2022.

Regulatory compliance risk

A breach of regulatory rules could lead to a suspension of the Company's stock exchange listing or financial penalties. The Company Secretary monitors the Company's compliance with the AIM Rules in conjunction with the Nominated Adviser and compliance with these rules is reviewed by the Directors at each Board meeting.

One of the most significant regulatory risks for an activist investor such as the Company is in relation to market abuse provisions. The FCA has published guidance stating that in general it would not consider an activist shareholder's conduct to amount to market abuse where the shareholder merely carried out acquisitions of a target company's securities on the basis of the target company's intentions and the Company's knowledge of the target company's strategy.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

However, the FCA has stated that if, for example, other shareholders trade in the target's shares on the basis of another shareholder's strategy, they may view such conduct as amounting to market abuse. There is no guarantee that other shareholders will not follow the Company's strategy, and, in certain circumstances the Company may act with, or be dependent upon, the support of other shareholders to implement its strategies. There is also no guarantee that the FCA's guidance will not change. The Company and its Advisers operate in a highly regulated environment and whilst they will always seek to take appropriate professional advice, there is a risk of an inadvertent breach of securities laws or regulations, or allegations of such breach, taking place.

The following risks, whilst they may affect the performance of the Company, will not in themselves affect the ability of the Company to operate.

'Key Man' risk

The Investment Adviser and the Investment Manager rely heavily on the expertise, knowledge and network of Richard Bernstein when sourcing investment opportunities. He is a Shareholder of the Company, a director and Shareholder of the Investment Manager and a member of the Investment Adviser and his loss to these service providers could have an adverse effect on the Company's performance. In the absence of Richard Bernstein, the Board and Investment Manager have sufficient relevant experience to manage the Company's portfolio while considering the future of the Company.

Portfolio concentration risk

By its very nature as an activist fund, the Company is exposed to the risk that its portfolio of investee companies is not sufficiently diversified to absorb the impact of a fall in value of some of its major investments. As noted in the Investment Policy, the Company seeks to invest in companies and use activism to unlock value. An inherent consequence of this policy is a portfolio concentrated on a number of key investee companies. The Board is aware of this risk and feels it is a necessary risk to take in order to provide returns through the investment strategy.

Levels of investment in individual companies have been monitored and parameters used to ensure that the aggregated risk of a more concentrated portfolio has been kept to an acceptable level.

Underlying investment performance risk

The Company invests in underlying investee companies, the majority of the securities of which are publicly traded or are offered to the public. The performance of these companies is likely to fluctuate due to a number of factors beyond the Company's control. The Investment Manager and Investment Adviser monitor investee company performance and share price movements on a daily basis. The Administrator prepares weekly portfolio valuation reports. The Investment Adviser engages with investee companies through regular meetings and reports to the Board. The Investment Manager and Investment Adviser also compare the Company's performance to the Numis Smaller Companies Index and investigate all underperformance and unrealised losses of the Company.

Market risk

The Company's investments include investments in companies the securities of which are publicly traded or are offered to the public and investments in unlisted companies. The market prices and values of these securities may be volatile and are likely to fluctuate due to a number of factors beyond the Company's control. These include actual and anticipated fluctuations in the quarterly, half yearly and annual results of the companies in which investments are made and other companies in the industries in which they operate and market perceptions concerning the availability of additional securities for sale.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

They also include general economic, social or political developments, changes in industry conditions, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, refinancings, acquisitions and disposals. Changes in the values of these investments may adversely affect the Company's NAV and cause the market price of the Company's shares to fluctuate.

Shareholder concentration risk

A total of 10 investors with holdings of 3% or more each of the shares of the Company hold a combined total of 84.42% of the voting rights. A significant shareholder seeking liquidity could have a negative impact on the Company causing movements in Company share price through voting at an AGM, or by placing pressure on the Board to act to realise value in the portfolio at a sub-optimal time and value. To manage this risk the Investment Manager maintains regular contact with significant shareholders to discuss the performance of the Company and any views the shareholder may have.

Liquidity risk

The Company's ability to meet its obligations arising from financial liabilities could be reliant on its ability to reduce or exit investment holdings. This could be more difficult with the Company's less liquid portfolio holdings. To manage this risk, the cash and trade positions are monitored on a daily basis by the Investment Adviser and the Administrator. The liquidity of stocks is also considered at the point of recommendation by the Investment Adviser and prior to investment.

Inside information risk

The Company may, from time to time, be exposed to insider information. A breach of insider trading rules could lead to a suspension of the Company's stock exchange listing or financial penalties. This risk is mitigated and managed through continual monitoring and policy setting, which ensures all employees of the Investment Adviser clearly understand insider trading rules and adhere to all relevant procedures.

Implementation risk

The Company's ability to generate attractive returns for Shareholders depends upon the Investment Adviser's ability to assess future values that may be realised in connection with investments. The ability to assess future values and the timing thereof, whether in connection with the making of an investment or exiting from an investment, may be particularly important in the case of investments over which the Company has little or no control on its own. The ability of the Company to exit certain investments on favourable terms will be dependent (inter alia) upon the successful implementation of the strategic plans for such investee company and, in particular, the ability to persuade management to adopt such strategic plans. It will also depend on the relative liquidity of the stock of the investee company at that time.

Risks were identified in relation to the ongoing COVID-19 pandemic. Further details including mitigation strategies, are included within the going concern section of Note 1 to the Financial Statements on page 39.

In summary, the risks noted above are mitigated and managed by the Board, the Investment Manager and Investment Adviser through continual review of the portfolio, policy setting and updating the Company's risk matrix to ensure that procedures are in place to minimise their impact.

Further detail on the Company's risk factors is set out in the Company's admission document, available on the Company's website (www.crystalamber.com) and should be reviewed by Shareholders.

Details about the financial risks associated with the Company's investment portfolio and the way that investments are managed are given in Note 14 to the Financial Statements.

Report of the Directors (continued)

Alternative Performance Measures ("APMs")

We assess our performance using a variety of measures that are not specifically defined under IFRS and therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. These APMs are detailed in full on page 65.

Ongoing charges

For the year ended 30 June 2022 the ongoing charges ratio of the Company was 1.95% (2021: 2.07%). The ongoing charges ratio has been calculated using AIC recommended methodology and is made up as follows:

Ongoing charges ratio	*Year ended 30 June 2022* £	*Year ended 30 June 2021* £
Annualised ongoing expenses	(2,469,478)	(2,244,051)
Weighted average NAV	125,257,263	108,461,324
Ongoing charges ratio	**1.97%**	**2.07%**

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition/disposal of investments, performance fees, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs. The ongoing charges ratio is calculated by dividing the annualised ongoing charges by the average NAV for the financial year.

Directors

The Directors of the Company who served during the year and up to the date of this report are shown on page 67. Biographies of the Directors holding office as at 30 June 2022 and at the date of signing these Financial Statements are shown on page 27.

Directors' interests

The interests of the Directors in the share capital of the Company at the year-end are disclosed in Note 16 on page 57.

Directors' remuneration

The remuneration of the Directors during the year is disclosed in Note 16 on page 57.

Directors' responsibilities to stakeholders

Section 172 of the UK Companies Act 2006 applies directly to UK domiciled companies. Nonetheless the AIC Code requires that the matters set out in Section 172 are reported by all companies, irrespective of domicile. This requirement does not conflict with the Companies Law in Guernsey.

Section 172 recognises that Directors are responsible for acting in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of all of its Shareholders. In doing so, they are also required to consider the broader implications of their decisions and operations on other key stakeholders and their impact of those decisions on the wider community and the environment.

Key decisions are defined as those that are material to the Company, but also those that are significant to any of the Company's key stakeholder groups. The Company's engagement with its key stakeholders is discussed further in the corporate governance section of this report on pages 18 and 19.

Report of the Directors (continued)

Directors' responsibilities to stakeholders (continued)

The Directors made or approved the following key decisions during the year, with the overall aim of promoting the success of the Company taking into account the likely impact on its members and wider stakeholders;

Dividends

During the year ended 30 June 2022, the Company paid dividends of £10,431,425 (2021: £2,107,376) from distributable reserves, as disclosed in Note 13.

The Directors also concluded that a dividend should be paid in this financial year. On 7 July 2022, the Company declared a dividend of £8,338,000 equating to 10 pence per Ordinary share, which was paid on 12 August 2022.

Charitable shares

During the prior year, the Company approved the issue of 125,000 shares to five separate charitable organisations in accordance with the authority granted to the Company by Shareholders at the 2019 AGM. The Company issued 125,000 shares on 25 September 2020 split equally amongst the following five charitable organisations: St Andrews Clinic for Children, Cancer Research UK, Feis Ceoil, James' Place and Sentable. The Directors recognise that more recently, the Shareholder base has changed significantly and consequently, the Directors decided that in recognition of the views articulated by newer Shareholders, the Company suspended future share issues to charities at this time. All Charitable shares issued have been redeemed and no charitable shares were issued in the year to 30 June 2022.

Substantial interests

As at 8 August 2022 the Company had been notified of the following voting rights of 3% or more of its total voting rights:

	Number of Ordinary Shares	*Total Voting Rights*
Saba Capital Management	21,754,592	26.14%
Wirral BC	12,938,214	15.54%
1607 Capital Partners	9,452,513	11.36%
Crystal Amber Asset Management (Guernsey)	6,899,031	8.29%
Rath Dhu	4,056,030	4.87%
Noble Grossart Investments	4,035,000	4.85%
CG Asset Management	3,035,000	3.65%
Charles Stanley	2,748,948	3.30%
Odey Asset Management	2,715,735	3.26%
Winterflood Platform Services	2,631,614	3.16%
Total	70,266,677	84.42%

Report of the Directors (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards, as issued by the IASB, and applicable law.

The financial statements are required by law to 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 policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.crystalamber.com), and for the preparation and dissemination of financial statements. Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the Auditor

The Directors each confirm that they have complied with the above requirements in preparing the Financial Statements. They also confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate governance

As a Guernsey registered company, the share capital of which is admitted to trading on AIM, the Company is not required to comply with the FRC Code. However, the Directors recognise the value of sound corporate governance and it is the Company's policy to comply with best practice on good corporate governance that is applicable to investment companies.

Report of the Directors (continued)

Corporate governance (continued)

The Board has considered the principles and provisions of the AIC Code. The AIC addresses the principles and provisions set out in the FRC Code and includes additional provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC and the Guernsey Financial Services Commission, provides more relevant information to Shareholders. The Company has complied with the principles and provisions of the AIC Code. The AIC Code is available on the AIC's website, www.theaic.co.uk, which includes an explanation of how the AIC Code adapts the principles and provisions set out in the FRC Code to make them relevant for investment companies. The FRC Code is available on the FRC's website, www.frc.org.uk.

The GFSC Code came into force in Guernsey on 1 January 2012. Under the GFSC Code, the Company is deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the AIC Code.

The Company adheres to a Stewardship Code adopted from 14 June 2016. The Company's Stewardship Code incorporates the principles of the UK Stewardship Code. A copy of the Stewardship Code is available on the Company's website.

Environmental, social and governance report

As an investment company, the Company's activities only have a limited impact on the environment in which it operates. The Company has no employees and its registered office is based in Guernsey, where all of the Directors reside, thus minimising the need for extensive travel to attend Board or other meetings, with associated environmental impact.

Responsible investment principles have been applied to each of the investments made. These policies require the Company to make reasonable endeavours to procure the ongoing compliance of its portfolio companies with its own policies on responsible investment. The Company is an activist fund which aims to identify and invest in undervalued companies and, where necessary, take steps to enhance their value. Following investment, the Company and its advisers will also typically engage with the management of those companies with a view to enhancing value for all their shareholders, in line with the UK Stewardship Code.

Purpose, culture and values

Under the revised investment policy the Company has adopted a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's strategic holdings, where appropriate (with the potential exception of GI Dynamics Inc) and returns of cash to Shareholders.

The Board has considered the Company's culture and values. As an investment company with no employees, it is considered that the culture and values of the Board are aligned with those of the Investment Manager and Investment Adviser, with a focus on constructive long term relationships with the Company's key stakeholders.

The Board

The Company is led and controlled by a Board of Directors, which is collectively responsible for the long-term success of the Company. The Company believes that the composition of the Board is a fundamental driver of its success as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies illustrate, to bring a breadth of knowledge, skills and business experience to the Company.

Report of the Directors (continued)

Environmental, social and governance report (continued)

The Board (continued)

As at the date of this report, the Board comprises three Non-Executive Directors (2021: three), all of whom are considered to be independent of the Investment Manager and Investment Adviser and free from any business or other relationship that could materially interfere with the exercise of their judgement. Board appointments are considered by all members of the Board and have been made based on merit against objective criteria.

The Chairman of the Board is Christopher Waldron. The Board has taken note of the provisions of the AIC Code relating to independence and has determined that Mr Waldron is an independent director.

The Company has no employees and therefore there is no requirement for a Chief Executive, nor has it established a Senior Independent Director due to the size of the Board and the Company. The Board is satisfied that any relevant issues that arise can be properly considered by the Board.

A biography for the Chairman and all the other Directors follows in the next section, which sets out the range of investment, financial and business skills and experience they bring to the Board. The Directors believe that the current mix of skills, experience and length of service represented on the Board are appropriate for the requirements of the Company.

In view of the Board's non-executive nature and the requirement of the Articles of Incorporation that one third of Directors retire by rotation at least every three years, the Board considers that it is not appropriate for Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code. In accordance with the publication of the 2019 AIC Code, which the Board adopted from 1 July 2019, all Directors will be subject to annual re-election.

None of the Directors has a contract of service with the Company. The Company has no executive Directors and no employees. However, the Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Clearly documented contractual arrangements are in place with these companies which define the areas where the Board has delegated certain responsibilities to them, but the Board retains accountability for all delegated responsibilities.

Chair tenure policy

The Company has adopted a chair tenure policy, whereby the Chair should normally serve no longer than nine years as a Director and Chair but, where it is considered to be in the best interests of the Company, its Shareholders and stakeholders, the Chair may serve for a limited time beyond that. In such circumstances, the independence of the other Directors will ensure that the Board as a whole remains independent.

The Company's view is that the continuity and experience of its Directors are important and that a suitable balance needs to be struck between the need for independence and refreshing the skills and expertise of the Board. The Company believes that some limited flexibility in its approach to Chair tenure will enable it to manage succession planning more effectively.

Diversity policy

The Company monitors developments in corporate governance to ensure the Board remains aligned with best practice with respect to the increased focus on diversity. The Company has a Board diversity policy, which acknowledges the importance of diversity, for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well-diversified membership.

Report of the Directors (continued)

Environmental, social and governance report (continued)

Performance and evaluation

Internal evaluation of the Board, the Committees and individual Directors is undertaken on an annual basis in the form of questionnaires, peer appraisal, and discussions to determine effectiveness and performance in various areas as well as the Directors' continued independence.

New Directors receive an induction on joining the Board, and all Directors receive other relevant training as necessary. Directors have regular contact with the Investment Manager to ensure that the Board remains regularly updated on all issues. All members of the Board are members of professional bodies and serve on other Boards, which ensures they are kept abreast of the latest technical developments in their areas of expertise.

Board responsibilities

The Board is responsible to Shareholders for the overall management of the Company. The Board has adopted a set of reserved powers which set out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy and oversight of the Investment Manager and their advisers, strategy, risk assessment, Board composition, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Directors have access to the advice and services of the Administrator and Secretary, who are responsible to the Board for ensuring that Board procedures are followed and that it complies with the Companies Law and applicable rules and regulations of the GFSC and the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company.

The Company maintains appropriate directors' and officers' liability insurance in respect of legal action against its Directors on an ongoing basis. Investment Advisory services are provided to the Company by Crystal Amber Advisers (UK) LLP through the Investment Manager. The Board is responsible for setting the overall investment policy and has delegated day to day implementation of the Company's strategy to the Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The Board monitors the actions of the Investment Adviser and Investment Manager at regular Board meetings. The Board has also delegated administration and company secretarial services to Ocorian Administration (Guernsey) Limited but retains accountability for all functions it delegates.

The Directors are responsible for ensuring the effectiveness of the internal controls of the Company which are designed to ensure that proper accounting records are maintained, the financial information on which business decisions are made and which is issued for publication is reliable, and the assets of the Company are safeguarded. A formal review of the effectiveness of the Company's risk management and internal control systems is conducted at least once a year and this was completed successfully during the year under review. The Investment Manager has established a Risk Committee to monitor and manage risks faced by the Company.

The Board meets at least four times a year for regular, scheduled meetings and should the nature of the business of the Company require it, additional meetings may be held, some at short notice. Prior to each of its quarterly meetings, the Board receives reports from the Investment Adviser and Administrator covering activities during the period, performance of relevant markets, performance of the Company's assets, finance, compliance matters, working capital position and other areas of relevance to the Board. The Board also considers from time to time reports provided by the Investment Manager and other service providers. The Board also receives quarterly reports from the Risk Committee.

Report of the Directors (continued)

Environmental, social and governance report (continued)

Board responsibilities (continued)

There is regular contact between the Board, the Investment Manager and the Administrator. The Directors maintain overall control and supervision of the Company's affairs.

There may be a requirement to hold Board meetings outside the scheduled quarterly meetings in order to review and consider investment opportunities and/or formal execution of documents and to consider ad hoc business.

Between meetings there is regular contact with the Investment Manager and the Administrator, and the Board requires information to be supplied in a timely manner by the Investment Manager, the Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

The Board, through the Remuneration and Management Engagement Committee, is responsible for the appointment and monitoring of all service providers including the Investment Manager. It conducts a formal review of all service providers on an annual basis and confirms that such a review has taken place during the year.

Audit committee

Due to the size of the Board, all Directors are members of the Audit Committee. Jane Le Maitre acts as Chair of the Committee. The responsibilities of the Committee include reviewing the Annual Report and Audited Financial Statements, the Interim Report and Financial Statements, the system of internal controls and risk management, and the terms of appointment and remuneration of the Auditor. It is also the forum through which the Auditor reports to the Board.

The Committee met twice in the year ended 30 June 2022. Matters considered at these meetings included but were not limited to:

- review of the accounting policies and format of the financial statements;
- review of the Annual Report and Audited Financial Statements for the year ended 30 June 2021;
- review of the Interim Report and Unaudited Interim Condensed Financial Statements for the six months ended 31 December 2021;
- review of the audit plan and timetable for the preparation of the Annual Report and Audited Financial Statements for the year ended 30 June 2022;
- discussions and approval of the fee for the external audit;
- assessment of the effectiveness of the external audit process as described below;
- review of the Company's significant risks and internal controls;
- review and consideration of the AIC Code, the GFSC Code and the Stewardship Code; and
- detailed review of the 2022 Annual Report in relation to the AIC Code and determining the period of assessment for the long term viability of the Company.

The Committee considers the valuation of investments to be a significant matter in relation to these Financial Statements. The Company's accounting policy is to value investments as designated at fair value through profit or loss or as derivatives held for trading, and to recognise sales and purchases of those investments using trade date accounting. This is significant as the Company's investments and derivatives amount to 100.1% (30 June 2021: 98.9%) of the NAV. The Committee has satisfied itself that the sources used for pricing the Company's investments are appropriate and reliable.

Report of the Directors (continued)

Environmental, social and governance report (continued)

Audit committee (continued)

The Committee also reviews the objectivity and independence of the Auditor. The Board considers KPMG Channel Islands Limited ("KPMG") to be independent of the Company. The audit fees disclosed in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income are in relation to the audit of the Financial Statements. During the year, KPMG did not receive any remuneration from the Company for non-audit services.

The Committee assessed the effectiveness of the audit process by considering KPMG's fulfilment of the agreed audit plan through the reporting presented to the Committee by KPMG and discussions at Committee meetings which highlighted the major issues that arose during the course of the audit. In addition, the Committee also sought feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. The Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

The external audit was initially put out to tender in 2008 when the Company's shares were listed and admitted to trading on AIM and KPMG was appointed. The lead audit partner changed in 2010 and 2015. The current lead audit partner took charge in 2020, and will change again by rotation in 2025. There are no obligations to restrict the Company's choice of external auditor. The external audit was put out to tender in 2017. Following a robust competitive tender process, the Committee concluded that the interests of the Company and its Shareholders would be best served by retaining the services of KPMG to provide a consistent audit approach.

The Board considers that an internal audit function specific to the Company is unnecessary and that the systems and procedures employed by the Investment Manager and the Administrator, including their own internal control functions, provide sufficient assurance that a sound system of internal control is maintained, which safeguards the Company's assets. Formal terms of reference for the Committee are available on the Company's website www.crystalamber.com.

Other committees

Although the AIC Code recommends that companies appoint a Nomination Committee, as the Board is wholly comprised of non-executive Directors the Board has not deemed this necessary and as such all matters are considered by the full Board.

The Board has established a Remuneration and Management Engagement Committee. Due to the size of the Board, all Directors are members of this committee. Fred Hervouet acts as Chairman of the committee. The Remuneration and Management Engagement Committee meets at least once a year pursuant to its terms of reference. It provides a formal mechanism for the review of the remuneration of the Chairman and Directors and review of the performance and remuneration of the Investment Manager, Investment Adviser and other service providers.

Remuneration policy

The Company aims to ensure remuneration is competitive, aligned with Shareholder interests, relatively simple and transparent, and compatible with the aim of attracting, recruiting and retaining suitably qualified and experienced directors.

In addition, the Board reviews the arrangements for the provision of management and other services to the Company on an ongoing basis. The Company receives regular reporting from the Investment Adviser and regular valuations of the Company's investments, which allows the Board to form a judgement as to the performance of its portfolio.

Report of the Directors (continued)

Environmental, social and governance report (continued)

Board meetings, Committee meetings and Directors' attendance

One of the key criteria the Company uses when selecting Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The Board formally met four times during the year and other ad hoc Board committee meetings were called in relation to specific events or to issue approvals, often at short notice and did not necessarily require full attendance. Directors are encouraged to give the Chairman their views and comments on matters to be discussed, in advance when they are unable to attend a meeting.

Attendance at the quarterly Board meetings is further set out below:

	Board	*Audit Committee*	*Remuneration and Management Engagement Committee*	*Tenure as at 30 June 2022*
Christopher Waldron	4 of 4	2 of 2	1 of 1	8 years
Jane Le Maitre	4 of 4	2 of 2	1 of 1	5 years, 2 months
Fred Hervouet	4 of 4	2 of 2	1 of 1	4 years, 7 months

In addition to the above, there were two additional Board committee meetings during the year.

Engagement with stakeholders

The Company is committed to maintaining good communications and building positive relationships with all stakeholders, including Shareholders, suppliers, investee companies, and the wider community and environment in which the Company and its investee companies operate. This includes regular engagement with the Company's Shareholders and other stakeholders by the Board, the Investment Manager, Investment Adviser and the Administrator. Regular feedback is provided to Board members to ensure they understand the views of stakeholders.

Relations with Shareholders

The Board welcomes the views of Shareholders and places great importance on communication with its Shareholders. Senior members of the Investment Adviser make themselves available to meet with principal Shareholders and key sector analysts. The Chairman and other Directors are also available to meet with Shareholders, if required.

All Shareholders have the opportunity to ask questions of the Company at its registered office. The Annual General Meeting of the Company provides a forum for Shareholders to meet and discuss issues with the Directors and Investment Adviser. Company information is also available to Shareholders on the Company's website www.crystalamber.com.

The Board regularly monitors the shareholder profile of the Company and receives comprehensive shareholder reports from the Company's Broker at all quarterly board meetings.

The Company recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator ensures all payments are processed within the contractual terms agreed with individual suppliers.

Key decisions made or approved by the Directors during the year and the impact of those decisions on the Company's Shareholders and wider stakeholders is disclosed further on page 16.

Report of the Directors (continued)

Environmental, social and governance report (continued)

Whistleblowing

The Board has considered the AIC Code recommendations in respect of arrangements by which staff of the Investment Adviser or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other issues. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow up action to be taken within their respective organisations.

AIFM Directive

The Company is categorised as an externally managed non-EU AIF under the AIFM Directive. The Investment Manager of the Company is its non-EU AIFM. The Investment Manager as the AIFM has created a Risk Committee which meets at least quarterly to consider the risks faced by the Company and the investment process, consistent with the requirements of the AIFM Directive. The AIFM has adopted a remuneration policy which accords with the principles established by the AIFM Directive. The remuneration policy is in compliance with the requirements of the AIFM Directive and the guidance issued by the FCA. The Investment Manager in its capacity as the AIFM does not have any employees. Mark Huntley and Laurence McNairn of Crystal Amber Asset Management (Guernsey) Limited and as directors of the AIFM received total aggregate remuneration of £30,000 by way of a fixed fee for the year ended 30 June 2022. No variable fee elements of remuneration were paid to the Directors of the AIFM.

The AIFM Directive outlines the information which has to be made available to investors in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. All information required to be disclosed under the AIFM Directive is either disclosed in this Annual Report or on the Company's website www.crystalamber.com.

AEOI Rules

Under AEOI Rules, the Company is registered under FATCA and continues to comply with both FATCA and CRS requirements to the extent relevant to the Company.

NMPI

The Board has been advised that the Company would satisfy the criteria for being an investment trust if it was resident in the UK. Accordingly, the Board has concluded that the Company's Ordinary shares are not non-mainstream pooled investments for the purposes of the FCA rules regarding the restrictions on the promotion to retail investors of unregulated collective investment schemes and close substitutes. This means that the restrictions on promotion imposed by the FCA rules do not apply to the Company. It is the Board's intention that the Company conducts its affairs so that these restrictions will continue to remain inapplicable.

Independent auditor

KPMG has agreed to offer itself for re-appointment as Auditor of the Company and a resolution proposing re-appointment and authorising the Directors to determine remuneration will be presented at the Annual General Meeting.

Report of the Directors (continued)

Annual General Meeting

The Annual General Meeting of the Company will be held at 10:00am on 23 November 2022 at the offices of Ocorian Administration (Guernsey) Limited, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

On behalf of the Board

Christopher Waldron
Chairman
29 September 2022

Jane Le Maitre
Director
29 September 2022

Directors

Christopher Waldron Guernsey Resident, (appointed 1 July 2014)
Non-Executive Chairman (with effect from 23 November 2017)

Christopher Waldron has over 35 years' experience as an investment manager, specialising in fixed income, hedging strategies and alternative investment mandates and until 2013 was Chief Executive of the Edmond de Rothschild Group in the Channel Islands. Prior to joining the Edmond de Rothschild Group in 1999, Mr Waldron held investment management positions with Bank of Bermuda, the Jardine Matheson Group and Fortis but he is now primarily an independent non-executive director of a number of listed funds and investment companies. From 2014 to 2020 he was a member of the States of Guernsey's Investment and Bond Sub-Committee. He is a Fellow of the Chartered Institute of Securities and Investment.

Jane Le Maitre, Guernsey Resident, Non-Executive Director (appointed 8 May 2017)

Jane Le Maitre has over 30 years' experience in the Finance Industry in the UK and Guernsey. She is a Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Tax Adviser and a member of the Institute of Directors. She trained in audit with Coopers & Lybrand in the UK and joined the tax and fiduciary division of KPMG (Channel Islands) in 1989. She became a Partner in 1995 where she remained until 2000 before becoming a director in the fiduciary division at Kleinwort Benson. After 5 years with Kleinwort Benson, she joined the Intertrust Group in Guernsey becoming Managing Director of Intertrust Reads Private Clients Limited for a period of 6 years and held other Intertrust Board positions until September 2021. She is now an independent Director and Trustee of a number of private client structures and continues to hold executive positions in a number of unlisted property and investment holding entities.

Fred Hervouet, Guernsey Resident, Non-Executive Director (appointed 6 December 2017)

Fred Hervouet has over 20 years' experience of working in different areas of the Financial Markets and Asset Management Industry. His experience includes Fixed Income and Derivatives Markets, Structured Finance, Structured Products, Trading and Risk Management. Prior to moving to Guernsey in December 2013, he was Managing Director and Head of Commodity Derivatives Asia for BNP Paribas. He holds a number of non-executive director positions on LSE listed funds and Private Equity funds including Chenavari Toro Income Fund Limited, where he is chairman. He holds a Masters' Degree in Financial Markets, Commodity Markets and Risk Management from University Paris Dauphine and an MSc in Applied Mathematics and International Finance. He is a member of the UK Institute of Directors and the UK Association of Investment Companies.

In addition to their directorships of the Company, the Directors currently hold the following directorships of listed companies;

Christopher Waldron
UK Mortgages Limited

Jane Le Maitre
None at present

Fred Hervouet
Chenavari Toro Income Fund Limited
SME Credit Realisation Fund Limited
Boussard and Gavaudan Holdings Limited

Independent Auditor's Report to the Members of Crystal Amber Fund Limited

Our opinion is unmodified

We have audited the financial statements of Crystal Amber Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2022, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2021):

Independent Auditor's Report to the Members of Crystal Amber Fund Limited (continued)

Key audit matters: our assessment of the risks of material misstatement (continued)

	The risk	Our response
Valuation of financial assets designated at fair value through profit and loss £120,862,525; (2021: £121,642,713) Refer to page 22 of the Report of the Directors, note 1 accounting policies and note 9 and 14 disclosures.	**Basis:** The Company has invested 100.1% of its net assets as at 30 June 2022 into equity investments (£110,202,065) and debt investments (£10,660,460) (together, the "investments"). The Company's listed or quoted equities (£80,234,249) are valued based on market prices obtained from a third-party pricing provider. The Company's unlisted investments, with a value of $40,628,276 are valued by using recognised valuation methodologies and models, in accordance with the International Private Equity and Venture Capital Valuation Guidelines. **Risk:** The valuation of the investments, given that they represent the majority of the net assets of the Company, is considered to be a significant area of our audit. Of the investments which are unlisted (representing 33.7% of net assets), these investment valuations are subject to a risk of fraud and error given the high level of subjectivity, estimation uncertainty and complexity when deriving a fair value.	*Our audit procedures included:* **Internal controls:** We tested the design and implementation of the control over the valuation of investments. **Challenging managements' assumptions and inputs including use of a KPMG valuation specialist:** For listed or quoted investments, we used our own valuation specialist to independently price all fair values to a third party source. We compared our independent price to the price as utilised by the Company. For the unlisted investments we: • assessed the appropriateness of the valuation methodology applied to each investment and where relevant, derived an independent reference price; • compared the assumptions used in the valuation to observable market data (where possible) or supporting documentation; • corroborated significant investee company inputs used in the valuation models to supporting documentation; • assessed the effect of the investee entity's financial performance upon the fair value. **Assessing disclosures:** We also considered the Company's disclosures (see note 1) in relation to the use of estimates and judgments regarding the valuation of investments and the Company's valuation policies adopted and fair value disclosures in notes 9 and 14 for compliance with IFRS.

Independent Auditor's Report to the Members of Crystal Amber Fund Limited (continued)

Material uncertainty relating to going concern

	The risk	Our response
Going concern: The Company has regularly submitted itself to continuation votes which requires 75% of the votes to continue as currently constituted ('the continuation vote'). At the 2021 AGM, the 75% threshold was not met. The outcome of the continuation vote resulted in a revision of the investment strategy of the Company. Refer to the Report of the Directors on page 12 and note 1 of the financial statements on page 39.	**Basis:** Following the outcome of the continuation vote at the 2021 AGM and the ensuing revision to the investment strategy of the Company, the financial statements explain how the Directors have formed a judgment that it is appropriate to adopt the going concern basis of preparation for the Company. The judgment is based on the Directors' intention for the Company to continue to actively manage for the foreseeable future its investment in GI Dynamics in order to maximise shareholder returns. **Risk:** Given the significance of the outcome of the continuation vote and the ensuing change to the investment strategy to the determination of the appropriate basis of preparation of the financial statements, this judgment is a significant area of our audit.	*Our audit procedures included:* We performed an assessment of the revised investment strategy of the Company and challenged the reasonability of the Directors' judgment by holding discussions with them and the Investment Manager regarding their intentions, future plans and available options for maximising the return on GI Dynamics. We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of the going concern basis of preparation for the Company, including the identified risks and dependencies.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2,398,000, determined with reference to a benchmark of net assets of £120,706,584, of which it represents approximately 2% (2021: 1.8%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1,798,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £119,900, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Independent Auditor's Report to the Members of Crystal Amber Fund Limited (continued)

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and
- The outcome of the continuation vote and changes to the investment strategy of the Company (an explanation of how we evaluated management's assessment of going concern in relation to this is set out in the related key audit matters section of this report).

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

Independent Auditor's Report to the Members of Crystal Amber Fund Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias.

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of in this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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, 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.

Independent Auditor's Report to the Members of Crystal Amber Fund Limited (continued)

We have nothing to report on other matters on which we are required to report by exception

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

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 16 and 17, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

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.

Rachid Frihmat
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

29 September 2022

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Notes	2022 Revenue £	2022 Capital £	2022 **Total £**	2021 Revenue £	2021 Capital £	2021 **Total £**
Income							
Dividend income from listed investments		20,311	–	**20,311**	288,935	–	**288,935**
Interest received		–	–	**–**	–	–	**–**
		20,311	–	**20,311**	288,935	–	**288,935**
Net gains/(losses) on financial assets at FVTPL							
Equities							
Net realised losses	9	–	(2,934,478)	**(2,934,478)**	–	(14,412,551)	**(14,412,551)**
Movement in unrealised gains	9	–	9,241,539	9,241,539	–	50,646,556	**50,646,556**
Debt instruments							
Movement in unrealised gains	9	–	428,347	**428,347**	–	3,259,261	**3,259,261**
Derivative Financial Instruments							
Movement in unrealised losses	9	–	–	**–**	–	(21,080)	**(21,080)**
		–	6,735,408	**6,735,408**	–	39,472,186	**39,472,186**
Total income		20,311	6,735,408	**6,755,719**	288,935	39,472,186	**39,761,121**
Expenses							
Transaction costs	4	–	299,972	**299,972**	–	89,266	**89,266**
Exchange movements on revaluation of investments and working capital		(847,496)	(3,981,544)	**(4,829,040)**	584,291	1,909,832	**2,494,123**
Management fees	15,17	1,649,299	–	**1,649,299**	1,586,269	–	**1,586,269**
Directors' remuneration	16	130,000	–	**130,000**	130,000	–	**130,000**
Administration fees	17	168,247	–	**168,247**	134,392	–	**134,392**
Custodian fees	17	124,454	–	**124,454**	55,465	–	**55,465**
Audit fees		56,255	–	**56,255**	34,050	–	**34,050**
Facility fees	18	–	–	**–**	316,925	–	**316,925**
Other expenses		375,053	–	**375,053**	351,440	–	**351,440**
		1,655,812	(3,681,572)	**(2,025,760)**	3,192,832	1,999,098	**5,191,930**
Return for the year		(1,635,501)	10,416,980	**8,781,479**	(2,903,897)	37,473,088	**34,569,191**
Basic and diluted (loss)/earnings per share (pence)	5	(1.95)	12.48	**10.53**	(3.34)	43.25	**39.91**

All items in the above statement derive from continuing operations.

The total column of this statement represents the Company's Statement of Profit or Loss and Other Comprehensive Income prepared in accordance with IFRS. The supplementary information on the allocation between revenue return and capital return is presented under guidance published by the AIC.

The Notes to the Financial Statements on pages 38 to 60 form an integral part of these Financial Statements.

Statement of Financial Position
As at 30 June 2022

	Notes	*2022* £	*2021* £
Assets			
Cash and cash equivalents	7	47,370	5,447,571
Trade and other receivables	8	70,728	406,272
Financial assets designated at FVTPL	9	120,862,525	121,642,713
Total assets		120,980,623	127,496,556
Liabilities			
Trade and other payables	10	274,039	4,564,568
Total liabilities		274,039	4,564,568
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	11	997,498	997,498
Treasury shares	12	(19,767,097)	(19,191,639)
Distributable reserve		78,040,908	88,472,333
Retained earnings		61,435,275	52,653,796
Total equity		120,706,584	122,931,988
Total liabilities and equity		120,980,623	127,496,556
NAV per share (pence)	6	145.03	146.81

The Financial Statements were approved by the Board of Directors and authorised for issue on 29 September 2022.

Christopher Waldron
Chairman

29 September 2022

Jane Le Maitre
Director

29 September 2022

The Notes to the Financial Statements on pages 38 to 60 form an integral part of these Financial Statements.

Statement of Changes in Equity
For the year ended 30 June 2022

	Notes	*Share capital* £	*Treasury shares reserve* £	*Distributable reserve* £	*Capital* £	*Retained earnings Revenue* £	*Total* £	*Total equity* £
Opening balance at 1 July 2021		997,498	(19,191,639)	88,472,333	57,984,984	(5,331,188)	52,653,796	**122,931,988**
Purchase of Ordinary shares into Treasury	12	–	(575,458)	–	–	–	–	**(575,458)**
Dividends paid in the year	13	–	–	(10,431,425)	–	–	–	**(10,431,425)**
Profit for the year		–	–	–	10,416,980	(1,635,501)	8,781,479	**8,781,479**
Balance at 30 June 2022		997,498	(19,767,097)	78,040,908	68,401,964	(6,966,689)	61,435,275	**120,706,584**

For the year ended 30 June 2021

	Notes	*Share capital* £	*Treasury shares reserve* £	*Distributable reserve* £	*Capital* £	*Retained earnings Revenue* £	*Total* £	*Total equity* £
Opening balance at 1 July 2020		996,248	(12,265,601)	90,579,709	20,511,896	(2,427,291)	18,084,605	**97,394,961**
Issue of Ordinary shares		1,250	–	–	–	–	–	**1,250**
Purchase of Ordinary shares into Treasury	12	–	(6,926,038)	–	–	–	–	**(6,926,038)**
Dividends paid in the year	13	–	–	(2,107,376)	–	–	–	**(2,107,376)**
Profit for the year		–	–	–	37,473,088	(2,903,897)	34,569,191	**34,569,191**
Balance at 30 June 2021		997,498	(19,191,639)	88,472,333	57,984,984	(5,331,188)	52,653,796	**122,931,988**

The Notes to the Financial Statements on pages 38 to 60 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 30 June 2022

	Notes	*2022* £	*2021* £
Cash flows from operating activities			
Dividend income received from listed investments		20,311	288,935
Management fees paid		(1,649,299)	(1,586,269)
Directors' fees paid		(130,000)	(130,000)
Other expenses paid		(309,818)	(943,672)
Net cash outflow from operating activities		(2,068,806)	(2,371,006)
Cash flows from investing activities			
Purchase of equity investments		(47,581,132)	(6,949,972)
Sale of equity investments		61,399,209	31,476,434
Purchase of debt instruments		(5,707,461)	(4,056,625)
Purchase of derivative financial instruments		–	(33,238,926)
Sale of derivative financial instruments		–	23,991,363
Transaction charges on purchase and sale of investments		(299,972)	(69,305)
Net cash inflow from investing activities		7,810,644	11,152,969
Cash flows from financing activities			
Proceeds from loan facility		–	22,785,705
Repayments of loan facility		–	(23,125,126)
Proceeds from issuance of ordinary shares		–	1,250
Purchase of Ordinary shares into Treasury		(710,614)	(6,805,000)
Dividends paid		(10,431,425)	(2,107,376)
Net cash outflow from financing activities		(11,142,039)	(9,250,547)
Net decrease in cash and cash equivalents during the year		(5,400,201)	(468,584)
Cash and cash equivalents at beginning of year		5,447,571	5,916,155
Cash and cash equivalents at end of year	7	47,370	5,447,571

The Notes to the Financial Statements on pages 38 to 60 form an integral part of these Financial Statements.

Notes to the Financial Statements
For the year ended 30 June 2022

General information

Crystal Amber Fund Limited (the "Company") was incorporated and registered in Guernsey on 22 June 2007 and is governed in accordance with the provisions of the Companies Law. The registered office address is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GYI 4LY. The Company was established to provide Shareholders with an attractive total return, which is expected to comprise primarily capital growth with the potential for distributions of up to 5 pence per share per annum following consideration of the accumulated retained earnings as well as the unrealised gains and losses at that time. The Company seeks to achieve this through investment in a concentrated portfolio of undervalued companies, which are expected to be predominantly, but not exclusively, listed or quoted on UK markets and which have a typical market capitalisation of between £100 million and £1,000 million.

GI Dynamics Inc. ("GID"), is an unconsolidated subsidiary of the Company and was incorporated in Delaware. As at 30 June 2022 it had five wholly-owned subsidiaries and its principal place of business is Boston. Refer to Note 15 for further information.

The Company's Ordinary shares were listed and admitted to trading on AIM, on 17 June 2008. The Company is also a member of the AIC.

All capitalised terms are defined in the Glossary of Capitalised Defined Terms on pages 61 to 64 unless separately defined.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to those balances considered material to the Financial Statements throughout the current year, unless otherwise stated.

Basis of preparation

The Financial Statements have been prepared to give a true and fair view, are in accordance with IFRS and the SORP "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC in November 2014 and updated in January 2017 to the extent to which it is consistent with IFRS, and comply with the Companies Law. The Financial Statements are presented in Sterling, the Company's functional currency.

The Financial Statements have been prepared under the historical cost convention with the exception of financial assets designated at fair value through profit or loss ("FVTPL") and derivatives held for trading which are measured at fair value.

Investment Entities

To determine whether the Company meets the definition of an investment entity, further consideration is given to the characteristics of an investment entity that are demonstrated by the Company.

The Company meets the definition of an investment entity on the basis of the following criteria:

- The Company obtains funds from multiple investors for the purpose of providing those investors with investment management services;
- The Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- The Company measures and evaluates the performance of substantially all its investments on a fair value basis.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

As the Company has met the definition of an investment entity under IFRS 10, it is exempt from preparing consolidated financial statements.

The Company has taken the exemption permitted by IAS 28 "Investments in Associates and Joint Ventures" and IFRS 11 "Joint Arrangements" for entities similar to investment entities and measures its investments in associates at fair value. The Directors consider an associate to be an entity over which the Group has significant influence by means of owning between 20% and 50% of the entities' shares. The Company's associates are disclosed in Note 14.

The Company meets the definition of an investment entity and complies with disclosure requirements in IFRS 10, IFRS 12 and IAS 27.

Going concern

As at 30 June 2022, the Company had net assets of £120.7 million (30 June 2021: £122.9 million) and cash balances of £0.05 million (30 June 2021: £5.4 million) which are sufficient to meet current obligations as they fall due.

In the period prior to 30 June 2022 and up to the date of this report, the COVID-19 pandemic has had a negative impact on the global economy. Whilst the public health risks have largely been contained, there are lingering supply chain and staffing issues in many industries, which result in some uncertainties and additional risks for the Company and its investments.

The Directors and Investment Manager continue to monitor the effect of the COVID-19 pandemic on the Company and its investment portfolio. In particular, they have considered the potential impact of the following specific key matters:

- Unavailability of key personnel at the Investment Manager or Administrator;
- Increased volatility in the fair value of investments, including any potential impairment in value; and
- Increased uncertainty as to the timing and quantum of dividend receipts.

In considering the potential impact of COVID-19 on the Company and its investment portfolio, the Directors have taken account of the mitigation measures already in place. At company level, key personnel at the Investment Manager and Administrator have successfully implemented business continuity plans to ensure business disruption is minimised.

On 24 February 2022, Russia invaded Ukraine. This poses significant challenges and uncertainty to business activities and continues to have potentially adverse consequences for investee companies as energy costs rise, but the effects of this on the Company should be somewhat offset by increased revenue from Hurricane Energy.

In relation to the Company's investment portfolio, 66% of the Company's investments are valued by reference to the market bid price as at the date of this report.

As these are quoted prices in an active market, any volatility in the global economy is reflected within the value of the financial assets designated at fair value through profit or loss. As such, the Company has not included any fair value impairments in relation to its investments.

Following the continuation vote which did not obtain the requisite 75% to pass, the Company was obliged to return to Shareholders with proposals to either reorganise, restructure, or wind up the Company. Following extensive Shareholder consultation, a new investment policy was put before Shareholders which prioritised the intention to maximise the return of capital, representing a change of strategy. In March 2022, the change of investment policy was approved by Shareholders.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board believed that it was in the interests of Shareholders as a whole for the Company to adopt a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's mature listed strategic holdings, where appropriate. The Company has a track record of returning cash to Shareholders via share buybacks and dividends: since 2013, when the requirement for the continuation vote to be proposed at the 2021 AGM was introduced, £76.7 million has been returned to Shareholders via such means.

In 2014, the Company acquired an initial shareholding in GI Dynamics. The Company believes that because of its intensive activism, it has been able to acquire majority ownership of a strategically valuable shareholding, which comprises 81.5% of GI Dynamic's diluted share capital. With board representation, the Company is actively involved in the management of GI Dynamics.

The Company looks forward to continuing to work with GI Dynamics to achieve its operational milestones and to further develop the pathway to maximise shareholder value. Given the anticipated value accretive milestones, the Company believes it is appropriate that it gives GI Dynamics the time it requires to maximise shareholder returns.

In due course, the Company will consult with investors about the longer-term plans for GI Dynamics to realise value for the Company's Shareholders. A trade sale is a potential crystallisation path. Alternatively, as the Company continues a disposal programme of its listed investment portfolio, it is possible that the Company's listing may provide a suitable and cost-effective vehicle for GI Dynamics to be listed, raise its profile and potentially, following the achievement of milestones, provide the Company's Shareholders with direct exposure to its growth prospects, as well as liquidity.

The Directors have considered the contributing factors set out above and are confident that the Company has adequate resources to continue in operational existence for the foreseeable future, and do not consider there to be any threat to the going concern status of the Company. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Use of estimates and judgements

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these Financial Statements. The determination that the Company is an investment entity is a critical judgement, as set out above. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. The unquoted equity and debt securities have been valued based on unobservable inputs (see Note 14).

Segmental reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Financial Statements.

For management purposes, the Company is domiciled in Guernsey and is engaged in a single segment of business mainly in one geographical area, being investment mainly in UK equity instruments, and therefore the Company has only one single operating segment.

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Monetary assets and liabilities are translated from currencies other than Sterling ('foreign currencies') to Sterling (the 'functional currency') at the rate prevailing on the reporting date. Income and expenses are translated from foreign currencies to Sterling at the rate prevailing at the date of the transaction. Exchange differences are recognised in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income.

Financial instruments

Financial instruments comprise investments in equity, debt instruments, derivatives, trade and other receivables, cash and cash equivalents, and trade and other payables. Financial instruments are initially recognised at fair value unless they are trade receivables. The cost of the instrument may be indicative of the fair value. Subsequent to initial recognition financial instruments are measured as described below.

Financial assets designated at FVTPL

All the Company's investments including equity, debt instruments and derivative financial instruments are held at FVTPL. Financial instruments are initially recognised at fair value. The cost of the instrument may be indicative of the fair value. Transaction costs are expensed in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income. Gains and losses arising from changes in fair value are presented in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Purchases and sales of investments are recognised using trade date accounting. Quoted investments are valued at bid price on the reporting date or at realisable value if the Company has entered into an irrevocable commitment prior to the reporting date to sell the investment. Where investments are listed on more than one securities market, the price used is that quoted on the most advantageous market, which is deemed to be the market on which the security was originally purchased. If the price is not available as at the accounting date, the last available price is used. The valuation methodology adopted is in accordance with IFRS 13.

Loan notes are classified as debt instruments and are initially recognised at fair value. The cost of the instrument may be indicative of the FV. Subsequent to initial recognition, loan notes are valued at fair value. In the absence of an active market, the Company determines the fair value of its unquoted investments by taking into account the International Private Equity and Venture Capital ("IPEV") guidelines.

Derivatives held for trading

When considered appropriate the Company will enter into derivative contracts to manage its price risk and provide protection against the volatility of the market.

Quoted derivatives are valued at bid price on the reporting date. Where derivatives are listed on more than one securities market, the price used is that quoted on the most advantageous market, which is deemed to be the market on which the security was originally purchased. If the price is not available as at the accounting date, the last available price is used. Gains and losses arising from changes in fair value are presented in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

The Company's trade and other receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the general approach of the expected credit loss model based on experience of previous losses and expectations of future losses.

Trade and other payables

The Company's trade and other payables are measured at amortised cost and include trade and other payables and other short term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Any gain or loss on derecognition is recognised in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than 90 days when acquired to be cash equivalents. Due to the credit rating of the financial institutions holding the Company's cash and cash equivalents, no impairment has been recognised.

Share issue expenses

Share issue expenses of the Company directly attributable to the issue and listing of its own shares are charged to the distributable reserve.

Share capital

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets.

Dividends

Dividends paid during the year from distributable reserves are disclosed in the Statement of Changes in Equity. Dividends declared post year end are disclosed in the Notes to the Financial Statements.

Distributable reserves

Distributable reserves represent the amount transferred from the share premium account, approved by the Royal Court of Guernsey on 18 July 2008, and amounts transferred to distributable reserves in relation to the sale of Treasury shares above cost.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income

Investment income and interest income have been accounted for on an accruals basis using the effective interest method. Dividend income is recognised in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income when the relevant security is quoted ex-dividend.

The Company currently incurs withholding tax imposed by countries other than the UK on dividend income. These dividends are recorded gross of withholding tax in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Profit or Loss and Other Comprehensive Income, all expenses have been presented as revenue items except as follows:

- expenses which are incidental to the acquisition and disposal of an investment are charged to capital; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Accordingly, the performance fee is charged to capital, reflecting the Directors' expected long-term view of the nature of the investment returns of the Company.

Treasury shares reserve

The Company has adopted the principles outlined in IAS 32 'Financial Instruments: Presentation' and treats consideration paid including directly attributable incremental cost for the repurchase of Company shares held in Treasury as a deduction from equity attributable to the Company's equity holders until the shares are cancelled, reissued or sold. No gain or loss is recognised within the statement of Profit or Loss and Other Comprehensive Income on the purchase, sale, issue or cancellation of the Company's own equity investments.

Any consideration received, net of any directly attributable incremental transaction costs upon sale or re-issue of such shares, is included in equity attributable to the Company's equity holders.

2. NEW STANDARDS AND INTERPRETATIONS

New and amended standards and interpretations applied in these financial statements

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 July 2021 that had a significant effect on the Company's financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on the financial statements.

New and amended standards and interpretations not applied in these financial statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2022 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Company.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

3. TAXATION

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual fee of £1,200 (2021: £1,200).

4. TRANSACTION COSTS

The transaction charges incurred in relation to the acquisition and disposal of investments during the year were as follows:

	2022	*2021*
	£	*£*
Stamp Duty	163,701	31,402
Commissions and custodian transaction charges:		
In respect of purchases	51,976	11,036
In respect of sales	84,295	46,828
	299,972	89,266

5. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is based on the following data:

	2022	*2021*
Return for the year	£8,781,479	£34,569,191
Weighted average number of issued Ordinary shares	83,430,611	86,648,736
Basic and diluted earnings per share (pence)	10.53	39.91

6. NAV PER SHARE

NAV per share is based on the following data:

	2022	*2021*
NAV per Statement of Financial Position	£120,706,584	£122,931,988
Total number of issued Ordinary shares (excluding Treasury shares) at 30 June	83,231,000	83,737,000
NAV per share (pence)	145.03	146.81

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Company available on demand. Cash and cash equivalents were as follows:

	2022	*2021*
	£	*£*
Cash on demand	47,370	5,447,571
	47,370	5,447,571

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

8. TRADE AND OTHER RECEIVABLES

	2022	*2021*
	£	*£*
Current assets:		
Other receivables	56,958	391,790
Prepayments	13,770	14,482
	70,728	406,272

There were no past due or impaired receivable balances outstanding at the year end (2021: £Nil).

9. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS AND DERIVATIVES HELD FOR TRADING

	2022	*2021*
	£	*£*
Equity investments	110,202,065	117,965,568
Debt instruments	10,660,460	3,677,145
Financial assets designated at FVTPL	120,862,525	121,642,713
Total financial assets designated at FVTPL and derivatives held for trading	120,862,525	121,642,713
Equity investments		
Cost brought forward	153,218,932	167,187,388
Purchases	43,347,101	11,184,002
Conversion of Loans*	–	8,902,985
Sales proceeds	(61,399,209)	(28,890,455)
Net realised losses	(2,934,478)	(5,164,988)
Cost carried forward	132,232,346	153,218,932
Unrealised (losses) brought forward	(33,410,174)	(84,056,730)
Movement in unrealised losses/gains	9,241,539	50,646,556
Unrealised losses carried forward	(24,168,635)	(33,410,174)
Effect of exchange rate movements	2,138,354	(1,843,190)
Fair value of equity investments	110,202,065	117,965,568
Debt instruments		
Cost brought forward	3,257,955	8,104,315
Purchases	5,707,461	4,056,625
Conversion of Loans	–	(8,902,985)
Cost carried forward	8,965,416	3,257,955
Unrealised gains/(losses)brought forward	1,254,587	(2,004,674)
Movement in unrealised gains/(losses)	428,347	3,259,261
Unrealised gains carried forward	1,682,934	1,254,587
Effect of exchange rate movements	12,110	(835,397)
Fair value of debt instruments	10,660,460	3,677,145
Total financial assets designated at FVTPL	120,862,525	121,642,713

* During the prior year, debt instruments in relation to GID worth £8.9 million were transferred to Equity Investments, making up 79,032,963 common shares and 116,499,889 Series A shares.

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

9. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS AND DERIVATIVES HELD FOR TRADING (continued)

	2022	*2021*
	£	*£*
Derivative financial instruments held for trading		
Cost brought forward	–	–
Purchases	–	33,238,926
Sales proceeds	–	(23,991,363)
Net realised losses	–	(9,247,563)
Cost carried forward	–	–
Unrealised gains brought forward	–	21,080
Movement in unrealised gains	–	(21,080)
Unrealised gains carried forward	–	–
Fair value of derivatives held for trading	–	–
Total derivative financial instruments held for trading	–	–
Total financial assets designated at FVTPL and derivatives held for trading	120,862,525	121,642,713

Total realised gains and losses and unrealised gains and losses on the Company's equity, debt and derivative financial instruments are made up of the following gain and loss elements:

	2022	*2,021*
Realised gains	8,438,985	5,286,855
Realised losses	(11,373,463)	(19,699,406)
Net realised losses in financial assets designated at FVTPL and derivatives held for trading	(2,934,478)	(14,412,551)
Movement in unrealised gains	6,270,840	9,326,603
Movement in unrealised losses	3,399,046	44,558,134
Net movement in unrealised (losses)/gains in financial assets designated at FVTPL and derivatives held for trading	9,669,886	53,884,737

10. TRADE AND OTHER PAYABLES

	2022	*2021*
	£	*£*
Current liabilities:		
Accruals	274,039	195,392
Unsettled trade purchases	–	4,369,176
	274,039	4,564,568

The carrying amount of trade payables approximates to their fair value.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

11. SHARE CAPITAL AND RESERVES

The authorised share capital of the Company is £3,000,000 divided into 300 million Ordinary shares of £0.01 each.

The issued share capital of the Company, including Treasury shares (See note 12), is as follows:

	2022		*2021*	
	Number	*£*	*Number*	*£*
Opening balance	99,749,762	997,498	99,624,762	996,248
Ordinary shares issued during the year	–	–	125,000	1,250
Issued, called up and fully paid Ordinary shares of £0.01 each	99,747,762	997,498	99,749,762	997,498

Capital risk management

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets.

In accordance with the Company's Memorandum and Articles of Incorporation the retained earnings and distributable reserve shown in the Company's Statement of Financial Position at the year end are distributable by way of dividend.

The Company may carry the returns of the Company to the distributable reserve or use them for any purpose to which the returns of the Company may be properly applied and either employed in the business of the Company or be invested, in accordance with applicable law. The distributable reserve includes the amount transferred from the share premium account which was approved by the Royal Court of Guernsey on 18 July 2008.

During the year ended 30 June 2022, the Company paid dividends of £10,431,425 (2021: £2,107,376) from distributable reserves, as disclosed in Note 13. On 7 July 2022, the Company declared an interim dividend of £8,338,000 equating to 10 pence per Ordinary share, which was paid on 5 August 2022.

Externally imposed capital requirement

There are no capital requirements imposed on the Company.

Rights attaching to shares

The Ordinary shares carry the right to vote at general meetings and the entitlement to receive any dividends and surplus assets of the Company on a winding up.

12. TREASURY SHARES RESERVE

	2022		*2021*	
	Number	*£*	*Number*	*£*
Opening balance	16,012,762	19,191,639	7,763,195	12,265,601
Treasury shares purchased during the year	506,000	575,458	8,249,567	6,926,038
Closing balance	16,518,762	19,767,097	16,012,762	19,191,639

During the year ended 30 June 2022, 506,000 (2021: 8,249,567) Treasury shares were purchased at an average price of 113.73 pence per share (2021: 83.96 pence per share), representing an average discount to NAV at the time of purchase of 42.1% (2021: 33.8%).

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

13. DIVIDENDS

On 7 July 2021, the Company declared a second interim dividend of £2,093,425 in respect of the financial year ended 30 June 2021 equating to 2.5 pence per Ordinary share, which was paid on 30 July 2021 to Shareholders on the register on 15 July 2021.

On 22 December 2021, the Company declared an interim dividend of £8,338,000 in respect of the financial year ended 30 June 2022 equating to 10 pence per Ordinary share, which was paid on 02 February 2022 to Shareholders on the register on 14 January 2022.

On 30 June 2022 it was announced that the Company expected to return a further 10 pence a share (representing a gross return of £8.3 million) by mid-August 2022 and to have returned an additional 60 pence a share (equivalent to £50 million) by the end of September 2022.

On 7 July 2022, the Company declared an interim dividend of £8,338,000 equating to 10 pence per Ordinary share, which was paid on 12 August 2022 to Shareholders on the register on 15 July 2022.

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives

The Investment Manager, Crystal Amber Asset Management (Guernsey) Limited and the Administrator, Ocorian Administration (Guernsey) Limited provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risk. The Investment Manager and the Administrator report to the Board on a quarterly basis. The risks relating to the Company's operations include credit risk, liquidity risk, and the market risks of interest rate risk, price risk and foreign currency risk. The Board has considered the sensitivity of the Company's financial assets and monitors the range of reasonably possible changes in significant observable inputs on a regular basis and does not consider that any changes are required this year to the categories used in prior years.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its contractual obligations with the Company, resulting in financial loss to the Company. At 30 June 2022 the major financial assets which were exposed to credit risk included financial assets designated at FVTPL and cash and cash equivalents.

The carrying amounts of financial assets best represent the maximum credit risk exposure at 30 June 2022. The Company's credit risk on liquid funds is minimised because the counterparties are banks with high credit ratings assigned by an international credit-rating agency.

The table below shows the cash balances at the accounting date and the S&P credit rating for each counterparty at that date.

	Location	*Rating*	*Cash Balance 2022 £*	*Cash Balance 2021 £*
Butterfield Bank (Channel Islands) Limited	Guernsey	BBB+	37,413	5,311,151
Barclays Bank PLC – Isle of Man Branch	Isle of Man	A	9,957	136,420
			47,370	5,447,571

The credit ratings disclosed above are the credit ratings of the parent entities of each of the counterparties being The Bank of N. T. Butterfield & Son Limited and Barclays Bank plc.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit risk (continued)

The Company's credit risk on financial assets designated at FVTPL arises on debt instruments. The Company's credit risk on financial assets designated at FVTPL is considered acceptable as debt instruments make up only a small percentage of the financial assets. The Company is also exposed to credit risk on financial assets with its brokers for unsettled transactions. This risk is considered minimal due to the short settlement period involved and the high credit quality of the brokers used. There are no credit ratings available for the debt instruments held by the Company. At 30 June 2022, £110,239,478 (2021: £123,276,719) of the financial assets of the Company were held by the Custodian, Butterfield Bank (Guernsey) Limited.

Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to financial assets held by the Custodian to be delayed or limited. 91% (2021: 97%) of the Company's financial assets are held by the Custodian in segregated accounts. The Company monitors its risk by monitoring the credit quality and financial position of the Custodian. The parent of the Custodian has an S&P credit rating of BBB+ (2021: BBB+). The remaining balance of financial assets of £10,741,145 (2021: £4,219,837) includes £9,957 (2021: £136,420) cash held by Barclays Bank plc, £70,728 (2021: £406,272) trade receivables and £7,987,857 (2021: £3,677,145) loan notes issued by GI Dynamics Inc and £2,672,603 (2021: £nil) loan notes issued by Sigma Broking Limited.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations arising from financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate framework for the management of the Company's liquidity requirements.

The Company adopts a prudent approach to liquidity risk management and maintains sufficient cash reserves to meet its obligations. All the Company's Level 1 investments are listed and are subject to a settlement period of three days.

The following tables detail the Company's expected and contractual maturities for its financial assets and liabilities:

2022	*Weighted average interest rate*	*Less than 1 year* £	*1-5 years* £	*5+ years* £	*Total* £
Assets					
Non-interest bearing		110,282,750	–	–	110,282,750
Variable interest rate instruments	0.29 %	37,413	–	–	37,413
Fixed interest rate instruments	5.00%	10,660,460	–	–	10,660,460
Liabilities					
Non-interest bearing		(274,039)	–	–	(274,039)
		120,706,584	–	–	120,706,584

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)
Liquidity risk (continued)

2021	*Weighted average interest rate*	*Less than 1 year £*	*1-5 years £*	*5+ years £*	*Total £*
Assets					
Non-interest bearing		118,508,260	–	–	118,508,260
Variable interest rate instruments	0.00%	5,311,151	–	–	5,311,151
Fixed interest rate instruments	5.00%	3,677,145	–	–	3,677,145
Liabilities					
Non-interest bearing		(4,564,568)	–	–	(4,564,568)
		122,931,988	–	–	122,931,988

Market risk

The Company is exposed through its operations to market risk which encompasses interest rate risk, price risk and foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it has current account balances with variable interest rates and debt instruments at fair value through profit and loss. The Company's exposure to interest rates is detailed in the liquidity risk section of this note. Interest rate repricing dates are consistent with the maturities stated in the liquidity risk section of this note. The Company is exposed to fixed interest rate risk on the loans receivable as where an instrument is a fixed rate security, the value of the Financial Instruments is expected to be particularly affected by the current climate of rising interest rate.

The Investment Manager monitors market interest rates and will place interest bearing assets at best available rates but will also take the counterparty's credit rating and financial position into consideration.

The cash at hand balances are the only assets with variable interest rates and the movement in variable interest rates is an immaterial amount, therefore, no sensitivity analysis for the movement is disclosed.

Price risk

Price risk is the risk that the fair value of investments will fluctuate as a result of changes in market prices. This risk is managed through diversification of the investment portfolio across business sectors. In general, the Company will not invest more than 20% of its gross assets in any single investment at the time of investment. However, there is no guarantee that the value will not rise above 20% after any investment is made, particularly where it is believed that an investment is exceptionally attractive.

The Company's positions in derivative financial instruments are set out in Note 9.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

The following tables detail the Company's equity investments as at 30 June 2022

Equity Investments	*Sector*	*Value* *£*	*Percentage of Gross Assets*
Hurricane Energy plc	Oil and Gas	40,583,325	34
GI Dynamics Inc	Healthcare	23,057,072	19
De La Rue plc	Commercial Services	14,944,854	12
Equals Group plc	Financial Services	13,875,400	11
Allied Minds plc	Private Equity	7,938,679	7
Sigma Broking Limited	Financial Services	5,664,818	5
Other	Various	4,137,917	3
Total		110,202,065	91

2021 *Equity Investments*	*Sector*	*Value* *£*	*Percentage of Gross Assets*
De La Rue plc	Commercial Services	44,560,772	35
GI Dynamics Inc	Healthcare	20,000,482	16
Equals Group plc	Financial Services	18,797,414	15
Hurricane Energy plc	Oil and Gas	16,200,000	13
Allied Minds plc	Private Equity	9,567,511	8
Board Intelligence Ltd	Commercial Services	4,004,232	3
Other	Various	4,835,157	4
Total		117,965,568	93

The following tables detail the investments in which the Company holds more than 20% of the relevant entities. These have been recognised at fair value as the Company is regarded as an investment entity as set out in Note 1.

2022 *Equity Investments*	*Place of Business*	*Place of Incorporation*	*Percentage Ownership Interest*
Hurricane Energy plc	United Kingdom	United Kingdom	28.9
GI Dynamics Inc.	United States	United States	81.5

2021 *Equity Investments*	*Place of Business*	*Place of Incorporation*	*Percentage Ownership Interest*
Leaf Clean Energy plc	United Kingdom	United Kingdom	23.7
Hurricane Energy plc	United Kingdom	United Kingdom	22.6
Equals Group plc	United Kingdom	United Kingdom	22.4
Allied Minds plc	United States	United States	21.2
GI Dynamics Inc.	United States	United States	73.1

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

The Company has assessed the price risk of the listed equity, debt and derivative financial instruments based on a potential 25% (2021: 25%) increase/decrease in market prices, which the Company believes represents the effect of a possible change in market prices and provides consistent analysis for Shareholders, as follows:

At the year end and assuming all other variables are held constant:

- If market prices of listed equity, debt and derivative financial instruments had been 25% higher (2021: 25% higher), the Company's return and net assets for the year ended 30 June 2022 would have increased by £20,058,562, net of any impact on performance fee accrual (2021: £23,152,596);
- If market prices of listed equity, debt and derivative financial instruments had been 25% lower (2021: 25% lower), the Company's return and net assets for the year ended 30 June 2022 would have decreased by £20,058,562, net of any impact on performance fee accrual (2021: decreased by £23,152,596 reflecting the effect of the derivative financial instruments held at the reporting date); and
- There would have been no impact on the other equity reserves.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates and arises when the Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. During the year the Company was exposed to foreign exchange risk arising from equity and debt investments and derivative financial instruments held in Euro and US Dollars (2021: Australian Dollars, Euro and US Dollars).

The table below illustrates the Company's exposure to foreign exchange risk at 30 June 2022

	2022	*2021*
	£	£
Financial assets designated at FVTPL:		
Listed equity investments denominated in Euro	96,261	84,727
Unlisted equity investments denominated in US Dollars	23,057,072	20,000,483
Debt instruments denominated in US Dollars	7,987,857	3,677,145
Total assets	31,141,190	23,762,355

If the Euro weakened/strengthened by 10% (2021: 10%) against Sterling with all other variables held constant, the fair value of equity investments would increase/decrease by £9,626 (2021: £8,473).

If the US Dollar weakened/strengthened by 10% (2021: 10%) against Sterling with all other variables held constant, the fair value of debt instruments would increase/decrease by £798,796 (2021: £367,715) and the fair value of the unlisted equity investments would increase/decrease by £2,305,707.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements

The Company measures fair values using the following fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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 input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against 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 a 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 that 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.

The objective of the valuation techniques used is to arrive at a fair value measurement that reflects the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 June 2022 and 30 June 2021:

	Level 1	*Level 2*	*Level 3*	*Total*
2022	*£*	*£*	*£*	*£*
Financial assets designated at FVTPL and derivatives held for trading:				
Equities – listed equity investments	77,438,519	2,795,730	–	80,234,249
Equities – unlisted equity investments	–	–	29,967,816	29,967,816
Debt – loan notes	–	–	10,660,460	10,660,460
	77,438,519	2,795,730	40,628,276	120,862,525

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

2021	*Level 1* £	*Level 2* £	*Level 3* £	*Total* £
Financial assets designated at FVTPL and derivatives held for trading:				
Equities – listed equity investments	89,741,685	2,868,699	–	92,610,384
Equities – unlisted equity investments	–	–	25,355,184	25,355,184
Debt – loan notes	–	–	3,677,145	3,677,145
	89,741,685	2,868,699	29,032,329	121,642,713

The Level 1 equity investments were valued by reference to the closing bid prices in each investee company on the reporting date.

The Level 2 equity investment relates to Sutton Harbour due to the low volume of trading activity in the market for this investment and has been valued by reference to the closing bid price in the investee company on the reporting date.

The Level 3 equity investment in Board Intelligence Limited was valued by reference to the valuation multiples of publicly listed cloud software companies, after applying a discount equivalent to that which prevailed at the time of its last investment round in June 2020. The Level 3 equity and debt investments in GI Dynamics were valued by reference to the discounted cash flow valuation of the company with an additional discount for dilution risk. The total valuation was then allocated through a waterfall to the loan note, Series A shares and common stock owned by the Company. The Level 3 equity investment in Sigma Broking Limited was valued using a multiple of EBITDA of the company with an additional discount for lack of liquidity.

For financial instruments not measured at FVTPL, the carrying amount is approximate to their fair value.

Fair value hierarchy – Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	2022 £	*2021* £
Opening balance at 1 July 2021	29,032,329	11,684,980
GI Dynamics Inc – Transfer to Level 3	–	4,294,452
Purchases	10,707,462	15,776,344
Movement in unrealised (losses)/gains	(3,912,815)	12,187,394
Conversion of loans	–	(8,902,985)
Sales	(1,660,933)	(3,183,907)
Net realised gain	1,633,412	1,830,764
Effect of exchange rate movements	4,828,821	(4,654,713)
Closing balance at 30 June 2022	40,628,276	29,032,329

The Company recognises transfers between levels of the fair value hierarchy on the date of the event of change in circumstances that caused the transfer.

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value hierarchy – Level 3 (continued)

The table below provides information on significant unobservable inputs used at 30 June 2022 in measuring equity financial instruments categorised as Level 3 in the fair value hierarchy. It also details the sensitivity to changes in significant unobservable inputs used to measure value in each case.

	Valuation Method	*Fair Value at 30 June 2022*	*Unobservable inputs*	*Factor*	*Sensitivity to changes in significant unobservable inputs*
Board Intelligence Limited	**Discount to comparable company multiples**	**1,245,926**	Comparable Revenue multiple Discount to comparable multiple	5.7x 52.7%	A 25% increase (decrease) in the revenue multiple would increase (decrease) FV by £0.7m (£0.7m) A 25% decrease (increase) in the discount to the revenue multiple would increase (decrease) FV by £0.7m (£0.6m)
GI Dynamics Inc	**Discounted cash flow**	**23,057,072**	Discount rate High growth rate over 9 9 year period Dilution discount	43% 48% 20%	An increase (decrease) in the discount rate to 48% (38%) would reduce (increase) FV by £8.9m (£13m) A decrease (increase) in the near term growth rate to 38% (58%) would decrease (increase) FV by £4.1m An increase (decrease) in the dilution discount to 30% (to 10%) would reduce (increase) FV by £3.6 million
Sigma Broking Limited	**EBITDA Multiple**	**5,664,818**	Discount rate	50%	An increase (decrease) in the liquidity discount to 60% (to 40%) would reduce (increase) FV by £0.9 million

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value hierarchy – Level 3 (continued)

	Valuation Method	*Fair Value at 30 June 2021*	*Unobservable inputs*	*Factor*	*Sensitivity to changes in significant unobservable inputs*
Board Intelligence Limited	**Discount to comparable company multiples**	**4,004,233**	Comparable Revenue multiple Discount to comparable multiple	13.8x 52.7%	A 25% increase (decrease) in the revenue multiple would increase (decrease) FV by £1.6m (£1.2m) A 25% decrease (increase) in the discount to the revenue multiple would increase (decrease) FV by £1.4m (£1.1m)
GI Dynamics Inc	**Discounted cash flow**	**20,000,283**	Discount rate High growth rate over 9 year period Dilution discount	43% 48% 20%	An increase (decrease) in the discount rate to 48% (38%) would reduce (increase) FV by £7.5m (£11.1m) A decrease (increase) in the near term growth rate to 58% (38%) would decrease (increase) FV by £3.6m An increase (decrease) in the dilution discount to 30% (to 10%) would reduce (increase) FV by £2.7 million
Leaf Clean Energy Co	**Discounted cash flow on expected wind down proceeds**	**1,350,468**	Discount rate	10%	A 20% change to the discount rate would impact FV by £0.02 million

15. RELATED PARTIES

Richard Bernstein is a director and a member of the Investment Manager, a member of the Investment Adviser and a holder of 10,000 (2021: 10,000) Ordinary shares in the Company, representing 0.01% (2021: 0.01%) of the voting share capital of the Company at the year end.

During the year the Company incurred management fees of £1,649,299 (2021: £1,586,269) of which £Nil were outstanding at the year-end (2021: £ Nil). There were no performance fees incurred in the year (2021: £Nil) and none outstanding at the year-end (30 June 2021: Nil).

As at 30 June 2022 the Investment Manager held 6,899,031 Ordinary shares (2021 6,904,330) of the Company, representing 8.29% (2021 6.92%) of the voting share capital.

As at 30 June 2022, the Company's investment in GI Dynamics Inc. is an unconsolidated subsidiary due to the Company's percentage holding in the voting share capital of GID. There is no restriction on the ability of GID to pay cash dividends or repay loans, but it is unlikely that GID will make any distribution or loan repayments given its current strategy. During the year the Company purchased convertible loan notes (not driven by any contractual obligation) for the purpose of supporting GID in pursuing its strategy.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

15. RELATED PARTIES (continued)

GI Dynamics Inc. was incorporated in Delaware, had five wholly owned subsidiaries as at 30 June 2022 and its principal place of business is Boston. The five subsidiaries were as follows:

- GI Dynamics Securities Corporation, a Massachusetts-incorporated non-trading entity;
- GID Europe Holding B.V., a Netherlands-incorporated non-trading holding company;
- GID Europe B.V., a Netherlands-incorporated company that conducts certain European business operations;
- GID Germany GmbH, a German-incorporated company that conducts certain European business operations; and
- GI Dynamics Australia Pty Ltd, an Australian-incorporated company that conducts Australian business operations.

16. DIRECTORS' INTERESTS AND REMUNERATION

The interests of the Directors in the share capital of the Company at the year end and as at the date of this report are as follows:

	2022		*2021*	
	Number of Ordinary shares	*Total voting rights*	*Number of Ordinary shares*	*Total voting rights*
Christopher Waldron	30,000	0.03%	30,000	0.03%
Jane Le Maitre[(1)]	13,500	0.01%	13,500	0.01%
Fred Hervouet	7,500	0.01%	7,500	0.01%
Total	51,000	0.05%	51,000	0.05%

(1) Ordinary shares held indirectly

During the year, the Directors earned the following remuneration in the form of Directors' fees from the Company:

	2022	*2021*
	£	*£*
Christopher Waldron[(1)]	47,500	47,500
Jane Le Maitre[(2)]	42,500	42,500
Fred Hervouet[(3)]	40,000	40,000
Total	130,000	130,000

(1) Chairman of the Company with effect from 23 November 2017.

(2) Chairman of Audit Committee with effect from 4 January 2018.

(3) Chairman of Remuneration and Management Engagement Committee with effect from 22 November 2019.

At 30 June 2022, Directors' fees of £32,500 (2021: £32,500) were accrued within trade and other payables.

Notes to the Financial Statements

For the year ended 30 June 2022 (continued)

17. MATERIAL AGREEMENTS

The Company was party to the following material agreements:

Crystal Amber Asset Management (Guernsey) Limited

Until 7th March 2022, the management agreement with the Investment Manager provided for a management fee of 2% applied to the Market Capitalisation of the Company at 30 June 2013 (£73.5 million) (the "Base Amount"). To the extent that an amount equal to the lower of the Company's NAV and market capitalisation, at the relevant time of calculation, exceeded the Base Amount (the "Excess Amount"), the applicable fee rate on the Excess Amount would have been 1.5%.

The Investment Manager was also entitled to a performance fee in certain circumstances. The fee was originally calculated by reference to the increase in NAV per Ordinary share over the course of each performance period.

At an EGM on 7 March 2022 Shareholders agreed with the Company's proposals to enter into a new Investment Management Agreement incorporating revised management and performance fee arrangements and to make changes to the termination provisions to reflect the future strategy of the Company.

The management fee has been reduced to £106,666 per month from 1 April 2022 until 30 June 2022, falling in stages to £40,000 per month until 31 December 2023 (or if earlier, the date on which all of the Company's investments have been substantially realised) when the management fee will cease.

The Investment Manager is also entitled to a performance fee in certain circumstances. This fee was previously calculated by reference to the increase in NAV per Ordinary share over the course of each performance period. In accordance with the new Investment Management Agreement, the performance fee will be calculated by reference to the aggregate cash returned to Shareholders after 1 January 2022. The Investment Manager will receive 20% of the aggregate cash paid to Shareholders after 1 January 2022 (including the interim dividend of 10 pence per Ordinary Share declared on 22 December 2021) in excess of a threshold of £216,000,000.

Depending on whether the Ordinary shares are trading at a discount or a premium to the Company's NAV per share when the performance fee becomes payable, the performance fee will be either payable in cash (subject to the restrictions set out below) or satisfied by the sale of Ordinary shares out of

Treasury or by the issue of new fully paid Ordinary shares (the number of which shall be calculated as set out below):

- If Ordinary shares are trading at a discount to the NAV per Ordinary share when the performance fee becomes payable, the performance fee shall be payable in cash. Within a period of one calendar month after receipt of such cash payment, the Investment Manager shall be required to purchase Ordinary shares in the market of a value equal to such cash payment.
- If Ordinary shares are trading at, or at a premium to, the NAV per Ordinary share when the performance fee becomes payable, the performance fee shall be satisfied by the sale of Ordinary shares out of Treasury or by the issue of new fully paid Ordinary shares. The number of Ordinary shares that shall become payable shall be a number equal to the performance fee payable divided by the closing mid-market price per Ordinary share on the date on which such performance fee became payable.

As at 30 June 2022, the Investment Manager held 6,899,031 Ordinary shares (30 June 2021: 6,904,330) of the Company, representing 8.29% (30 June 2021: 6.92%) of the voting share capital.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

17. MATERIAL AGREEMENTS (continued)

Crystal Amber Asset Management (Guernsey) Limited (continued)

Performance fee for year ended 30 June 2022

At 30 June 2022, the Basic Performance Hurdle was £216,000,000 (as adjusted for all dividends paid during the performance period on their respective payment dates, compounded at the applicable annual rate) (2021: 249.84 pence).

The aggregate cash returned to Shareholders after 1 January 2022 was £8,338,000. Accordingly, no performance fee was earned during the year ended 30 June 2022 (2021: £Nil).

Ocorian Administration (Guernsey) Limited

The Administrator provides administration and company secretarial services to the Company. For these services, the Administrator is paid an annual fee of 0.12% (2021: 0.12%) of that part of the NAV of the Company up to £150 million and 0.1% (2021: 0.1%) of that part of the NAV over £150 million (subject to a minimum of £75,000 per annum). During the year, the Company incurred administration fees of £168,247 (2021: £134,392).

Butterfield Bank (Guernsey) Limited

Under the custodian agreement, the Custodian receives a fee, calculated and payable quarterly in arrears at the annual rate of 0.05% (2021: 0.05%) of the NAV per annum, subject to a minimum fee of £25,000 per annum. Transaction charges of £100 per trade for the first 200 trades processed in a calendar year and £75 per trade thereafter are also payable. During the year, the Company incurred custodian fees of £124,454 (2021: £55,465).

18. LOAN FACILITY

On 1 July 2020, the Company entered into a loan facility with Intertrader Limited whereby it transferred an amount of equity holdings with a value of £19.1 million as at 1 July 2020 to Intertrader Limited to be held as collateral for CFD instruments. The interest charged on the loan facility is 2% per annum of the daily overnight loan balance. The Company may draw on the loan facility of up to 25% of the value of the initial equity holdings transferred. The balance of this facility is as follows:

	2022	*2021*
	£	£
Opening balance	–	–
Drawdowns	–	22,785,705
Repayments by way of sale of CFD instruments	–	(22,975,306)
Repayments by way of dividends receivable on CFD instruments	–	(149,820)
Facility fees payable	–	316,925
Facility commissions payable	–	22,496
Closing balance	–	–

As at the date of this report, the amount owed to Intertrader Limited under the loan facility was £Nil (30 June 2021: £Nil). The loan facility remains in place without incurring any costs.

Notes to the Financial Statements
For the year ended 30 June 2022 (continued)

19. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors and on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.

20. POST BALANCE SHEET EVENTS

On 7 July 2022, the Company declared an interim dividend of £8,323,100 equating to 10 pence per Ordinary share, which was paid on 12 August 2021 to Shareholders on the register on 15 July 2022.

The Company reported that its unaudited NAV at 31 July 2022 was 149.32 pence per Ordinary share.

The Company reported that its unaudited NAV at 31 August 2022 was 137.02 pence per Ordinary share.

There were no other events subsequent to the reporting date, 30 June 2022.

Glossary of Capitalised Defined Terms

"**Admission**" means admission of the Ordinary shares on 17 June 2008, to the Official List and/or admission to trading on the Alternative Investment Market of the London Stock Exchange, as the context may require;

"**AEOI Rules**" means the Automatic Exchange of Information Rules;

"**AGM**" or "**Annual General Meeting**" means the annual general meeting of the Company;

"**AIF**" means Alternative Investment Funds;

"**AIFM**" means AIF Manager;

"**AIFM Directive**" means the EU Alternative Investment Fund Managers Directive (no. 2011/61/EU);

"**AIC**" means the Association of Investment Companies;

"**AIC Code**" means the AIC Code of Corporate Governance;

"**AIM**" means the Alternative Investment Market of the London Stock Exchange;

"**Annual Report**" means the annual publication of the Company to the Shareholders to describe its operations and financial conditions, together with the Company's financial statements;

"**APMs**" means Alternative Performance Measures.

"**ARR**" means annual recurring revenue;

"**Articles of Incorporation**" or "**Articles**" means the articles of incorporation of the Company;

"**Audited Financial Statements**" or "**Financial Statements**" means the audited annual financial statements of the Company, including the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and associated notes;

"**Australian Stock Exchange**" means the Australian Stock Exchange Limited;

"**Bank of England**" means the Bank of England, the central bank of the UK;

"**Board**" or "**Directors**" or "**Board of Directors**" means the directors of the Company;

"**BOE**" means barrels of oil equivalent;

"**Brexit**" means the departure of the UK from the European Union;

"**CBRS**" means Citizens Broadband Radio Service;

"**CEO**" means chief executive officer;

"**CE Mark**" means a certification mark that indicates conformity with health, safety, and environmental protection standards;

"**CFD**" means Contracts for Difference;

"**Committee**" means the Audit Committee of the Company;

"**Company**" or "**Fund**" means Crystal Amber Fund Limited;

"**Companies Law**" means the Companies (Guernsey) Law, 2008, (as amended);

"**CRS**" means Common Reporting Standard;

Glossary of Capitalised Defined Terms (continued)

"**EBITDA**" means earnings before interest, taxes, depreciation and amortisation;

"**EGM**" or "**Extraordinary General Meeting**" means an extraordinary general meeting of the Company;

"**EndoBarrier**" means a minimally invasive medical device for treatment of type 2 diabetes;

"**EPS**" means Early Production System;

"**Equals**" means Equals Group plc;

"**FATCA**" means Foreign Account Tax Compliance Act;

"**FCA**" means the Financial Conduct Authority;

"**FDA**" means the United States Food and Drug Administration;

"**FRC**" means the Financial Reporting Council;

"**FRC Code**" means the UK Corporate Governance Code published by the FRC;

"**FTSE**" means the Financial Times Stock Exchange;

"**FV**" means Fair Value;

"**FVTPL**" means Fair Value Through Profit or Loss;

"**General Counsel**" means the main lawyer who gives legal advice to a company;

"**GFSC**" means the Guernsey Financial Services Commission;

"**GFSC Code**" means the GFSC Finance Sector Code of Corporate Governance;

"**GID**" means GI Dynamics, Inc.;

"**Gross Asset Value**" means the value of the assets of the Company, before deducting its liabilities, and is expressed in Pounds Sterling;

"**HQ**" means headquarters;

"**IAS**" means international accounting standards as issued by the Board of the International Accounting Standards Committee;

"**IASB**" means the International Accounting Standards Board;

"**IFRIC**" means the IFRS Interpretations Committee, which issues IFRIC interpretations following approval by the IASB;

"**IFRS**" means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board;

"**Interim Financial Statements**" means the unaudited condensed interim financial statements of the Company, including the Condensed Statement of Profit or Loss and Other Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and associated notes;

"**Interim Report**" means the Company's interim report and unaudited condensed financial statements for the period ended 31 December;

Glossary of Capitalised Defined Terms (continued)

"**Investment Management Agreement**" means the agreement between the Company and the Investment Manager, dated 16 June 2008, as amended on 21 August 2013, further amended on 27 January 2015 and further amended on 12 June 2018. Additionally, the Investment Management Agreement was further amended and restated on 14 February 2022.

"**IPEV Capital Valuation Guidelines**" means the International Private Equity and Venture Capital Valuation Guidelines on the valuation of financial assets;

"**KPMG**" means KPMG Channel Islands Limited;

"**LSE**" or "**London Stock Exchange**" means the London Stock Exchange plc;

"**Market Capitalisation**" means the total number of Ordinary shares of the Company multiplied by the closing share price;

"**MW**" means megawatt;

"**NAV**" or "**Net Asset Value**" means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policies and expressed in Pounds Sterling;

"**NAV per share**" means the Net Asset Value per Ordinary share of the Company and is expressed in pence;

"**NMPI**" means Non-Mainstream Pooled Investments;

"**Official List**" is the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of the Financial Services and Markets Act 2000;

"**Ordinary share**" means an allotted, called up and fully paid Ordinary share of the Company of £0.01 each;

"**R&D**" means research and development;

"**Risk Committee**" means the Risk Committee of the Investment Manager;

"**S&P**" means Standard & Poor's Credit Market Services Europe Limited, a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 with effect from 31 October 2011;

"**SaaS**" means a Software-as-a-Service;

"**Smaller Companies Index**" means an index of small market capitalisation companies;

"**SME**" means small and medium sized enterprises;

"**SORP**" means Statement of Recommended Practice;

"**SPS**" means Spectrum Payment Services Ltd;

"**Stewardship Code**" means the Stewardship Code of the Company adopted from 14 June 2016, as published on the Company's website www.crystalamber.com;

"**Supreme Court**" means the highest court in the federal judiciary of the US;

"**Target Multiple**" means the maximum multiple of the original investment that could be paid, given value drivers, and receive a desired return on investment;

"**TISE**" means The International Stock Exchange;

"**Treasury**" means the reserve of Ordinary shares that have been repurchased by the Company;

Glossary of Capitalised Defined Terms (continued)

"**Treasury shares**" means Ordinary shares in the Company that have been repurchased by the Company and are held as Treasury shares;

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland;

"**UK Stewardship Code**" means the UK Stewardship Code published by the FRC in July 2010 and revised in September 2012;

"**US**" means the means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**US**$" or **"$"** means United States dollars;

"**US Federal Reserve**" means the Federal Reserve System, the central banking system of the US; and

"**£"** or "**Pounds Sterling**" or "**Sterling**" means British pounds sterling and "**pence**" means British pence.

Alternative Performance Measures

Alternative Performance Measures ("APMs")

We assess our performance using a variety of measures that are not specifically defined under IFRS and therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies.

Ongoing Charges

Ongoing charges are calculated using the AIC Ongoing Charges methodology, which was last updated in April 2022 and is available on the AIC website (theaic.co.uk). They represent the Company's investment management fee and all other operating expenses, excluding currency loss/profit, ad-hoc costs associated with portfolio transactions, ad-hoc research expenses and non-recurring legal and professional fees and are expressed as a percentage of the average Net Asset Value for the year. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost. The ongoing charges calculation is shown below:

	2022	*2021*
	£	*£*
Average NAV for the year (a)	125,257,263	108,461,324
Investment management fee	1,649,299	1,586,269
Other company expenses	820,179	657,782
Total recurring company expenses (b)	2,469,478	2,244,051
Ongoing Charges Ratio (b/a)	**1.97%**	**2.07%**

Net Asset Value ("NAV")

The NAV is the net assets attributable to shareholders that is, total assets less total liabilities, expressed as an amount per individual share.

NAV per share including dividends

A measure showing how the NAV per share has performed in the year, taking into account both capital returns and dividends paid to shareholders.

NAV total return is calculated by adjusting for dividends paid. It considers the changes in market value as well as other surges of income such as dividends expressed as a percentage. It shows a more accurate valuation of a stock's return.

The AIC shows NAV total return as a percentage change from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

Alternative Performance Measures (continued)

NAV per share including dividends (continued)

	2022 *Pence*
NAV per share including dividends	
Opening NAV per share (a)	146.81
Add Dividends for the year (b)	12.50
Opening NAV per share (c)	146.81
Closing NAV per share (d)	145.03
Movement in NAV per share in the year (e) = (d) – (c)	(1.78)
NAV per share including Dividends (f) = (a) + (b) + (e)	157.53
Increase in NAV per share in the year (g) = (f) – (a)	10.72
Percentage increase in NAV per share in the year (h) = (g)/(a) * 100	**7.3%**

Net Asset Value ("NAV") per share including dividends paid increased by 7.3%.

Total Return

Total return is calculated by taking the difference between the number of shares multiplied by NAV per share at both the start and end of the year. The increase or decrease percentage is calculated based on the opening value. Adjusting for dividends paid, the total return in the Company's NAV per share for the year was 8%

	2022 *Pence*
Total Return	
Number of shares (a)	1000.00
Opening NAV for the year (pence) (b)	146.81
(c) = (a) + (b)	1468.10
Number of shares (d)	1093.70
Closing NAV per share (e)	145.03
(f) = (d) + (e)	1586.19
Movement in the year (pence) (g) = (c) + (f)	118.09
Percentage Total Return (h) = (g)/(c) * 100	**8%**

Directors and General Information

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Christopher Waldron *(Chairman)*
Fred Hervouet *(Chairman of Remuneration and Management Engagement Committee)*
Jane Le Maitre *(Chairman of Audit Committee)*

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