CRYSTAL AMBER

Crystal Amber Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 June 2019

Company No. 47213

Contents

Highlights

- Net Asset Value ("NAV")[1] per share rose by 1.8% to 249.12p (244.62p at 30 June 2018, 221.67p at 31 December 2018). NAV total return for the year was 4.1% including reinvested dividends.
- Over the last three years, the Fund has delivered an annualised total NAV return of 20.5%.
- Realised gains of £17.9 million on Hurricane Energy plc and £3.7 million in Equals Group plc. Successful sales of investments in Boku Inc. and NCC Group during the year, realising profits of £3.1 million and £2.5 million respectively.
- Key contribution to NAV performance derived from Leaf Clean Energy Company's successful litigation against Invenergy Renewables.
- NAV growth held back by the performance of De La Rue plc and Northgate plc.
- Share buy-back programme maintained, with average discount to month end NAV through the year of 7.8% (2018: 3.0%).
- To date the value of shares created and gifted to charitable organisations amounts to approximately £1 million.

[1] All capitalised terms are defined in the Glossary of Capitalised Defined Terms on pages 63 to 66 unless separately defined.

Chairman's Statement

I am pleased to present the twelfth annual report of Crystal Amber Fund Limited ("the Fund"), for the year to 30 June 2019. At that point, NAV was £238.8 million, compared with an unaudited NAV of £213.8 million at 31 December 2018 and an audited £238.1 million at 30 June 2018. NAV per share was 249.12 pence at 30 June 2019 compared with 221.67 pence at 31 December 2018 and 244.62 pence at 30 June 2018.

The period was dominated by the uncertainty around Brexit. Equities moved sideways as deal activity reduced and consumer confidence weakened. Globally, the ongoing trade negotiations between the US and China made little progress. The frail economic outlook saw a monetary policy about turn at the Federal Reserve towards easing, after a period of timid interest rate hikes.

In my interim statement in March, I described the possibility of a "no deal" Brexit at the then deadline of March 29 as "incredible". Six months later, with a new prime minister and a new deadline of 31 October, a "no deal" outcome looks far from incredible and is, in fact, a realistic possibility. The extent to which the threat of "no deal" turns out to be an extreme negotiating gambit rather than a serious policy decision is unknown at the time of writing, but it continues to unsettle markets. It is also increasingly likely that there will be a general election before the end of the year, which has the potential to result in a business-unfriendly Labour led administration.

It is hardly surprising, therefore, that international investors have reduced their exposure to UK assets to historically low levels, sterling has continued to weaken and domestic UK equities have underperformed. Given this background, the Fund's NAV performance has been very encouraging. NAV per share increased by 1.8% during the year and, with dividends reinvested, NAV total return was 4.1%. The Fund has delivered an excellent annualised total return on NAV of 20.5% over the last three years, and 11.6% over the last five years. This compares favourably to the Numis Smaller Companies Index total returns of 10.9 and 7.5% over the same three-year and five-year periods.

The Fund remains focused on its activist approach which can generate positive returns regardless of market direction. During the year this patient approach proved particularly successful with Leaf Clean Energy and, although progress has been frustrating in some areas, such as De La Rue and Northgate, we remain confident that there is significant value to be unlocked from the Fund's portfolio.

During the year, the Fund bought back 1,728,800 of its own shares at an average price of 213.05 pence as part of its strategy to limit any substantial discount of the Fund's share price to NAV. Over the year, the Fund's shares traded at an average month-end discount to NAV of 7.8%. At the year end, the shares traded at a discount of 16.9% to NAV. The share buyback programme contributed 0.3% to NAV per share growth during the year.

The Fund declared interim dividends of 2.5 pence in July 2018 and December 2018, in line with the dividend policy of paying 5.0 pence per year. At the 2018 AGM, interim dividends previously paid were ratified by shareholders.

During the year, the Fund created and issued 250,000 shares to ten charities. Today, it has issued an additional 125,000 shares. This follows the authority granted at the Fund's Annual General Meeting in November 2017, and renewed in November 2018. The total value of shares gifted to date is approximately £1 million. The Fund is delighted to assist so many worthy causes including Cancer Research UK, UNICEF and the World Wildlife Fund. The Fund always seeks to make a positive difference and I believe that these donations do just that. Were all listed companies to follow Crystal Amber's initiative, for a dilution of just 0.25% per annum, every year, several billion pounds could be directed towards less fortunate members of society.

Christopher Waldron
Chairman

12 September 2019

Investment Manager's Report

Performance

The Fund's NAV per share increased by 1.8% during the year. With dividends reinvested, total returns per share for the year were 4.1%. This compares favourably to the Numis Smaller Companies Index total return of -1.8% over the same period.

Key contributors to performance were Leaf Clean Energy Company (7.1%), GI Dynamics Inc. (4.2%), Hurricane Energy plc (3.6%), Equals Group plc (2.0%) and Boku Inc. (0.6%). The main detractors were De La Rue plc (5.1%), STV Group plc (2%), Northgate plc (1.4%), Cenkos plc (0.7%) and Sutton Harbour Holdings plc (0.3%).

The Fund's performance is calculated after portfolio protection through the purchase of FTSE put options. Over the year, this reduced NAV performance by 1.9%.

Portfolio and Strategy

At 30 June 2019, the Fund held equity investments in 18 companies (2018: 16), including one unlisted company. The Fund also held warrants and a senior debt instrument in GI Dynamics. Warrants over Hurricane Energy plc and Equals Group plc shares were exercised during the year.

Taking account of all investment instruments, the Fund's exposure to its top ten investee companies amounted to 96.8% of NAV at 30 June 2019 (2018: 90.7%). The Fund's month-end average net cash and accruals position was -0.8% (2018: 0%), meaning that it has been fully invested over the year.

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

Over the year to 30 June 2019, the weighted average market capitalisation of the Fund's listed investee companies was £420 million (2018: £491 million).

The table below lists the Fund's top ten shareholdings as at 30 June 2019, the equity stake that those positions represent in the investee company and their percentage contribution to NAV performance over the year.

Investment Manager's Report (continued)

Portfolio and Strategy (continued)

The table below lists the Fund's top ten shareholdings, the equity stake that those positions represent in the investee company and their percentage contribution to NAV performance over the year.

Top ten shareholders	*Pence per share*	*Percentage of NAV*	*Percentage of investee equity held*	*Contribution to NAV performance*[(1)]
Hurricane Energy plc	54.9	22.0%	5.0%	3.6%
Equals Group plc *(formerly FairFX Group plc)*	49.8	20.0%	23.4%	2.0%
Northgate plc	36.7	15.0%	7.6%	(1.4%)
De La Rue plc	20.9	8.0%	6.4%	(5.1%)
Leaf Clean Energy Co.	18.0	7.0%	25.3%	7.1%
STV Group plc	16.1	6.0%	11.4%	(2.0%)
GI Dynamics Inc.[(2)]	15.4	6.0%	65.1%	1.7%
Allied Minds plc	9.1	4.0%	5.0%	0.5%
Board Intelligence	5.8	2.0%	*	0.8%
Sutton Harbour	3.2	1.0%	10.7%	(0.3%)
Total of ten largest shareholdings	229.9			
Other investments	21.9			0.2%
Cash and accruals	(2.7)			
Total NAV	**249.1**			

(1) Percentage contribution stated for equity holdings only, including warrants exercised during the period. Other instruments such as outstanding warrants and debt are included in the performance contribution calculation of the prior section of this report.

(2) Following the conversion of unsecured loan notes.

* Board Intelligence Ltd is a private company and its shares are not listed on a stock exchange. Therefore, the percentage held is not disclosed.

Seven of the Fund's top ten positions at 30 June 2019 were amongst the top ten at 30 June 2018. Over the year, the position in Equals Group plc increased to 23.4% (2018: 19.2%) of the issued equity of Equals Group plc through the exercise of warrants and open market purchases, despite the Fund realising a £3.7 million profit on the sale of part of this investment. The Fund increased its position in Northgate plc to 7.6% (2018: 6.3%) and De La Rue plc to 6.4% (2018: 3.2%). Leaf Clean's position was reduced taking a profit of £0.8 million after its successful appeal. STV Group's position was reduced to 11.4% of the equity (2018: 18.2%). The Fund increased its investment in GI Dynamics through the conversion of loan notes to equity at the end of the period and market purchases, as explained in the GI Dynamics section of this report, taking the Fund's stake to 65.1%.

The holding in Allied Minds was acquired during the year. NCC Group plc and Boku Inc. were sold outright.

Investment Manager's Report (continued)

Investee companies

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

Hurricane Energy plc

Hurricane is an oil exploration company targeting naturally fractured basement reservoirs in the West of Shetland. It controls 2.6 billion Barrels of Oil Equivalent ("BOE") certified resources and reserves. The Fund's previous annual reports include additional background information on this investment.

This was a year of great achievement for Hurricane. In September, it agreed a farm-in deal with Spirit Energy over 50% of its Greater Warwick acreage. The company's first farm-in deal with an industry partner supports the case for basement reservoirs in the UK continental shelf. The deal also re-started Hurricane's exploration operations with an intensive three-year appraisal campaign. As Warwick had only been drilled once by Hurricane in 2016, it was behind Lancaster in the appraisal and development process. Spirit's commitment of $387 million should accelerate this. As such, we believe that the deal with Spirit is transformational for Hurricane.

The Greater Warwick exploration campaign started in the spring of 2019 with a three-well programme, fully funded by Spirit. The first well was the riskiest due to its depth, and unfortunately results were disappointing. Oil was discovered but it did not flow at commercial rates and so the well was abandoned. The campaign has continued with the Lincoln Crestal well. In parallel, long lead items have been ordered so that in 2020 one of the wells drilled in 2019 will be tied back to the Floating Production and Storage vessel for production appraisal. As with the Lancaster Early Production System ("EPS"), this step will enable collection of additional reservoir data ahead of an initial full field development of 500 million barrels of reserves. This approach is expected to leverage Hurricane's Lancaster infrastructure, and generate incremental revenues to the company at little additional cost.

In June 2019, Hurricane announced first oil from its EPS. This has been delivered on time and on budget albeit with a protracted final hook-up phase. In July 2019, following the period end, the company advised that the EPS was performing above expectations during the first month of operation and increased its production forecast. The two horizontal wells are producing 20k BOE per day under natural flow conditions, that is, without electrical pumps. Whilst it is too early to establish the asset's long-term potential, initial production data supports the company's reservoir model. Hurricane retains 100% ownership of this asset that is expected to generate US$200 million per annum at US$60/BOE. This cash flow underpins Hurricane's options to appraise further its Great Lancaster asset either independently or in partnership.

The Fund is a longstanding supporter of Hurricane, having funded its exploration efforts since 2013 and its production strategy since 2016, when the EPS's long lead items were first purchased. Over the last year, Hurricane has developed in size and complexity and continued to perform well. Over the period, the Fund reduced its opening position by 22% as it took profits of £17.9 million and exercised its warrants over 23.3 million shares. Despite banking total profits of £41.8 million on Hurricane, the year-end carrying value includes an unrealised profit of £28.0 million.

Equals Group plc ("Equals")

Equals is an international payment services provider operating under an e-money licence. It serves retail and business customers mainly in the United Kingdom. Equals provides faster, cheaper and more convenient money management than traditional banking services. In June 2019, the company rebranded from FairFX to Equals to reflect the broader range of services it now offers that go beyond foreign currency. Equals' reliability and excellent customer service have earned it a five-star Trustpilot score.

Investment Manager's Report (continued)

Investee companies (continued)

Equals Group plc ("Equals") (continued)

Equals' strategy to date has been focused on improving scale and operational efficiencies across its platform, which has been driven through R&D investment, acquisition and rationalising its supply chain. Equals' services include international payments, corporate expenses, current accounts, credit facilities, currency cards and travel cash. Through its subsidiary, Spectrum Payment Services Ltd (SPS), Equals has access to real-time settlement accounts with the Bank of England and is a member of the UK faster payments scheme, meaning customers can transfer and receive funds instantly. In 2018, Equals processed more than 1 million transactions, which it is now able to process in real-time and at lower cost. SPS is also approved by the FCA to provide credit facilities, acting as a broker, which is a significant cross-selling opportunity.

During the year, Equals announced a binding term sheet with Metropolitan Commercial Bank for a multi-year contract to provide payment services in the US. The agreement covers both international payments and prepaid card issuance. Equals' is confident that there is strong demand for their corporate expense platform in the US, which could provide an additional growth engine for the business.

Equals' 2018 full year results showed revenue increasing to £26 million (up 69%) and adjusted profit after tax increasing from £1 million to £7 million. Equals has also surpassed the one million customers milestone.

The Fund's position in Equals dates from a 20p per share placing in March 2016. This included warrants that were fully exercised in the period. Following very favourable share price performance over the Fund's 2018 financial year, the stock has been range bound with headwinds from Brexit and UK macro uncertainty.

The Fund has continued to provide strategic advice to Equals throughout the year and advocated the development of a broader platform of services that take advantage of regulatory and technological change. Equals is embarking on a major marketing and product refresh over the latter months of 2019.

Northgate plc

Northgate is the leading light commercial vehicle flexible hire business in the UK, Spain and Ireland. The company is expanding its minimum term hire offering to help its customers accelerate their switch away from vehicle ownership. Northgate has a fleet of around 106,000 vehicles and operates from more than 100 sites.

In March 2019, for only the second time in its eleven-year history, the Fund judged it necessary to requisition a shareholder general meeting to effect change at the board of an investee company. This followed extensive attempts to engage with Northgate's executive and non-executive directors since the Fund's investment in April 2016. In response to the meeting requisition, Northgate announced the resignation of its chairman, Andrew Page, with immediate effect.

The Fund's assessment is that Northgate has suffered from inadequate strategic leadership, overseen by a board lacking in direct experience within hire industries. Following the departure of Andrew Page, we expressed our view that the new chair should be someone with relevant industry experience, and who would be focused on delivering the best outcome for Northgate's stakeholders, including being supportive of releasing Northgate's strategic value. The Fund is therefore encouraged by last month's announcement of the appointment of Avril Palmer-Baunack as the new chair of Northgate.

At 347.5p as of 28 June 2019, Northgate's shares traded at a substantial discount to the company's reported net tangible asset value of 412p per share as at 30 April 2019, which is roughly equivalent to the market value of Northgate's fleet.

Investment Manager's Report (continued)

Investee companies (continued)

Northgate plc (continued)

Northgate's well-managed Spanish business, which generates over half of the group's operating profit, is the clear leader in its market with a strong brand, good geographic coverage and an attractive return on assets. The Fund believes that the considerable value of the Spanish business is not reflected in Northgate's share price and that the company should therefore properly explore all options to realise the value of this asset. For example, if the Spanish business were to be worth 130% of net asset value to an acquirer, then investors in Northgate would be currently paying less than one third of net asset value for the residual UK and Ireland businesses.

Whilst the Fund takes some comfort from the progress made to date in returning UK vehicle-on-hire numbers to growth, it is disappointed that UK margins and returns on capital remain very depressed.

The Fund would have welcomed share purchases by Northgate's directors following the full year results announcement, as a demonstration of their belief in the company's prospects and undervaluation. The Fund expects rental margins, returns on capital and the dividend (5.7% current yield) to grow, driven predominantly by further fleet growth and consequent scale benefits in all geographies.

De La Rue plc

De La Rue designs and prints banknotes and produces related components, including security features. The company also supplies tax stamps as well as products and software to authenticate and track individual products throughout their supply chains, and it produces components for inclusion within individual identity documents. De La Rue is the incumbent provider of passports to the UK, under a long-term contract due to end in March 2020.

Following its latest full-year results announcement on 30 May 2019, De La Rue's share price fell by 34%, despite management's claims that the company's performance had been "reasonable" and had "broadly met market expectations." These claims did not reflect the reality that the £60 million of management-adjusted operating profits included an unexpected £7 million benefit from an accounting standard change and ignored an £18 million provision charge related to the supply of banknotes to Venezuela. Along with its results, De La Rue also announced that chief executive Martin Sutherland would be leaving the company following the appointment of a successor. To date, the total shareholder return during his five-year tenure has been -45%.

Following the Fund's meeting in June 2019 with De La Rue's chairman Philip Rogerson, the chairman subsequently reneged on an agreement to engage with a leading industry player who had indicated to Crystal Amber that it was open to a dialogue with the company to explore mutually beneficial strategic opportunities. As a result, on 20 June 2019 Crystal Amber wrote to Philip Rogerson stating that "we have concluded that all stakeholders would be better served if you now stand down from the board." On 24 June 2019, De La Rue announced that Philip Rogerson would be leaving the board once a new chief executive had been recruited. On 2 September 2019, De La Rue announced that Philip Rogerson will be leaving the board on 1 October 2019. To date, no chief executive has been recruited.

On 23 July 2019 the UK Serious Fraud Office announced the commencement of an investigation into De La Rue and its associated persons in relation to suspected corruption in the conduct of business in South Sudan. This caused the share price to fall a further 22% over the subsequent two days.

At De La Rue's annual general meeting on 25 July 2019, only 52% of votes were cast in approval of the directors' remuneration report. The Fund had objected strenuously to the payment of bonuses to executive management following a year of poor underlying financial performance (as was recognised by the stock market).

Investment Manager's Report (continued)

Investee companies (continued)

De La Rue plc (continued)

As far back as September 2018, the Fund introduced De La Rue to a director of the Swiss National Bank, with the hope and expectation that the Swiss National Bank would become both a long-standing customer and a shareholder. The Fund subsequently witnessed how this opportunity was squandered. It was equally as baffling as the decision to continue to print banknotes for the Central Bank of Venezuela without requiring payment in advance, despite the political environment and tightening sanctions. De La Rue has since provided in full for the non-payment of £18 million from this customer. Shamefully, the board of De La Rue awarded the CEO of De La Rue a bonus of £197,000 by including the invoice for the Central Bank of Venezuela in calculating his bonus yet excluding the full provision. The destruction of shareholder value at De La Rue is the direct result of an appalling level of mismanagement, arrogance and lack of accountability at this once great British company.

Notwithstanding these recent developments, the Fund continues to believe that De La Rue enjoys a combination of strong competitive positions in high return businesses and attractive growth opportunities backed by a capacity for both significant organic investment and the acquisition of further technological competencies. Regrettably, the mismanaged and opaque communication surrounding the full year results overshadowed some material positive developments, including a 20% increase in the company's total order book (now disclosed, following repeated requests by the Fund) and a 38% increase in its revenue from security features.

De La Rue also has obvious strategic value, as evidenced by the takeover approach from its competitor Oberthur in late 2010, and the acquisition last year of another banknote producer, Crane Currency, for US$800 million. The Fund notes that the shares now trade at below one quarter of the price offered by Oberthur, a cash bid rejected by De La Rue's board at the time.

In the Fund's view, De La Rue has suffered from a lack of strong and knowledgeable leadership, including an insufficient understanding of investor expectations and how to deliver against them. This has resulted in an unacceptable financial performance over many years, evidenced amongst other factors by a drop in earnings per share despite tailwinds from the company's various end-markets.

The Fund believes that the board departures announced recently create an opportunity to build a higher-quality leadership team able to maximise the value of the banknote business and to capitalise on the opportunities presented by De La Rue's high-growth, high-margin authentication activities.

Leaf Clean Energy Co ("Leaf Clean")

Leaf Clean is an investment company focused on clean energy, largely in North America. It currently owns three assets the largest of which is a claim against Invenergy Renewables ("Invenergy", formerly Invenergy Wind) that accounted for substantially all of Leaf's NAV at 31 December 2018. The Fund's previous Annual Reports contain the background to this investment.

The investment in Leaf Clean has been a key contributor to performance of the Fund this year. The Fund first invested in Leaf Clean in October 2013. Following engagement with the then company board, the Fund took decisive action to change the leadership of the company. An EGM requisition resulted in the replacement of the chairman and executive directors. The Fund supported a new executive chairman with a clear mandate to realise investments in an orderly fashion. An incentive package was agreed based on the cash returned to shareholders. The new board decisively cut additional funding to unsuccessful investments, initiated disposals and reduced running costs.

Investment Manager's Report (continued)

Investee companies (continued)

Leaf Clean Energy Co ("Leaf Clean") (continued)

As a direct result of the Fund's activism, Leaf Clean has been in orderly realisation since July 2014. In 2015, management advised that the realisation of all investments would probably take two years. However, the Fund noted that timings were unpredictable, given the private nature of the investments. Unfortunately, the unwillingness of the company's main investment, Invenergy, to abide by the terms of the investment agreement has extended the process to the present date.

Invenergy is North America's largest independent privately held renewable energy provider. It has developed over 15,000 MW of generation capacity in over 100 projects. Leaf Clean initially invested $40 million in convertible notes in 2008 and 2009. It elected to convert its interest into a 2.3% equity stake in June 2015. In July 2015, TerraForm Power announced the signing of definitive agreements for a proposed purchase from Invenergy of 930 MW of contracted wind power generation facilities. On 16 December 2015, the transaction closed and on 21 December 2015, Leaf Clean filed a complaint against Invenergy for breach of contract. The complaint alleges that Invenergy was required either to obtain Leaf Clean's consent to the sale prior to its consummation or, in the absence of such consent, make a payment to Leaf Clean upon the closing of the sale. Leaf Clean did not consent to the sale and Invenergy made no payment to Leaf Clean.

In July 2016 Leaf Clean announced a favourable preliminary decision, which was subsequently reversed. In September 2017, the Fund provided a commitment of up to US$2.5 million to support the company's ongoing litigation with Invenergy. In April 2018, Leaf Clean received the Chancery Court decision which found that Invenergy had breached its contractual obligations but surprisingly held that Leaf Clean was only entitled to nominal damages. The final market value for Leaf Clean's stake in Invenergy was set at US$50.7 million. Leaf Clean lodged an appeal at the Supreme Court against this judgement seeking an additional payment of US$85.8 million.

In May 2019, the Delaware Supreme Court held that Leaf Clean was entitled to damages in the full amount of its contractually defined Target Multiple and, therefore, reversed the Court of Chancery's decision to award only nominal damages. In June 2019, the Chancery Court entered its final order and judgement, ordering Invenergy to pay Leaf Clean US$114.5 million. Consistent with its litigious stance throughout the process, Invenergy notified Leaf Clean of its intention to appeal and filed for a review of the interest payment calculation at the Supreme Court.

Following the year end, in July 2019, Leaf Clean announced a £53.1 million capital return, which was effected in August 2019 by means of pro-rata share cancellation.

The Fund invested £13.0 million in Leaf Clean. By the year end, it had received £7.8 million from the 2015 special dividend and the 2018 capital return. In August 2019, it received £13.4 million from the latest capital return. The value of the Fund's holding at the end of August 2019 was £4.5 million. The Fund is pleased that its intensive engagement with Leaf Clean and subsequent strategic support has delivered an excellent outcome for Leaf Clean's shareholders.

STV Group plc

STV broadcasts free to air TV in Scotland through the Channel 3 licence. Following ITV plc's ("ITV") acquisition of UTV Ireland in 2016, STV is the only franchise in that channel not owned by the ITV network. 95% of STV's broadcast content is produced by ITV and purchased by STV through long term agreements. These agreements have a revenue share component that distinguishes STV's business model from that of other broadcasters. STV's programming costs fluctuate with its advertising revenues, limiting its operational gearing. The Fund's previous Annual Reports contain additional background on the company.

Investment Manager's Report (continued)

Investee companies (continued)

STV Group plc (continued)

Over the period, STV initiated the execution of its new strategy, focused on growing digital revenues and the production division. Two new divisional heads were recruited, and substantial operational progress has been made.

On the digital division, the company has focused on optimising the user experience in its Player product and on making this available in additional platforms. Bugs have been ironed out and the user experience improved. For those who prefer to watch advert free, STV launched a subscription service for Apple's iOS, which will be rolled out across other platforms. It also announced deals with two retransmission partners, Virgin TV and Sky, and has already launched on Virgin´s platform. The increased availability of STV's own player product on additional platforms and the improved user experience will give the company more digital video advertising inventory to sell. This inventory has achieved and sustained premium rates relative to other digital channels. In the first quarter of 2019, the digital audience was up 30% year on year.

The Fund has been an investor since 2013. As a result of renewed Brexit concerns, the Fund realised profits on part of this holding during the second half of the year. At 30 June 2019, it was the Fund's sixth largest position.

GI Dynamics Inc.

GI Dynamics is the developer of the EndoBarrier, a minimally invasive therapy for the treatment of Type 2 diabetes and obesity. EndoBarrier is a temporary bypass sleeve that is endoscopically delivered to the duodenal intestine. It offers similar effects to the surgical gastric bypass, without the risks of a major surgical procedure. The Fund's previous annual reports contain the background to the company and the Fund's investment.

Over the period, GI Dynamics took its first steps to rebuild its strategy by securing a US FDA pivotal trial, appointing a new CE Mark accreditation body and reaching an agreement with Apollo Sugar for a trial in India.

The company secured permission for its new US clinical trial, the STEP-1 trial, in August 2018. This was obtained without a costly product re-design. During the remainder of the period, GI Dynamics has undertaken the necessary preparations for the trial. It has expanded its team, fulfilled the relevant regulatory steps and finalised agreements with high calibre research centres. For example, the principal trial site will be Brigham and Women's Hospital, a teaching affiliate of Harvard Medical School. Another centre is the Thomas Jefferson University Hospital of Philadelphia, a top 100 facility in America according to Becker's Hospital Review.

The trial will begin enrolling patients who have type 2 diabetes and obesity during the second half of 2019. The primary endpoint of STEP-1 is reduction in average blood sugar levels (HbA1c) at 12 months of treatment. The pivotal trial will consist of randomized EndoBarrier implant and control groups; patients in both groups will receive identical lifestyle therapy that complies with the most current American Diabetes Association guidelines.

In November 2018, GI Dynamics announced an agreement with Apollo Sugar to study the safety and efficacy of EndoBarrier in India. Apollo Sugar is a division of Apollo Hospitals Group ("Apollo") in partnership with Sanofi. It is focused on the treatment of metabolic disorders and operates a network of centres of excellence for diabetes, obesity and endocrinology. Apollo is the largest hospital system in India. The agreement provides for the commencement of a clinical trial with 100 patients which would enable the commercialisation of the EndoBarrier in India.

Investment Manager's Report (continued)

Investee companies (continued)

GI Dynamics Inc. (continued)

The Fund participated in an equity placing in November 2018 worth $2.4m and purchased two convertible loan notes worth a combined $4 million in March and May 2019. The Fund converted its three outstanding unsecured loan notes to equity at the end of June 2019, with an aggregate principal of $5.75 million. The maturity of the Fund's $5 million secured loan note was extended. The Fund retained the warrants issued in conjunction with the loan notes.

The agreement with Apollo Sugar is an excellent endorsement of the attractiveness of GI Dynamics' EndoBarrier. It creates an additional path to create value in parallel to the FDA and the CE Mark certifications. Despite the company's limited resources, the company continues to make progress toward regulatory approval for the EndoBarrier.

Allied Minds plc

Allied Minds describes itself as an early-stage investor in technology and life science companies. In 2014, it listed on the London Stock Exchange at 190p per share, valuing the company at £398m. In December 2016, it raised £64m at 367p per share. Since its formation, Allied Minds has invested in over 40 companies. In 2017, it discontinued funding of several portfolio companies in order to focus primarily on its six largest remaining portfolio companies. From 2014 to 2018, Allied Minds reported total operating losses of US$464 million.

The net asset value of Allied Minds now comprises four significant technology and space-related investments, two life-sciences investments that have been substantially written-down, four small new investments made since 2017, and a cash balance of around US$25-30 million after two recently announced follow-on investments. Based on the disclosure regarding individual investee company holding values, we estimate that Allied Minds' net asset value currently stands at between 95p and 105p per share.

The Fund initiated an investment in Allied Minds during autumn 2018 and currently owns 6.9% of its issued share capital at an average cost of 60.6p per share.

Following the Fund's investment, concerns were expressed to the company regarding its excessive parent company running costs and the urgent need to realign its cost base. The Fund also objected to elements of the management's compensation, specifically the long-term incentive shares that had cost around US$3.9 million during the first half of 2018, and also the unprecedented practice of paying out 10% of gains arising from any successful individual investment independent of the scale of losses incurred on other investments in the portfolio (the "Phantom Plan").

On 7 February 2019, Allied Minds announced that its annualised HQ cash operating expenses would fall by over 40%, extending its cash runway into 2021. However, this left total HQ expenses at a still-unacceptable level of around US$13m per annum. Following a meeting with then-chief executive Jill Smith, the manager wrote to the company reiterating the Fund's concerns.

On 26 April 2019, along with its 2018 results, Allied Minds announced that it would henceforth focus on maximising returns from its ten portfolio companies and related shareholder distributions, rather than continuing to invest in new businesses. It also stated that annualised HQ cash operating expenses would be cut by a further US$2-3 million compared to the implied target from February, extending its cash runway from around two years to three or four years. Furthermore, the company ceased disclosing a proxy for net asset value, which enabled it to avoid specifying the scale of markdown to its two largest life sciences investments, SciFluor and Precision Biopsy.

Investment Manager's Report (continued)

Investee companies (continued)

Allied Minds plc (continued)

On 10 June 2019, Allied Minds announced that Jill Smith had resigned as Chief Executive, to be replaced as co-CEOs by the chief financial officer and the General Counsel. The remuneration terms for the co-CEOs have not yet been disclosed, but the Fund questions why a portfolio of only ten holdings and with a stated aim of reducing HQ costs is better served by having two CEOs rather than one. Allied Minds also disclosed its decision not to make any further grants under its long-term incentive plan, including cancelling the issuance that had been planned for May following the 2018 results.

On 20 June 2019, Allied Minds announced that its chairman and senior independent director would no longer seek re-election to the board at the AGM scheduled for 28 June. This leaves a board composed of three non-executive directors (appointed in April 2014, November 2017 and May 2018) plus the co-CEOs.

On 6 August 2019 HawkEye 360, one of the top-four portfolio companies, announced it had raised US$70 million at a valuation more than double its September 2018 round. The Fund believes that this fundraising added at least 8p to Allied Mind's net asset value per share, after accruing for the Phantom Plan. On 4 September 2019 Federated Wireless, another of the top-four portfolio companies, announced it had raised US$51 million at a valuation more than 20% higher than its September 2017 round, adding a further 3 to 4p to Allied Mind's net asset value per share.

Notwithstanding the recent positive news regarding HawkEye 360 and Federated Wireless, the Fund notes that the share price of Allied Minds continues to trade at a very material discount to its estimated net asset value. The Fund attributes this to the continued excessive level of central operating expenses for a company now in run-off where four investments plus parent-level cash account for more than 90% of asset value and the board's failure to cancel the egregious Phantom Plan that ignores all portfolio losses when calculating management bonuses.

The Fund believes that the scale of share price discount has not been addressed by the board of Allied Minds and therefore intends to take appropriate action.

Board Intelligence ("BI")

BI is a privately-owned UK company with a mission to improve the quality of board decision-making. The company offers cloud-based board-pack tools on a Software-as-a-Service (SaaS) basis. The product encompasses workflow management for the drafting of meeting packs, structured communication templates to improve the effectiveness of meetings, and an app-based portal allowing meeting participants to access information securely. The primary audience is corporate boards, but the tools can also be used by other committees.

SaaS products have high contribution margins: platform costs are relatively fixed, so they experience significant operating leverage as volumes increase – profit margins are higher than is evident during the growth phase. BI's customer acquisition cost is low relative to the customer lifetime value, so growth in the customer base is incremental to the company's enterprise value. Price is a secondary consideration relative to the high value attributed to any improvement in board meeting productivity and data security. Furthermore, once a solution is adopted by a company there are switching costs to change to another provider, which results in low organic churn.

BI has a very impressive client list, including UK large-caps and government departments, and has emphatic public testimonials from leading companies such as Rolls Royce and National Grid. The Fund does not invest in unquoted companies save in exceptional circumstances but was attracted by the economics of the business and the many growth opportunities amongst the 9,350 UK organisations employing over 250 people that could make use of this product. BI also has options to expand the product internationally.

Investment Manager's Report (continued)

Investee companies (continued)

Board Intelligence ("BI") (continued)

The Fund invested in BI in 2018 at a significant discount to the valuation multiples of listed cloud/SaaS companies. The company's Annual Recurring Revenue (ARR) has subsequently continued to grow at an impressive rate without the cash burn shown by many high growth companies. BI has a dynamic entrepreneurial management team who have used our investment to strengthen the organisation and enhance the product. The Fund continues to engage with management on how to maximise long-term value.

Sutton Harbour Group plc

Sutton Harbour owns and operates Sutton Harbour in the Barbican, Plymouth's historic old port, and holds the lease to Plymouth's 113-acre former airport site. Sutton Harbour includes a leisure marina, the second largest fresh fish market in England and an estate of investment properties around the harbour. The marina is a 5 Gold Anchor rated facility and considered to be one of the best deep water harbours in the South West. The Fund's previous annual reports provide further background to this investment.

From the beginning of 2018, FB Investors LLP have been the majority shareholders in the company and have been shaping Sutton Harbour's new strategy. In July 2018, the new management submitted a planning application for the redevelopment of Sugar Quay and Harbour Arch Quay. This was approved in November 2018 and the company launched a £3 million open offer to fund post planning pre-construction phase project costs, capital maintenance project costs and to provide cash headroom. The Fund took its full entitlement and has continued to grow this position.

In March 2019, the government inspectors' report concerning the local authority's new planning framework was issued. It affirmed the safeguarding of the former airport site for possible general aviation use for a period not to exceed five years.

Final results to the end of March 2019 reported NAV of 39.4 pence per share versus a then share price of 26.8 pence.

The Fund maintains an open dialogue with the company and remains supportive of its new management strategy.

Outlook

The Fund is increasingly cautious on the outlook for markets. Trade tensions, Brexit uncertainty and political divisiveness have increased. With its focus on UK companies, the Fund believes that Sterling's weakness has created several activist opportunities particularly attractive to overseas acquirers.

In the coming year, the Fund may opportunistically increase its cash balances and will continue to focus on activist opportunities that can generate attractive returns regardless of broader market conditions. In the interim, the Fund continues to follow its policy of purchasing put options to provide some protection against a significant market sell-off.

Crystal Amber Asset Management (Guernsey) Limited

12 September 2019

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 £1,000 million. 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.

At the date of signing these Financial Statements, the investment strategy and investment restrictions which applied to the Company following Admission and after the passing of Resolution 1 at the EGM held on 15 August 2013, were as follows:

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.

Pending investment of the type referred to above, the Company's funds will be placed on deposit but the Company also has the flexibility to make other investments (including money market instruments) which are considered to be reasonably liquid in order to ensure that its funds are appropriately deployed. The Company may, in certain circumstances, acquire stakes in target companies from investors in exchange for shares in the 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 Policy (continued)

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.

Dividend policy

With effect from 1 January 2015, the annual target dividend was increased to 5 pence per share. The Company's dividend policy is to distribute to shareholders, as a dividend, a proportion of the income received from the Company's portfolio holdings. In certain circumstances, the Company may make distribution payments out of realised investments if it is considered to be in the best interests of shareholders.

Due to the nature of the Company's investment objective and strategy, the timing and amount of investment income cannot be predicted and is dependent on the composition of the Company's portfolio. Before recommending any dividend, the Board will consider the capital and cash positions of the Company, and the impact on such capital and cash by virtue of paying that dividend, and will ensure that the Company will satisfy the solvency test, as prescribed by the Companies Law, immediately after payment of any dividend. Therefore, there can be no guarantee as to the timing and amount of any distribution payable by the Company. The projected dividends set out above are targets only and there can be no assurance that these targets can, or will, be met.

Composition of the portfolio

The Board, Investment Manager and Investment Adviser believe that the number of potential target companies is high with more than 2,000 companies quoted on AIM or the Official List and they consider that a significant number of these are in the Company's targeted range.

Target investee companies typically operate in one or more of the following sectors:

- consumer products;
- industrial products;
- retail;
- support services;
- healthcare; or
- financial services.

However, the Company is not restricted to these sectors and investment decisions are taken based on market conditions and other investment considerations at the time.

Report of the Directors

Incorporation

The Company was incorporated on 22 June 2007 and the Company 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 £1,000 million.

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 14.

Results and dividend

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 36.

On 6 July 2018, the Company declared an interim dividend of £2,433,145 equating to 2.5 pence per Ordinary share, which was paid on 17 August 2018 to shareholders on the register on 20 July 2018.

On 13 December 2018, the Company declared an interim dividend of £2,412,832 equating to 2.5 pence per Ordinary share, which was paid on 18 January 2019 to shareholders on the register on 21 December 2018.

Subsequent to the year end, on 10 July 2019, the Company declared an interim dividend of £2,369,550, equating to 2.5 pence per Ordinary share, which was paid on 19 August 2019 to shareholders on the register on 19 July 2019.

Going concern

The Directors 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.

Discontinuation vote

The Company is subject to a discontinuation vote scheduled to occur every two years. Following the results of the 2018 AGM, an extraordinary resolution was passed under which 75% of votes would be required to cease to continue as currently constituted. The next discontinuation vote will be proposed at the 2019 AGM. Following due inquiry, the Directors have no reason to doubt that shareholders will vote to enable the Company to continue as constituted at the 2019 AGM.

Report of the Directors (continued)

Long term viability

As further disclosed on page 23, 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 three year period ending 30 June 2022. The Directors consider that three years 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 18 to 21, the effectiveness of controls over those risks, and have evaluated the sensitivities of the portfolio to market volatility.

The Directors have also considered the Company's income and expenditure projections over the three year period, 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 and mindful of the discontinuation vote to take place at the 2019 AGM, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Principal risks and uncertainties

The Company has implemented a rigorous risk management framework including a comprehensive risk matrix that is reviewed and updated regularly. The Investment Manager has created a Risk Committee from which the Board receives quarterly reports. Nigel Ward, one of the 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 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.

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 its intentions and knowledge of its strategy.

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.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Regulatory compliance risk (continued)

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. Key Man risk is covered in the Investment Adviser's continuity plan.

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 major investment falling in value. 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 are monitored and parameters are set to ensure that the risk is kept to an acceptable level, while also ensuring a sufficiently high level of stock is purchased to allow engagement as a major shareholder, if required.

Underlying investment performance risk

The Company invests in underlying investee companies, 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 on a daily basis and investigate returns of more or less than 10% based on weekly valuations prepared by the Administrator. 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. 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. 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. The Company hedges price risk by holding put options linked to the FTSE index to provide some protection against a significant market sell-off.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Shareholder concentration risk

A total of 6 investors with holdings of 3% or more each of the shares of the Company hold a combined 76.40% 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.

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. Companies with a market capitalisation of less than £100 million are in many cases considered to be higher risk and may also be less liquid than companies with a market capitalisation of more than £100 million. However, the Investment Adviser may, from time to time, identify exceptional investment opportunities with a market capitalisation of less than £100 million.

The Company's risk of investment in companies with market capitalisation of less than £100 million is mitigated as all investments are monitored by the Board on a quarterly basis. Any proposals to invest in companies below £100 million market capitalisation are considered in detail by the Investment Manager and are recommended in exceptional circumstances only.

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 can 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.

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

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Implementation risk (continued)

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 they are managed are given in note 14 to the Financial Statements.

Ongoing charges

For the year ended 30 June 2019 the ongoing charges ratio of the Company was 1.93% (2018: 2.00%). The ongoing charges ratio has been calculated using the AIC recommended methodology. 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 2019 and at the date of signing these Financial Statements are shown on pages 30 to 31.

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 59.

Directors' remuneration

Following a review of the Directors' remuneration for similar AIM listed investment companies and, after benchmarking these against the current fees and recognising the level of activity of the Company and increased regulatory obligations on the Company, the Board concluded in September 2017 that the Directors' fees should be increased with effect from 1 January 2019. The remuneration of the Directors during the year is disclosed in Note 16 on pages 59 to 60.

Substantial interests

As at 20 August 2019, the Company had been notified of the following voting rights of 3 per cent or more of its total voting rights:

	Number of Ordinary shares	*Total voting rights*
Invesco Perpetual	28,305,510	29.88%
Wirral BC	12,938,214	13.66%
Baring Asset Management	12,119,839	12.79%
1607 Capital Partners	9,725,400	10.27%
Crystal Amber Asset Management (Guernsey)	6,386,395	6.74%
Aviva Investors	2,896,440	3.06%
Total	72,371,798	76.40%

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.

Report of the Directors (continued)

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.

The Board has considered the principles and recommendations of the AIC Code and decided to follow the AIC Guide. The AIC Code and AIC Guide were updated in July 2016, and further updated in February 2019, to take into account the updated FRC Code, and the Company has used this revised AIC Code and AIC Guide for the financial year ended 30 June 2019. The 2019 AIC Code will be applicable for the financial year ended 30 June 2020. The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. 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 shall be 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 www.crystalamber.com.

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.

The Board comprises four Non-Executive Directors (2018: four), 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 independent judgement. Board appointments are considered by all members of the Board and have been made based on merit, against objective criteria.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender, 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; in addition to gender diversity, the Board also values diversity of business skills and experience which bring a wide range of perspectives to the Company.

The Chairman of the Board is Christopher Waldron. In considering the independence of the Chairman, 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.

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 represented. The Directors believe that the current mix of skills, experience, ages and length of service represented on the Board are appropriate to the requirements of the Company.

Internal evaluation of the Board, the Committee 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.

Report of the Directors (continued)

Corporate governance (continued)

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 the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code. In accordance with the recent publication of the 2019 AIC Code, which the Board adopted from 1 July 2019, all Directors will be subject to annual re-election. Currently, Nigel Ward is the only Director who has served for more than nine years. It is intended that Mr. Ward will step down, as originally intended, at the forthcoming AGM in November 2019.

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.

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 Estera International Fund Managers (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. These committee meetings are attended by Nigel Ward as disclosed on page 18.

Report of the Directors (continued)

Corporate governance (continued)

Board responsibilities (continued)

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. 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 to be supplied in a timely manner with information 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, and conducts a formal review of all service providers on an annual basis and confirms that such a review has taken place during the year.

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.

Audit committee

Due to the size of the Board, all Directors are members of the Audit Committee. Jane Le Maitre acts as Chairman 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 2019. 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 2018;
- review of the Interim Report and Unaudited Interim Condensed Financial Statements for the six months ended 31 December 2018;
- review of the audit plan and timetable for the preparation of the Annual Report and Audited Financial Statements for the year ended 30 June 2019;
- discussions and approval of the fee for the external audit;

Report of the Directors (continued)

Corporate governance (continued)

Audit committee (continued)

- 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 2019 Annual Report in relation to the AIC Code including the period of assessment and long term viability of the Company.

The Committee considered the following significant issue in relation to these Financial Statements:

Valuation of Investments

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 101.1% of the NAV. The Committee has satisfied itself that the sources used for pricing the Company's investments are appropriate and reliable.

The Committee also reviews the objectivity and independence of the Auditor. The Board considers 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 the discussions at the Committee meeting, 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, and will change again by rotation in 2020. There are no obligations to restrict the Company's choice of external auditor. The external audit was put out to tender again 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.

Report of the Directors (continued)

Corporate governance (continued)

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.

On 27 March 2017, the Board resolved to establish a Remuneration and Management Engagement Committee. Due to the size of the Board, all Directors are members of the Remuneration and Management Engagement Committee. Nigel Ward acts as Chairman of the committee. The Remuneration and Management Engagement Committee meets at least once a year pursuant to its terms of reference. The Remuneration and Management Engagement Committee provides a formal mechanism for the review of the remuneration of the Chairman and Directors and the 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. As detailed on pages 59 to 60, the Board conducted a review of the Directors' fees during the prior year and concluded that the fees should be increased with effect from 1 January 2019.

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.

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 when they are unable to attend a meeting to give the Chairman their views and comments on matters to be discussed, in advance.

Report of the Directors (continued)

Corporate governance (continued)

Board meetings, Committee meetings and Directors' attendance (continued)

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

	Board	*Audit Committee*	*Remuneration and Management Engagement Committee*	*Tenurea s at 30 June 2019*
Nigel Ward	4 of 4	2 of 2	1 of 1	12 years, 1 month
Christopher Waldron	4 of 4	2 of 2	1 of 1	5 years
Jane Le Maitre	4 of 4	2 of 2	1 of 1	2 years, 2 months
Fred Hervouet	4 of 4	2 of 2	1 of 1	1 year, 7 months

In addition to the above, there were three additional Board committee meetings during the year. One Board committee meeting has occurred since the year end.

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. A post-results programme of visits to major shareholders is conducted by the Company's Broker and Investment Adviser.

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 as the AIFM does not have any employees. The Directors of the AIFM received total aggregate remuneration of £20,000 by way of a fixed fee for the year ended 30 June 2019. 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.

Report of the Directors (continued)

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.

Annual General Meeting

The Annual General Meeting of the Company will be held at 10:00am on 22 November 2019 at the offices of Estera International Fund Managers (Guernsey) Limited, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

Nigel Ward
Director
12 September 2019

Jane Le Maitre
Director
12 September 2019

Directors

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

Christopher Waldron has over 30 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. He is also a member of the States of Guernsey's Policy and Resources Investment and Bond Sub-Committee. He is a Fellow of the Chartered Institute of Securities and Investment.

Nigel Ward Guernsey Resident, Non-Executive Director
(appointed 22 June 2007)

Nigel Ward is currently an independent non-executive Director on the board of several offshore funds and companies, including London and TISE listings. Investment mandates include property, agricultural land, student accommodation, UK equities, European SME credit, and distressed debt. He has over 40 years' experience of international investment markets, credit and risk analysis, corporate and retail banking, corporate governance, compliance and the managed funds industry. He spent 20 years at Baring Asset Management, and also at TSB Bank, National Westminster Bank and Bank Sarasin. He was a founding Commissioner of the Guernsey Police Complaints Commission, is an Associate of the Institute of Financial Services, a member of the Institute of Directors and holds the IoD Diploma in Company Direction.

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

Jane Le Maitre 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 qualified with Coopers & Lybrand in the UK and joined 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. She continues to hold a number of executive positions in unlisted property and investment holding entities.

Directors (continued)

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

Fred Hervouet has 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/Project Finance, Structured Products, and Commodity Markets, Hedge Funds, 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 including Trading, Structuring and Sales. He holds a number of non-executive director positions including Funding Circle SME Income Fund Limited, and Chenavari Toro Income Fund Limited, where he is chairman. He holds a Master 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, of the UK Association of Investment Companies, of the Guernsey Chamber of Commerce and of the Guernsey Investment Fund Association.

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

Nigel Ward
Acorn Income Fund Limited
Fair Oaks Income Fund Limited
Hadrian's Wall Secured Investments Limited

Christopher Waldron
JZ Capital Partners Limited
UK Mortgages Limited

Fred Hervouet
Chenavari Toro Income Fund Limited
Funding Circle SME Income Fund Limited

Jane Le Maitre
None at present

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 2019, 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 2019, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards ("IFRS"); 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 FRC Ethical Standards 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 matter, was as follows:

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 or loss and derivatives held for trading £241,366,149; (2018: £249,009,853) Refer to page 26 of the Report of the Directors and note 1 for the Significant Accounting Policies and notes 9 and 14 for the disclosures	**Basis:** The Company has invested 101% of its net assets as at 30 June 2019 into equity investments, debt investments and derivative financial instruments (together, the "investments") The Company's listed or quoted equities are valued based on market prices obtained from a third party pricing provider while the Company's unlisted derivative financial instruments are valued using a Black Scholes Option valuation technique. The Company's unlisted equity investment is valued at 30 June 2019 based on a revenue multiples technique. The unlisted debt investment at 30 June 2019 is valued by the reference to the market price of the issuer's equity had the debt investment been converted to equity and valued at the closing bid price on the reporting date. **Risk:** The valuation of the Company's 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 Company's investments, the holdings in listed or quoted investments and derivatives represent 96%, and those which are subject to estimation risk because they are unlisted represent 4%.	Our audit procedures included, but were not limited to: **Internal controls:** We tested the design and implementation of controls over the valuation of investments **Challenging managements' assumptions and inputs including use of KPMG valuation specialists:** For listed investments, we used our own valuation specialist to independently price all fair values to a third party source. For derivative financial instruments, our valuation specialist derived valuations using a Black Scholes Option model to evaluate against the valuations used by the Company. For the unlisted debt investment, our valuation specialist derived an independent valuation using a discounted cash flow model to evaluate against the valuation used by the Company. For the unlisted equity investment, we assessed and challenged the Investment Manager's key assumptions used in preparing the valuation. In particular, we focused on the appropriateness of the valuation basis selected as well as the underlying assumptions and compared key underlying financial data inputs to external sources as applicable. **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)

Our application of materiality and an overview of the scope audit

Materiality for the financial statements as a whole was set at £7,163,000, determined with reference to a benchmark of the Company's Net Assets of £238,775,597, of which it represents approximately 3% (2018: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £358,000, 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.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. 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.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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 page 22, 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.

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

Respective responsibilities (continued)

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.

KPMG Channel Islands Limited
Chartered Accountants, Guernsey

12 September 2019

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 Revenue £	2019 Capital £	2019 Total £	2018 Revenue £	2018 Capital £	2018 Total £
Income							
Dividend income from listed investments		4,177,239	–	**4,177,239**	3,064,520	–	**3,064,520**
Interest income from listed debt instruments		–	–	**–**	184,727	–	**184,727**
Arrangement fee received from debt instruments		–	–	**–**	46,531	–	**46,531**
Interest received		8,357	–	**8,357**	5,941	–	**5,941**
		4,185,596	–	**4,185,596**	3,301,719	–	**3,301,719**
Net gains on financial assets designated at FVTPL and derivatives held for trading							
Equities							
Net realised gains	9	–	29,985,091	**29,985,091**	–	20,374,879	**20,374,879**
Movement in unrealised (losses)/gains	9	–	(10,119,377)	**(10,119,377)**	–	27,608,248	**27,608,248**
Debt instruments							
Net realised gains	9	–	2,540,559	**2,540,559**	–	917,152	**917,152**
Movement in unrealised gains/(losses)	9	–	765,302	**765,302**	–	(86,784)	**(86,784)**
Derivative financial instruments							
Net realised (losses)/gains	9	–	(7,015,764)	**(7,015,764)**	–	5,402,504	**5,402,504**
Movement in unrealised (losses)/gains	9	–	(3,830,544)	**(3,830,544)**	–	4,042,406	**4.042,406**
		–	12,325,267	**12,325,267**	–	58,258,405	**58,258,405**
Total income		4,185,596	12,325,267	**16,510,863**	3,301,719	58,258,405	**61,560,124**
Expenses							
Transaction costs	4	–	545,479	**545,479**	–	555,047	**555,047**
Foreign exchange movements on revaluation of investments and working capital		(247,085)	147,999	**(99,086)**	96,087	547,884	**643,971**
Management fees	15,17	3,476,006	–	**3,476,006**	3,249,247	–	**3,249,247**
Performance fees	15,17	–	2,456,957	**2,456,957**	–	12,095,146	**12,095,146**
Directors' remuneration	16	155,000	–	**155,000**	155,157	–	**155,157**
Administration fees	17	267,031	–	**267,031**	234,486	–	**234,486**
Custodian fees	17	114,705	–	**114,705**	98,666	–	**98,666**
Audit fees		25,889	–	**25,889**	23,270	–	**23,270**
Other expenses		344,100	–	**344,100**	310,819	–	**310,819**
		4,135,646	3,150,435	**7,286,081**	4,167,732	13,198,077	**17,365,809**
Return for the year		49,950	9,174,832	**9,224,782**	(866,013)	45,060,328	**44,194,315**
Basic and diluted earnings/(loss) per share (pence)	**5**	**0.05**	**9.49**	**9.54**	**(0.88)**	**46.04**	**45.15**

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 40 to 62 form an integral part of these Financial Statements.

Statement of Financial Position
As at 30 June 2019

	Notes	*2019* £	*2018* £
Assets			
Cash and cash equivalents	7	931,915	1,168,729
Trade and other receivables	8	1,971,390	57,873
Financial assets designated at FVTPL and derivatives held for trading	9	241,366,149	249,009,853
Total assets		**244,269,454**	**250,236,455**
Liabilities			
Trade and other payables	10	5,493,857	12,158,971
Total liabilities		5,493,857	12,158,971
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	11	993,748	991,248
Treasury shares reserve	12	(6,895,640)	(3,212,448)
Distributable reserve		95,310,182	100,156,159
Retained earnings		149,367,307	140,142,525
Total equity		238,775,597	238,077,484
Total liabilities and equity		244,269,454	250,236,455
NAV per share (pence)	6	249.12	244.62

The Financial Statements were approved by the Board of Directors and authorised for issue on 12 September 2019.

Nigel Ward
Director

12 September 2019

Jane Le Maitre
Director

12 September 2019

The Notes to the Financial Statements on pages 40 to 62 form an integral part of these Financial Statements.

Statement of Changes in Equity
For the year ended 30 June 2019

	Notes	Share capital £	Treasury shares reserve £	Distributable reserve £	Retained earnings Capital £	Retained earnings Revenue £	Retained earnings Total £	Total equity £
Opening balance at 1 July 2018		991,248	(3,212,448)	100,156,159	143,277,348	(3,134,823)	140,142,525	238,077,484
Issue of Ordinary shares		2,500	–	–	–	–	–	2,500
Purchase of Ordinary shares into Treasury	12	–	(3,683,192)	–	–	–	–	(3,683,192)
Dividends paid in the year	13	–	–	(4,845,977)	–	–	–	(4,845,977)
Return for the year		–	–	–	9,174,832	49,950	9,224,782	9,224,782
Balance at 30 June 2019		993,748	(6,895,640)	95,310,182	152,452,180	(3,084,873)	149,367,307	238,775,597

For the year ended 30 June 2018

	Notes	Share capital £	Treasury shares reserve £	Distributable reserve £	Retained earnings Capital £	Retained earnings Revenue £	Retained earnings Total £	Total equity £
Opening balance at 1 July 2017		989,998	(972,800)	105,058,397	98,217,020	(2,268,810)	95,948,210	201,023,805
Issue of Ordinary shares		1,250	–	–	–	–	–	1,250
Purchase of Ordinary shares into Treasury	12	–	(2,239,648)	–	–	–	–	(2,239,648)
Dividends paid in the year	13	–	–	(4,902,238)	–	–	–	(4,902,238)
Return for the year		–	–	–	45,060,328	(866,013)	44,194,315	44,194,315
Balance at 30 June 2018		991,248	(3,212,448)	100,156,159	143,277,348	(3,134,823)	140,142,525	238,077,484

The Notes to the Financial Statements on pages 40 to 62 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Dividend income received from listed investments		4,176,269	3,063,793
Bank interest received		9,681	3,615
Interest income from listed debt instruments		–	184,727
Interest received		307,596	–
Arrangement fee received from debt instruments		–	46,531
Management fees paid		(2,646,184)	(3,249,247)
Performance fees paid		(10,964,740)	(3,485,158)
Directors' fees paid		(150,000)	(151,912)
Other expenses paid		(713,956)	(662,788)
Net cash outflow from operating activities		(9,981,334)	(4,250,439)
Cash flows from investing activities			
Purchase of equity investments		(62,884,085)	(69,638,065)
Sale of equity investments		88,632,836	73,610,743
Purchase of debt instruments		(3,120,419)	(7,440,542)
Sale of debt investments		–	6,755,428
Purchase of derivative financial instruments		(11,742,025)	(18,079,220)
Sale of derivative financial instruments		7,902,140	19,953,704
Transaction charges on purchase and sale of investments		(517,258)	(560,187)
Net cash inflow from investing activities		18,271,189	4,601,861
Cash flows from financing activities			
Proceeds from issuance of Ordinary shares		2,500	1,250
Purchase of Ordinary shares into Treasury		(3,683,192)	(2,239,648)
Dividends paid		(4,845,977)	(4,902,238)
Net cash outflow from financing activities		(8,526,669)	(7,140,636)
Net decrease in cash and cash equivalents during the year		(236,814)	(6,789,214)
Cash and cash equivalents at beginning of year		1,168,729	7,957,943
Cash and cash equivalents at end of year	7	931,915	1,168,729

The Notes to the Financial Statements on pages 40 to 62 form an integral part of these Financial Statements.

Notes to the Financial Statements
For the year ended 30 June 2019

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., is a subsidiary of the Company and was incorporated in Delaware. It has 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 63 to 66 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 and presentational 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.

The Company has adopted the Investment Entity Amendments to IFRS 10, IFRS 12 and IAS 27 which define investment entities together with disclosure requirements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

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 of its investments on a fair value basis.

To determine that 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.

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

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The Directors 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.

Discontinuation vote

The Company is subject to a discontinuation vote scheduled to occur every two years. Following the results of the 2018 AGM, an extraordinary resolution was passed under which 75% of votes would be required to cease to continue as currently constituted. The next discontinuation vote will be proposed at the 2019 AGM. Following due inquiry, the Directors have no reason to doubt that shareholders will vote to enable the Company to continue as constituted at the 2019 AGM.

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 discussed above. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Black Scholes option valuation technique has been utilised to value warrant instruments and uses certain assumptions related to risk-free interest rates, expected volatility, expected life and future dividends as disclosed below. 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, who 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.

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 recognised initially at cost, which is deemed to be fair value. Subsequent to initial recognition financial instruments are measured as described below.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets designated at FVTPL

All the Company's investments including debt instruments and derivative financial instruments are held at FVTPL. They are initially recognised at cost at acquisition, which is deemed to be their 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 recognised initially at cost incurred in their acquisition. Subsequent to initial recognition, loan notes are valued at fair value.

Convertible bonds are classified as debt instruments and are recognised initially at cost incurred in their acquisition, which is deemed to be their fair value. Subsequent to initial recognition, quoted convertible bonds are valued at bid price on the reporting date. If the price is not available as at the accounting date, the last available price is used.

In the absence of an active market, the Company determines 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.

Warrant instruments which are unlisted are valued at the reporting date using a Black Scholes option valuation technique, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life and future dividends. 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.

De-recognition of financial instruments

The Company de-recognises 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.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

De-recognition of financial instruments (continued)

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised), 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 de-recognises a financial liability when its contractual obligations are discharged, cancelled or expire. Any gain or loss on de-recognition 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.

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.

Income

Investment income and interest income have been accounted for on an accruals basis using the effective interest method. Dividends receivable are 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.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 disposed of. 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

In the preparation of these Financial Statements, the Company followed the same accounting policies and methods of computation as compared with those applied in the previous year.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments being classification and measurement, impairment and hedge accounting.

The Company has applied IFRS 9 retrospectively, with an initial application date of 1 January 2018 and has adjusted the comparative information for the period beginning 1 July 2017. There was no financial impact and no change to the comparative information due to the application of IFRS 9.

(a) Classification and measurement

The Company continues to classify its investments at fair value through profit or loss under IFRS 9. The Company continues to classify its trade receivables and payables at amortised cost under IFRS 9. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI criterion").

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The only assets subject to the ECL model are trade and other receivables. The Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The adoption of the ECL model has not given rise to a material change in impairment.

(c) Hedge accounting

The Company does not use hedge accounting.

(d) Transition disclosures

The application of IFRS 9 did not change the measurement and presentation of the current financial instruments and therefore there is no impact on the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

2. NEW STANDARDS AND INTERPRETATIONS (continued)

IFRS 9 Financial Instruments (continued)

None of the other new standards or amendments to existing standards and interpretations, effective from 1 January 2018, had a material impact on the Company's Financial Statements.

At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, had been issued but were not yet effective:

Amended standards and interpretations		Effective for periods beginning on or after
IFRS 3	Definition of a Business	1 January 2020
IFRS 9	Financial Instruments (Amendments regarding prepayment features with negative compensation and modifications of financial liabilities)	1 January 2019
IFRS 11	Joint arrangements (Amendments resulting from Annual Improvements 2015 – 2017 Cycle)	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IAS 1	Presentation of Financial statements (Amendments regarding the definition of material)	1 January 2020
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors (Amendments regarding the definition of material)	1 January 2020
IAS 12	Income Taxes (Amendments resulting from Annual Improvements 2015 – 2017 Cycle)	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

The Directors anticipate that the adoption of the amended standards and interpretations in future periods will not have a material impact on the Financial Statements of the Company.

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 (2018: £1,200).

4. TRANSACTION COSTS

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

	2019 £	*2018* £
Stamp duty	199,715	234,290
Commissions and custodian transaction charges:		
In respect of purchases	233,483	208,436
In respect of sales	112,281	112,321
	545,479	555,047

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

5. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is based on the following data:

	2019	*2018*
Return for the year	£9,224,782	£44,194,315
Weighted average number of issued Ordinary shares	96,693,152	97,875,863
Basic and diluted earnings per share (pence)	9.54	45.15

6. NAV PER SHARE

NAV per share is based on the following data:

	2019	*2018*
NAV per Statement of Financial Position	£238,775,597	£238,077,484
Total number of issued Ordinary shares (excluding Treasury shares) at 30 June	95,846,980	97,325,780
NAV per share (pence)	249.12	244.62

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:

	2019 £	*2018* £
Cash available on demand	931,915	1,168,729
	931,915	1,168,729

8. TRADE AND OTHER RECEIVABLES

	2019 £	*2018* £
Current assets:		
Unsettled trade sales	1,923,459	–
Trade receivables	25,737	26,091
Prepayments	22,194	31,782
	1,971,390	57,873

There were no past due or impaired receivable balances outstanding at the year end (2018: £Nil).

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

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

	2019 £	*2018* £
Equity investments	230,330,507	229,682,729
Debt instruments	4,035,127	5,320,186
Financial assets designated at FVTPL	**234,365,634**	**235,002,915**
Derivative financial instruments held for trading	**7,000,515**	**14,006,938**
Total financial assets designated at FVTPL and derivatives held for trading	**241,366,149**	**249,009,853**
Equity investments		
Cost brought forward	172,761,740	156,798,987
Purchases	71,094,830	69,198,617
Sales	(90,557,836)	(73,610,743)
Net realised gains	29,985,091	20,374,879
Cost carried forward	183,283,825	172,761,740
Unrealised gains brought forward	57,316,659	29,708,411
Movement in unrealised (losses)/gains	(10,119,377)	27,608,248
Unrealised gains carried forward	47,197,282	57,316,659
Effect of exchange rate movements on revaluation	(150,600)	(395,670)
Fair value of equity investments	**230,330,507**	**229,682,729**
Debt instruments		
Cost brought forward	5,547,350	9,318,984
Purchases	3,120,419	2,066,642
Sales	–	(6,755,428)
Conversion of loans	(7,257,760)	–
Net realised gains	2,540,559	917,152
Cost carried forward	3,950,568	5,547,350
Unrealised gains brought forward	203,233	290,017
Movement in unrealised gains/(losses)	765,302	(86,784)
Unrealised gains carried forward	968,535	203,233
Effect of exchange rate movements on revaluation	(883,976)	(430,397)
Fair value of debt instruments	**4,035,127**	**5,320,186**
Total financial assets designated at FVTPL	**234,365,634**	**235,002,915**
Derivative financial instruments held for trading		
Cost brought forward	3,888,021	360,001
Purchases	11,742,025	18,079,220
Sales	(7,902,140)	(19,953,704)
Net realised (losses)/gains	(7,015,764)	5,402,504
Cost carried forward	712,142	3,888,021
Unrealised gains brought forward	10,118,917	6,076,511
Movement in unrealised (losses)/gains	(3,830,544)	4,042,406
Unrealised gains carried forward	6,288,373	10,118,917
Fair value of derivatives held for trading	**7,000,515**	**14,006,938**
Total derivative financial instruments held for trading	**7,000,515**	**14,006,938**
Total financial assets designated at FVTPL and derivatives held for trading	**241,366,149**	**249,009,853**

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

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

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

	2019 *£*	*2018* *£*
Realised gains	37,215,339	36,636,873
Realised losses	(11,705,453)	(9,942,338)
Net realised gains in financial assets designated at FVTPL and derivatives held for trading	25,509,886	26,694,535
Movement in unrealised gains	409,802	37,869,919
Movement in unrealised losses	(13,594,421)	(6,306,049)
Net movement in unrealised (losses)/gains in financial assets designated at FVTPL and derivatives held for trading	(13,184,619)	31,563,870

The following table details the Company's positions in derivative financial instruments:

30 June 2019	*Nominal amount*	*Value* *£*
Derivative financial instruments		
Puts on FTSE100 Index P7100 (expiry: July 2019)	5,000	225,000
Puts on FTSE100 Index P7000 (expiry: August 2019)	1,000	190,000
GI Dynamics Inc. warrant (Expiry: May 2023)	97,222,200	1,546,564
GI Dynamics Inc. warrant (Expiry: June 2024)	78,984,823	1,262,671
GI Dynamics Inc. warrant (Expiry: July 2024)	236,220,480	3,776,280
	412,433,503	7,000,515

30 June 2018	*Nominal amount*	*Value* *£*
Derivative financial instruments		
Puts on FTSE100 Index P7200 (expiry: July 2018)	2,000	180,000
Puts on FTSE100 Index P7400 (expiry: July 2018)	4,000	900,000
FairFX warrant instrument	6,000,000	5,259,942
Hurricane warrant instrument	23,333,333	6,511,213
GI Dynamics Inc. warrant instrument	97,222,200	1,155,783
	126,561,533	14,006,938

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

10. TRADE AND OTHER PAYABLES

	2019 £	*2018* £
Current liabilities:		
Accruals	1,076,190	213,188
Unsettled trade purchases	1,960,710	981,043
Performance fee accrual	2,456,957	10,964,740
	5,493,857	12,158,971

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

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, is comprised as follows:

	2019 Number	£	*2018* Number	£
Opening balance	99,124,762	991,248	98,999,762	989,998
Ordinary shares issued during the year	250,000	2,500	125,000	1,250
Issued, called up and fully paid Ordinary shares of £0.01 each	99,374,762	993,748	99,124,762	991,248

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

As per the Company's Memorandum and Articles of Incorporation the retained earnings are distributable by way of dividend in addition to the distributable reserve shown in the Company's Statement of Financial Position at the year end.

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 2019, the Company paid dividends of £4,845,977 (2018: £4,902,238) from distributable reserves, as disclosed in Note 13.

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.

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

12. TREASURY SHARES RESERVE

	2019		*2018*	
	Number	*£*	*Number*	*£*
Opening balance	(1,798,982)	(3,212,448)	(635,000)	(972,800)
Treasury shares purchased during the year	(1,728,800)	(3,683,192)	(1,163,982)	(2,239,648)
Closing balance	(3,527,782)	(6,895,640)	(1,798,982)	(3,212,448)

During the year ended 30 June 2019, 1,728,800 (2018: 1,163,982) Treasury shares were purchased at an average price of 213.05 pence per share (2018: 192.41 pence per share), representing an average discount to NAV at the time of purchase of 9.6% (2018: 3.7%).

13. DIVIDENDS

On 06 July 2018, the Company declared an interim dividend of £2,433,145 equating to 2.5 pence per Ordinary share, which was paid on 17 August 2018 to shareholders on the register on 20 July 2018.

On 13 December 2018, the Company declared an interim dividend of £2,412,832 equating to 2.5 pence per Ordinary share, which was paid on 18 January 2019 to shareholders on the register on 21 December 2018.

Subsequent to the year end, on 10 July 2019, the Company declared an interim dividend of £2,369,550, equating to 2.5 pence per Ordinary share, which was paid on 19 August 2019 to shareholders on the register on 19 July 2019.

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives

The Investment Manager, Crystal Amber Asset Management (Guernsey) Limited and the Administrator, Estera International Fund Managers (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 risks. 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 the significant observable inputs on a regular basis and has deemed no changes are required from prior years.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its contractual obligations that it has with the Company, resulting in financial loss to the Company. At 30 June 2019 the major financial assets which were exposed to credit risk included financial assets designated at FVTPL, derivatives held for trading and cash and cash equivalents.

The carrying amounts of financial assets best represent the maximum credit risk exposure at 30 June 2019. 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 Statement of Financial Position date and the S&P credit rating for each counterparty at that date.

	Location	*Rating*	*Cash Balance 2019 £*	*Cash Balance 2018 £*
ABN AMRO (Guernsey) Limited*	Guernsey	A	920,009	965,789
Barclays Bank plc – Isle of Man Branch	Isle of Man	A	11,906	202,940
			931,915	1,168,729

* Effective from 15 July 2019, Butterfield Bank (Channel Islands) Limited with a credit rating of BBB+, acquired ABN AMRO (Guernsey) Limited.

The credit ratings disclosed above are the credit ratings of the parent entities of each of the counterparties being ABN AMRO Bank N.V. (effective from 15 July 2019, The Bank of N.T. Butterfield & Son Limited) and Barclays Bank plc.

The Company's credit risk on financial assets designated at FVTPL and derivatives held for trading is considered acceptable as these assets consist mainly of quoted equities or are linked to quoted equities. 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 2019 £231,250,515 (2018: £230,648,518) of the financial assets of the Company were held by the Custodian, ABN AMRO (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. 94% (2018: 92%) 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 A (2018: A). The remaining balance of financial assets of £13,018,939 (2018: £19,587,937) includes £6,585,515 (2018: £12,969,938) warrant instruments, £4,035,128 (2018: £5,320,186) loan notes issued by GI Dynamics Inc., £415,000 (2018: £1,080,000) put derivative options held by the option broker, £11,906 (2018: £202,940) cash held by Barclays Bank plc and the remaining £1,971,390 (2018: £57,873) held as trade receivables.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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 maturity for its financial assets and liabilities:

2019	*Weighted average interest rate*	*Less than 1 year £*	*1-5 years £*	*5+ years £*	*Total £*
Assets					
Non-interest bearing		239,314,317	–	–	239,314,317
Variable interest rate instruments	0.45%	920,009	–	–	920,009
Fixed interest rate instruments	5.00%	4,035,128	–	–	4,035,128
Liabilities					
Non-interest bearing		(5,493,857)	–	–	(5,493,857)
		238,775,597	–	–	238,775,597

2018	*Weighted average interest rate*	*Less than 1 year £*	*1-5 years £*	*5+ years £*	*Total £*
Assets					
Non-interest bearing		243,950,480	–	–	243,950,480
Variable interest rate instruments	0.19%	965,789	–	–	965,789
Fixed interest rate instruments	5.00%	3,983,468	–	–	3,983,468
Fixed interest rate instruments	10.00%	–	1,336,718	–	1,336,718
Liabilities					
Non-interest bearing		(12,158,971)	–	–	(12,158,971)
		236,740,766	1,336,718	–	238,077,484

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

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been based on the exposure to interest rates for financial assets held at the Statement of Financial Position date. An increase/decrease of 0.45 percentage points (2018: 0.15 percentage points) represents management's assessment of the effect of a possible change in interest rates due to the weighted average interest rate for variable interest rate instruments increasing from 0.19% to 0.45% for the year ended 30 June 2019. If interest rates had been 0.45 percentage points (2018: 0.15 percentage points) higher/lower and all other variables were held constant:

- the Company's return for the year ended 30 June 2019 would have increased by £16,714 (2018: £10,577);
- the Company's return for the year ended 30 June 2019 would have decreased by £Nil (2018: £1,305);
- there would have been no impact on equity reserves other than retained earnings.

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. Generally the Company will not invest more than 20% of the Company's gross assets in any single investment at the time of investment. However, there is no guarantee that this will be the case after any investment is made, particularly where it is believed that an investment is exceptionally attractive.

During the year to 30 June 2019 the Company entered into various index put derivative option contracts to protect the Company's value against a significant fall in the market. At 30 June 2019 £415,000 (2018: £1,080,000) of these contracts were outstanding.

Refer to the tables in Note 9 for the Company's positions in derivative financial instruments.

The following tables detail the Company's equity investments as at 30 June 2019.

2019 *Equity Investments*	*Sector*	*Value* *£*	*Percentage of Company's Gross Assets*
Hurricane Energy plc	Oil and Gas	52,610,205	22
Equals Group plc (formerly 'FairFX Group plc')	Financial Services	47,702,796	20
Northgate plc	Transportation Services	35,199,130	14
De La Rue plc	Consumer	20,071,111	8
Leaf Clean Energy Company	Financial Services	17,286,537	7
STV Group plc	Media	15,417,505	6
GI Dynamics Inc.	Medical Technology	14,799,550	6
Allied Minds plc	Financial Services	8,735,787	4
Other	Various	18,507,886	8
Total		230,330,507	95

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

2018 *Equity Investments*	*Sector*	*Value* *£*	*Percentage of Company's Gross Assets*
Hurricane Energy plc	Oil and Gas	60,425,938	24
Northgate plc	Transportation Services	34,323,506	14
FairFX Group plc	Financial Services	33,925,629	14
STV Group plc	Media	31,211,184	12
De La Rue plc	Consumer	18,321,963	7
Woodford Patient Capital Trust	Financial Services	15,477,592	6
Leaf Clean Energy Company	Financial Services	8,639,177	3
Other	Various	27,357,740	11
Total		229,682,729	91

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

2019 *Equity Investments*	*Place of Business*	*Place of Incorporation*	*Percentage Ownership Interest*
GI Dynamics Inc.	United States	United States	65.1
Leaf Clean Energy Company	United States	Cayman Islands	25.3
Equals Group plc	United Kingdom	United Kingdom	23.5

2018 *Equity Investments*	*Place of Business*	*Place of Incorporation*	*Percentage Ownership Interest*
GI Dynamics Inc.	United States	United States	48.3
Leaf Clean Energy Company	United States	Cayman Islands	29.9

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 (2018: 25% higher), the Company's return and net assets for the year ended 30 June 2019 would have increased by £44,628,853, net of any impact on performance fee accrual (2018: £44,331,322);
- If market prices of listed equity, debt and derivative financial instruments had been 25% lower (2018: 25% lower), the Company's return and net assets for the year ended 30 June 2019 would have increased by £27,395,147, net of any impact on performance fee accrual (2018: increased by £30,996,678), 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.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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 Australian Dollars, Euro and US Dollars (2018: Australian Dollars, Euro and US Dollars).

The table below illustrates the Company's exposure to foreign exchange risk at 30 June 2019:

	2019 £	*2018* £
Financial assets designated at FVTPL:		
Listed equity investments denominated in Australian Dollars	14,799,550	4,176,092
Listed equity investments denominated in Euro	874,281	–
Debt instruments denominated in US Dollars	4,035,127	5,320,186
Warrant instruments denominated in US Dollars	6,585,514	1,155,782
Total assets	26,294,472	10,652,060

If the Australian Dollar weakened/strengthened by 10% (2018: 10%) against Sterling with all other variables held constant, the fair value of equity investments would increase/decrease by £1,479,955 (2018: £417,609).

If the Euro weakened/strengthened by 10% against Sterling with all other variables held constant, the fair value of equity investments would increase/decrease by £87,428.

If the US Dollar weakened/strengthened by 10% (2018: 10%) against Sterling with all other variables held constant, the fair value of debt instruments would increase/decrease by £403,513 (2018: £532,019) and the fair value of the derivative financial instruments would increase/decrease by £658,551 (2018: £115,578).

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.

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

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 2019 and 30 June 2018:

	Level 1	*Level 2*	*Level 3*	*Total*
2019	*£*	*£*	*£*	*£*
Financial assets designated at FVTPL and derivatives held for trading:				
Equities – listed equity investments	224,804,265	–	–	224,804,265
Equities – unlisted equity investments	–	–	5,526,242	5,526,242
Debt – loan notes	–	–	4,035,127	4,035,127
Derivatives – listed derivative instruments	415,000	–	–	415,000
Derivatives – warrant instruments	–	6,585,515	–	6,585,515
	225,219,265	6,585,515	9,561,369	241,366,149

	Level 1	*Level 2*	*Level 3*	*Total*
2018	*£*	*£*	*£*	*£*
Financial assets designated at FVTPL and derivatives held for trading:				
Equities – listed equity investments	225,976,612	–	–	225,976,612
Equities– unlisted equity investments	–	–	3,706,117	3,706,117
Debt – loan notes	–	–	5,320,186	5,320,186
Derivatives – listed derivative instruments	1,080,000	–	–	1,080,000
Derivatives – warrant instruments	–	12,926,938	–	12,926,938
	227,056,612	12,926,938	9,026,303	249,009,853

The Level 1 equity investments were valued by reference to the closing bid prices in each investee company on the reporting date. Johnston Press plc appointed administrators in November 2018 and accordingly the value of the investment was written down (2018: valued at £0.4 million).

The Level 2 derivative instruments were valued using a Black Scholes valuation technique.

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

The Level 3 equity investment in Board Intelligence 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 investment in March 2018, resulting in a write-up of £1,820,125. The loan notes were classified as Level 3 debt instruments as there was no observable market data. The Board has concluded that fair value is approximate to the share market price had the loan notes been converted to equity and valued at the closing bid price on the reporting date.

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:

	2019 £	*2018* £
Opening balance at 1 July	9,026,303	3,846,387
Purchases	3,120,419	5,772,759
Movement in unrealised gain	2,585,427	83,324
Sales	–	(744,491)
Conversion of loans	(7,257,760)	–
Net realised gain	2,540,559	115,666
Effect of exchange rate movements	(453,579)	(47,342)
Closing balance at 30 June	9,561,369	9,026,303

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.

During the year ended 30 June 2019, £4,717,201 of loan notes were converted into listed equity investments at a value of £7,257,760, resulting in a transfer from Level 3 to Level 1.

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

- If unobservable inputs in Level 3 debt investments had been 5% higher/lower (2018: 5% higher/lower), the Company's return and net assets for the year ended 30 June 2019 would have increased/decreased by £161,405 (2018: £212,807), net of any impact on performance fee accrual in each case;
- If the comparable revenue multiples used in the valuation of Level 3 equity investments had been 25% higher/lower, while all other inputs remained constant, the Company's return and net assets for the year ended 30 June 2019 would have increased/decreased by £971,387, net of any impact on performance fee accrual in each case. If the discount to comparable multiples used in the valuation of Level 3 equity investments had been 25% lower/higher, while all other inputs remained constant, the Company's return and net assets for the year ended 30 June 2019 would have increased/decreased by £995,617, net of any impact on performance fee accrual in each case; and
- There would have been no impact on the other equity reserves.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value hierarchy – Level 3 (continued)
The table below sets out information about significant unobservable inputs used at 30 June 2019 in measuring equity financial instruments categorised as Level 3 in the fair value hierarchy.

Valuation Method	*Fair Value at 30 June 2019*	*Unobservable inputs*	*Factor*	*Sensitivity to changes in significant unobservable inputs*
Discount to Comparable Company Multiples	5,526,242	Comparable Revenue multiple	9.2x	The estimated fair value would increase if: – the Comparable Revenue multiple was increased
		Discount to comparable multiple	50.5%	– the Discount was decreased

Valuation Method	*Fair Value at 30 June 2018*	*Unobservable inputs*	*Factor*	*Sensitivity to changes in significant unobservable inputs*
Price of Recent Investment	3,706,117	n/a	n/a	n/a

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 (2018: 10,000) Ordinary shares in the Company, representing 0.01% (2018: 0.01%) of the voting share capital of the Company at the year end.

During the year the Company incurred management fees of £3,476,006 (2018: £3,249,247) of which £829,822 were outstanding at the year end (2018: £Nil). The Company also incurred performance fees of £2,456,957 (2018: £12,095,146) of which £2,456,957 were outstanding and are included in trade and other payables as at 30 June 2019 (2018: £10,964,740).

As at 30 June 2019 the Investment Manager held 6,313,326 Ordinary shares (2018: 3,530,930) of the Company, representing 6.54% (2018: 3.63%) of the voting share capital.

Following the conversion to listed equity of GI Dynamics' loans, the Company now holds 65.1% of the voting rights, causing GID to become an unconsolidated subsidiary. There is no restriction on the ability of GI Dynamics 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 participated in an equity placing and purchased convertible loan notes (neither of which were driven by a contractual obligation) for the purpose of supporting GID in pursuing its strategy. Subsequent to the year end, the Company committed to a further investment of $10 million.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

15. RELATED PARTIES (continued)

GI Dynamics Inc. was incorporated in Delaware, has five wholly-owned subsidiaries and its principal place of business is Boston. The five subsidiaries are as follows:

- GI Dynamics Securities Corporation, a Massachusetts-incorporated nontrading entity;
- GID Europe Holding B.V., a Netherlands-incorporated nontrading 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 Australia-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:

	2019		*2018*	
	Number of Ordinary shares	*Total voting rights*	*Number of Ordinary shares*	*Total voting rights*
Christopher Waldron[(2)]	15,000	0.02%	10,000	0.01%
Jane Le Maitre[(1)]	6,000	0.01%	–	–
Total	21,000	0.03%	10,000	0.01%

[(1)] Ordinary shares held indirectly

[(2)] On 22 July 2019, Chris Waldron purchased a further 5,000 Ordinary shares. Following the purchase, the total number of Ordinary shares held by Chris Waldron was 20,000.

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

	2019	*2018*
	£	*£*
William Collins[(1)]	–	16,753
Sarah Evans[(2)]	–	17,808
Nigel Ward	37,500	33,750
Christopher Waldron[(3)]	45,000	36,741
Jane Le Maitre[(4)]	40,000	32,985
Fred Hervouet[(5)]	32,500	17,120
Total	155,000	155,157

[(1)] Resigned 23 November 2017

[(2)] Resigned 4 January 2018

[(3)] Chairman of the Company with effect from 23 November 2017

[(4)] Chairman of Audit Committee with effect from 4 January 2018

[(5)] Appointed 6 December 2017

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

16. DIRECTORS' INTERESTS AND REMUNERATION (continued)

The level of remuneration of the Directors reflects the time commitment and responsibilities of their roles. Following a review of the Directors' remuneration for similar AIM listed investment companies and, after benchmarking these against the current fees and recognising the level of activity of the Company and increased regulatory obligations on the Company, the Board concluded in September 2017 that the Directors' fees should be increased with effect from 1 January 2019. Following this review, the Chairman is entitled to annual remuneration of £47,500 (2018: £42,500). The Chairman of the Audit Committee is entitled to annual remuneration of £42,500 (2018: £37,500) and the Chairman of the Remuneration and Management Engagement Committee is entitled to annual remuneration of £40,000 (2018: £35,000), of which £2,500 relates to representing the Board at the Risk Committee meetings of the Investment Manager. Independent Directors are entitled to annual remuneration of £35,000 (2018: £30,000).

At 30 June 2019, Directors' fees of £41,250 (2018: £36,250) were accrued within trade and other payables.

17. MATERIAL AGREEMENTS

The Company has entered into the following material agreements:

Crystal Amber Asset Management (Guernsey) Limited

Under the management agreement, the Investment Manager receives 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, exceeds the Base Amount (the "Excess Amount"), the applicable fee rate on the Excess Amount will be 1.5%.

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

Payment of the performance fee is subject to:

1. the achievement of a performance hurdle condition: the NAV per Ordinary share at the end of the relevant performance period must exceed an amount equal to the placing price, increased at a rate of; (i) 7% per annum on an annual compounding basis in respect of that part of the performance period which falls from (and including) the date of Admission up to (but not including) the date of the 2013 Admission; (ii) 8% per annum on an annual compounding basis in respect of that part of the performance period which falls from (and including) the date of the 2013 Admission up to (but not including) the date of the 2015 Admission; and (iii) 10% per annum on an annual compounding basis in respect of that part of the performance period which falls from (and including) the date of the 2015 Admission up to the end of the relevant performance period (with all dividends and other distributions paid in respect of all outstanding Ordinary shares (on a per share basis) during any performance period being deducted on their respective payment dates (and after compounding the distribution amount per share at the relevant annual rate or rates for the period from and including the payment date to the end of the performance period) ("the Basic Performance Hurdle"). Such Basic Performance Hurdle at the end of a Performance Period is compounded at the relevant annual rate to calculate the initial per share hurdle level for the next performance period, which will subsequently be adjusted for any dividends or other distributions paid in respect of all outstanding Ordinary shares during that performance period; and

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

17. MATERIAL AGREEMENTS (continued)

Crystal Amber Asset Management (Guernsey) Limited (continued)

2. the achievement of a "high-water mark": the NAV per Ordinary share at the end of the relevant performance period must be higher than the highest previously reported NAV per Ordinary share at the end of a performance period in relation to which a performance fee, if any, was last earned (less any dividends or other distributions in respect of all outstanding Ordinary shares declared (on a per share basis) since the end of the performance period in relation to which a performance fee was last earned).

If the Basic Performance Hurdle is met, and the high-water mark exceeded, the performance fee is an amount equal to 20% of the excess of the NAV per Ordinary share at the end of the relevant performance period over the higher of:

1. the Basic Performance Hurdle;

2. the NAV per Ordinary share at the start of the relevant performance period (less any dividends or other distributions in respect of all outstanding Ordinary shares declared (on a per share basis) since then; and

3. the high-water mark (in each case on a per Ordinary share basis) multiplied by the time weighted average of the number of Ordinary Shares in issue in the Performance Period.

The excess is multiplied by the time weighted average of the number of Ordinary shares in issue in the performance period, which shall only include such number of Ordinary shares as reduced by the number of any Ordinary shares redeemed or repurchased by the Company. If the Company issues new shares during a relevant performance period, the performance fee in respect of that period shall be adjusted in such manner to be fair and reasonable to take account of the new issue of shares. If a time-weighted number of shares calculation is applied to a new pot of shares issued, then the denominator for the calculation shall be the number of days from the date of such issuance until the end of the relevant Performance Period, inclusive. During 2019, the Company agreed that performance fees accruing in respect of the current year be calculated as if no charitable shares had been issued during that year.

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.

Notes to the Financial Statements
For the year ended 30 June 2019 (continued)

17. MATERIAL AGREEMENTS (continued)

Crystal Amber Asset Management (Guernsey) Limited (continued)

Performance fee for year ended 30 June 2019

As a result of the issues of Ordinary shares on 2 August 2018 and 14 March 2019, the performance fee calculation has been accrued for 30 June 2019 based on the weighted average number of ordinary shares outstanding excluding charitable shares. At 30 June 2019, the Basic Performance Hurdle was 214.53 pence (as adjusted for all dividends paid during the performance period on their respective payment dates, compounded at the applicable annual rate) (2018: 200.13 pence), and the high-water mark (adjusted for dividends) was 239.62 pence.

The NAV per share before any accrual for the performance fee payable in respect of the year was 252.34 pence and the time weighted average number of shares was 96,542,152, excluding the issuance of charitable shares in each case. Accordingly, a performance fee was payable equating to 20% of the excess of NAV per share (excluding the impact of charitable issuance during the year) over the high-water mark, multiplied by the time weighted average number of shares excluding charitable shares. The performance fee for the year ended 30 June 2019 amounted, in aggregate, to £2,456,957 (2018: £12,095,146) of which £2,456,957 was payable at 30 June 2019 (2018: £10,964,740).

Estera International Fund Managers (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% (2018: 0.12%) of that part of the NAV of the Company up to £150 million and 0.1% (2018: 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 £267,031 (2018: £234,486).

ABN AMRO (Guernsey) Limited*

Under the custodian agreement, the Custodian receives a fee, calculated and payable quarterly in arrears at the annual rate of 0.05% (2018: 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 £114,705 (2018: £98,666).

* Effective from 15 July 2019, Butterfield Bank (Channel Islands) Limited acquired ABN AMRO (Guernsey) Limited.

18. ULTIMATE CONTROLLING PARTY

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

19. POST BALANCE SHEET EVENTS

On 10 July 2019, the Company declared an interim dividend of £2,369,550, equating to 2.5 pence per Ordinary share, which was paid on 19 August 2019 to shareholders on the register on 19 July 2019.

On 22 July 2019, Chris Waldron purchased a further 5,000 Ordinary shares. Following the purchase, the total number of Ordinary shares held by Chris Waldron was 20,000.

On 9 August 2019, the Company reported that its unaudited NAV at 31 July 2019 was 234.81 pence per Ordinary share.

On 10 September 2019, the Company reported that its unaudited NAV at 31 August 2019 was 224.06 pence per Ordinary share.

On 11 September 2019, the Company approved a further issue of 125,000 shares to five separate charitable organisations.

The Company purchased 1,115,000 of its own Ordinary shares during the period between 1 July 2019 and 11 September 2019, which were held as Treasury shares. Following these purchases, the total number of Ordinary shares held as Treasury shares by the Company was 4,642,782.

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;

"**AIC Guide**" means the AIC's Corporate Governance Guide for Investment Companies, dated July 2016;

"**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;

"**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;

"**Black Scholes**" means the Black Scholes model, a mathematical model of a financial market containing derivative instruments;

"**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;

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

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

"**Chancery Court**" or "**Court of Chancery**" means a court that is authorised to apply principles of equity, as opposed to those of law, to cases brought before it;

"**Channel 3**" means the British commercial network legally named Channel 3;

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

Glossary of Capitalised Defined Terms (continued)

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

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

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

"**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;

"**Floating Production and Storage**" means a floating vessel used by the offshore oil and gas industry;

"**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;

"**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;

"**HbA1c**" means average blood sugar levels test;

"**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;

Glossary of Capitalised Defined Terms (continued)

"**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;

"**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;

"**iOS**" means a mobile operating system created and developed by Apple Inc.;

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

"**ITV**" means a British free-to-air television channel;

"**Kay Review**" means the Kay Review of UK equity markets and long-term decision making as published by the UK Government's Department for Business, Innovation and Skills;

"**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;

"**Phantom Plan**" means the practice within Allied Minds plc of paying to executives 10% of gains arising from any successful individual investment independent of the scale of losses incurred on other investments;

"**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;

Glossary of Capitalised Defined Terms (continued)

"**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;

"**STEP-1**" means the US clinical trial of the EndoBarrier due to be undertaken by GI Dynamics Inc.;

"**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;

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

"**Trustpilot**" means a consumer review website;

"**TV**" means television;

"**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;

"**UTV**" means a British free-to-air television channel; and

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

Directors and General Information

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

Investment Adviser
Crystal Amber Advisers (UK) LLP
17c Curzon Street
London W1J 5HU

Administrator and Secretary
Estera International Fund Managers (Guernsey) Limited
PO Box 286
Floor 2, Trafalgar Court
Les Banques, St Peter Port
Guernsey GYI 4LY

Broker
Winterflood Investment Trusts
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA

Independent Auditor
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 1WR

Registered Office
PO Box 286
Floor 2, Trafalgar Court
Les Banques, St Peter Port
Guernsey GYI 4LY

Identifiers

ISIN:	GG00B1Z2SL48
Sedol:	B1Z2SL4
Ticker:	CRS
Website:	http://crystalamber.com

Investment Manager
Crystal Amber Asset Management (Guernsey) Limited
PO Box 286
Floor 2, Trafalgar Court
Les Banques, St Peter Port
Guernsey GYI 4LY

Nominated Adviser
Allenby Capital Limited
5 St. Helen's Place
London EC3A 6AB

Legal Advisers to the Company
As to English Law
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

As to Guernsey Law
Carey Olsen
PO Box 98
Carey House
Les Banques
St. Peter Port
Guernsey GY1 4BZ

Custodian
Butterfield Bank (Channel Islands) Limited
PO Box 253
Martello Court
Admiral Park
St. Peter Port
Guernsey GY1 3QJ

Registrar
Link Asset Services
65 Gresham Street
London EC2V 7NQ

CRYSTAL AMBER

Crystal Amber Fund Limited, PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GYI 4LY