21 September 2020

Crystal Amber Fund Limited

Final results for the year ended 30 June 2020

The Company announces its final results for the year ended 30 June 2020.

Key Points

- Net Asset Value ("NAV")[1] per share fell by 57.4% to 106.02 pence (249.12 pence at 30 June 2019, 179.21 pence at 31 December 2019) or 55.4% after adjusting for dividends paid.
- NAV has continued to recover - up 31.6% since 31 March and up 11.2% to 117.90 pence since the year end.
- Instrumental in advancing the turnarounds at De La Rue and Allied Minds, including board and management changes.
- Realised gains of £14.3 million from Leaf Clean, an investment that has returned £29.9 million cash to the Fund so far.
- Reduced holding in Northgate following its merger with Redde, realising a loss of £6.3 million.
- COVID-19 highlights medical need for GI Dynamics' treatment for diabetes and obesity.
- Share buy-back programme maintained, with average share price discount to month end NAV through the year of 20.4% (2019: 7.8%).

Posting of Annual Report and Notice of AGM
Copies of the Company's Annual Report and Accounts for the year ended 30 June 2020, along with notice of its 2020 Annual General Meeting ("AGM"), will be posted to Shareholders on 22 September 2020. Copies of these documents will be made available on the Company's website https://www.crystalamber.com/ shortly thereafter.

The 2020 AGM will take place at 10.30 a.m. on 20 November 2020.

The Board of Directors is mindful of the impact of the COVID-19 pandemic on the Annual General Meeting and the current restrictions on travel to Guernsey which require a mandatory 7 or 14 day quarantine period upon arrival dependent upon where you have travelled from. Therefore, shareholders not already in Guernsey and contemplating attendance in person are urged instead to submit their Proxy instruction appointing the Chair of the meeting as their proxy as they, or any non-Guernsey based third party proxies, may not be able to attend the Annual General Meeting and cast a vote on the shareholder's behalf.

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(1) All capitalised terms are defined in the Glossary of Capitalised Defined Terms unless separately defined.

Chairman's Statement

I hereby present the thirteenth annual report of Crystal Amber Fund Limited ("the Fund"), for the year to 30 June 2020. At that point, NAV was £97.4 million, compared with an unaudited NAV of £167.9 million at 31 December 2019 and an audited NAV of £238.8 million at 30 June 2019. NAV per share was 106.02 pence at 30 June 2020 compared with 179.21 pence at 31 December 2019 and 249.12 pence at 30 June 2019.

The word 'unprecedented' should be used sparingly, but the events of this year merit this description. The COVID-19 pandemic has severely impacted the Fund's portfolio, coming at a time when the UK's small cap sector was already struggling with the uncertainties of Brexit and the significant increase in redemption pressure suffered by several small and mid cap fund managers. This has resulted in many traditional institutional buyers of small cap investments withdrawing their support for the sector as their overriding priority became liquidity rather than value.

As a result, the sector's weakness relative to broader and more growth-oriented indices increased during the period, to the extent that the Numis Smaller Companies Index fell by over 25% in the first six months of 2020. By contrast, large cap indices experienced smaller, single digit falls and technology heavy indices, such as the NASDAQ, actually posted rises.

The effect of COVID-19 on certain sectors was pronounced, with travel and oil, amongst others, particularly badly hit. This was seen in the dramatic decline in the value of the Fund's holdings of Hurricane Energy and Equals Group. Whilst Hurricane has had to cope with company specific issues, as detailed below in the Investment Adviser's report, it has also had to contend with very weak oil prices, which in April turned negative for a short period. Truly unprecedented.

In my last statement at the end of February, I noted the inevitable concentration risk inherent in a focussed activist portfolio and the volatility of the last year has certainly reflected this. However, the Board has been encouraged by the progress made by the Investment Adviser in its interactions with portfolio companies, even if the valuation background has remained bleak.

A good example, typical of the Fund's patient approach, is De La Rue, whose prospects are now much brighter following the management changes long encouraged by the Fund and its recent equity fund raising, also supported by the Fund. The process of change has taken longer than we might have hoped, but De La Rue now has a solid platform for growth, which we hope to see reflected in its valuation.

The same strategy of constructive engagement to unlock value continues in particular at Hurricane, Allied Minds, Equals Group and GI Dynamics, all of which are trading at significant discounts to what the Fund considers to be fair value. The specific approaches to these and other investee companies are set out in more detail in the Investment Adviser's report, but the Board continues to believe that these initiatives will bear fruit and that we will see meaningful progress this year.

At the time of writing, the pace and timing of the economic recovery from the COVID-19 pandemic is a matter of debate, but it is encouraging that the NAV has continued its rise from below 90p in March and had reached 117.90p at the end of August.. There is still a long way to go to recoup the falls of the past year, but the portfolio has the potential to deliver this.

During the year, the Fund bought back 4,235,413 of its own shares at an average price of 126.67 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 20.4%. At the year end, the shares traded at a discount of 15.6% to NAV. The share buyback programme had a cost of 0.5% to NAV per share during the year.

The Fund declared interim dividends of 2.5 pence in July 2019 and December 2019, in line with the dividend policy of paying 5.0 pence per year. At the 2019 AGM, interim dividends previously paid were ratified by shareholders. The Fund did not declare an interim dividend in July 2020, in light of the emergence of COVID-19; further explanation can be found in the body of the Annual Report.

During the year, the Fund created and issued 250,000 shares to ten charities. Today, it has issued an additional 125,000 shares, split equally amongst the following five charitable organisations: St Andrews Clinic for Children, Cancer Research UK, Feis Ceoil, James' Place and Sentable.

The Fund is delighted to assist so many worthy causes and always seeks to make a positive difference, particularly at a time when the global community needs to come together.

Christopher Waldron
Chairman

18 September 2020

Investment Manager's Report

Performance

The Fund's NAV per share decreased by 57.4% during the year. Adjusting for dividends paid, the decrease in the Fund's NAV per share for the year was 55.4%. This compares to the Numis Smaller Companies Index which suffered a decrease of 15.0% over the same period.

Positive contributors to performance were Leaf Clean Energy Company (0.7%), STV Group (0.6%), Board Intelligence (0.3%) and Kenmare Resources (0.2%). The main drivers of the Fund's negative return were Hurricane Energy (20.4%), Equals Group (15.2%), GI Dynamics (11.1%), De la Rue (4.6%) and Redde Northgate (4.4%).

The Fund's performance is calculated after taking into account the result of portfolio protection through the purchase of FTSE put options. Over the period, this improved the NAV performance by 3.1%.

Portfolio and Strategy

At 30 June 2020, the Fund held equity investments in 15 companies (2019: 18), including two unlisted companies. The Fund also held warrants and debt instruments in GI Dynamics.

Taking account of all investment instruments, the Fund's exposure to its top ten investee companies amounted to 90.1% of NAV at 30 June 2020 (2019: 96.8%). The Fund's month-end average net cash and accruals position was 2.0% of NAV (2019: -0.8%), meaning that it has remained fully invested throughout 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 but levels of investment in individual companies are closely monitored and parameters are set to ensure this risk is managed and kept to an appropriate level.

At 30 June 2020, the weighted average market capitalisation of the Fund's listed investee companies was £171 million (30 June 2019: £420 million).

The table below lists the Fund's top ten shareholdings as at 30 June 2020, the equity stake that those positions represent in the investee company and their percentage contribution to NAV performance over the year.

Ten largest shareholdings	Pence per share	Percentage of NAV	Percentage of investee equity held	Contribution to NAV performance(1)
De La Rue plc	26.5	25.0%	18.3%	(4.6%)
Allied Minds plc	19.7	19.0%	22.5%	(1.4%)
Equals Group plc	12.1	11.0%	21.4%	(15.2%)
Redde Northgate plc	8.8	8.0%	2.0%	(4.4%)
Hurricane Energy plc	8.2	8.0%	6.6%	(20.4%)
*Board Intelligence Ltd	6.9	7.0%	N/A	0.3%
Camellia plc	2.3	2.0%	1.1%	(0.4%)
Sutton Harbour Group plc	2.2	2.0%	10.8%	(0.5%)
GI Dynamics Inc.	1.6	2.0%	73.1%	(10.2%)
Kenmare Resources	1.3	1.0%	0.6%	0.2%
Total of ten largest shareholdings	89.6			
Other investments	7.3			
Cash and accruals	9.1			
Total NAV	106.0			

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

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

Eight of the Fund's top ten positions at 30 June 2020 were amongst the top ten at 30 June 2019. Over the year, the position in De la Rue increased from 6.4% to 18.3% of the company. Similarly, the holding in Allied Minds increased from 5% to 22.5% of the company. The stake in GI Dynamics increased from 65.1% to 73.1%, mainly through the exercise of warrants. The Fund remains a shareholder in STV Group despite a significant reduction in the position. Holdings in Camellia and Kenmare Resources were acquired in prior financial years.

The Leaf Clean position reduced in value as the company effected a compulsory capital redemption as a means to return capital to shareholders. Leaf Clean subsequently delisted and is in the process of winding up. To date, the Fund has received £29.9 million, realising gains of £16.1 million on its £13.8 million investment. A final distribution is expected in 2021 from tax withheld, once the relevant returns have been completed. Since the year end, Leaf Clean has reported that it is expecting to return approximately $8.5 million to shareholders. Should the tax withheld be released, as the Fund owns 23.7% of Leaf Clean's share capital, this should add around 1.7p per share to the Fund's net asset value.

Investee companies

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

De La Rue plc ("De la Rue")

De La Rue's Currency division designs and prints banknotes and produces related components, including security features. The Authentication division supplies tax stamps and products and software to authenticate and track individual products throughout their supply chains, and it produces components for inclusion within individual identity documents such as passports.

The Fund is pleased to note that, by exposing and highlighting the failures of prior management, it accelerated the departures of the former Chief Executive Officer and Chairman and enabled the new leadership to take decisive actions to maximise growth opportunities in both the Currency and Authentication divisions and to remove excess cost from the business. In the Fund's view, De La Rue has suffered from very poor leadership and oversight, which has resulted in an unacceptable financial performance over many years, despite tailwinds from most of the company's end-markets and the consequent benefits evidently enjoyed by its competitors.

In July 2019, the UK Serious Fraud Office announced the commencement of an investigation into De La Rue and its associates in relation to suspected corruption in the conduct of business in South Sudan. This caused the share price to fall by 22% over the subsequent two days. In June 2020, the Serious Fraud Office closed its investigation into De La Rue and its announcement included no fines or censures against the company.

Within its interim results announcement in November 2019, De La Rue pointed to full-year adjusted operating profits significantly below sell-side analyst forecasts. In response to the cash outflow experienced during the first half of 2019/20, the company sensibly decided to suspend its dividend. The company's auditors required De La Rue to characterise as a "material uncertainty" the risk that, in a multiple-downside scenario and if no mitigating action was taken, the company might breach bank debt covenants. This attracted significant press coverage and contributed to the 23.5% stock price fall on the day of the interim results announcement. Despite this, our analysis indicated that the company was unlikely to breach its covenants.

In February 2020, De La Rue announced that it expected to operate within its banking covenants for the financial year 2020. It also expanded its cost-cutting target to £35 million and accelerated its completion to the second half of 2020/21. This would return the Currency division to significant profitability even if the banknote printing cycle did not improve. Furthermore, the company expanded its growth target for the Authentication division and now aims to achieve revenue of £100 million by 2021/22, up from £39 million in financial year 2019.

In June, De La Rue announced a £100 million equity fundraise, supported by the Fund, and released its results for the year ended 31 March 2020 along with further detail about the new management team's turnaround plan. The company was able to deleverage materially during the second half of its financial year, and comfortably met its banking covenants. This was due to the disposal of its International Identity Solutions business combined with a stronger underlying free cash flow performance than in the first half. De La Rue's defined benefit pension scheme also achieved an accounting surplus of £65 million as of the end of March 2020.

The full-year results announcement made clear that underlying demand for De La Rue's key products and services in both the Currency and Authentication divisions has remained strong throughout the period when the broader economy has been adversely affected by the coronavirus pandemic. Indeed, the company has identified new areas of opportunity in this environment, such as the authentication of COVID-19 protection kits and the development of its own proprietary immunity certification scheme. The company has recently confirmed that it is in discussions with governments to sell these solutions. Between the start of its new financial year and the results announcement on 17 June 2020, the Authentication division won contracts with a combined lifetime value in excess of £100 million.

Notwithstanding these positive developments, an equity fundraise was ultimately required as a direct consequence of the "material uncertainty" noted in the interim results. Whilst the scale of the fundraise has arguably left the company with an under-geared balance sheet, it has resulted in several positive developments including an improved pension funding schedule, an extension of its financing facilities until December 2023 and, most significantly, a fully funded three-year turnaround plan.

De La Rue has now emerged with an almost debt-free balance sheet. The Fund continues to believe that it 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. It controls a 30% market share of global commercial banknote printing, which enables the Currency division to accelerate and fully capitalise on the structural shift towards polymer notes. The higher-margin Authentication business grew organically by 60% during the last financial year.

We believe that De La Rue's current valuation of less than one times revenue does not reflect either the operational upside set out in its detailed disclosure of the three-year turnaround plan, or its strategic value when compared to previous deals within the sector priced at around twice expected revenue.

Allied Minds plc ("Allied Minds")

Allied Minds is an IP commercialisation business focused on early-stage company development within the US technology sector. It announced in April 2019 that it would henceforth focus on maximising returns and shareholder distributions from its existing portfolio, rather than continuing to invest in new businesses. The portfolio now contains three significant holdings: Federated Wireless, Spin Memory and BridgeComm, all of which have raised capital from third parties including strategic investors. Allied Minds also has an estimated cash balance of between US$25-27 million after announced follow-on commitments, plus three smaller stakes in other technology companies and a written-down life-sciences holding.

Based on the disclosure regarding individual investee company holding values, we estimate that Allied Minds' net asset value currently stands at between 64p and 75p per share. The Fund initiated its investment during Autumn 2018 and the average cost of its holding is 37p per share, adjusted for the special dividend paid in February 2020.

Following its initial investment, the Fund expressed concerns to Allied Minds regarding its excessive parent company costs and the urgent need to realign its cost base. The company's ongoing HQ expenses were running at an estimated US$17-20 million in 2018. In response to concerted pressure exerted by the Fund, ongoing central costs have so far been reduced to around US$6 million per annum. The Fund has also consistently objected to the extraordinary practice of paying management 10% of gains arising from any successful individual investment, independent of the losses incurred on other investments in the portfolio (the "Phantom Plan").

In August 2019, HawkEye 360 (one of Allied Minds' top three holdings by value at the time) announced it had raised US$70 million at a valuation more than double its September 2018 funding round. In September 2019, Allied Minds then achieved its first-ever successful exit, with the sale of its stake in HawkEye 360 for US$65.6 million. This triggered a cash pay-out of US$4.9 million under the

Phantom Plan, despite a drop of around 90% in the share price for Allied Minds' shareholders over the four years since it first invested in HawkEye 360. Allied Minds announced that it would make an initial cash return to its shareholders equating to only half of the gross sale proceeds.

In September 2019, Federated Wireless raised US$51 million at a valuation more than 20% higher than its prior round, of which US$10 million was invested by Allied Minds. Subsequently, Federated Wireless received US regulatory approval for both the initial and full-scale commercial deployments of its Citizens Broadband Radio Service ("CBRS") system, enabling it to begin generating recurring revenues.

In November 2019, the Fund requisitioned a General Meeting ("GM") of Allied Minds with the aim of changing the composition of its board to help accelerate and maximise both cost reductions and cash distributions. In December, Allied Minds announced a range of developments including a US$1.5 million reduction in recurring HQ expenses, an increase in the Q1 2020 initial cash return from the sale of the HawkEye 360 stake, the introduction of a cumulative cash returns threshold before any further payments can be made under the Phantom Plan, and the appointment of a new non-executive director proposed by the Fund, Mark Lerdal. Based on this package of changes, the Fund agreed to withdraw its GM requisition.

In January 2020, Allied Minds declared a special dividend of $40 million (12.62p per share), equating to two-thirds of the proceeds from the HawkEye 360 stake disposal net of transaction fees and the Phantom Plan pay-out.

During March, the Fund significantly increased its holding in Allied Minds. The Fund firmly believes that there remains scope for the company to cut its overheads of US$6 million per annum and that, in the current climate, it should take quick and decisive action to reduce its cost base further.

The Fund notes that Allied Minds' shares trade at a discount of over 45% to its estimated NAV per share. The current market capitalisation, excluding estimated parent-level cash and the value of the stake in Federated Wireless (implied by that company's latest fundraising round), attributes no value to the rest of the portfolio.

Equals Group plc ("Equals")

Equals is an e-banking and international payment services provider. It serves retail and business customers mainly in the United Kingdom under an e-money licence. Equals provides faster, cheaper and more convenient money management than traditional banking services with bank-grade UK domestic clearance. 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. The Fund's previous annual reports include additional background to this investment.

Over the period, Equals continued its transition toward B2B, a strategic move that partially insulated it from the impact of COVID-19 on leisure travel. Prior to the pandemic, most revenues already came from the corporate segment, and with the pandemic this shift accelerated. In 2019, B2B revenues grew by 19% and represented 56% of the group's £30.9 million revenue. Corporate revenue growth continued over the first half of 2020, with B2B revenues growing by 30% which now represents 66% of group revenue. B2C revenues fell by 29% due to the pandemic impact on travel.

However, investment during 2019 to rebrand, enhance the technology platform and hire personnel was a drag on cashflows. In addition, mismanagement of market forecasts for 2019 understandably damaged investor confidence. Whilst the appointment of Richard Cooper as CFO has brought increased disclosure of the company's finances, investor confidence has been dented by the pandemic's impact on international travel. With the investment phase completed, sensible cost cutting measures are under way to realign the cost base to the business's needs. The Fund is determined to see Equals deliver positive cash flows.

Equals' proposition to SMEs is compelling relative to that offered by legacy banks. The Fund believes that better understanding of the economics of higher lifetime value business customers will improve perceptions of Equals' prospects. The company's assets include over one million customers, an upgraded technology platform and licences and industry relationships built over many years. With larger players keen to acquire fintech capabilities, the Fund believes Equals would be an attractive takeover candidate.

Redde Northgate plc ("Northgate")

Northgate is the leading light commercial vehicle flexible hire business in the UK, Spain and Ireland, helping its customers accelerate their switch away from vehicle ownership. On 29 November 2019, it announced the acquisition of Redde plc ("Redde"), the UK provider of replacement vehicle, repair and recovery services to insurance company customers, as well as accident and incident support services to private and public organisations.

Northgate's share price has fallen by 33% since it announced the acquisition of Redde in November 2019, adjusting for the interim dividend. This compares to a -8% total return from the Numis Small Cap Index over the same period. At 228p, the shares trade at just over half of Northgate's last-reported net tangible assets per share of 414p as at 31 October 2019.

The Fund notes that combined fees payable by both Northgate and Redde to professional advisers in relation to the deal were more than £25 million. This is equivalent to more than 8% of the market capitalisation of Redde prior to completion of the acquisition. The Fund was deeply disappointed by the quantum of these fees, particularly as the transaction was an all-share deal, with no costs incurred in raising capital.

The Fund, together with a total of 40% of the company's shareholders, successfully objected to the company's proposal to base its new senior executive incentive plan (the "Value Creation Plan") on total shareholder returns delivered above the share price following shareholder approval of the Redde acquisition. The basis for the scheme was consequently changed, to be struck at the pre-deal announcement share price of 350p.

The company issued trading updates during March and May 2020. Performance had been running in line with management's expectations until the end of February. Management then initiated cash preservation measures, including minimising new vehicle capex.

Bank facility headroom had increased to £234 million by end of April, despite the ex-rental vehicle disposal market being closed during the coronavirus lockdown. Management stated that it did not expect to have to raise additional funding even in a downside-case COVID-impact scenario.

On 4 September 2020, Redde Northgate announced the acquisition of UK bodyshop network Nationwide Accident Repair Services, to broaden its offering and bring some of its vehicle repair work in-house. Results for the full year to April 2020 were announced on 16 September. Trading has improved as COVID-related lockdowns have eased, vehicle residual values have increased significantly year-on-year, and management is making "excellent" progress on the merger integration, with the original £10 million cost synergy target already achieved and now raised to £15 million.

As previously stated, the Fund believes that Northgate's well-managed Spanish business would be an attractive acquisition candidate for several multinationals that have been attempting to increase their presence within the European flexible vehicle rental market. These larger and more diversified peers operate with greater leverage and lower costs of capital than Redde Northgate and would be able to realise multiple synergies unavailable to Northgate.

The Fund hopes that the company's ongoing review of Northgate's strategy will conclude that it is in shareholders' interests to initiate an auction of the Spanish business.

The Fund believes that Northgate had long suffered from inadequate strategic leadership, overseen by a board lacking in direct experience within hire industries. This was addressed by the appointment of Avril Palmer-Baunack as chair in August 2019. She has also previously served as chair of the standalone Redde business.

Hurricane Energy ("Hurricane")

Hurricane is an oil exploration and production company targeting naturally fractured basement reservoirs in the West of Shetland. The Fund's previous annual reports include background information on this investment.

This was a very challenging year for Hurricane: its Lancaster Early Production System ("EPS") failed to deliver the targeted 20k barrels a day due to an increased water cut. The regulator rejected Hurricane's application to tie back an additional production well to its EPS vessel, which would have been funded by its JV partner Spirit Energy. As a condition to extending its licences, the regulator requested that it should drill two sub-vertical commitment wells over the next two years. Shareholders lost confidence in management as a result of perceived missed expectations and perplexing regulatory signals. The weak oil price environment, exacerbated by COVID-19, reduced operating cash flows and compounded negative investor sentiment. Despite its $106 million cash balance, investors continue to question the ability of Hurricane to meet regulatory commitments, undertake necessary remediation and appraisal work and address the maturity of its $230 million convertible bond by July 2022.

In June 2020, the CEO resigned. The company set up a technical committee to re-examine the full range of possible geological and reservoir models for the Lancaster field which reached initial conclusions in September. These suggest that the oil - water contacts at Lancaster, Lincoln and Halifax are significantly shallower than previously determined. Estimated recoverable reserves, assuming no remedial action, have been reduced from 37.3 million barrels to 16 million, of which 6.6 million have already been produced.

The Fund is pleased with the appointment of the new CEO, Antony Maris, who brings relevant experience in developing and operating fractured basement reservoirs.

In the second half of 2020, production is expected to continue from a single well at a range of 12,800 to 14,200 barrels per day. A number of remediation options are available to increase the EPS' production. However, in the current oil price environment and with a reduced production outlook, cash generation is expected to be insufficient to both fund additional well stock and to repay the bond. Nevertheless, as the convertible bond now trades at less than half its repayment value, there is currently an opportunity for Hurricane to utilise some of its $106 million cash to buy in some bonds in order to materially reduce its indebtedness.

The Fund finds the conclusions of the technical committee persuasive but not conclusive. Fractured reservoirs commonly exhibit rapid initial pressure decline and we note at Lancaster that the rate of pressure decline has in fact slowed. Moreover, the zone now believed to contain residual oil below the oil water contact is very thick, whereas we would have expected an abrupt change in oil saturation at the free water level. Therefore, the Fund believes that significant volumes of oil may be present below the revised oil water contact at 1,330 metres.

Following the publication of the report the shares are trading at little more than option money and the Fund has increased its holding. Despite these uncertainties, the company has stressed there are currently no going concern issues and it has ruled out an equity raise at this time.

Since investing in Hurricane, the Fund has realised profits of £43 million.

Board Intelligence Limited ("BI")

BI is a privately-owned UK company with a mission to make governance the most powerful driver of performance for organisations, to include improving 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 board reporting 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 anticipated to be higher than is evident during the growth phase. BI's customer acquisition cost is low relative to customer lifetime value, so growth in the client base increases the company's enterprise value. The price of the service is a secondary consideration for customers relative to the high value attributed to any improvement in board meeting productivity and data security. Furthermore, once a solution has been adopted by a company there are switching costs to change to another provider, which contributes to 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 invests in unquoted companies only in exceptional circumstances but was attracted by the economics and mission of this business and the many growth opportunities amongst the 9,350 organisations in the UK that employ over 250 people. BI also has options to expand the product internationally and/or to provide services to smaller organisations.

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.

In response to the COVID-19 pandemic, the company cut operating costs and also rapidly integrated video conferencing into the app, which has helped to secure new sales.

During August 2020, BI closed a fundraising deal with a new investor, which enabled the Fund to sell over a third of its holding and to recoup over 85% of its investment in the company. The term sheet for this deal was signed in late June 2020, and the resulting uplift to fair value of this holding has been included within the Fund's NAV at 30 June 2020.

Sutton Harbour Group plc ("Sutton Harbour")

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 has been the majority shareholder in the company and has been shaping Sutton Harbour's new strategy.

During the year, Sutton Harbour continued with pre-construction work for the two major consented schemes around Sutton Harbour. Harbour Arch Quay, the smaller 14 apartment building, is close to starting construction subject to finalising contracts and financing, which is expected later this year. The much larger 170 apartment Sugar Quay development is subject to approval of planning consent variations and work is targeted to start on site in 2021.

Final results to the end of March 2020 reported NAV of 39.7 pence per share versus a then share price of 16 pence. The company secured additional banking facilities of £2 million in May 2020.

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

GI Dynamics Inc ("GI Dynamics")

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.

During the period, the company initiated its USD FDA approved clinical trial, continued steps toward regaining its CE Mark and continued regulatory work to obtain approval for a trial in India in partnership with Apollo Sugar. The Fund backed these efforts with a $10 million investment in August 2019.

In January 2020, GI Dynamics announced the enrolment of the first patient on its US trial. While enrolment was halted shortly afterwards by the COVID-19 pandemic, this has placed the need to tackle obesity and diabetes at the top of the public health agenda. These two conditions appear to be increased contributors to mortality outcomes in COVID-19 patients. Both obesity and diabetes remain poorly treated by pharmacotherapy and invasive bariatric surgery. GI Dynamics brings a treatment with a wealth of data confirming efficacy and safety.

As the company continued to progress its key strategic initiatives, the Fund engaged with the GI Dynamics board to restructure the company. In June 2020, the company voted to delist from the Australian Stock Exchange and this was completed in July 2020. The Fund believes that GI Dynamics' should operate as a private company at this stage of its development. In July, the Fund converted its 2017 senior secured loan note into equity, with a principal and accrued interest value of US$5.4 million, increasing its equity position. The Fund agreed an additional investment, and the board restructured with the arrival of a new director proposed by the Fund. A simplified corporate structure should reduce the company's cost base and facilitate third party investment.

The Fund has held a board observer position in GI Dynamics since November 2019.

Outlook

Events during the year to 30 June 2020 were unprecedented. Prior to the pandemic, and aside from the already well documented effects of COVID-19, many UK domestically focussed businesses suffered from Brexit related uncertainties. This also adversely affected the appetite of potential corporate acquirers. Increased redemption pressure also affected several small and mid-cap fund managers and resulted in reduced demand for, and a surge in the supply of shares in many listed companies

Huge central bank stimulus has injected liquidity into global equity markets. Despite this, some institutional investors, who had pulled back from smaller companies prior to the pandemic have not returned. Despite uncertainties around COVID-19, the Fund's major holdings in De La Rue and Allied Minds have demonstrated their resilience. Moreover, GI Dynamics has a clinically proven product that can meet a huge unmet clinical need in the fight against diabetes and obesity, both contributors to increased risk of death from COVID-19.

Crystal Amber Asset Management (Guernsey) Limited
18 September 2020

Investment Policy

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

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

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 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 objectives 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. In view of the effects of COVID-19, the Directors have concluded that a decision on whether to pay an interim dividend in this financial year should be deferred until later in the year, as further disclosed in the Report of the Directors.

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 was admitted to trading on AIM on 17 June 2008.

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

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

Business review
A review of the business together with likely future developments is contained in the Chairman's Statement and the Investment Manager's Report.

Results and dividend
The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income.

On 10 July 2019, the Company declared an interim dividend of £2,381,425 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 10 December 2019, the Company declared an interim dividend of £2,349,048 equating to 2.5 pence per Ordinary share, which was paid on 13 January 2020 to shareholders on the register on 20 December 2019.

The Company has declared dividends twice yearly in the sum of 2.5 pence per share totalling 25 pence per share over the last five years. Traditionally, the dividends have been largely funded by dividends received from portfolio companies.

In view of the effects of COVID-19, there is significant uncertainty as to the timing and quantum of dividend receipts from the Company's portfolio companies. The Directors are also mindful that changes in the composition of the portfolio could mean that there will be lower dividend receipts than in past years. Accordingly, the Directors have concluded that a decision on whether to pay an interim dividend in this financial year should be deferred until later in the year.

Continuation vote
The Company is subject to a continuation vote scheduled to occur every two years. The next continuation vote will be proposed at the 2021 AGM.

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. As disclosed further in Note 1, the Directors have considered the potential impact of the effects of COVID-19 on the Company's activities and do not consider this to have had an impact on their assessment of the Company as a going concern.

Long term viability
As further disclosed in the corporate governance note in the Report of the Directors, 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 2023. 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 below, the effectiveness of controls over those risks, the process in place for identifying emerging risks and have evaluated the sensitivities of the portfolio to market volatility.

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 continuation vote to take place at the 2021 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. This ensures that procedures are in place to identify principal risks, mitigate and minimise the impact of those risks should they crystallise, and to identify emerging risks and determine whether any action is required. The Investment Manager has created a Risk Committee from which the Board receives quarterly reports. With effect from 22 November 2019, Fred Hervouet, one of the Board Directors (previously Nigel Ward who retired from the Board with effect from 22 November 2019), liaises with the Risk Committee and attends its regular meetings to offer an independent view and to enhance communication between the committee and the Board. The Directors have carried out a robust assessment of the principal risk areas relevant to the performance of the Company including those that would threaten its business model, future performance, solvency and liquidity and these are detailed below. As it is not possible to eliminate risks completely, the purpose of the Investment Manager's risk management policies and procedures is to reduce and manage risk and to ensure that the Company is as adequately prepared as reasonably possible to respond to such risks and to minimise their impact should they occur.

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

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

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

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

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

Portfolio concentration risk
By its very nature as an activist fund, the Company is exposed to the risk that its portfolio of investee companies is not sufficiently diversified to absorb the impact of a fall in value of some of its major investments. As noted in the Investment Policy, the Company seeks to invest in companies and use activism to unlock value. An inherent consequence of this policy is a portfolio concentrated on a number of key investee companies. The Board is aware of this risk and feels it is a necessary risk to take in order to provide returns through the investment strategy. Levels of investment in individual companies 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 and share price movements on a daily basis. The Administrator prepares weekly portfolio valuation reports. The Investment Adviser engages with investee companies through regular meetings and reports to the Board. The Investment Manager and Investment Adviser also compare the Company's performance to the Numis Smaller Companies Index and investigate all underperformance and unrealised losses of the Company.

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

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 periodically hedges price risk by holding put options linked to the FTSE index to provide some protection against a significant market sell-off.

Shareholder concentration risk
A total of 8 investors with holdings of 3% or more each of the shares of the Company hold a combined 72.21% 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 may be realised in connection with investments. The ability to assess future values and the timing thereof, whether in connection with the making of an investment or exiting from an investment, may be particularly important in the case of investments over which the Company has little or no control on its own. The ability of the Company to exit certain investments on favourable terms will be dependent (inter alia) upon the successful implementation of the strategic plans for such investee company and, in particular, the ability to persuade management to adopt such strategic plans. It will also depend on the relative liquidity of the stock of the investee company at that time.

During the year, additional risks were identified in relation to the ongoing COVID-19 pandemic. Further details including mitigation strategies, are included within the going concern section of Note 1 to the Financial Statements.

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 the Company's risk matrix to ensure that procedures are in place to minimise the impact of the above mentioned risks.

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 2020 the ongoing charges ratio of the Company was 2.13% (2019: 1.93%). The ongoing charges ratio has been calculated using AIC recommended methodology and is made up as follows:

	2020 £	2019 £
Ongoing expenses	3,223,790	4,326,511
Weighted average NAV	151,011,706	224,197,528
Ongoing charges ratio	**2.13%**	**1.93%**

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 the Directors section. During the year, Nigel Ward retired as Director of the Company with effect from 22 November 2019. Biographies of the Directors holding office as at 30 June 2020 and at the date of signing these Financial Statements are shown on the Directors section.

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

Directors' remuneration
The remuneration of the Directors during the year is disclosed in Note 16.

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

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

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

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

Dividends
In view of the effects of COVID-19, the Directors have concluded that a decision on whether to pay an interim dividend in this financial year should be deferred until later in the year, as further disclosed in the Report of the Directors.

Board composition
Nigel Ward retired as a Director of the Company with effect from the Company's Annual General Meeting on 22 November 2019. Fred Hervouet was appointed as Chairman of the Remuneration and Management Engagement Committee with effect from 22 November 2019. Given the nature of the Company's business, the active involvement of both the Investment Manager and Investment Adviser, and in order to reduce the overall operating expenses of the Company, the Board decided not to appoint a replacement Director for Mr Ward upon his retirement in 2019.

Charitable shares
During the year, the Company approved the issue of 250,000 shares to ten separate charitable organisations in accordance with the authority granted to the Company by shareholders at the 2019 AGM. As disclosed within the Chairman's Statement, as at the date of this report, the Company has issued a further 125,000 shares split equally amongst the following five charitable organisations: St Andrews Clinic for Children, Cancer Research UK, Feis Ceoil, James' Place and Sentable.

Substantial interests
As at 24 August 2020, the Company had been notified of the following voting rights of 3% or more of its total voting rights:

	Number of Ordinary shares	Total voting rights
Invesco Perpetual	18,734,226	20.59%
Wirral BC	12,938,214	14.22%
1607 Capital Partners	11,313,627	12.43%
Crystal Amber Asset Management (Guernsey)	7,037,991	7.73%
Almitas Capital	5,457,000	6.00%
Noble Grossart Investments	4,000,000	4.40%
Rath Dhu	3,330,000	3.66%
Aviva Investors	2,896,440	3.18%
Total	65,707,498	72.21%

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

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

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

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

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

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

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

Purpose, culture and values
The Company's purpose remains clear: to provide its shareholders with an attractive total return, which is expected to arise primarily from 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.

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

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

As at the date of this report, the Board comprises three Non-Executive Directors (2019: 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 judgement. Board appointments are considered by all members of the Board and have been made based on merit against objective criteria. Nigel Ward retired as a Director of the Company with effect from 22 November 2019. At the same time, Fred Hervouet was appointed as Chairman of the Remuneration and Management Engagement Committee and attends the meetings of the Risk Committee of the Investment Manager.

The Chairman of the Board is Christopher Waldron. The Board has taken note of the provisions of the AIC Code relating to independence and has determined that Mr Waldron is an independent director. The Company has no employees and therefore there is no requirement for a Chief Executive, nor has it established a Senior Independent Director due to the size of the Board and the Company. The Board is satisfied that any relevant issues that arise can be properly considered by the Board.

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

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

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

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

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

Diversity policy
The Company monitors developments in corporate governance to ensure the Board remains aligned with best practice with respect to the increased focus on diversity. The Company has a Board diversity policy, which acknowledges the importance of diversity, 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, knowledge and experience which bring a wide range of perspectives to the Company.

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

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

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

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

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

The Directors are responsible for ensuring the effectiveness of the internal controls of the Company which are designed to ensure that proper accounting records are maintained, the financial information on which business decisions are made and which is issued for publication is reliable, and the assets of the Company are safeguarded. A formal review of the effectiveness of the Company's risk management and internal control systems is conducted at least once a year and this was completed successfully during the year under review. The Investment Manager has established a Risk Committee to monitor and manage risks faced by the Company. With effect from 22 November 2019, these committee meetings are attended by Fred Hervouet (previously Nigel Ward who retired from the Board with effect from 22 November 2019), as disclosed the Directors section.

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 information to be supplied in a timely manner from the Investment Manager, the Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

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

Audit committee
Due to the size of the Board, all Directors are members of the Audit Committee. Jane Le Maitre acts as 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 three times in the year ended 30 June 2020. 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 2019;
- review of the Interim Report and Unaudited Interim Condensed Financial Statements for the six months ended 31 December 2019;
- review of the audit plan and timetable for the preparation of the Annual Report and Audited Financial Statements for the year ended 30 June 2020;
- discussions and approval of the fee for the external audit;
- assessment of the effectiveness of the external audit process as described below;
- review of the Company's significant risks and internal controls;
- review and consideration of the AIC Code, the GFSC Code and the Stewardship Code; and
- detailed review of the 2020 Annual Report in relation to the AIC Code and determining the period of assessment for the long term viability of the Company.

The Committee considers the valuation of investments to be a significant matter in relation to these Financial Statements. The Company's accounting policy is to value investments as designated at fair value through profit or loss or as derivatives held for trading, and to recognise sales and purchases of those investments using trade date accounting. This is significant as the Company's investments and derivatives amount to 91.4% (30 June 2019: 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 Channel Islands Limited ("KPMG") to be independent of the Company. The audit fees disclosed in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income are in relation to the audit of the Financial Statements. During the year, KPMG did not receive any remuneration from the Company for non-audit services.

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

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

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

Other committees
Although the AIC Code recommends that companies appoint a Nomination Committee, as the Board is wholly comprised of non-executive Directors the Board has not deemed this necessary and as such all matters are considered by the full Board. The Board has adopted a succession plan, which is monitored and reviewed by the Board at least annually.

The Board has established a Remuneration and Management Engagement Committee. Due to the size of the Board, all Directors are members of this committee. With effect from 22 November 2019, Fred Hervouet (previously Nigel Ward who retired from the Board with effect from 22 November 2019) acts as Chairman of the committee. The Remuneration and Management Engagement Committee meets at least once a year pursuant to its terms of reference. It provides a formal mechanism for the review of the remuneration of the Chairman and Directors and review of the performance and remuneration of the Investment Manager, Investment Adviser and other service providers.

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

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

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.

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

	Board	**Audit Committee**	**Remuneration and Management Engagement Committee**	**Tenure as at 30 June 2020**
Christopher Waldron	4 of 4	2 of 3	1 of 1	6 years
Jane Le Maitre	4 of 4	3 of 3	1 of 1	3 years, 2 months
Fred Hervouet	4 of 4	3 of 3	1 of 1	2 years, 7 months
Nigel Ward(1)	1 of 1	2 of 2	1 of 1	n/a

(1) Retired with effect from 22 November 2019, at which point 1 scheduled Board meeting, 2 scheduled Audit Committee meetings and 1 scheduled Remuneration and Management Engagement Committee meeting had taken place.

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

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

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

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

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

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

During the year, the Company created and issued 250,000 shares to ten charities. As disclosed in the Chairman's Statement, on 17 September 2020, the Company has issued an additional 125,000 shares, split equally amongst the following five charitable organisations: St Andrews Clinic for Children, Cancer Research UK, Feis Ceoil, James' Place and Sentable. The Directors are delighted to assist so many worthy causes and always seek to make a positive difference, particularly at a time when the global community needs to come together.

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

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

AIFM Directive
The Company is categorised as an externally managed non-EU AIF under the AIFM Directive. The Investment Manager of the Company is its non-EU AIFM. The Investment Manager as the AIFM has created a Risk Committee which meets at least quarterly to consider the risks faced by the Company and the investment process, consistent with the requirements of the AIFM Directive. The AIFM has adopted a remuneration policy which accords with the principles established by the AIFM Directive. The remuneration policy is in compliance with the requirements of the AIFM Directive and the guidance issued by the FCA. The Investment Manager as the AIFM does not have any employees. Mark Huntley and Laurence McNairn of Crystal Amber Asset Management (Guernsey)

Limited and as directors of the AIFM received total aggregate remuneration of £20,000 by way of a fixed fee for the year ended 30 June 2020. No variable fee elements of remuneration were paid to the Directors of the AIFM.

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

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

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

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

Annual General Meeting
The Annual General Meeting of the Company will be held at 10:30am on 20 November 2020 at the offices of Ocorian Administration (Guernsey) Limited, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

On behalf of the Board

Christopher Waldron	**Jane Le Maitre**
Chairman	*Director*
18 September 2020	18 September 2020

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.

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

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

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

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

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

Christopher Waldron	**Jane Le Maitre**
UK Mortgages Limited	None at present

Fred Hervouet
Chenavari Toro Income Fund Limited
SCRF SME Income Fund Limited

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

Our opinion is unmodified
We have audited the financial statements of Crystal Amber Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2020, 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:

1. give a true and fair view of the financial position of the Company as at 30 June 2020, and of the Company's financial performance and cash flows for the year then ended;
1. 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 (unchanged from 2019):

Valuation of financial assets designated at fair value through profit and loss £89,066,925; (2019: £241,366,149) Refer to the Report of the Directors, note 1 accounting policies and note 9 and 14 disclosures	***Basis:*** The Company has invested 91.4% of its net assets as at 30 June 2020 into equity investments (£83,197,300), debt investments (£5,848,545) and derivative financial instruments (£21,080) (together, the "investments") The Company's listed or quoted equities (£76,750,450) 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 (£21,080). The Company's unlisted equity investment (£6,446,850) is valued at 30 June 2020 based on reference to a recent transaction price. Of the debt investments held at 30 June 2020, £2,663,990 was valued using a discounted cash flow model approach with reference to comparable instruments for parameters such as yields. An amount of £2,574,140 was valued with 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 and an amount of £610,415 was valued based on the principal value plus accrued interest. ***Risk:*** The valuation of the investments, given that they represent the majority of the net assets of the Company, is considered to be a significant area of our audit. Of the investments which are unlisted (representing 12.6% of net assets), these investment valuations are subject to a risk of fraud and error given the high level of subjectivity, estimation uncertainty and complexity when deriving a fair value.	**Our audit procedures included but were noted 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 a KPMG valuation specialist:** For listed or quoted investments, we used our own valuation specialist to independently price all fair values to a third party source. We compared our independent price to the price as utilised by the Company. For the unlisted investments we assessed the appropriateness of the valuation methodology applied against our own expectations based on our knowledge of the asset class and experience in the industry. We compared key underlying financial information to external sources and assessed the validity of the recent transaction price and corroborated to supporting agreements. For the debt investments, our own valuation specialist derived independent reference prices using either a discounted cash flow model approach or expected recovery approach, adjusted for conversion options. These models utilised externally sourced parameters (such as yields and prepayment rates) derived from market information, rating agencies and investment banks. 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.

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

Materiality for the financial statements as a whole was set at £1,947,000, determined with reference to a benchmark of net assets of £97,394,961, of which it represents approximately 2.0% (2019: 3.0%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £97,000, 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

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's activities including where relevant the impact of the COVID-19 pandemic and the requirements of the applicable financial reporting framework. We analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

Based on this work, 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 a year from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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:

1. 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 above, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Rachid Frihmat

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors

Guernsey

18 September 2020

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

		2020			2019		
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Notes	**£**	**£**	**£**	**£**	**£**	**£**
Income							
Dividend income from listed investments		3,274,032	-	**3,274,032**	4,177,239	-	**4,177,239**
Interest received		6,563	-	**6,563**	315,953	-	**315,953**
		3,280,595	-	**3,280,595**	4,493,192	-	**4,493,192**
Net (losses)/gains on financial assets designated at FVTPL and derivatives held for trading							
Equities							
Net realised gains	**9**	-	1,870,189	**1,870,189**	-	29,985,091	**29,985,091**
Movement in unrealised (losses)/gains	**9**	-	(131,440,682)	**(131,440,682)**	-	(10,119,377)	**(10,119,377)**
Debt instruments							
Net realised gains	**9**	-	-	**-**	-	2,540,559	**2,540,559**
Movement in unrealised (losses)/gains	**9**	-	(2,665,613)	**(2,665,613)**	-	457,706	**457,706**
Derivative financial instruments							
Net realised gains/(losses)	**9**	-	7,142,026	**7,142,026**	-	(7,015,764)	**(7,015,764)**

	Notes						
Movement in unrealised gains	9	-	(6,267,293)	**(6,267,293)**	-	(3,830,544)	**(3,830,544)**
		-	(131,361,373)	**(131,361,373)**	-	12,017,671	**12,017,671**
Total (expense)/income		3,280,595	(131,361,373)	**(128,080,778)**	4,493,192	12,017,671	**16,510,863**
Expenses							
Transaction costs	4	-	489,012	**489,012**	-	545,479	**545,479**
Foreign exchange movements on revaluation of investments and working capital		(325,282)	(217,697)	**(542,979)**	(247,085)	147,999	**(99,086)**
Management fees	**15,17**	2,489,201	-	**2,489,201**	3,476,006	-	**3,476,006**
Performance fees	**15,17**	-	-	**-**	-	2,456,957	**2,456,957**
Directors' remuneration	**16**	143,809	-	**143,809**	155,000	-	**155,000**
Administration fees	**17**	157,059	-	**157,059**	267,031	-	**267,031**
Custodian fees	**17**	69,696	-	**69,696**	114,705	-	**114,705**
Audit fees		30,975	-	**30,975**	25,889	-	**25,889**
Other expenses		365,151	-	**365,151**	344,100	-	**344,100**
		2,930,609	271,315	**3,201,924**	4,135,646	3,150,435	**7,286,081**
(Loss)/return for the year		349,986	(131,632,688)	**(131,282,702)**	49,950	9,174,832	**9,224,782**
Basic and diluted (loss)/earnings per share (pence)	**5**	0.38	(140.38)	**(140.00)**	0.05	9.49	**9.54**

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 form an integral part of these Financial Statements.

Statement of Financial Position
As at 30 June 2020

		2020	2019
Assets	**Notes**	**£**	**£**
Cash and cash equivalents	**7**	5,916,155	931,915
Trade and other receivables	**8**	2,610,053	1,971,390
Financial assets designated at FVTPL and derivatives held for trading	**9**	89,066,925	241,366,149
Total assets		97,593,133	244,269,454
Liabilities			
Trade and other payables	**10**	198,172	5,493,857
Total liabilities		198,172	5,493,857
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	**11**	996,248	993,748
Treasury shares reserve	**12**	(12,265,601)	(6,895,640)
Distributable reserve		90,579,709	95,310,182
Retained earnings		18,084,605	149,367,307
Total equity		97,394,961	238,775,597
Total liabilities and equity		97,593,133	244,269,454
NAV per share (pence)	**6**	106.02	249.12

The Financial Statements were approved by the Board of Directors and authorised for issue on 18 September 2020.

Christopher Waldron	**Jane Le Maitre**
Chairman	*Director*
18 September 2020	18 September 2020

The Notes to the Financial Statements form an integral part of these Financial Statements.

Statement of Changes in Equity
For the year ended 30 June 2020

	Notes	Share capital £	Treasury shares reserve £	Distributable reserve £	Retained earnings Capital £	Retained earnings Revenue £	Total £	Total equity £
Opening balance at 1 July 2019		993,748	(6,895,640)	95,310,182	152,144,584	(2,777,277)	149,367,307	**238,775,597**
Issue of Ordinary shares		2,500	-	-	-	-	-	**2,500**
Purchase of Ordinary shares into Treasury	12	-	(5,369,961)	-	-	-	-	**(5,369,961)**
Dividends paid in the year	13	-	-	(4,730,473)	-	-	-	**(4,730,473)**
Loss for the year		-	-	-	(131,632,688)	349,986	(131,282,702)	**(131,282,702)**
Balance at 30 June 2020		996,248	(12,265,601)	90,579,709	20,511,896	(2,427,291)	18,084,605	**97,394,961**

	Notes	Share capital £	Treasury shares reserve £	Distributable reserve £	Retained earnings Capital £	Retained earnings Revenue £	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		-	-	-	8,867,236	357,546	9,224,782	**9,224,782**
Balance at 30 June 2019		993,748	(6,895,640)	95,310,182	152,144,584	(2,777,277)	149,367,307	**238,775,597**

The Notes to the Financial Statements form an integral part of these Financial Statements.

Statement of Cash Flows
For the year ended 30 June 2020

		2020	2019
	Notes	**£**	**£**
Cash flows from operating activities			
Dividend income received from listed investments		3,298,767	4,176,269
Bank interest received		7,565	9,681

Interest received		-	307,596
Management fees paid		(3,319,023)	(2,646,184)
Performance fees paid		(2,456,957)	(10,964,740)
Directors' fees paid		(152,559)	(150,000)
Other expenses paid		(680,398)	(713,956)
Net cash outflow from operating activities		(3,302,605)	(9,981,334)
Cash flows from investing activities			
Purchase of equity investments		(61,373,003)	(62,884,085)
Sale of equity investments		76,560,511	88,632,836
Purchase of debt instruments		(4,153,747)	(3,120,419)
Purchase of derivative financial instruments		(6,237,568)	(11,742,025)
Sale of derivative financial instruments		14,091,736	7,902,140
Transaction charges on purchase and sale of investments		(517,258)	(517,258)
Net cash inflow from investing activities		18,370,671	18,271,189
Cash flows from financing activities			
Proceeds from issuance of Ordinary shares		2,500	2,500
Purchase of Ordinary shares into Treasury		(5,355,853)	(3,683,192)
Dividends paid		(4,730,473)	(4,845,977)
Net cash outflow from financing activities		(10,083,826)	(8,526,669)
Net increase/(decrease) in cash and cash equivalents during the year		4,984,240	(236,814)
Cash and cash equivalents at beginning of year		931,915	1,168,729
Cash and cash equivalents at end of year	7	5,916,155	931,915

The Notes to the Financial Statements form an integral part of these Financial Statements.

Notes to the Financial Statements
For the year ended 30 June 2020

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

GI Dynamics Inc. ("GID"), is a subsidiary of the Company and was incorporated in Delaware. As at 30 June 2020, it had five wholly-owned subsidiaries and its principal place of business is Boston. Refer to Note 15 for further information.

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

All capitalised terms are defined in the Glossary of Capitalised Defined Terms unless separately defined.

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Going concern
As at 30 June 2020, the Company had net assets of £97.4 million (30 June 2019: £238.8 million) and cash balances of £5.9 million (30 June 2019: £0.9 million) which are sufficient to meet current obligations as they fall due.

In the period prior to 30 June 2020 and up to the date of this report, the COVID-19 pandemic has had a negative impact on the global economy. As this situation is both unprecedented and evolving, it raises some uncertainties and additional risks for the Company.

The Directors and Investment Manager are actively monitoring the potential effect on the Company and its investment portfolio. In particular, they have considered the following specific key potential impacts:

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

In considering the key potential impacts of COVID-19 on the Company and its investment portfolio outlined above, the Directors have taken account of the mitigation measures already in place. At Company level, key personnel at the Investment Manager and Administrator have successfully implemented business continuity plans to ensure business disruption is minimised, including remote working where required, and all staff are continuing to assume their day-today responsibilities.

As further detailed in Note 14, 86% of the Company's investments are valued by reference to the market bid price as at the date of this report. As these are quoted prices in an active market, any volatility in the global economy is therefore reflected within the value of the financial assets designated at fair value through profit or loss. As such, the Company has not included any fair value impairments in relation to its investments.

As noted further in the Report of the Directors, in view of the effects of COVID-19, there is currently uncertainty as to the timing and quantum of dividend receipts from the Company's portfolio companies. The Directors are also mindful that changes in the composition of the portfolio could mean that there will be lower dividend receipts than in past years. Accordingly, the Directors have concluded that a decision on whether to pay an interim dividend in this financial year should be deferred until later in the year in order to preserve cashflow.

Based on the Board's assessment of those matters most likely to be affected by COVID-19 and taking account of the various risk mitigation measures already in place, the Directors do not consider that the effects of COVID-19 are likely to create a material uncertainty over the assessment of the Company as a going concern.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Continuation vote
The Company is subject to a continuation vote scheduled to occur every two years. The next continuation vote will be proposed at the 2021 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 set out above. The estimates and associated assumptions are based on historical experience and

various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. The 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.

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.

In the absence of an active market, the Company determines the fair value of its unquoted investments by taking into account the International Private Equity and Venture Capital ("IPEV") guidelines.

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

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

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.

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

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

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

Cash and cash equivalents
The Company considers all highly liquid investments with original maturities of less than 90 days when acquired to be cash equivalents.

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.

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

New and amended standards and interpretations applied in these financial statements
There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019 that had a significant effect on the Company's financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on the financial statements.

New and amended standards and interpretations not applied in these financial statements (issued but not yet effective)
Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2020 or later periods. The impact of these standards is not expected to be material to the reported results and financial position 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 (2019: £1,200).

4. TRANSACTION COSTS

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

	2020	**2019**
	£	**£**
Stamp duty	220,933	199,715
Commissions and custodian transaction charges:		
In respect of purchases	183,823	233,483
In respect of sales	84,256	112,281
	489,012	545,479

5. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is based on the following data:

	2020	2019
(Loss)/return for the year	£(131,282,702)	£9,224,782
Weighted average number of issued Ordinary shares	93,771,223	96,693,152
Basic and diluted (loss)/earnings per share (pence)	(140.00)	9.54

6. NAV PER SHARE

NAV per share is based on the following data:

	2020	2019
NAV per Statement of Financial Position	£97,394,961	£238,775,597
Total number of issued Ordinary shares (excluding Treasury shares) at 30 June	91,861,567	95,846,980
NAV per share (pence)	106.02	249.12

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:

	2020 £	2019 £
Cash available on demand	5,916,155	931,915
	5,916,155	931,915

8. TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Current assets:		
Unsettled trade sales	2,583,444	1,923,459
Trade receivables	-	25,737
Prepayments	26,609	22,194
	2,610,053	1,971,390

There were no past due or impaired receivable balances outstanding at the year end (2019: £Nil).

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

	2020 £	2019 £
Equity investments	83,197,300	230,330,507
Debt instruments	5,848,545	4,035,127
Financial assets designated at FVTPL	**89,045,845**	**234,365,634**
Derivative financial instruments held for trading	**21,080**	**7,000,515**
Total financial assets designated at FVTPL and derivatives held for trading	**89,066,925**	**241,366,149**
Equity investments		
Cost brought forward	183,283,825	172,761,740
Purchases	59,441,534	71,094,830
Sales	(77,221,490)	(90,557,836)
Net realised gains	1,870,189	29,985,091
Adjustment to cost brought forward	(186,670)	-
Cost carried forward	167,187,388	183,283,825
Unrealised gains brought forward	47,197,282	57,316,659
Movement in unrealised (losses)/gains	(131,440,682)	(10,119,377)
Adjustment to unrealised gains brought forward	186,670	-
Unrealised (losses)/gains carried forward	(84,056,730)	47,197,282
Effect of exchange rate movements on revaluation	66,642	(150,600)
Fair value of equity investments	**83,197,300**	**230,330,507**
Debt instruments		
Cost brought forward	3,950,568	5,547,350
Purchases	4,153,747	3,120,419
Conversion of loans	-	(7,257,760)
Net realised gains	-	2,540,559
Cost carried forward	8,104,315	3,950,568
Unrealised gains brought forward	660,939	203,233
Movement in unrealised (losses)/gains	(2,665,613)	457,706
Unrealised (losses)/gains carried forward	(2,004,674)	660,939
Effect of exchange rate movements on revaluation	(251,096)	(576,380)
Fair value of debt instruments	**5,848,545**	**4,035,127**
Total financial assets designated at FVTPL	**89,045,845**	**234,365,634**
Derivative financial instruments held for trading		
Cost brought forward	712,142	3,888,021
Purchases	6,237,568	11,742,025
Sales	(14,091,736)	(7,902,140)
Net realised gains/(losses)	7,142,026	(7,015,764)
Cost carried forward	-	712,142
Unrealised gains brought forward	6,288,373	10,118,917
Movement in unrealised gains	(6,267,293)	(3,830,544)
Unrealised gains carried forward	21,080	6,288,373
Fair value of derivatives held for trading	**21,080**	**7,000,515**
Total derivative financial instruments held for trading	**21,080**	**7,000,515**
Total financial assets designated at FVTPL and derivatives held for trading	**89,066,925**	**241,366,149**

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

	2020 £	2019 £
Realised gains	29,509,499	37,215,339
Realised losses	(20,497,284)	(11,705,453)
Net realised gains in financial assets designated at FVTPL and derivatives held for trading	9,012,215	25,509,886
Movement in unrealised gains	(76,243,496)	(2,438,355)
Movement in unrealised losses	(64,130,092)	(11,053,860)
Net movement in unrealised losses in financial assets designated at FVTPL and derivatives held for trading	(140,373,588)	(13,492,215)

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

	Nominal amount	Value £
30 June 2020		
Derivative financial instruments		
GI Dynamics Inc. warrant (Expiry: January 2025)	229,844,650	21,080
	229,844,650	21,080

	Nominal amount	Value

30 June 2019		£
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

10. TRADE AND OTHER PAYABLES

	2020	2019
	£	£
Current liabilities:		
Accruals	184,063	1,076,190
Unsettled trade purchases	14,109	1,960,710
Performance fee accrual	-	2,456,957
	198,172	5,493,857

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:

	2020		2019	
	Number	£	Number	£
Opening balance	99,374,762	993,748	99,124,762	991,248
Ordinary shares issued during the year	250,000	2,500	250,000	2,500
Issued, called up and fully paid Ordinary shares of £0.01 each	99,624,762	996,248	99,374,762	993,748

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.

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

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

During the year ended 30 June 2020, the Company paid dividends of £4,730,473 (2019: £4,845,977) 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.

12. TREASURY SHARES RESERVE

	2020		2019	
	Number	£	Number	£
Opening balance	(3,527,782)	(6,895,640)	(1,798,982)	(3,212,448)
Treasury shares purchased during the year	(4,235,413)	(5,369,961)	(1,728,800)	(3,683,192)
Closing balance	(7,763,195)	(12,265,601)	(3,527,782)	(6,895,640)

During the year ended 30 June 2020, 4,235,413 (2019: 1,728,800) Treasury shares were purchased at an average price of 126.79 pence per share (2019: 213.05 pence per share), representing an average discount to NAV at the time of purchase of 28.5% (2019: 9.6%).

13. DIVIDENDS

On 10 July 2019, the Company declared an interim dividend of £2,381,425, 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 10 December 2019, the Company declared an interim dividend of £2,349,048 equating to 2.5 pence per Ordinary share, which was paid on 13 January 2020 to shareholders on the register on 20 December 2019.

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

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

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will default on its contractual obligations with the Company, resulting in financial loss to the Company. At 30 June 2020 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 2020. The Company's credit risk on liquid funds is minimised because the counterparties are banks with high credit ratings assigned by an international credit-rating agency.

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

	Location	Rating	Cash Balance 2020 £	Cash Balance 2019 £
Butterfield Bank (Guernsey) Limited*	Guernsey	BBB+	5,766,126	920,009
Barclays Bank plc - Isle of Man Branch	Isle of Man	A-	150,029	11,906
			5,916,155	931,915

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

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

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 2020, £88,963,426 (2019: £231,250,515) of the financial assets of the Company were held by the Custodian, Butterfield Bank (Guernsey) Limited.

Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to financial assets held by the Custodian to be delayed or limited. 85% (2019: 94%) of the Company's financial assets are held by the Custodian in segregated accounts. The Company monitors its risk by monitoring the credit quality and financial position of the Custodian. The parent of the Custodian has an S&P credit rating of BBB+ (2019: A). The remaining balance of financial assets of £8,629,707 (2019: £13,018,939) includes £21,080 (2019: £6,585,515) warrant instruments, £5,848,545 (2019: £4,035,128) loan notes issued by GI Dynamics Inc., £Nil (2019: £415,000) put derivative options held by the option broker, £150,029 (2019: £11,906) cash held by Barclays Bank plc and £2,610,053 (2019: £1,971,390) are trade receivables.

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:

2020	Weighted average interest rate	Less than 1 year	1-5 years	5+ years	Total
Assets		£	£	£	£
Non-interest bearing		85,978,462	-	-	85,978,462
Variable interest rate instruments	0.29%	5,766,126	-	-	5,766,126
Fixed interest rate instruments	5.00%	3,184,555	-	-	3,184,555
Fixed interest rate instruments	10.00%	-	2,663,990	-	2,663,990
Liabilities					
Non-interest bearing		(198,172)	-	-	(198,172)
		94,730,971	2,663,990	-	97,394,961

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

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.

Interest rate sensitivity analysis
The sensitivity analysis below has been based on the exposure to interest rates for financial assets held at the accounting date. An increase/decrease of 0.29 percentage points (2019: 0.45 percentage points) represents management's assessment of the effect of a possible change in interest rates if the weighted average interest rate for variable interest rate instruments decreased from 0.45% to 0.29% for the year ended 30 June 2020. If interest rates had been 0.29 percentage points (2019: 0.45 percentage points) higher/lower and all other variables were held constant:

- the Company's return for the year ended 30 June 2020 would have increased by £13,126 (2019: £16,714);
- the Company's return for the year ended 30 June 2020 would have decreased by £nil (2019: £Nil);
- 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 2020, 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 2020, £Nil (2019: £415,000) of these contracts were outstanding.

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

The following tables detail the Company's equity investments as at 30 June 2020.

2020 Equity Investments	Sector	Value £	Percentage of Company's Gross Assets
De La Rue plc	Commercial Services	24,370,625	25
Allied Minds plc	Private Equity	18,069,240	19
Equals Group plc	Financial Services	11,070,749	11
Redde Northgate plc (formerly Northgate plc)	Commercial Services	8,048,247	8
Hurricane Energy plc	Oil and Gas	7,558,259	8
Board Intelligence Ltd	Commercial Services	6,340,942	6
Other	Various	7,739,238	8
Total		83,197,300	85

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	Commercial Services	35,199,130	14
De La Rue plc	Commercial Services	20,071,111	8
Leaf Clean Energy Company	Private Equity	17,286,537	7
STV Group plc	Media	15,417,505	6
GI Dynamics Inc.	Healthcare	14,799,550	6
Allied Minds plc	Private Equity	8,735,787	4
Other	Various	18,507,886	8
Total		230,330,507	95

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

2020 Equity Investments	Place of Business	Place of Incorporation	Percentage Ownership Interest
GI Dynamics Inc.	United States	United States	73.1
Allied Minds plc	United States	United States	22.5
Equals Group plc	United Kingdom	United Kingdom	21.4

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

The Company has assessed the price risk of the listed equity, debt and derivative financial instruments based on a potential 25% (2019: 25%) increase/decrease in market prices, which the Company believes represents the effect of a possible change in market prices and provides consistent analysis for shareholders, as follows:

At the year end and assuming all other variables are held constant:
- If market prices of listed equity, debt and derivative financial instruments had been 25% higher (2019: 25% higher), the Company's return and net assets for the year ended 30 June 2020 would have increased by £19,187,613, net of any impact on performance fee accrual (2019: £44,628,853);
- If market prices of listed equity, debt and derivative financial instruments had been 25% lower (2019: 25% lower), the Company's return and net assets for the year ended 30 June 2020 would have decreased by £19,187,613, net of any impact on performance fee accrual (2019: increased by £27,395,147 reflecting the effect of the derivative financial instruments held at the reporting date); and
- There would have been no impact on the other equity reserves.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates and arises when the Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. During the year the Company was exposed to foreign exchange risk arising from equity and debt investments and derivative financial instruments held in Australian Dollars, Euro and US Dollars (2019: Australian Dollars, Euro and US Dollars).

The table below illustrates the Company's exposure to foreign exchange risk at 30 June 2020:

	2020 £	2019 £
Financial assets designated at FVTPL:		
Listed equity investments denominated in Australian Dollars	1,494,943	14,799,550
Listed equity investments denominated in Euro	367,864	874,281
Debt instruments denominated in US Dollars	5,848,545	4,035,127
Warrant instruments denominated in US Dollars	21,080	6,585,514
Total assets	7,732,432	26,294,472

If the Australian Dollar weakened/strengthened by 10% (2019: 10%) against Sterling with all other variables held constant, the fair value of equity investments would increase/decrease by £149,494 (2019: £1,479,955).

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 £36,786 (2019: £87,428).

If the US Dollar weakened/strengthened by 10% (2019: 10%) against Sterling with all other variables held constant, the fair value of debt instruments would increase/decrease by £584,855 (2019: £403,513) and the fair value of the derivative financial instruments would increase/decrease by £2,108 (2019: £658,551).

Fair value measurements

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

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

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

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

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

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

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

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 June 2020 and 30 June 2019:

2020	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets designated at FVTPL and derivatives held for trading:				
Equities - listed equity investments	74,747,380	2,003,070	-	76,750,450
Equities - unlisted equity investments	-	-	6,446,850	6,446,850
Debt - loan notes	-	610,415	5,238,130	5,848,545
Derivatives - warrant instruments	-	21,080	-	21,080
	74,747,380	2,634,565	11,684,980	89,066,925

2019	Level 1 £	Level 2 £	Level 3 £	Total £
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

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

The Level 2 equity investments comprise Sutton Harbour and STV Group due to the low volume of trading activity in the market for these investments and have been valued by reference to the closing bid prices in each investee company on the reporting date. The Level 2 debt comprises the GID unsecured convertible loan note purchased during June 2020 and maturing in December 2020. The Board has concluded that its fair value is approximate to its principal value plus accrued interest. The Level 2 derivative instruments were valued using a Black Scholes valuation technique.

The Level 3 equity investment in Board Intelligence was valued by reference to a substantial proposed investment in the entity by an independent unconnected investor, for which a term sheet was signed by both parties on 24 June 2020 and which completed during August 2020. During the year, the Company's equity investment in Leaf Clean Energy Company was transferred to Level 3 following the delisting of the investee company and the investment was valued by reference to the latest available closing bid price prior to delisting. The loan notes were classified as Level 3 debt instruments as there was no observable market data. The Board has concluded that the fair value of the GID secured convertible loan note is approximate to the market value of shares had the loan notes been converted into equity and valued at the closing bid price on the reporting date. The secured convertible loan note was subsequently converted into equity during July 2020.

The Board has concluded that the fair value of the GID unsecured convertible loan note maturing in January 2025 is approximate to the value of an equivalent non-convertible loan note yielding 20% per annum, plus the value of the conversion features.

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:

	2020 £	2019 £
Opening balance at 1 July	9,561,369	9,026,303
Leaf Clean Energy Company - Transfer to Level 3 on 30 January 2020	105,908	-
Purchases	3,551,095	3,120,419
Movement in unrealised (losses)/gains	(1,851,998)	2,585,427
Conversion of loans	-	(7,257,760)
Net realised gain	-	2,540,559
Effect of exchange rate movements	318,606	(453,579)
Closing balance at 30 June	11,684,980	9,561,369

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, the Company's investment in Leaf Clean Energy Company equity was transferred to Level 3 following the delisting of the investee company on 30 January 2020.

Assuming all other variables are held constant:

- If unobservable inputs in Level 3 debt investments had been 5% higher/lower (2019: 5% higher/lower), the Company's return and net assets for the year ended 30 June 2020 would have increased/decreased by £261,907 (2019: £161,405, net of any impact on performance fee accrual in each case);
- If unobservable inputs in Level 3 equity investments at 30 June 2020 had been 25% higher/lower, the Company's return and net assets for the year ended 30 June 2020 would have increased/decreased by £1,611,713. If the comparable revenue multiples used in the valuation of Level 3 equity investments at 30 June 2019 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 at 30 June 2019 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.

The table below sets out information about significant unobservable inputs used at 30 June 2020 in measuring equity financial instruments categorised as Level 3 in the fair value hierarchy.

Valuation Method	Fair Value at 30 June 2020	Unobservable inputs	Factor	Sensitivity to changes in significant unobservable inputs
Blended value implied by proposed substantial investment from an independent unconnected investor	6,446,850	n/a	n/a	n/a

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

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 (2019: 10,000) Ordinary shares in the Company, representing 0.01% (2019: 0.01%) of the voting share capital of the Company at the year end.

During the year the Company incurred management fees of £2,489,201 (2019: £3,476,006) of which £Nil were outstanding at the year end (2019: £829,822). There were no performance fees incurred in the year (2019: £2,456,957) and none outstanding at the year end. Performance fees outstanding at 30 June 2019 were included in trade and other payables.

As at 30 June 2020 the Investment Manager held 7,037,991 Ordinary shares (2019: 6,313,326) of the Company, representing 7.66% (2019: 6.54%) of the voting share capital.

As at 30 June 2020, the Company held 73.1% (2019: 65.1%) of the voting rights of GI Dynamics Inc., meaning that GID is an unconsolidated subsidiary. There is no restriction on the ability of GID to pay cash dividends or repay loans, but it is unlikely that GID will make any distribution or loan repayments given its current strategy. During the year the Company purchased convertible loan notes (not driven by any contractual obligation) for the purpose of supporting GID in pursuing its strategy. Subsequent to the year end, the Fund committed to an investment of $10 million in Series A preferred shares of GI Dynamics, which included conversion of the$750,000 loan note that was provided to the company during June 2020.

GI Dynamics Inc. was incorporated in Delaware, had five wholly-owned subsidiaries as at 30 June 2020 and its principal place of business is Boston. The five subsidiaries were as follows:

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

	2020 Number of Ordinary shares	2020 Total voting rights	2019 Number of Ordinary shares	2019 Total voting rights
Christopher Waldron	30,000	0.03%	15,000	0.02%
Jane Le Maitre(1)	13,500	0.01%	6,000	0.01%
Fred Hervouet	7,500	0.01%	-	-
Total	51,000	0.05%	21,000	0.03%

(1) Ordinary shares held indirectly

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

	2020 £	2019 £
Christopher Waldron(1)	47,500	45,000
Jane Le Maitre(2)	42,500	40,000
Fred Hervouet(3)	38,048	32,500
Nigel Ward(4)	15,761	37,500
Total	143,809	155,000

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

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

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

(4) Retired with effect from 22 November 2019

The level of remuneration of the Directors reflects the time commitment and responsibilities of their roles. With effect from 1 January 2019, the Chairman is entitled to annual remuneration of £47,500 (2019: £47,500), the Chairman of the Audit Committee is entitled to annual remuneration of £42,500 (2019: £42,500) and the Chairman of the Remuneration and Management Engagement Committee is entitled to annual remuneration of £40,000 (2019: £40,000), of which £2,500 (2019: £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 (2019: £35,000).

At 30 June 2020, Directors' fees of £32,500 (2019: £41,250) 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

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.

Performance fee for year ended 30 June 2020
At 30 June 2020, the Basic Performance Hurdle was 230.03 pence (as adjusted for all dividends paid during the performance period on their respective payment dates, compounded at the applicable annual rate) (2019: 214.53 pence), and the high-water mark (adjusted for dividends) was 244.12 pence.

The NAV per share before any accrual for the performance fee payable in respect of the year was 106.31 pence, excluding the issuance of charitable shares on 26 September 2019 and 10 March 2020. Accordingly, no performance fee was earned during the year ended 30 June 2020 (2019: £2,456,957) and £Nil was payable at 30 June 2020 (2019: £2,456,957).

Ocorian Administration (Guernsey) Limited (formerly known as 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% (2019: 0.12%) of that part of the NAV of the Company up to £150 million and 0.1% (2019: 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 £157,059 (2019: £267,031).

Butterfield Bank (Guernsey) Limited*
Under the custodian agreement, the Custodian receives a fee, calculated and payable quarterly in arrears at the annual rate of 0.05% (2019: 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 £69,696 (2019: £114,705).

*Effective from 15 July 2019, Butterfield Bank (Guernsey) 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 1 July 2020, the Company entered into a loan facility with Intertrader Limited whereby it has transferred an amount of equity holdings with a value of £19.1 million as at 1 July 2020 to Intertrader Limited to be held as collateral for CFD instruments. The Company may draw on a loan facility of up to 25% of the value of the initial equity holdings transferred. As at the date of this report, the amount owed to Intertrader Limited under the loan facility was £4.1 million.

On 20 August 2020, the Company reported that its unaudited NAV at 31 July 2020 was 112.56 pence per Ordinary share.

On 14 September 2020, the Company reported that its unaudited NAV at 31 August 2020 was 117.90 pence per Ordinary share.

The Company purchased 928,000 of its own Ordinary shares during the period between 1 July 2020 and 18 September 2020, which were held as Treasury shares. Following these purchases, the total number of Ordinary shares held as Treasury shares by the Company was 8,691,195.

Glossary of Capitalised Defined Terms

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

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

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

"AIF" means Alternative Investment Funds;

"AIFM" means AIF Manager;

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

"AIC" means the Association of Investment Companies;

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

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

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

"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;

"CBRS" means Citizens Broadband Radio Service;

"CEO" means chief executive officer;

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

"CFD" means Contracts for Difference;

"Committee" means the Audit Committee of the Company;

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

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

"CRS" means Common Reporting Standard;

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

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

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

"EPS" means Early Production System;

"Equals" means Equals Group plc;

"FATCA" means Foreign Account Tax Compliance Act;

"FCA" means the Financial Conduct Authority;

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

"FRC" means the Financial Reporting Council;

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

"FTSE" means the Financial Times Stock Exchange;

"FVTPL" means Fair Value Through Profit or Loss;

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

"GFSC" means the Guernsey Financial Services Commission;

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

"GID" means GI Dynamics, Inc.;

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

"HQ" means headquarters;

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

"IASB" means the International Accounting Standards Board;

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

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

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

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

"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;

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

"KPMG" means KPMG Channel Islands Limited;

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

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

"MW" means megawatt;

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

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

"NMPI" means Non-Mainstream Pooled Investments;

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

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

"R&D" means research and development;

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

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

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

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

"SME" means small and medium sized enterprises;

"SORP" means Statement of Recommended Practice;

"SPS" means Spectrum Payment Services Ltd;

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

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

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

"TISE" means The International Stock Exchange;

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

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

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

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

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

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

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

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

Directors and General Information

Directors
Christopher Waldron *(Chairman)*
Fred Hervouet *(Chairman of Remuneration and Management Engagement Committee with effect from 22 November 2019)*
Jane Le Maitre *(Chairman of Audit Committee)*

Nigel Ward *(retired with effect from 22 November 2019)*

Investment Adviser
Crystal Amber Advisers (UK) LLP
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Administrator and Secretary
Ocorian Administration (Guernsey) Limited (formerly known as Estera International Fund Managers (Guernsey) Limited)

Investment Manager
Crystal Amber Asset Management (Guernsey) Limited
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Nominated Adviser
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Independent Auditor
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Glategny Court
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Sedol: B1Z2SL4
Ticker: CRS
Website: http://crystalamber.com

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Registrar
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