

CRYSTAL  AMBER

Crystal Amber Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 June 2010

CRYSTAL  AMBER

Crystal Amber Fund Limited, Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY

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Management and Administration

Directors	William Collins Sarah Evans Mark Huntley Nigel Ward
Registered Office	Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
Investment Manager	Crystal Amber Asset Management (Guernsey) Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
Investment Adviser	Crystal Amber Advisers (UK) LLP 29 Curzon Street London W1J 7TL
Administrator and Secretary	Heritage International Fund Managers Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
CISX Listing Sponsor	Heritage Corporate Services Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
Nominated Adviser and Broker	Merchant Securities Limited 51-55 Gresham Street London EC2V 7HQ
Independent Auditors	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey GY1 4AN

Management and Administration (continued)

**Legal Advisers
to the Company**

As to English Law
Norton Rose LLP
3 More London Riverside
London SE1 2AQ

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

Custodian

MeesPierson (C.I.) Limited
PO Box 253
Martello Court
Admiral Park
St. Peter Port
Guernsey GY1 3QJ

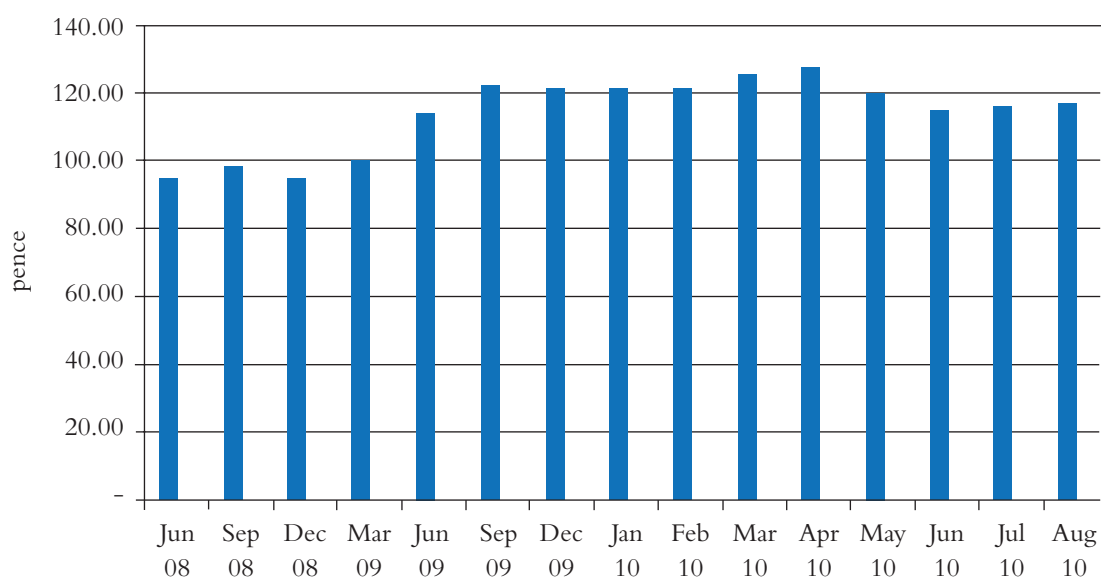
Registrars

Capita Registrars (Guernsey) Limited
2nd Floor
No.1 Le Truchot
St. Peter Port
Guernsey GY1 4AE

Highlights

- Substantial profits realised through Delta, Kentz, Chloride and Tate & Lyle
- Net assets up from £68.5 million (114.21p per share) at 30 June 2009 to £69.3 million (115.5p per share)
- Promising pipeline of new investments
- Strong cash position boosted by profits realised
- Increased engagement with key investee holdings

**Crystal Amber Fund Net Asset Value
(pence per share)**



“The year saw some notable successes, as well as some challenges. Investments in some of our main holdings were realised with excellent profits, amounting to more than £15 million. On the other hand, weakness in the share price of our holding in JJB Sports, where some profits were realised during the year, affected the Fund’s overall performance in the final quarter”

William Collins, *Chairman*

Chairman's Statement

I am pleased to present the third annual report of Crystal Amber Fund Limited (the "Company or the "Fund"), for the year to 30 June 2010.

The period under review was one in which the world economy continued to recover from the credit crisis of 2008/9. The recovery was stronger in developing regions of the world in comparison to the more mature economies of the West. Financial markets continued to improve, although concerns about the durability of the recovery returned during the second quarter of 2010.

It was the second full reporting year for the Company and a period in which we engaged intensely with our main investee companies, in line with the brief set out in our admission document.

The year saw some notable successes, as well as some challenges. Investments in some of our main holdings were realised with excellent profits, amounting to more than £15 million. On the other hand, weakness in the share price of our holding in JJB Sports, affected the Fund's overall performance in the final quarter.

Net asset value ("NAV") at 30 June 2010 was £69.3 million, compared with £68.5 million at 30 June 2009 and the initial level of £57.0 million at admission to AIM in June 2008. NAV per share was 115.5p at 30 June 2010, compared with 114.21p the previous year and the initial level of 95.02p on admission.

In the course of the year the Fund deployed its resources more fully, with 82 per cent. invested at 30 June 2010, compared with 57 per cent. a year earlier. Our cash resources enable us to take advantage of investment opportunities and to pursue our activist mandate.

On two occasions, we felt it necessary to take a public stance in relation to our investee companies, firstly on the takeover bid for Delta, where we challenged the terms and succeeded in obtaining a modest improvement, then with Pinewood Shepperton, where we sought board changes after our initial discussions with the company failed to produce the outcome we were seeking. Since the period end, we have acquired further shares in Pinewood Shepperton and now hold 27.01 per cent. of the issued share capital. We are determined to see the unlocking of the substantial value that we have identified.

The economic outlook remains uncertain and, whilst there are some encouraging signs, recovery in the main Western economies is fragile with a "double dip" recession still being a possibility. The high level of government debt in many countries remains worrying. The continuing tide of liquidity from central banks is understandable, but its long-term inflationary implications are a concern.

We have known from the outset that the activist path can require determination and patience, and we remain committed to pursuing our goal of delivering value for our shareholders. We note and welcome the UK Financial Reporting Council's Stewardship Code, which encourages investors to be more proactive and sets benchmarks for engaging with companies on a regular basis.

The Company is still young and we are confident that our strategy will continue to deliver positive returns for our shareholders.

William Collins
Chairman

10 September 2010

Investment Manager's Report

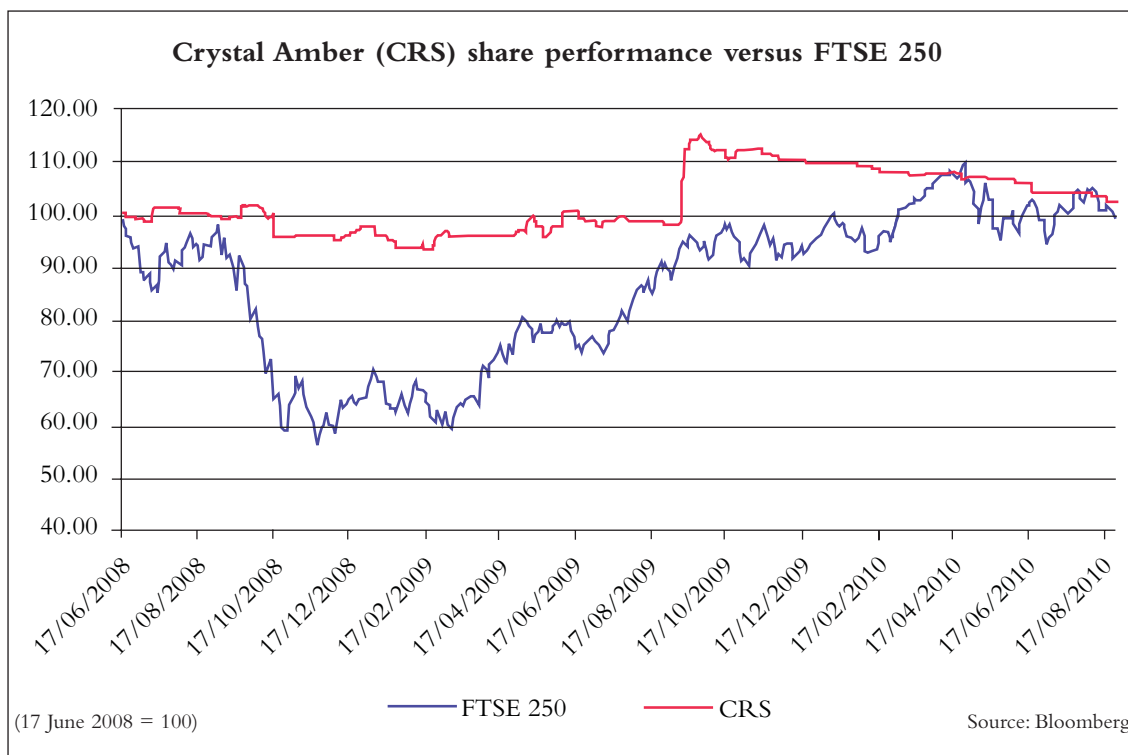
The year under review was one of modest recovery in the global economy and financial markets, punctuated with bouts of apprehension that recession might return.

One of the biggest threats to the recovery in Europe was the concern about government debts in many countries of the Eurozone. This caused severe falls in markets during May in particular, raising fears that the instability of 2008/9 was returning.

The key issue is the amount of debt taken on by governments, whether accumulated over several years or inflated by the rescue of their banking systems. There has been a weakening of confidence that the Eurozone's southern countries can rebuild their fiscal positions without some form of devaluation or default. This overshadowed what appears to be a gradual economic recovery.

In the UK, the official GDP growth estimate for the second quarter of 2010 is 1.2 per cent. above the first quarter and 1.6 per cent. above the previous year. The trend appears to support forecasts of growth of between 1 per cent. and 2 per cent. for 2010 as a whole; the forecast of the new Office for Budget Responsibility ("OBR") is 1.25 per cent. Any positive growth in the UK economy will be welcome after the contraction recorded in 2009. The OBR's forecast for growth is 2.6 per cent. in 2011, followed by 2.8 per cent. in 2012.

Internationally, central banks continue to stoke the markets with "quantitative easing", which may ultimately push up the rate of inflation. All this suggests that markets will remain volatile. Some believe that the hypergrowth of China has become a bubble that will burst. Others seize on the troubles of Spain's *cajas* as the catalyst of the next crisis. One of the downsides of globalisation and almost instant access to developments is that traders can now panic over issues of which they would never have heard a few years ago.



Investment Manager's Report (continued)

The equity portfolio

At 30 June 2010 the Fund's top six investments – Pinewood Shepperton plc (“Pinewood Shepperton” or “Pinewood”), JJB Sports plc (“JJB”), PayPoint plc (“PayPoint”), Omega Insurance Holdings Limited (“Omega”), Trading Emissions PLC (“Trading Emissions” or “TRE”) and Sutton Harbour Holdings PLC (“Sutton Harbour”) – accounted for 87 per cent. of the Fund's equity portfolio. This is in line with the Fund's mandate and allows focus on areas where intensive activism is more likely to achieve positive results. The greater concentration of specific stock risk than in a more diversified portfolio inevitably causes some volatility in net asset values over short periods.

LARGEST EQUITY HOLDINGS at 30 June 2010		
	<i>£m</i>	<i>(% stake)*</i>
Pinewood Shepperton	13.1	18.0
JJB	12.1	15.4
PayPoint	8.8	4.9
Omega	7.2	2.7
Trading Emissions	4.8	1.8
Sutton Harbour	3.1	10.0
Total of top six holdings	49.1	
Other equities	7.5	
Total equities	56.6	
Cash & net current assets	12.7	
Net assets	69.3	

*Percentage of share capital held

Performance

The year saw heightened activism in pursuit of the Fund's mandate and some excellent realisations from the portfolio, justifying the detailed analysis underlying the stock selections.

NAV per share rose from 121.48p at 31 January 2010 to 128.17p at 30 April 2010. General stock market weakness and specific share price weakness in JJB, following its results in May, led to a fall in NAV at 30 June to 115.5p*.

The Fund engaged actively with several portfolio companies over the period and took a public stance in the bid for Delta which succeeded in producing improved offer terms. Particularly active engagement also took place with Pinewood, JJB, PayPoint, and Sutton Harbour.

Having already invested in Delta following extensive analysis, the Fund took a pro-active stance when Valmont Industries launched a takeover bid. It doubled the size of its Delta holding and publicly called on Valmont to improve the terms. This raised the Fund's profile and broadened recognition of its role. Though a counter bid for Delta did not materialise, Valmont improved its offer by reinstating Delta's final dividend, delivering the best achievable outcome for the Fund.

The Fund's investments in Kentz and Chloride were sold at total profits of £2.6 million and more than £3 million respectively. Though Kentz has performed well, following engagement with management the potential for activism appeared limited. The return on this investment was 68 per cent., before including dividends. The Fund's investment in Tate & Lyle was sold at a profit of more than £4 million. The return on this investment was in excess of 60 per cent. Other successful disposals brought total realised gains for the year to more than £15 million.

*Unaudited NAV per share was 116.72p on 31 August 2010.

Investment Manager's Report (continued)

Having maintained a cautious attitude and high cash reserves in the early months of its life, the Fund stepped up its investment in 2010 and by mid-April was 97 per cent. invested, the highest level since its inception. The realisations set out above enabled the Fund to rebuild its cash position. It is clear that shareholders appreciate the advantages of the Fund's cash holding and the immediate flexibility it offers.

The Fund's objective is absolute return, but it is outperforming the FTSE 250 index, which at recent levels is barely changed from its level at the time of the Fund's inception. Over its first two years, the Fund's NAV increased by 21.6 per cent.

At 30 June 2010 the Fund held a total of 15 equity investments and was 82 per cent. invested.

Pinewood Shepperton plc

At 30 June 2010, the Fund held 18 per cent. of Pinewood and its holding was valued at £13.1 million. We engaged intensely with Pinewood's board and management. A series of meetings were held with management, with the involvement of Pinewood's chairman Michael Grade. Specific concerns and proposals were put to Pinewood in February 2010; the chairman undertook to evaluate these, consult the board and report back to the Fund.

The Fund's concern is to make clear the intrinsic value of Pinewood's core business and to improve the understanding of its strengths, performance and potential. Proposals to improve the transparency and visibility of the business were put to the chairman and management. By June 2010, no progress was being made. At this point the Fund called publicly for the chairman of Pinewood to step down, as well as its senior independent director. The Pinewood board rejected this. The Fund challenged the chairman at Pinewood's annual general meeting on 29 June 2010. This attracted widespread publicity.

The Fund is determined to pursue its activist strategy at Pinewood, in order to unlock the full potential of the business.

JJB Sports plc

At 30 June 2010 the Fund held 15.4 per cent. of JJB and its holding was valued at £12.1 million. The pace of recovery at JJB has been slower than we hoped and recent share price performance has been disappointing. This has had a negative impact on the Fund's NAV, though the Fund has previously benefited from £2.5 million of realised gains on this investment.

We had concerns about the previous management of JJB and communicated these to the board. These reservations were confirmed by JJB's results for the year to 31 January 2010, which were published on 27 May. Revenue from continuing businesses fell 22.6 per cent., gross margins narrowed and a pretax loss of £68.6 million was sustained. In our view, valuable time has been lost.

We are, however, greatly encouraged by the new management, with Keith Jones as chief executive and John Clare as chairman. Trading has improved considerably and gross margins have recovered. Although much remains to be done, progress is encouraging. We are engaging intensely and constructively with JJB's board and management and are committed to delivering significant value from this investment.

Paypoint plc

At 30 June 2010 the Fund held 4.9 per cent. of PayPoint and its holding was valued at £8.8 million. PayPoint is a specialist payments company with a network of 22,000 terminals in UK and Irish retail outlets, a growing business in internet and mobile phone payment services, a parcel delivery service, and a retail payments network in Romania.

Its recent share price performance was overshadowed by a serious competitive threat from Camelot, the lottery operator, which announced plans to offer bill payment services on its terminals. PayPoint and others believe this would be unfair competition in view of Camelot's privileged position.

Investment Manager's Report (continued)

The Fund took an active role. Crystal Amber Advisers, the Fund's Investment Adviser, commissioned a survey of Lottery customers which found that 60 per cent. would be reluctant to buy lottery tickets if they were delayed by others paying their bills. The findings were passed to the National Lottery Commission.

In July 2010, the Commission provisionally rejected Camelot's application. The Fund welcomes this ruling and supports PayPoint's management in its determination to confront this threat. It continues to see the potential for attractive returns as PayPoint expands its internet and other payment services, and extends its reach to the US, Canada and France. Provided the Camelot issue can be finally resolved, PayPoint's strong cash flow and high dividend yield suggest that its shares are undervalued.

Omega Insurance Holdings Limited

At 30 June 2010, the Fund held 2.7 per cent. of Omega and its holding was valued at £7.2 million. Omega is a Lloyd's insurer and reinsurer covering property catastrophes, marine, motor and liability insurance, especially for small and medium sized US businesses, and has its own underwriting agency. Omega has a strong profit record and balance sheet, an excellent underwriting record, and a progressive dividend policy, suggesting that its shares are undervalued in an industry which has seen considerable consolidation.

The Fund monitored Omega for seven months before its initial investment, which followed the arrival of a new chairman and chief executive. The Fund has commenced dialogue with Omega's management; this is currently at an early stage.

Trading Emissions PLC

At 30 June 2010, the Fund held 1.8 per cent. of TRE and its holding was valued at £4.8 million. TRE has a portfolio of carbon emission permits, private equity investments in permit-generating projects and cash. Following the rejection of its proposed merger with Leaf Clean Energy, it consulted investors about improving returns. The Fund engaged with TRE's management as part of this process.

In May 2010, TRE announced a plan for a controlled realisation to optimise the cash value of its assets, selling the credits portfolio by end-2012 and realising the projects "actively". The plan incentivised TRE's management to deliver returns of 150p to 230p per share and was subject to shareholders' approval.

In June 2010, Tricorona AB, a Swedish owner of carbon credits, was bought by Barclays Plc for £98 million by way of a cash offer, a price which valued Tricorona's credits at 25 per cent. above their market price.

Sutton Harbour Holdings PLC

At 30 June 2010, the Fund held 10 per cent. of Sutton Harbour and its holding was valued at £3.1 million.

Sutton Harbour owns waterside properties and the airport in Plymouth, has property developments in Exeter, Swansea, and Portland, and at the time of our investment owned South West Airlines. The Fund has engaged actively with the management and board of Sutton Harbour about the potential for its assets and the improvement of returns. A series of meetings has been held with the management and chairman as part of this process.

In May 2010 Sutton Harbour announced plans to sell South West Airlines after recent losses, worsened by volcanic ash problems. Subsequently, in July 2010, it warned that the sale would result in a loss.

Investment Manager's Report (continued)

The portfolio

At 30 June 2010, the total equity portfolio had a market value of £56.6 million. The top six holdings detailed above amounted to 87 per cent. of the portfolio. This concentration is in line with the policy set out in the admission document. In addition to the core activist stocks, the Fund also invests in a limited number of stocks where it takes a modest initial holding and where it is able to take advantage of specific situations.

Engagement

Engagement with the management and boards of investee companies is a fundamental part of the Fund's strategy. Dialogue has been established with almost all the companies in the portfolio. Lengthy and detailed meetings with management teams have been held and in the case of JJB, stores have been visited regularly. Where it is considered useful, the Fund has undertaken independent research on companies' operations and prospects.

In the majority of cases, engagement with management teams has been constructive and amicable. We recognise that management teams are under pressure from many directions. Against that background, the open and positive reception to our engagement has been very encouraging in most cases. It is inevitable that in some instances, boards and management are less receptive to our suggestions. In the case of Pinewood, our repeated requests for improvement in the measurement and reporting of the company's assets and operations made no progress. In these circumstances, we felt there was no alternative to requesting board changes at the company's annual general meeting.

We are determined to pursue our objectives, which are aimed at the delivery of better performance for all shareholders. The Fund will do its utmost to ensure that our investments deliver their potential. We remain committed to engaging with our investee companies and to giving boards and management all possible encouragement to deliver value for their investors and for ours.

Realisations

As already noted, the Fund made some excellent realisations during the year including Delta, Chloride, Kentz and Tate & Lyle.

The Fund initially invested in Delta in December 2009 at about 140p per share after our analysis suggested fundamental value in excess of 200p. When Valmont Industries of the US offered 185p per share, the Fund took an activist stance, rejecting the bid publicly and objecting in particular to the omission of Delta's final dividend. Ultimately Valmont raised its offer to include the dividend, lifting the bid proceeds effectively to 190p. The Fund realised a profit of £0.85 million.

Chloride was one of the Fund's early investments, chosen for the strength of its business and the attractions to bidders, as shown by the earlier rejected offer from Emerson of the US. The analysis was vindicated when Emerson returned and a bid battle developed with ABB. The Fund realised a profit in excess of £3 million.

Kentz was another early investment, chosen for its strong oil services business, net cash and balance sheet strength. Following some constructive engagement, the potential for further activism appeared limited and after strong gains in the share price, profits in excess of £2.6 million were realised.

The Fund's investment in Tate & Lyle was realised at a profit of more than £4 million. The return on this investment was in excess of 60 per cent. before dividends.

Total profits of more than £2.5 million were realised on JJB through a sale of shares ahead of JJB's placing in October 2009.

Investment Manager's Report (continued)

Prospective investments

The search for prospective investments is continuous. A targeted pipeline of potential investments has been identified and assessed. The potential exit route from any investment and the liquidity of trading in the relevant stock are important considerations.

Profile/Publicity

The Fund's focus on activism has inevitably attracted attention. Its actions at Pinewood, JJB and Delta have been extensively covered in the media. While a wider understanding of our objectives is welcome, the focus remains on effective action rather than publicity.

The Fund is listed on the Association of Investment Companies (AIC) and Trustnet websites. These are independent sources and the information provided does not always come from Crystal Amber – for example, the AIC publishes daily net asset value estimates calculated by Fundamental Data Limited, an independent researcher. We remind shareholders that the Fund's NAV is reported on a monthly basis and published on our website www.crystalamber.com.

Strategy and outlook

The economic outlook for the Fund's third year of operations remains only slightly less challenging than in the first two. It is encouraging that the leaders of the world's most important economies continue to seek a joint approach to problems, even if they find it difficult to agree. The global recovery remains fragile but seems to be continuing. Concerns about banking and government stability persist but have yet to trigger a new crisis.

The challenges the Fund faces in its third year of operation are changing. After the initial task of building a targeted portfolio, we are now intensively involved in the engagement phase. Inevitably this will require significant activism in some instances, though on the whole we are greatly encouraged by the response of managements and boards. Whatever the circumstances, we are determined to implement our strategy and remain convinced it can continue to deliver good returns.

Crystal Amber Asset Management (Guernsey) Limited

10 September 2010

Investing Policy

Crystal Amber Fund Limited (“the Fund” or “the Company”) is an activist fund which aims to identify and invest in undervalued companies and, where necessary, take steps to enhance their value. The Company aims to invest in a concentrated portfolio of undervalued companies which are expected to be predominantly, but not exclusively, listed or quoted on UK markets (usually the Official List or AIM) and which have a typical market capitalisation of between £100 million and £1,000 million. Following investment, the Fund and its advisers typically engage with the management of those companies with a view to enhancing value for all their shareholders.

Investment objective

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

Investment strategy

The Fund focuses on investing in companies which it considers to be undervalued, and will aim to promote measures to correct the undervaluation. In particular, it aims to focus on companies which the Fund’s investment manager and investment adviser believe may have been neglected by fund managers and investment funds due to their size or where analyst coverage is inadequate or where analysts have relied on traditional valuation techniques and/or not fully understood the underlying company. The Fund and its advisers seek the co-operation of the company’s management in connection with such corrective measures as far as possible. Where a different ownership structure would enhance value, the Fund will seek to initiate changes to capture such value. The Fund may also seek to introduce measures to modify existing capital structures and introduce greater leverage and/or seek divestiture of certain businesses 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 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 Fund may (i) utilise leverage for the purpose of investment and enhancing returns to its shareholders and (ii) enter into derivative transactions, for example in seeking to manage its exposure to interest rate and currency fluctuations through the use of currency and interest rate hedging arrangements or for the purposes of efficient portfolio management, 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 the investment;
- pure technology-based businesses; or
- unlisted companies or pre-IPO situations.

It is expected that no single investment in any one company will represent more than 30 per cent. 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, particularly during the early life of the Company or where it is believed that an investment is particularly attractive.

Investing Policy (continued)

Composition of the portfolio

The Fund's 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 Fund'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 Fund is in no way restricted to these sectors and investment decisions are taken based on market conditions and other investment considerations at the time.

Further information on the Company is set out in its AIM Admission Document, which is available to download from the Company's website www.crystalamber.com.

Report of the Directors

Incorporation

The Company was incorporated on 22 June 2007 and commenced operations 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 but with the potential for distributions. This will be achieved 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 typically have a market capitalisation of between £100 million and £1,000 million.

The Company was admitted to trading on AIM, the market of that name operated by the London Stock Exchange, on 17 June 2008. The Company was also listed on the Channel Islands Stock Exchange (“CISX”) on 17 June 2008.

The Company became a member of The Association of Investment Companies (“AIC”) on 26 March 2009.

Business review

A review of the business together with the likely future developments is contained in the Chairman’s Statement on page 5 and the Investment Manager’s Report on pages 6 to 11.

Results and dividend

The results for the year are set out in the Statement of Comprehensive Income on page 22.

The Directors do not recommend payment of a dividend in respect of the year to 30 June 2010 (2009: £nil).

Taxation

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (exempt Bodies) (Guernsey) Ordinances, 2008 and is charged an annual exemption fee of £600.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation 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. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk profile

The Company’s main financial instruments at the year end include investments, cash and cash equivalents and various items such as receivable and payables that arise directly from the Company’s operations.

Details about the main risks associated with these instruments are given in note 11 to the financial statements.

Directors

The Directors of the Company who served during the year and as at 30 June 2010 are shown on page 2. Biographies of the Directors holding office as at 30 June 2010 and at the date of signing these financial statements are shown on page 19.

Report of the Directors (continued)

Directors' interests

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:

	2010		2009	
	<i>Number of Ordinary Shares</i>	<i>Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Issued Share Capital</i>
William Collins	25,000	0.04%	25,000	0.04%
Sarah Evans	25,000	0.04%	25,000	0.04%
Total	50,000	0.08%	50,000	0.08%

Directors' remuneration

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

	2010	2009
	£	£
William Collins	30,000	30,000
Sarah Evans	25,000	25,000
Mark Huntley	20,000	20,000
Nigel Ward	20,000	20,000
Total	95,000	95,000

Substantial interests

At 20 August 2010, the following persons had interests in 3 per cent. or more of the issued share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>Issued Share Capital</i>
Invesco Perpetual Asset Management Limited	17,700,000	29.50%
Baring Asset Management Limited	6,319,500	10.53%
Merseyside Pension Fund	6,000,000	10.00%
Artemis Investment Management Limited	5,000,000	8.33%
Midas Capital Partners Limited	2,943,000	4.91%
CCLA Investment Management Limited	2,310,050	3.85%
Simpson Financial Limited	2,000,000	3.33%
Total	42,272,550	70.45%

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 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.

Report of the Directors (continued)

Statement of Directors' responsibilities (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to the auditors

The Directors confirm that they have complied with the above requirements in preparing the financial statements. They also confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and 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 auditors are aware of that information.

Corporate governance

As a Guernsey registered company, whose share capital is admitted to trading on AIM and quoted on CISX, the Company is not required to comply with the Combined Code published by the Financial Reporting Council (the "2006 FRC Code"). However, the Directors recognise the value of sound corporate governance and it is the Company's policy to comply with best practice on good corporate governance that is applicable to investment companies.

The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance issued in May 2007 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to investment companies. The Board considers that it is appropriate to report against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code).

In view of the Board's non-executive nature and the requirement of the Articles of Incorporation that one third of Directors retire by rotation at least every three years, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code.

At the forthcoming Annual General Meeting Nigel Ward will be retiring and offering himself for re-election.

Report of the Directors (continued)

Corporate governance (continued)

Board responsibilities

The Board comprises four non-executive Directors. 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. Clear documented contractual arrangements are in place between these firms which define the areas where the Board has delegated responsibilities to them.

The Directors are responsible for overseeing the effectiveness of the internal controls of the Company, designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded.

The Board meets formally on a quarterly basis to review the performance of the Company, its investments and its service providers. The Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers.

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.

An evaluation of the performance of individual Directors and the Chairman is carried out annually by way of self appraisal and reviews the following areas: Board composition and meeting process, Board information, training and an evaluation of the Chairman.

New Directors receive an induction from the Investment Manager on joining the Board, and all Directors receive other relevant training as necessary.

Chairman

The Chairman of the Board is William Collins. A biography for him and for all the other Directors follows in the next section. In considering the independence of the Chairman, the Board has taken note of the provisions of the 2006 FRC Code relating to independence, and has determined that Mr Collins is an Independent Director. As the Chairman is an Independent Director, no appointment of a Senior Independent Director has been made. The Company has no employees and therefore there is no requirement for a chief executive.

Board meetings, Committee meetings and Directors' attendance

The number of meetings of the full Board and the Audit committee attended by each Director is set out below.

	<i>Board</i>		<i>Audit Committee</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
William Collins	5	5	n/a	n/a
Sarah Evans	5	5	2	2
Mark Huntley	5	5	2	2
Nigel Ward	5	5	2	2

Report of the Directors (continued)

Corporate governance (continued)

Audit committee

The Audit Committee comprises Sarah Evans (Chair of the committee), Mark Huntley and Nigel Ward and meets at least twice a year. The responsibilities of the Audit Committee are to ensure that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim financial statements and related announcements, to receive and consider reports from the auditors and report their findings to the Board, and to review internal control systems and procedures and accounting policies.

Relations with shareholders

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting. Company information is also available to the shareholders through the Company's website.

Independent auditors

KPMG Channel Islands Limited have agreed to offer themselves for re-appointment as auditors of the Company and a resolution proposing their reappointment and authorising the Directors to determine their remuneration will be presented at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at 10.00am on 15 October 2010 at the Registered Office of the Company, Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey.

On behalf of the Board

Sarah Evans

Director

Crystal Amber Fund Limited

10 September 2010

Mark Huntley

Director

Crystal Amber Fund Limited

10 September 2010

Directors

William Collins (aged 61), Guernsey Resident, Non-Executive Chairman

William Collins has over 36 years experience in banking and investment and since September 2007 he has been employed by Bank Sarasin (C.I.) Limited in Guernsey dealing with Private Client business. Prior to that he was employed by the Barings Group in Guernsey for over 18 years and was appointed a director of Barings (Guernsey) Limited in 1995. In 2003 he was appointed Managing Director of Baring Asset Management (C.I.) Limited, a position he held until his resignation in August 2007. During his time with Barings he was responsible for the management of portfolios for private clients and pension funds and was a director of a number of Baring Asset Management fund companies based in Guernsey and Dublin. Prior to joining Barings in 1988, Mr Collins was employed by the Bank of Bermuda initially in Bermuda in 1971 before being transferred to Hong Kong and then to Guernsey in 1981. He started his career with Glyn Mills and Co., (now part of The Royal Bank of Scotland Group) in London. He is an Associate of the ifs School of Finance (formerly the Chartered Institute of Bankers), a Member of the Securities and Investment Institute and a Member of the Institute of Directors.

Sarah Evans (aged 55), Guernsey Resident, Non-Executive Director

Sarah Evans qualified as a chartered accountant in 1979 and is a non-executive director of several investment funds, listed and unlisted. She is a member of the Institute of Directors and has been resident in Guernsey for over three years. She spent six years with the Barclays Group, firstly as a treasury director responsible for the securitisation of the bank's UK assets. From 1996 to 1998 she was Finance Director of Barclays Mercantile (a Barclays Bank subsidiary which then had a balance sheet of £6.5 billion, providing large and middle ticket leasing finance) where she was responsible for all aspects of financial control and operational risk management. In her last two years with Barclays she moved to group treasury as a treasury director. Prior to joining Barclays she ran her own consultancy business advising UK financial institutions on all aspects of securitisation. From 1982 to 1988, she worked at Kleinwort Benson Limited as deputy chief accountant and head of group finance.

Mark Huntley (aged 52), Guernsey Resident, Non-Executive Director

Mark Huntley is an Associate of the ifs School of Finance. He is Managing Director of the Administrator, an independent fund administrator based in Guernsey, Managing Director of the CISX Listing Sponsor and a director of the Investment Manager, Crystal Amber Asset Management (Guernsey) Limited. Prior to establishing the Administrator, he was Head of Business Development & Communications for the Baring Financial Services Group. At Barings, he was also Deputy Managing Director of Guernsey International Fund Managers Limited, where he was responsible for alternative investments and emerging market funds until April 2000. He has 30 years' experience in offshore funds, trust and fiduciary services and private banking, with particular focus on the specialist and alternative fund sectors gained whilst at Barings over a period of 19 years and, prior to that, with the First National Bank of Chicago and National Westminster Guernsey Trust Company. He is a founding director of the CISX and Chairman of the CISX Business Development Committee. He holds appointments for a number of listed and unlisted fund and fund related companies.

Nigel Ward (aged 53), Guernsey Resident, Non Executive Director

Nigel Ward has over 35 years investment and banking experience and was until December 2007 a Director of Guernsey based Baring Asset Management (C.I.) Limited. In January 2008 he joined a former colleague to establish an asset management business for Bank Sarasin (C.I.) Ltd in Guernsey. Mr Ward has a wide experience of international investment markets, private retail banking, compliance and also the managed funds industry gained at Barings over a period of 20 years and before that at TSB Bank and National Westminster Bank. He is an Associate of the ifs School of Finance, a member of the Institute of Directors, and has successfully completed the Institute of Directors Company Direction Programme Diploma. Mr Ward has been resident in Guernsey for 25 years.

Independent Auditors' Report to the Members of Crystal Amber Fund Limited

We have audited the financial statements of Crystal Amber Fund Limited (the "Company") for the year ended 30 June 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the financial statements which give a true and fair view, are in accordance with International Financial Reporting Standards and are in compliance with applicable Guernsey law are set out in the Statement of Directors' Responsibilities on page 15.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are in accordance with International Financial Reporting Standards and comply with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent Auditors' Report
to the Members of Crystal Amber Fund Limited (continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of its return for the year then ended;
- are in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

KPMG Channel Islands Limited
Chartered Accountants

Statement of Comprehensive Income
For the year ended 30 June 2010

		2010			2009		
	Notes	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Income							
Dividend income from listed investments		1,948,124	–	1,948,124	457,128	–	457,128
Interest income from UK Government securities		492,678	–	492,678	938,403	–	938,403
Fixed deposit interest		37,038	–	37,038	328,970	–	328,970
Bank interest		8	–	8	336,567	–	336,567
		2,477,848	–	2,477,848	2,061,068	–	2,061,068
Net gains on financial assets at fair value through profit or loss							
Realised gain	8	–	15,096,818	15,096,818	–	7,202,801	7,202,801
Movement in unrealised loss	8	–	(14,487,648)	(14,487,648)	–	5,240,225	5,240,225
Total income		2,477,848	609,170	3,087,018	2,061,068	12,443,026	14,504,094
Expenses							
Transaction costs	4	–	464,679	464,679	–	473,077	473,077
Management fees	12,14	1,459,600	–	1,459,600	1,168,847	–	1,168,847
Performance fees		–	–	–	–	1,040,581	1,040,581
Directors' fees		95,000	–	95,000	95,000	–	95,000
Administration fees		82,876	–	82,876	74,735	–	74,735
Custodian fees		38,042	–	38,042	27,571	–	27,571
Audit fees		17,360	–	17,360	19,315	–	19,315
Other expenses		155,969	–	155,969	94,672	–	94,672
		1,848,847	464,679	2,313,526	1,480,140	1,513,658	2,993,798
Return for the year		629,001	144,491	773,492	580,928	10,929,368	11,510,296
Basic and diluted earnings per share (pence)		1.05	0.24	1.29	0.97	18.22	19.18

The total column of this statement represents the Company's Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards. The supplementary income return and capital return columns are presented under guidance published by the Association of Investment Companies.

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

Statement of Financial Position
as at 30 June 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
ASSETS			
Cash and cash equivalents	6	12,419,482	12,228,732
Trade and other receivables	7	1,015,805	209,753
Financial assets designated at fair value through profit or loss	8	56,557,754	58,907,174
Total assets		69,993,041	71,345,659
LIABILITIES			
Trade and other payables	9	694,542	2,820,652
Total liabilities		694,542	2,820,652
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	10	600,000	600,000
Distributable reserve	10	56,447,261	56,447,261
Retained earnings	10	12,251,238	11,477,746
Total equity		69,298,499	68,525,007
Total liabilities and equity		69,993,041	71,345,659
Net asset value per share (pence)	5	115.50	114.21

The financial statements were approved by a committee of the Board of Directors and authorised for issue on 10 September 2010.

Sarah Evans
Director
Crystal Amber Fund Limited

10 September 2010

Mark Huntley
Director
Crystal Amber Fund Limited

10 September 2010

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 2010

2009	Notes	Share	Share	Distributable	Capital	Retained earnings		Total	Total
		Capital	Premium	Reserve		Revenue	Total		
		£	£	£	£	£	£	£	£
Opening balance at 1 July 2008	10	600,000	56,447,261	–	–	(32,550)	(32,550)	57,014,711	
Return for the year		–	–	–	10,929,368	580,928	11,510,296	11,510,296	
Transfer to distributable reserve		–	(56,447,261)	56,447,261	–	–	–	–	
Balance at 30 June 2009		600,000	–	56,447,261	10,929,368	548,378	11,477,746	68,525,007	

2010	Notes	Share	Share	Distributable	Capital	Retained earnings		Total	Total
		Capital	Premium	Reserve		Revenue	Total		
		£	£	£	£	£	£	£	£
Opening balance at 1 July 2009	10	600,000	–	56,447,261	10,929,368	548,378	11,477,746	68,525,007	
Return for the year		–	–	–	144,491	629,001	773,492	773,492	
Balance at 30 June 2010		600,000	–	56,447,261	11,073,859	1,177,379	12,251,238	69,298,499	

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

Statement of Cash Flows
For the year ended 30 June 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Cashflows from operating activities			
Dividend income received from listed investments		1,366,142	343,561
Interest income received from UK Government securities		563,500	867,581
Fixed deposit interest received		33,968	376,625
Bank interest received		1,050	361,025
Management fees paid		(1,459,600)	(1,186,380)
Performance fee paid		(1,040,581)	–
Directors' fees paid		(95,000)	(147,908)
Other expenses paid		(233,561)	(180,844)
Net cash (outflow)/inflow from operating activities		(864,082)	433,660
Cashflows from financing activities			
Proceeds from issuance of ordinary shares		–	2,462,075
Share issue expenses		–	(50,802)
Net cash inflow from financing activities		–	2,411,273
Cashflows from investing activities			
Purchase of investments		(79,131,260)	(132,661,932)
Sale of investments		80,650,771	87,902,119
Transaction charges on purchase and sale of investments		(464,679)	(473,077)
Net cash inflow/(outflow) from investing activities		1,054,832	(45,232,890)
Net increase/(decrease) in cash and cash equivalents during the year		190,750	(42,387,957)
Cash and cash equivalents at beginning of year		12,228,732	54,616,689
Cash and cash equivalents at end of year	6	12,419,482	12,228,732

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 2010

General Information

Crystal Amber Fund Limited is a company incorporated and registered in Guernsey on 22 June 2007 and is governed under the provisions of the Companies (Guernsey) Law 2008. The address of the registered office is given on page 2. The Company has been established to provide shareholders with an attractive total return which is expected to comprise primarily capital growth but with the potential for distributions. The Company will achieve this through the 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. The Company was listed and admitted to trading on AIM, the market of that name operated by the London Stock Exchange on 17 June 2008. The Company was also listed on the CISX on 17 June 2008. The Company is also a member of the AIC.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the current period, unless otherwise stated.

Basis of preparation

The financial statements give a true and fair view, are in accordance with International Financial Reporting Standards (“IFRS”) and the AIC’s Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” issued in January 2009 and comply with the Companies (Guernsey) Law 2008. The financial statements are presented in Sterling, the Company’s functional currency.

These financial statements have been prepared under the historic cost convention with the exception of financial assets designated at fair value through profit and loss which are measured at fair value.

IFRS requires management to make judgments, estimates and assumptions that affect the application of the reported amounts in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Segmental reporting

The Company has adopted IFRS 8, ‘Operating Segments’ as of 1 January 2009. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 ‘Operating Segments’, and is of the view that the Company is domiciled in Guernsey and is engaged in a single segment of business, being UK equity instruments. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. 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 net asset value, 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.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)

The Board of Directors has overall management and control of the Company. Material changes to the investment objective or investment policy can only be made by Shareholders. The Board of Directors has delegated the day to day implementation of this strategy to its Investment Adviser but retain responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Adviser are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Adviser has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto. Whilst the Investment Adviser may make decisions on a day to day basis re the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by Shareholders, even though they may be proposed by the Investment Adviser and Manager. The Board therefore retains full responsibility as to the major allocations decisions made on an ongoing basis. The Investment Adviser will always act in accordance with the investment policy and investment restrictions set out in the Company's latest Prospectus which cannot be radically changed without the approval of Shareholders.

The Fund has a diversified portfolio of investments from which it receives dividends from time to time and no single investment accounts for more than 30 per cent. of the Fund's gross assets. All the Fund's assets are classified as current assets.

The Fund also has a diversified shareholder population which is detailed on page 15.

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 Statement of Comprehensive Income.

Financial instruments

Financial instruments comprise investment in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables. Financial instruments are recognised initially at fair value. Subsequent to initial recognition financial instruments are measured as described below.

Investments

All the Company's investments are designated at fair value through profit or loss. They are initially recognised at fair value, being the cost incurred in their acquisition. Transaction costs are expensed in the Statement of Comprehensive Income. Gains and losses arising from changes in fair value are presented in the Statement of 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 the bid price on the reporting date. Where investments are listed on more than one securities market, the price on the market on which the security was originally purchased is used. If the price is not available as at the accounting date, the last available price is used.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the shares are charged to the share premium account.

Share capital

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

Income

Investment income and interest income have been accounted for on an accruals basis using the effective interest method. Dividends receivable are taken to the Statement of Comprehensive Income when the relevant security is quoted ex-dividend.

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 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 and accordingly the performance fee is charged to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

2. NEW STANDARDS AND INTERPRETATIONS

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for financial assets. The standard is not applicable until 1 January 2013 but it is available for early adoption. The standard is not expected to have a significant impact on the financial statements since the majority of the Company's financial assets are designated at fair value through profit or loss.

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 £600.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

4. TRANSACTION COSTS

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

	2010	2009
	£	£
Stamp duty	240,763	252,908
Commissions and custodian transaction charges	223,916	220,169
	464,679	473,077

5. BASIC AND DILUTED EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Basic and diluted earnings per share is based on the following data:

	2010	2009
	£	£
Return for the period	773,492	11,510,296
Average number of issued Ordinary shares	60,000,000	60,000,000
Basic and diluted earnings per share (pence)	1.29	19.18

Net asset value per share is based on the following data:

	2010	2009
	£	£
Net asset value per balance sheet	69,298,499	68,525,007
Number of Ordinary shares outstanding	60,000,000	60,000,000
Net asset value per share (pence)	115.50	114.21

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Company available on demand and on deposit with maturities of less than 90 days. Cash and cash equivalents are analysed as follows:

	2010	2009
	£	£
Cash available on demand	4,406,267	5,514,335
Cash on deposit with maturities of less than 90 days	8,013,215	6,714,397
	12,419,482	12,228,732

Cash available on demand earns interest at a rate based on the bank call deposit rate while short-term placements earned interest ranging from 0.20 per cent. per annum to 0.35 per cent. per annum during the year.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

7. TRADE AND OTHER RECEIVABLES

	<i>2010</i>	<i>2009</i>
	£	£
Trade receivables	1,000,579	187,183
Prepayments	15,226	22,570
	<u>1,015,805</u>	<u>209,753</u>

There are no past due or impaired receivable balances outstanding at the year end.

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>2010</i>	<i>2009</i>
	£	£
Equity investments – UK equity securities	56,557,754	38,870,094
Bond investments	–	20,037,080
	<u>56,557,754</u>	<u>58,907,174</u>
Cost brought forward	53,670,914	–
Purchases	78,023,962	134,370,232
Sales	(80,950,980)	(87,902,119)
Realised gain	15,096,818	7,202,801
Cost carried forward	<u>65,840,714</u>	<u>53,670,914</u>
Unrealised gains brought forward	5,240,225	–
Movement in unrealised losses/gains	(14,487,648)	5,240,225
Unrealised gains carried forward	(9,247,423)	5,240,225
Effect of exchange rate movements	(35,537)	(3,965)
Fair value at 30 June	<u>56,557,754</u>	<u>58,907,174</u>

9. TRADE AND OTHER PAYABLES

	<i>2010</i>	<i>2009</i>
	£	£
Accruals	93,542	1,112,352
Unsettled trade purchases	601,000	1,708,300
	<u>694,542</u>	<u>2,820,652</u>

The credit period taken for trade purchases is less than 30 days. The carrying amount of trade payables approximates to their fair value.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

10. SHARE CAPITAL AND RESERVES

Capital risk management

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

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

As per the Company's memorandum and articles of association the retained earnings are distributable by way of dividend in addition to distributable reserve held on the Fund's balance sheet at year end. The distributable reserve represents the amount transferred from the share premium account which was approved by the Royal Court of Guernsey on 18 July 2008.

Externally imposed capital requirement

There are no capital requirements imposed on the Company.

The authorised share capital of the Company is 300 million Ordinary Shares of £0.01 each.

The issued share capital of the Company is comprised as follows:

	2010		2009	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	60,000,000	600,000	60,000,000	600,000

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives

The Manager, Crystal Amber Asset Management (Guernsey) Limited and the Administrator, Heritage International Fund Managers ("HIFM"), provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The 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 to a certain extent foreign currency risk.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. At the balance sheet date the major financial assets which were exposed to credit risk included financial assets designated at fair value through profit or loss and cash and cash equivalents.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. 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.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

The table below shows the cash balances at the balance sheet date and the Standard & Poor's credit rating for each counterparty.

	<i>Location</i>	<i>Rating</i>	<i>Carrying Amount 2010 £</i>	<i>Carrying Amount 2009 £</i>
MeesPierson (C.I.) Limited (ultimately owned by ABN Amro Bank N.V.)	Guernsey	A	4,391,938	5,499,359
HSBC Bank Plc – Guernsey Branch	Guernsey	AA	8,023,215	6,724,396
Other			4,329	4,977
			12,419,482	12,228,732

The credit ratings disclosed above are the credit ratings of the parent entities of each of the counterparties namely ABN Amro Bank N.V. and the HSBC PLC.

The Company's credit risk on financial assets designated at fair value through profit or loss is considered minimal as these assets are either quoted equities or government securities.

The Company is also exposed to credit risk on the 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.

At the balance sheet date £60,949,692 (2009: £64,406,533) of the financial assets of the Company were held by the Custodian, MeesPierson (C.I.) 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. The Company monitors its risk by monitoring the credit quality and financial position of the Custodian.

Liquidity risk

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 investments are listed and are subject to a settlement period of three days.

The following table details the Company's expected maturity for its financial assets and liabilities:

<i>2010</i>	<i>Weighted average interest rate</i>	<i>Less than 1 year £</i>	<i>1-5 years £</i>	<i>5+ years £</i>	<i>Total £</i>
Assets					
Non-interest bearing	–	57,573,559	–	–	57,573,559
Variable interest rate instruments	0.35%	12,419,482	–	–	12,419,482
Liabilities					
Non-interest bearing	–	(694,542)	–	–	(694,542)
		69,298,499	–	–	69,298,499

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Liquidity risk (continued)

2009	<i>Weighted average interest rate</i>	<i>Less than 1 year £</i>	<i>1-5 years £</i>	<i>5+ years £</i>	<i>Total £</i>
Assets					
Non-interest bearing	–	39,079,847	–	–	39,079,847
Variable interest rate instruments	5.14%	32,265,812	–	–	32,265,812
Liabilities					
Non-interest bearing	–	(2,820,652)	–	–	(2,820,652)
		68,525,007	–	–	68,525,007

Interest rate risk

The Company is exposed to interest rate risk as it has funds held on deposit, current account balances and UK Government bonds from time to time. The Company's exposure to interest rates is detailed in the liquidity risk section of this note.

The 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 balance sheet date. An increase/decrease of 0.15 per cent. represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 0.15 per cent. (2009: 0.50 per cent.) higher/lower and all other variables were held constant:

- the Company's profit for the year ended 30 June 2010 would have increased/decreased by £20,088 (2009: £197,329);
- there would have been no impact on the other equity reserves.

Price risk

The Company's exposure to market price risk arises from uncertainties about future prices of its investments. This risk is managed through diversification of the investment portfolio across business sectors. Generally the Company will seek not to invest more than 30 per cent. of the Company's gross assets in any single investment at the time of investment.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

The following table details the Company's investments:

<i>Equity Investments</i>	<i>Sector</i>	<i>Value</i> £	<i>Percentage of</i> <i>Gross Assets</i>
Pinewood Shepperton plc	Media	13,065,411	19
JJB Sports plc	Retail	12,112,500	17
Paypoint plc	Support Services	8,820,792	13
Omega Insurance Holdings Ltd	Insurance	7,185,863	10
Trading Emissions PLC	Financial services	4,836,462	7
Sutton Harbour Holdings PLC	Transportation services	3,085,596	4
Conygar Investment Company PLC	Real estate	2,664,259	4
Other	Various	4,786,871	7
Total		56,557,754	81

If market prices had been 25 per cent. higher/lower at the balance sheet date and all other variables were held constant:

- the Company's profit and net assets for the year ended 30 June 2010 would have increased/decreased by £14,139,438 (2009: £14,726,794);
- there would have been no impact on the other equity reserves.

Foreign Exchange Risk

The Company's exposure to foreign exchange risk was immaterial for the year ended 30 June 2010.

Fair value measurements

The Company adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Company to classify fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 7 establishes a 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 7 are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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 in its entirety. 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 judgment, considering factors specific to the asset or liability.

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

The determination of what constitutes ‘observable’ requires significant judgment 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 following table analyses within the fair value hierarchy the Company’s financial assets measured at fair value at 30 June 2010:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>2010</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Financial assets designated at fair value through profit and loss:				
Equity investments –				
UK equity securities	56,557,754	–	–	56,557,754

The equity investments were fair valued with reference to the closing bid prices of each investee company on the reporting date.

12. RELATED PARTIES

Mark Huntley, Director of the Company, is also a director of the Company’s Administrator, Heritage International Fund Managers Limited and the Investment Manager. During the year the Company incurred administration fees of £82,876 (2009: £74,735) of which £22,688 (2009: £18,750) was outstanding at the year end. Mark Huntley also received a Director’s fee of £20,000 (2009: £20,000) of which £5,000 (2009: £5,000) was outstanding at the year end.

Richard Bernstein is a director of the Investment Manager and a holder of 650,000 Ordinary Shares, representing 1.08 per cent. (2009: 0.88 per cent.) of the issued share capital of the Company at the year end. During the year the Company incurred management fees of £1,459,600 (2009: £1,168,847) all of which had been paid at the year end (2009: £nil). The Company also incurred performance fees of £86,425 (2009: £1,040,581). The Investment Manager has waived the performance fee for the year ended 30 June 2010.

All related party transactions are carried out on an arm’s length basis.

13. DIRECTORS’ REMUNERATION

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
William Collins	30,000	30,000
Sarah Evans	25,000	25,000
Mark Huntley	20,000	20,000
Nigel Ward	20,000	20,000
Total	95,000	95,000

Notes to the Financial Statements
For the year ended 30 June 2010 (continued)

14. MATERIAL AGREEMENTS

The Company has entered into the following material agreements:

Crystal Amber Asset Management (Guernsey) Limited (the “Manager”)

The Company has entered into a management agreement with the Manager. The Manager receives a management fee at the annual rate of 2 per cent. of the Net Asset Value (“NAV”) of the Company payable quarterly in advance.

In addition, the Manager is entitled to a performance fee in certain circumstances. This fee is payable 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 7 per cent. per annum on an annual compounding basis up to the end of the relevant performance period (“the Basic Performance Hurdle”); and
2. the achievement of a “high watermark”: 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. If no performance fee has been earned since admission, the NAV per Ordinary Share must be higher than the placing price.

If the Basic Performance Hurdle is met, and the high watermark exceeded, the performance fee is an amount equal to 20 per cent. 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; and
3. the high water mark.

Heritage International Fund Managers Limited (the “Administrator”)

The Company has entered into an administration agreement with the Administrator. The Administrator has been appointed to provide administration and secretarial services to the Company. For these services, the Administrator will be paid an annual fee of 0.12 per cent. (2009: 0.1 per cent.) of the Net Asset Value (subject to a minimum of £75,000 per annum.)

MeesPierson (C.I.) Limited (formerly Fortis Bank (C.I.) Limited) (the “Custodian”)

The Company has entered into a custodian agreement with the Custodian. The Custodian receives a fee, calculated and payable quarterly in arrears at the annual rate of 0.05 per cent. of 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.

15. 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.

16. POST BALANCE SHEET EVENT

On 6 August 2010 the Company reported that its unaudited NAV at 31 July 2010 was 116.08p per share.

On 7 September 2010 the Company reported that its unaudited NAV at 31 August 2010 was 116.72p per share.