CRYSTAL AMBER

Crystal Amber Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 June 2015

Company No. 47213

Contents

Management and Administration

Directors	William Collins *(Chairman)* Sarah Evans *(Senior Independent Director)* Nigel Ward Christopher Waldron *(Appointed 1 July 2014)*
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Management and Administration (continued)

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Highlights

- Net Asset Value ("NAV") per share up 4.6 per cent in year to 168.26 pence (160.81p per share at 30 June 2014, 152.72p at 31 December 2014)
- Dividend increased tenfold from 0.5p to 5p
- Successful exits from investments in Aer Lingus Group plc and Thorntons plc with realised gains of £8.7 million and £7.5 million respectively
- Total net realised gains of £24.4 million for the year, including realised losses on derivatives
- Share placing to existing and new investors in January 2015 raised £32.3 million before expenses, at no cost to other existing investors
- Successful buy-back programme contributed to an average discount to NAV of 3.7 per cent over the year. Discount at the end of August 2015 was 6.0 per cent.
- New positions acquired in Grainger plc, Coats Group plc, Dart Group plc and Balfour Beatty plc.

William Collins, chairman of Crystal Amber Fund, commented: "The year saw the profitable exit of two of the Fund's largest investments, Aer Lingus and Thorntons, which combined realised a profit of £16.2 million. The Fund has already redeployed that capital into promising new opportunities. We continue to engage with our investee companies with the confidence of our proven activist investment process."

Chairman's Statement

I hereby present the eighth annual report of Crystal Amber Fund Limited ("the Fund") for the year to 30 June 2015.

The economic background to our activities improved a little over the year, though many uncertainties remain. The Bank of England expects UK GDP growth in 2015 to be in the region of 2.8 per cent. Inflation and interest rates remain very low by historic standards. A key concern is when and by how much interest rates will rise and how an increase will affect financial markets.

NAV at the end of June 2015 was £156.2 million, compared with an unaudited £115 million at 31 December 2014 and £123.1 million at 30 June 2014. NAV per share was 168.26p as at 30 June 2015 compared with 152.72p at 31 December 2014 and 160.81p at 30 June 2014. Gains in Aer Lingus plc, Thorntons plc and 4imprint Group plc contributed to this growth.

The Fund completed a placing of £32.3 million in January with the objective of raising capital primarily to invest in new opportunities in companies with larger market capitalisations. As on previous occasions, the secondary issue took place at no cost or dilution to existing investors and demonstrates the ongoing support of the Fund's shareholders.

At the time of the January placing, an amendment was made to the basis of the performance fee payable to the Investment Manager, specifically that the basic performance hurdle has now increased to 10 per cent per annum as opposed to the previous 8 per cent. before the placement.

In December, the Fund announced a new dividend policy, projecting a 5p dividend in respect of the 2015 calendar year. Based on the share price at 30 June 2015 of 159p, the dividend would represent an annual yield of 3.1 per cent.

During the year, the Fund bought back 4.5 million of its own shares at an average price of 146.18p as part of its programme to eliminate any material discount to NAV. Over the year, the shares traded at an average discount to NAV of 3.7 per cent.

While cautiously optimistic about the outlook for the UK economy, we are acutely aware that internationally, many issues remain unresolved – the problems of the Eurozone among them. Subsequent to the year end, markets have seen sharp falls led by uncertainty over the Chinese economy. The Fund's hedging policy has afforded some degree of protection.

While monitoring external conditions closely, we continue to focus on our proven methods of detailed analysis, careful investment and close engagement with our chosen investee companies. We will strive to maintain our track record of active engagement and delivery of value to shareholders.

William Collins
Chairman

7 September 2015

Investment Manager's Report

Performance

The Fund's Net Asset Value ("NAV") per share increased by 4.6 per cent over the year. Taking into account the 0.5p dividend paid in July 2014, the total return per share for the year was 5.0 per cent. This compares to the FTSE 250 total return of 14.5 per cent and FTSE Small Cap total return of 8.1 per cent. Over the year, the Fund was on average 94.5 per cent invested, with the balance held in cash, equating to a return of 5.3 per cent for the invested portion of the portfolio.

The main performance contributors were Aer Lingus Group plc (8.0 per cent), Thorntons plc (4.0 per cent), 4imprint Group plc (3.0 per cent), STV Group plc (1.6 per cent) and Dart Group plc (1.0 per cent). The main performance detractors were Hurricane Energy plc (-2.9 per cent), TT Electronics plc (-1.8 per cent) and NBNK Investments plc (-1.9 per cent).

The Fund's performance is affected by the portfolio protection achieved through the purchase of FTSE put options and in the year, this resulted in a net decrease in NAV of £0.1 million.

Portfolio

The table below lists the Fund's top ten holdings as at the end of June 2015. It details the stake that those positions represent in the investee companies and their contribution to the Fund's NAV performance over the year.

Top ten holdings	*Pence per share*	*Percentage of investee equity held*	*Contribution to Nav performance*
Grainger plc	34.9	3.4%	1.0%
Hurricane Energy plc	13.1	11.8%	-2.9%
Leaf Clean Energy Co.	12.9	29.9%	0.0%
STV Group plc	12.3	6.7%	1.6%
Pinewood Group	11.5	4.1%	1.5%
Sutton Harbour Holdings plc	10.3	29.3%	0.6%
Coats Group plc	9.0	2.4%	-0.4%
Dart Group plc	7.8	1.2%	1.0%
Balfour Beatty plc	5.2	0.3%	-0.1%
4imprint Group plc	5.0	1.6%	3.0%
Total of ten largest holdings	122.0		
Other investments	31.6		
Cash and accruals	14.7		
Total NAV	**168.3**		

At the end of the year, the Fund's top ten positions represented 72.5 per cent of the NAV, compared with 58.4 per cent at the end of June 2014. The Fund's total number of positions was 23 (2014: 33). The cash position at 8.7 per cent of NAV had increased from 4 per cent at the end of June 2014 largely because the Fund sold its entire holding in Thorntons to Ferrero International just prior to the end of the year.

Three of the Fund's top ten positions at the end of the year, Sutton Harbour Holdings plc, Leaf Clean Energy Company and 4imprint Group plc, were within the top ten holdings at the beginning of the year. Over the year, the Fund added to its investment in Leaf Clean and reduced its holding in 4imprint Group, realising a profit of £3.3 million.

Investment Manager's Report (continued)

The holdings in Tribal Group and Juridica Investments were reduced. The disposal of 37 per cent of the Tribal Group holding realised a profit of £1.9 million. The Fund remains a holder of Tribal Group despite the de-rating seen in the shares due to the loss of earnings momentum. The holding in Juridica this year generated £0.8 million in dividend receipts but the reduction of the stake realised a £0.04 million loss. In June 2014, Juridica announced that adverse judgements would result in a likely loss on revaluation of US$ 29.7 million, which resulted in an 18.5 per cent fall in its share price.

Over the year the Fund built its position in Aer Lingus to just under three per cent of Aer Lingus' share capital, becoming its largest institutional investor. The Fund's investment thesis was explained in our 2014 annual report. The Fund supported the company's effort to end the long-running staff pension dispute, including Aer Lingus making a contribution of €190.7 million to the pension scheme. With that issue resolved, Aer Lingus was approached by International Airlines Group PLC ("IAG"), the parent group of British Airways, and the Fund advocated a fair sale price to reflect the strategic value of the company to the acquirer. Once the offer was confirmed and accepted by the Irish Government, the Fund exited this investment, reinvesting its proceeds in new opportunities.

Similarly, over the year the Fund continued to build its position in Thorntons to 18.9 per cent of the company's equity, following a pre-Christmas profit warning and additional downgrades at the interim results in February 2015. The Fund's investment thesis was explained in our 2014 annual report. The Fund's average position in Thorntons over the year was 6.5 per cent of NAV. The Fund supported the board's strategy and was pleased to be approached by Ferrero International. As a pre-condition to Ferrero's bid, the Fund sold its entire stake at the offer price of 145p per share. The Fund was the largest shareholder in Thorntons, owning 18.9 per cent of the issued share capital. We believe that the ability to deliver this holding to Ferrero was an essential element of the transaction. In our view, the offer recognised the value that the Fund had identified in Thorntons' brand and production capability. We believe that the introduction of Ferrero's expertise into this sales channel together with its international marketing and distribution capability should accelerate the growth of Thorntons. Ferrero is a family-owned business and we believe it can bring to Thorntons the long term focus that has helped Ferrero to succeed worldwide.

The Fund engaged with API Group's board in connection with the company's governance. The Fund's investment thesis was explained in our 2014 annual report. In January, API's largest shareholder Steel Partners announced a bid for the company at 60p per share. Steel owned 32.3 per cent of the equity and announced the support of the second largest holder, 29 per cent shareholder Wynnefield. The buyer confirmed its willingness to proceed with the offer without any additional acceptances, which would leave minority shareholders in an illiquid stock with no control. The Fund engaged with a number of parties to increase the offer price and accepted the offer and realised gains of £0.9 million.

At the beginning of the year, the Fund had holdings in Hurricane Energy, STV Group, and Coats Group. In the case of Hurricane, the Fund increased its position from 1.5 per cent to 11.8 per cent as the share price deteriorated due to lower oil prices. A toehold position in Guinness Peat Group (now renamed as Coats Group PLC) was increased after adverse decisions of the Pensions Regulator hit the share price.

Positions in Grainger, Pinewood Group, Dart Group and Balfour Beatty were established over the year. The Fund's holding in TT Electronics was sold outright, realising a £0.6 million loss, after realising net gains of £1.4 million in previous financial years.

Strategy

The Fund remains focused on special situations where value can be released regardless of the market direction.

As indicated at the time of the placing in January 2015, the Fund has shifted its emphasis towards larger market capitalised companies. The average market capitalisation of the Fund's investee companies has increased from £212 million to £372 million.

Investment Manager's Report (continued)

Activist Investment Process

The Fund originates ideas from its screening processes and its network of contacts, including its shareholders. Companies are valued with focus on their replacement value, cash generation ability and balance sheet strength. During the process, the Fund's goal is to examine the company both 'as it is' and under the lens of 'as it could be' to maximise shareholder value.

Investments are normally made after an initial engagement, which in some cases may have been preceded by the purchase of a modest position in the company, to allow the Investment Adviser to meet the company as a shareholder. Engagement includes dialogue with the company chairman, management and non-executive directors, as we build a network of knowledge around our holdings. Where appropriate, site visits are undertaken to deepen our research and independent research is commissioned. Investee company annual general meetings are often attended to maintain close contact with the board and other stakeholders.

Wherever possible, the Fund strives to develop an activist angle and aims to contribute to the companies' strategy. Where value is hidden or trapped, the Fund looks for ways to release it. The activist approach in some cases requires long holding periods, which facilitate effective engagement.

Most of the Fund's activism takes place in private, but we are willing to make our concerns public when appropriate. The response of management and boards to our suggestions has generally been encouraging. We remain determined to ensure that our investments deliver their full potential for all shareholders, and are committed to engage to the degree required to achieve this.

The opportunities for engaged investment are supported by a continued improvement in the corporate governance of UK listed companies, and the positive perception of active ownership in government reports such as the Kay Review.

Investee Companies

Grainger plc ("Grainger")

Grainger was established in 1912 and is the UK's largest listed residential property owner and manager. Its traditional reversionary business is based predominantly on regulated tenancies, which provide substantial, high quality, predictable and resilient cash flows. Its portfolio of 7,400 reversionary assets has a carrying value of £1.5 billion. Properties revert vacant to Grainger after an average of ten years. As these properties become vacant, Grainger estimates that they will generate a surplus of £500 million, equivalent to 120p a share. This embedded value is the difference between today's market value compared to the vacant possession value at today's prices. It does not reflect any future benefit from house price inflation. This portfolio is expected to generate £120 million of gross cash each year until 2030. Grainger also owns 8,400 properties as part of its market rented portfolio valued in excess of £1.1 billion.

The cash generated by the reversionary business is recycled into Private Rented Sector (PRS) residential developments. Grainger is the UK market leader in equity release schemes principally for retired home owners. It also owns 3,000 homes directly and 3,000 homes indirectly via a joint venture in Germany.

Trading results for the six months to 31 March showed a 3.8 per cent advance in the value of its UK residential assets, compared to 1.9 per cent for the Halifax and Nationwide indices. Grainger acquired or exchanged contracts for £87 million of properties to add to its reversionary portfolio; purchased a new build to rent scheme in Canning Town, London; achieved planning consent for build to rent projects at two further sites; and completed another scheme in Barking, which is now fully let. The company expects to complete around 1,070 market rented units over the next two years.

Investment Manager's Report (continued)

Grainger plc ("Grainger") (continued)

We believe that Grainger's portfolio, providing visibility of cash realisations through to 2030, represents an attractive asset for an insurance company seeking to match this asset profile against long- term future liabilities. Despite a recent reduction in the average cost of debt from 5.1 per cent to 4.6 per cent on Grainger's £1.1 billion of debt, we believe that in the current interest rate environment, there remains further scope to secure better terms for shareholders. We also believe that annual administrative expenses of £35 million are excessive. This equates to an administrative expense ratio of 3 per cent on £1.2 billion of net assets, which is substantially higher than its peer group.

Since first investing in June 2015, we have engaged with the chairman, the outgoing executive team and other senior participants in the property sector. We believe that our comments about the need to reduce both operating and finance costs together with a tighter, more focused strategic direction have been well received. In August 2015, the company announced that it would explore the disposal of its German assets. The Fund regards this as a helpful first step to refocus and simplify the company's structure. The company also confirmed that the new CEO would arrive earlier than previously announced and that the Finance Director would retire.

Hurricane Energy plc ("Hurricane")

Hurricane Energy is an oil exploration company targeting naturally fractured basement rock reservoirs in the West of Shetlands area. Hurricane has made two basement reservoir discoveries, Lancaster and Whirlwind, each containing approximately 200 million barrels of oil. The company also has approximately 440 million barrels of oil equivalent ("BOE") of prospective resources in its portfolio of exploration opportunities. In 2014, it successfully drilled and de-risked the Lancaster well and later in the year initiated a farm-out process, seeking partners to fund the development of the asset.

Hurricane was co-founded in 2005 by Dr Robert Trice, its current CEO. It has acquired licences, in which it maintains a 100 per cent working interest. According to GeoScience, a research services firm, basement reservoirs could hold as much as 20 per cent of the world's remaining oil and gas resources. Naturally fractured rock with high permeability allows the oil to rise and collect under a thick layer of shale rock and clay. This unconventional source of oil has been successfully developed in locations such as Vietnam and Yemen, but not yet in the UK. The fractures provide storage capacity and fluid pathways. Hurricane chose to concentrate on proven systems where previous operators had not progressed the discoveries, due to the view (at the time) that these were not commercial.

Hurricane listed in February 2014, placing 41.9 million shares at 43p, valuing the equity at £272 million. Oil prices, however, have fallen from US$109 at the time of IPO to $60 at the end of June 2015. This hit the value of all oil and gas stocks, with the AIM sector index falling by 43 per cent over the period. The oil price fall resulted in a dearth of capital for new projects, and delays in farm-out discussions. In our view, Hurricane's assets stand out due to the size of the resources. In comparison to Hurricane's resource size, the average North Sea exploration target in 2014 was just over 30 million BOE, according to UK Oil and Gas.

The Lancaster field was first drilled by Shell in 1974. It was drilled again by Hurricane in 2009 and 2010, establishing that the reservoir contained light oil in a permeable reservoir. In 2014, the company drilled a one kilometre horizontal appraisal well in the discovery, with results exceeding best expectations and addressing identified risks. The key challenge overcome by Hurricane has been to map accurately the fractures to target the wells correctly and access production. The well achieved a sustainable natural flow rate of 5,300 STB (stock tank barrels) per day and a flow rate using artificial lift of 9,800 STB per day, well over the 4,000 target. The flow rates achieved were constrained by the surface equipment.

Investment Manager's Report (continued)

Hurricane Energy plc ("Hurricane") (continued)

In October 2014, Hurricane initiated a farm-out process seeking partners to fund the development of Lancaster. In June 2015, it confirmed that its preferred development route would be an early production system ("EPS") with a floating vessel accessing the well drilled a year ago. This reduces the capital investment needed to develop the field to less than $150m and achieves break-even with an oil price of $50 a barrel. Despite the unconventional nature of the asset, off-the-shelf technology would be adequate. Subsequent investment could be funded from production cash flows. If the farm-out process can be completed by the end of 2015, the infrastructure would be put in place over the 2016 summer season and the company would be able to deliver first oil in 2017, as per its target. The EPS should be able to de-risk the reservoir further by demonstrating whether good connectivity exists within the fracture network, and so whether long term production rates are sustainable.

We believe the share price is depressed due to the lack of visibility over the farm-out process. In our view, Hurricane has been able to navigate the changing industry environment by reformulating its development plans to require a much smaller upfront capital spend, which should facilitate reaching a deal with a development partner. In addition, were the farm-out process to be delayed, Hurricane had £16 million of cash on its balance sheet at the end of 2014 and is funded for its ongoing expenses for two years. If it can prove the viability of basement plays in the UK, it has additional licences with material upside potential.

Leaf Clean Energy Company ("Leaf")

Leaf is an investment company focused on clean energy, largely in North America.

EEA Fund Management Limited ("EEA"), the manager of Trading Emissions, raised US$386 million net for Leaf in June 2007 at 100p. Adjusted for a share buyback, the invested capital is $306.7 million. Net assets at 31 December 2014 were $105.5 million, implying a loss of 66 per cent of capital. Since 2014 and as a result of the Fund's activism, Leaf has adopted a policy of asset realisation and capital return.

In 2007, when Leaf was set up, investors hoped that US renewables would benefit when the US joined carbon trading schemes. EEA, lacking direct presence in the US, joined forces with Shaw Capital to seek investment opportunities. By the end of 2009, the portfolio was substantially invested in 11 companies and poor performance was evident. Leaf's first investment was $20 million of preferred stock in the biodiesel firm Greenline Industries, which filed for bankruptcy proceedings. Range Fuels Inc. (another $20 million investment) closed in 2011 without reaching ethanol production. Solar panel producer MiaSolé (also a $20 million investment) was written off and sold in 2012.

In March 2010, board member Bran Keogh became an executive director. Shortly after, EEA ceased to be manager and Leaf set up an in-house team under Keogh's leadership. The transparency of its reports reduced and written off investments, Range Fuels and MiaSolé, disappeared from Leaf's reports with no explanation. Disclosure of ownership structures and valuations became minimal, as did news flow. Despite bringing management in-house, Leaf spent $17.6 million over three years to oversee a portfolio of less than a dozen companies, including minority investments.

When in October 2013 the Fund initially invested in Leaf, the shares were trading at a 45 per cent discount to their then net asset value. In our view, this was the result of a poor investment track record, the scale of annual running costs and the minimal visibility of investments.

Some of these investments are attractive, notably the convertible investment in Invenergy Wind. It was acquired for $40 million and now accounts for more than half of the value of the portfolio. Invenergy Wind is North America's largest wind power generation company, and has developed more than 8,000 MW of renewable and natural gas power generation and energy storage facilities. Some other investments such as Lehigh should also deliver value.

Investment Manager's Report (continued)

Leaf Clean Energy Company ("Leaf") (continued)

Following engagement with the Leaf board, the Fund took decisive action to change the leadership of the company. We called an EGM to remove the chairman and the executive director and proposed that Mark Lerdal became executive chairman, with a clear mandate to realise the investments in an orderly manner. An incentive package was agreed, centred on the cash returned to shareholders. Leaf's board agreed the changes, and the new board began steps to realise assets. It cut additional funding to MaxWest, realising a $17.2 million loss. It has disposed of Multitrade Rabun Gap, Multitrade Telogia, SkyFuel and Johnstown Regional Energy realising $8.4 million in cash, only $0.7 million below their carrying value. Running costs have been reduced to $2.5 million per annum. In March 2015, management said it is likely to take two years to realise all its investments.

Over the year and as the share price deteriorated, the Fund increased its position in Leaf from 10 per cent to 29.9 per cent.

The Fund is confident in the value underpinning the Invenergy investment and the ability of the new board to return cash to shareholders. In addition, Leaf is now benefiting from the investor appetite for so called "yieldcos", entities that acquire and operate income generating assets from developers and operators such as Invenergy. In July 2015, TerraForm announced the acquisition of 930 megawatts of wind power capacity from Invenergy for $2 billion. This deal might set a high valuation for Invenergy and therefore for Leaf's convertible instrument.

In June 2015 Leaf's shares traded at a 36 per cent discount to its December 2014 NAV. In our view, the reported NAV understates the value that can be achieved from the sale of the Invernergy stake. The realisation of Leaf's investments is a well advanced process albeit one of unpredictable timings due to the private nature of the holdings. We are confident that Leaf can return cash to shareholders significantly in excess of its share price.

STV Group ("STV")

STV Group is a media company that broadcasts free to air TV through the Channel 3 licence in Scotland. This channel is served by ITV in most of the UK. As a licensed operator, STV has good visibility of revenues and costs.

The company has exclusive access to ITV Network's material in Scotland in return for an affiliate fee that represents around 50 per cent of STV's cost base. ITV controls about 45 per cent of TV advertisement sales in the UK, so STV has engaged it to sell its national airtime. STV's national airtime revenues are linked to the content's success, that is, its viewing performance relative to other channels. STV's peak time share has remained above ITV's for five consecutive years. STV generates 65 per cent of its £120 million revenues from national airtime advertising, and 10 per cent from Scottish airtime advertising. Nearly 90 per cent of its £20m operating profits come from advertising and sponsorship. Over the last decade, and despite the rapid growth of digital advertising, TV's share of the advertising market has remained broadly stable at 40 per cent of total spend, and similarly TV viewing has remained stable at an average of around 4 hours per day.

By 2010 all of STV's non-television assets had been sold off. From its past, STV retained hefty tax losses and a legacy pension deficit from an acquired company. New management set a clear strategy of optimising the TV operation and growing TV production and digital revenues. STV produces over 160 hours of TV content for external commissions. Whilst this might be a necessary component of a broadcaster, it has so far failed to make a material contribution to profits. Digital revenues have made more progress. With the goal to further its consumer engagement and reach different demographics, STV has developed a family of products which complement on-air TV, including its own on-demand player, live online TV, local TV and city apps. Unlike other broadcasters who developed their own players at great expense, STV partnered with third party providers. STV's digital products have captured data

Investment Manager's Report (continued)

STV Group ("STV") (continued)

insights from around 20 per cent of Scotland's population. The company has started monetising this data and digital, principally from the STV Player, now contributes 4 per cent of group revenues and 8 per cent of operating profits. It is expected to continue growing, as broadcasters are well positioned to capture online video advertising revenues leveraging their quality video content.

Recently, STV has set new targets for 10 per cent annual earnings per share growth for the next three years. Its new local services for Glasgow and Edinburgh are now a small drag on returns but should break even in a year, delivering incremental revenues with little additional capital spend, and leveraging advertising sales teams. Scotland's Independence referendum in 2014 placed STV at the centre of political events, and reinforced its brand. With net debt to EBIDTA reduced to 1.2 times, down 35 per cent from its level when the Fund invested, STV has returned to the dividend list. In our view, dividend growth is likely to accelerate as the company has little material need for cash. The current market capitalisation of £170 million, in our view, fails to reflect the quality of this asset.

Pinewood Group plc ("Pinewood")

Pinewood is a leading international film and television studio with a history dating back to the 1930s. It provides studio and services such as film production, filmed TV and studio recording, digital content services and facilities for media-related businesses. In addition, it sources and advises on film, TV and video game opportunities.

Pinewood's current strategy aims to increase capacity through the £75m Pinewood Studios Development Framework (the "PSDF") in Buckinghamshire, which is due for completion in the first half of 2016. Alongside this is a continuing requirement for investment to keep its studios at the cutting edge of the provision of digital capabilities for its customers. The third strand of its current strategy is to exploit the Pinewood brand name by international growth (China, Malaysia, US, Canada, Dominican Republic) through joint ventures.

In 2011, the Fund was Pinewood's largest shareholder and held the view that Pinewood's iconic brand and technical excellence should have enabled it to deliver higher profitability. Following a cash offer from Peel Holdings in 2011, the Fund sold its position realising a profit of £8.7 million. We have continued to follow developments at Pinewood and in April 2015 acquired a 4.1 per cent interest in Pinewood. This was a result of a placing in which the company raised £30m to fund Phase 1 of the PSDF.

On 30 June 2015, Pinewood announced its full year results to 31 March 2015. While the company stated that it had delivered strong growth, the Fund notes that of the £8.1 million of profit after tax, £3.1 million was derived from tax credits and a further £1.1m from Pinewood's share of results of joint ventures. Revenue was £75 million.

We have a history of engagement with the board prior to the sale of the Fund's shareholding to Peel Holdings in 2011. Since reinvesting at the time of the 2015 fundraising, we have re-established our contacts with senior executives and have specifically declared our interest in seeing the company achieve higher returns on capital. We have also visited the Pinewood site to view the expansion project and had discussion with other interested parties in the film industry.

The company has responded by saying that it is seeking to engage constructively with the Fund and is open to the Fund's proposals. The Fund is currently optimistic of a more helpful dialogue than took place in 2010 and 2011.

Investment Manager's Report (continued)

Sutton Harbour Holdings plc ("Sutton Harbour")

Sutton Harbour owns and operates Sutton Harbour in the Barbican, Plymouth's historic old port. This includes a leisure marina, the second largest fresh fish market in England and an estate of investment properties around the harbour. The marina can berth securely 462 vessels thanks to its tidal lock that shelters them from the elements, and it is considered to be one of the best deep water harbours in the South West. In 2013, the company added capacity to its estate by opening the King Point Marina, in the neighbouring Millbay site. Sutton Harbour also holds the lease in Plymouth's 113 acre former airport site, entitling it to 25 per cent of any disposal proceeds.

During the 2000s, the company expanded into air transport, acquiring a long lease for Plymouth City Airport and operating airline routes through a new subsidiary, Air Southwest. The airline turned loss-making and was sold in 2010. In 2011, Plymouth City Council agreed to the closure of the airport. In addition to running an airline, Sutton Harbour had carried out property regeneration projects, but these were halted due to the depressed property markets and the indebtedness that resulted from the airline venture.

Having been investors since February 2010, by 2011, we were dissatisfied with the pace of progress and believed that decisive action was required. At Sutton Harbour's AGM, the Fund voted down the authority to allocate shares, to signal our view that action was needed. Following this, the Sutton Harbour board announced the departure of the CEO. In December 2011, Sutton Harbour proceeded with a £6 million equity fund raise, at a 57 per cent discount to the then net asset value. We engaged intensely both on the terms of the raising and the importance of avoiding higher risk projects. As a result of the fundraising, the Fund's stake in Sutton Harbour increased to 25 per cent.

The fundraise allowed Sutton Harbour to build its new marina in Millbay and to make a modest investment to reconfigure berths in Sutton Harbour to cater for larger vessels. In our view, growing the berthing capacity has strengthened Sutton Harbour as a leisure destination in the South West. The company also made progress in disposing of non-core property assets, as suggested by the Fund.

Since 2013, Sutton Harbour has remained focused on its waterfront assets, maintaining annuity revenues at its core marina and growing revenues at the newly built King Point. It has identified ways to grow revenues with the 'Destination Sutton Harbour' initiative, which markets the marina as a destination of national significance. The company is exploring ways to reduce its £21.5 million net debt through the sale of development inventory. The Fund is also keen for Sutton Harbour to generate value from the airport site.

NAV per share at the end of March 2015 was 42p, up 5 per cent from 40p a year earlier and the shares trade at a 19% discount to NAV.

Coats Group plc ("Coats")

Coats Group plc is the old Guinness Peat Group ("GPG"), Sir Ron Brierley's investment vehicle, which was re-named in February 2015. Its sole operating asset is Coats PLC, which was acquired by a GPG-led consortium in 2003 for £414 million. The Group still carries the legacy assets and liabilities of GPG's past – $552 million cash and $172 million of pension scheme deficits. The deficits relate to former GPG investments, Brunel and Staveley Industries, whose operating assets were sold off with £124 million of cash ring-fenced for pension support. The balance of the cash came from disposals of unconnected GPG investments, which GPG sold to return capital to its shareholders.

Investment Manager's Report (continued)

Coats Group plc ("Coats") (continued)

Aware of GPG's strategy and faced with the unusual prospect of investigating a company with ample cash resources, the Pensions Regulator ("tPR") initiated an investigation in 2013, and this included the pension fund of Coats PLC, despite the strength of that operating business. During the investigation, interest rates at historical lows prevented GPG earning any material return on its deposits, and lowered the yields used to value the pension liabilities. Combined deficits grew from £178 million in 2013 to £375 million in 2014. Consequently, the regulator would not agree a settlement that included a partial capital return. The company has since set course for a lengthy litigation, conscious that, were the cash to be injected into the pension funds and used to buy bonds, it would crystallise the deficits and harm shareholder value. A 10 basis point movement in the discount rate for the Coats pension scheme impacts the liabilities by £24 million.

Coats PLC was founded in 1755 and now has 70 manufacturing sites around the globe. It still sells threads to apparel and footwear manufacturers worldwide. In 2014, it generated US$1.7 billion from sales to 40,000 contractors who serve over 3,000 global and regional brands. EBITDA was $179 million, operating profit $131 million and free cash flow $70 million. With around 20 per cent market share, it is three times larger than its nearest competitor, A&E. After decades of focus on lowering the cost of production, current drivers for apparel and footwear are monitoring the supply chain for corporate responsibility issues and reducing time to market. In both, Coats is ahead of its smaller regional competitors. To seek guaranteed global consistency of product, in technically challenging issues such as colour, brand owners normally seek specific suppliers.

Under GPG's ownership and away from public markets, Coats was transformed and now has a manufacturing base fit for purpose, and in the right locations. Over the first five years of full ownership, GPG invested $700 million in capex and reorganisation, modernising plants and IT systems. The internal focus resulted in sales remaining broadly flat and so in recent times Coats moved on to exploit its strengthened position. Growth has come from product innovation in new markets such as automobile and telecoms, with thread for airbags and fibre optic cables. Sales in the higher margin Speciality division have grown by 8 per cent per annum in the four years to 2014, to £235 million, with 70 per cent of the increase coming from new products. Coats has launched an eCommerce platform to streamline its customer interactions. Over the last ten years, net working capital has fallen from 27 per cent of sales to 11.5 per cent. Improved tax planning has cut the tax charge from 55 per cent in 2012 to 42 per cent in 2014 and the company expects to reach 30 per cent within two years.

The Fund has engaged with the board of Coats Group for most of the reporting period. In our view, tPR has exaggerated the risk to the pension schemes and weakened Coats Group in the process. The company has considerable earnings power to support the Coats PLC scheme, and has been willing to contribute cash to the legacy Brunel and Staveley Industries schemes. tPR's approach is, in our view, most unhelpful. The dispute has deterred Coats from using its cash productively for acquisitions, which is detrimental to pension fund members and which we have urged it to reconsider.

In our view, Coats is a quality industrial business, with a good competitive position that should enable it to gain more market share and bring innovation to its markets. Whilst it is exposed to the global demand for apparel and footwear, it should benefit in the medium term from its maturing innovation strategy and the secular growth of the Asian consumer. We believe the current rating of 4 times EBITDA fails to reflect the intrinsic value of the operating business. Additional value from the GPG legacy cash could be unlocked after a reasonable settlement or successful litigation is achieved.

Investment Manager's Report (continued)

Dart Group plc ("Dart")

Dart Group is the parent company of the leisure airline Jet2 and the distributor Fowler Welch. The original business was purchased in 1983 by Philip Meeson as an airfreight distributor from the Channel Islands to the UK specialising in flowers. He remains the executive chairman and largest shareholder with 38 per cent of the equity and listed the company as Dart Group in 1991. From its past, Dart retains some legacy airfreight contracts with Royal Mail and a distribution business, yet the business has completely transformed itself. It now generates 88 per cent of its £1.2 billion sales and 93 per cent of its £50.6 million operating profits from leisure travel. The balance comes from Fowler Welch, a distributor of fresh produce for grocers, which was purchased in 1994.

Dart's airline, Jet2, is a low cost operator launched in 2003. It operates all its flights from the north of England, Scotland and Ulster to mid to long distance European leisure destinations. It has highly seasonal schedules, with peak weekly July capacity being nine times its lowest weekly schedule. Since 2004, Jet2 has increased seat capacity by 16 per cent per annum on average, from 1.2 million to 6 million in 2015, adding more planes and departures and using larger planes. Around half of its UK flights go to Spain, followed by Portugal, Italy and Turkey.

The business model is distinct from other low cost airlines. Whereas most focus on purchasing new fuel efficient aircraft, Jet2 has bought inexpensive but fuel inefficient second hand planes. Many competitors fund their fleet with operating leases; for example all Monarch's fleet is leased. In contrast, Jet2 has grown its 59 strong fleet mostly by purchase, and now owns 44 aircraft. The average age of Jet2's fleet is nearly 22 years, versus Ryanair's 5 years. Given its fuel inefficiency, Dart prudently starts each year with about 99 per cent of its requirements hedged. However, the fuel inefficiency of the fleet is a challenge when oil prices are high and a considerable tailwind at current prices. Dart's balance sheet is strong, with net tangible assets of £150.4 million.

Since 2007, Dart has developed Jet2Holidays, a packaged holiday business that supports and feeds off the airline, as it only uses Jet2's aircraft. It has grown to carry one million passengers in the year to March 2015, or 33 per cent of Jet2's capacity. The company's stated goal is to reach 50 per cent of its capacity. The two businesses, airline and packaged holiday, are fully integrated, so that pricing on both can be managed to optimise yields. The packaged holiday strategy affords the opportunity to earn additional profits from passengers, and more importantly grows a revenue stream that is not as subject to naked price comparison as airfares.

Over the last five years, Jet2 has grown its capacity from four million to six million seats and this growth has remained demand led, with load factors increasing from 85 per cent to 91 per cent in 2015. To generate repeat sales, Dart has invested heavily in customer service. It has 170 of its own representatives at destinations to look after customers, and the own-managed call centre targets 180 seconds maximum to answer calls. Repeat sales stand at 30 per cent of customers who purchased a holiday in the previous 13 months and 40 per cent on a 25 months view. This investment in packaged holidays has come at the expense of margin, which over five years has fallen from 6 to 4.3 per cent, despite increasing ticket yields by an estimated 50 per cent. However, as the number of holiday customers grows without adding destinations, operational gearing is expected to kick in. After years of marketing investment of over £30 million per annum, brand recognition of the holiday business in its core market is slowly improving at 17 per cent from 10 per cent a year ago. This remains low relative to the 45 per cent recognition of the Jet2 airline.

Investment Manager's Report (continued)

Dart Group plc ("Dart") (continued)

Results for the 2015 financial year were accompanied by a 17 per cent upgrade to next year's earnings forecast. Advance bookings are 20 per cent ahead of last year's. The upgrade came despite guiding to broadly flat airline capacity for the year and so was mainly a result of additional capacity being taken up by the holiday product. To reach the expected 40 per cent of seats taken by packaged holidays, Dart would have to sell around 200,000 more holidays. Given the age of its fleet, Dart is expected to be one of the main beneficiaries from lower oil prices, and a lower Euro exchange rate. The average hedged price per fuel barely fell for the 2015 fiscal year, to $922 per tonne from $961 the year before. In our view, Dart will start reaping the benefits from lower oil prices in the current year.

Fowler Welch, the distribution business, has had a mixed performance, with pricing pressure from its large grocer customers negating efficiency improvements. Its £152 million of revenues contribute a modest £3.7 million of operating profit. In the past, the tangible nature of distribution assets contributed to the balance sheet strength of Dart during the growth of the airline, a business not normally liked by lenders. In our opinion, the distribution business could now benefit from the increased scale that another trade owner could bring.

In our view, Dart's earnings momentum remains under-appreciated by the market. Given the low risk nature of the balance sheet, the growth delivered by Dart deserves a premium to its current 13 times earnings rating. We look forward to engaging with the management of Dart going forward.

Balfour Beatty plc ("Balfour Beatty")

Balfour Beatty finances, develops, builds and maintains complex infrastructure such as transportation, power and utility systems, and social and commercial buildings. It reports its results under three headings – Construction Services, Support Services (maintenance type activities) and Infrastructure Investment, which are essentially public-private partnerships ("PPP's"). Approximately 49 per cent of its sales are in the UK, 36 per cent in the US, and the remainder in the Middle and Far East.

The company has been in a state of turmoil for some time now with three profit warnings in 2014 and another in July 2015 as the profitability of contracts have been constantly revisited to show ever larger expected losses. The 2014 results showed a £58m operating loss down from a £146m profit in the previous year but despite several reviews of the ongoing contracts this has not been the end of the downgrades and further legacy problems were uncovered and announced with a £120m to £150m profit warning in July 2015.

The management team has seen a comprehensive overhaul with a new CEO and CFO appointed in 2015 and three new non-executive directors including the chairman since the start of 2015. At the end of March the new CEO set out his main strategic priorities under the label "Build to Last". The plan primarily concerns protecting the balance sheet and as part of this dividend payments and share buy backs have been suspended. The plan also involves tighter working capital controls. At an operating level he is focussing on reducing costs by improving procurement and work processes and shrinking central functions. Key to this is the tendering for contracts at profitable rates and disciplined execution. The strategy is ongoing and likely to be refined. The recovery process is likely to take several years to implement and bring to fruition.

We believe there is considerable upside in the valuation to reflect the fact that the £1.3bn valuation of PPP's alone virtually matches the value of the company after netting off debt and pension deficits. Support to this view has been provided by the sale of a number of PPP assets which have been sold at values that are consistent with those in the books; also an unsolicited bid for Balfour Beatty's PPP portfolio was rejected by the board.

Investment Manager's Report (continued)

Balfour Beatty plc ("Balfour Beatty") (continued)

The other activities of Construction Services and Support Services are therefore valued at virtually nothing. We believe there is attractive potential for profit recovery on £7.86bn revenues from these two divisions that made a £159m operating loss in 2015 compared to £262m profit five years earlier.

The most recent news from the company in July provided some indication that the balance sheet protection measures were being effective and that net cash at the end of June was substantially higher than a year earlier.

4imprint plc ("4imprint")

4imprint is an international direct marketer of promotional products, such as client-branded stationery or coffee cups, which it supplies and distributes. It generates 96 per cent of its revenues ($416 million in 2014) in the US and Canada, with the rest coming from the UK and Ireland. As 4imprint does not produce or hold the inventory, it is in some ways similar to marketing platforms such as eBay or Amazon Marketplace, putting customers in contact with suppliers. Its key assets are its customer database and the analytics it has developed to optimise customer recruitment and retention. In 2014 it processed more than 780,000 orders, covering millions of items, and in the first half of 2015 it received more than 450,000. No single customer accounted for more than one per cent of sales.

It is cheaper to retain customers than to acquire new ones. Customer re-ordering within a 24-month period remains stable at 44 per cent, whereas new customer conversion from catalogue mailings is 1 per cent. Growth of customer numbers is largely a function of marketing spend to acquire customers, posing a trade-off to management. Pressing the growth accelerator reduces profits, as customer acquisition costs are fully expensed. The board's strategy is to grow organically at stable operating margins of seven per cent, which in 2014 generated $27.8 million in operating profits. The company spends around 50 per cent of its marketing budget, $69.2 million in 2014, on the acquisition of new customers. Reducing the investment in growth would be immediately margin-accretive. Having doubled revenues between 2006 and 2011, it is targeting to double again over the next five-year period. This would require a 15 per cent compound annual growth, similar to the 14.5 per cent achieved in 2013. However, the company grew revenues by 25 per cent in 2014 and a further 20 per cent in the six months to June 2015.

4imprint has gone from acquiring around 40,000 new customers per year in 2005 to in excess of that number in a single quarter in 2014. Benefits of scale accrue in its relations with suppliers and its marketing effort, and translate to a broader product range, better prices and more efficient marketing. As revenue growth compounds, so does marketing spend, the customer base and the value of the business. With a one and a half per cent share of the $27bn promotional products market in the US and Canada, 4imprint is the largest direct distributor and faces little competition in its consolidation prospects in a fragmented market. The US market has more than 23,000 distributors, and more than half the market is held by distributors with less than $2.5 million of annual sales. Entry barriers are low but the investment required to scale up is high.

Early in 2014 the company sold its UK manufacturing business SPS (Supreme). In 2012, it had disposed of Brand Addition, its European distribution business. It then changed its reporting currency to US$ and appointed the head of US Direct Marketing as Group CEO. 4imprint is now a UK listed direct marketing company with most of its business in the US. Its main asset in the UK is $ 28.1 million net cash, and its main liability a $152 million pension obligation. Some 78 per cent of this liability is now insured, and 4imprint intends to move to a buy-out of the liability, removing the obligation from the company´s balance sheet. In our view, reducing the pension fund risk would reduce pension cash contribution requirements, and would also remove a possible poison pill for parties that might be interested in this exceptional business. Even without corporate interest, the delivery of impressive growth numbers will facilitate its move to a US listing in due course, a change that we would support.

The Fund has been a shareholder in 4imprint since May 2012.

Investment Manager's Report (continued)

Realisations

During the year, the Fund realised net gains, after taking into account losses on derivative instruments, of £24.4 million.

The Fund's total realised gains since inception now amount to £75.0 million. Previous profitable exits include Pinewood Shepperton PLC, 3i Quoted Limited Private Equity, Delta PLC, Kentz Corporation Limited, Tate & Lyle and Chloride Group.

Outlook

Although economic conditions appear more favourable in the UK, wider concerns over the pace of global growth, especially in China, have seen a return to volatile markets over the summer. However, the impact of sell-offs in the broader market will be moderated to an extent by the Fund's hedging policy and the Fund's outlook remains positive as it focuses on acting as a catalyst to release value from its investee companies.

Crystal Amber Asset Management (Guernsey) Limited

7 September 2015

Investing Policy

Crystal Amber Fund Limited (the "Company" or the "Fund") 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 the Alternative Investment Market ("AIM")) and which have a typical market capitalisation of between £100 million and £1,000 million. Following investment, the Fund 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 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.

At the date of signing of 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 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 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 company. The Fund 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 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 (including in money market instruments). 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.

Investing Policy (continued)

Investment restrictions

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

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

It is expected that no single investment in any one company will represent more than 20 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, or where the Investment Manager believes that an investment is particularly attractive.

Dividend Policy

The primary objective of the Company is to achieve an attractive return primarily through capital growth. The Company's investment objective and strategy means that the timing and amount of investment income cannot be predicted. There can therefore be no guarantee as to the timing and amount of any distribution payable by the Company, although it is the intention of the Board of Directors (the "Board") to distribute a proportion of the dividends received to shareholders from the Fund's realised distributable reserves. The level of dividend receipts will vary based on the composition of the portfolio from time to time. The Company will have the ability, in certain circumstances, to make distribution payments out of realised investments if considered to be in Shareholders' interests.

At an EGM of the Company on 23 January 2015, the shareholders approved amendments to the Company's dividend policy to increase the level of dividends paid to shareholders. With effect from 1 January 2015, the annual target dividend has been increased to 5 pence per share.

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 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.

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 mostly 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 Securities Exchange ("CISE") on 17 June 2008. Following a Board decision the Company was delisted from the official list of the CISE on 1 July 2014.

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 18.

Results and dividend

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 35.

On 16 July 2014, the Company declared an interim dividend of £382,609, equating to 0.5p per Ordinary share, which was paid on 15 August 2014 to Shareholders on record on the register on 18 July 2014.

Subsequent to the year end, on 7 July 2015, the Company declared an interim dividend of £2,314,657, equating to 2.5p per Ordinary share, which was paid on 14 August 2015 to Shareholders on record on the register on 17 July 2015.

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.

The Directors have specifically considered the implications of the continuation vote on the application of the going concern basis. At the AGM on 20 November 2015 (and every two years thereafter), an Extraordinary Resolution will be proposed that the Company cease to continue as constituted. Should the resolution be passed, the Directors are required to formulate proposals to put to the shareholders to re-organise, reconstruct, or wind up the Company. The Directors consider that it is unlikely that such a resolution would be passed, given the past performance of the Company and its recent successful fundraising, and therefore conclude that there is no material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors (continued)

Principal risks and uncertainties

In the normal course of business, the Company has a rigorous risk management framework with a comprehensive risk matrix that is reviewed and updated regularly. The Investment Manager has created a risk committee and the Board receives quarterly reports from that committee. The principal risk areas identified by the Board to the performance of the Company 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 not to eliminate risks, but to reduce them and to ensure that the Company is adequately prepared to respond to such risks and to minimise their impact should they occur.

Regulatory Risk

The 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 Listing Rules and compliance with these rules is reviewed by the Directors at each Board meeting.

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

Investment Risk

The Company's ability to generate attractive returns for Shareholders depends upon the Investment Adviser's ability to make a correct assessment as to future values that can be realised in connection with investments. The ability to assess future values correctly, 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 securities markets can be unpredictable and volatile and the Company cannot assure investors that it will be successful in making accurate assessments of likely future values or that it will be able to react effectively in response to rapidly changing market conditions. The ability of the Company to exit certain company 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.

Market Risk

The Company's investments include investments in companies the securities of which are publicly traded or are offered to the public. The market prices and values of publicly traded securities of companies in which the Company has invested may be volatile and are likely to fluctuate due to a number of factors beyond the Company's control, including 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, market perceptions concerning the availability of additional securities for sale, 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 Net Asset Value and cause the market price of the Company's shares to fluctuate. The Company hedges price risk by holding put options linked to the FTSE index to provide some protection against a market sell-off.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Operational Risk

The Company's business model involves the input of several external parties in order to operate on a day-to-day basis. The Company is dependent on the diligence, skill and network of the Investment Adviser and Investment Manager, their senior management and business contacts. The loss of the services of the Investment Adviser and/or the Manager may have a material adverse effect on the future of the Company's business. In particular Richard Bernstein is a shareholder and a director in the Investment Manager and a member of the Investment Adviser, and the loss of him at such service providers, could have a material adverse effect on the Fund's performance. In the absence of Richard Bernstein, the Board has sufficient relevant experience to manage the Company's portfolio and to identify and appoint replacement Principals and/or a replacement Manager. All parties including the Investment Manager, Investment Advisor, Administrator and the Custodian must follow agreed processes and are subject to regular monitoring, as well as an annual review of effectiveness by the Board.

Further detail on the Company's risk factors is discussed in the Company's prospectus, available on the Company's website (http://www.crystalamber.com) and should be reviewed by shareholders.

Details about the main risks associated with the Company's portfolio and the way they are managed are given in note 14 to the financial statements.

Directors

The Directors of the Company who served during the year and up to the date of this report are shown on page 2. Biographies of the Directors holding office as at 30 June 2015 and at the date of signing these financial statements are shown on pages 32 and 33.

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:

	2015		*2014*	
	Number of Ordinary Shares	*Total Voting Rights*	*Number of Ordinary Shares*	*Total Voting Rights*
William Collins	25,000	0.03%	25,000	0.03%
Sarah Evans	25,000	0.03%	25,000	0.03%
Total	50,000	0.06%	50,000	0.06%

Report of the Directors (continued)

Directors' remuneration

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

	2015	*2014*
	£	*£*
William Collins	34,966	30,288
Sarah Evans	29,969	25,288
Nigel Ward	24,973	20,288
Christopher Waldron *(Appointed 1 July 2014)*	25,000	–
David Warr *(Resigned 7 March 2014)*	–	13,615
Total	114,908	89,479

During the year, each Director received an additional, one-off fee of £5,000 for services provided relating to the placement of shares on 27 January 2015.

Substantial interests

As at 7 August 2015, the Company has been notified of the following voting rights of 3 per cent or more of its total voting rights:

	Number of Ordinary Shares	*Total Voting Rights*
Invesco Perpetual Asset Management Limited	28,305,510	30.57%
Wirral BC	12,938,214	13.97%
Baring Asset Management Limited	11,190,681	12.09%
Woodford Investment Management Limited	9,646,302	10.42%
Aviva Investors	8,719,166	9.42%
Rathbones	4,851,724	5.24%
Crystal Amber Asset Management (Guernsey) Limited	3,600,000	3.89%
Total	79,251,597	85.6%

Statement of Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Report of the Directors (continued)

Statement of Directors' responsibilities (continued)

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. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

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 aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Corporate governance

As a Guernsey registered company, whose share capital is admitted to trading on AIM, the Company is not required to comply with the UK Corporate Governance Code published by the Financial Reporting Council (the "FRC Code") (available from the Financial Reporting Council's website, www.frc.org.uk). The FRC Code became effective for reporting periods beginning on or after 29 June 2010 and has been updated for periods beginning on or after 1 October 2012. However, the Directors recognise the value of sound corporate governance and it is the Company's policy to comply with best practice on good corporate governance that is applicable to investment companies.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") and has decided to follow the AIC's Corporate Governance Guide for Investment Companies (the "AIC Guide") dated October 2010. The AIC Code and AIC Guide were updated in February 2013 to take into account the updated FRC Code, and the Company has used this revised AIC Code for the financial year ended 30 June 2015.

The Guernsey Financial Services Commission ("GFSC") Finance Sector Code of Corporate Governance (the "GFSC Code") came into force in Guernsey on 1 January 2012. Under the GFSC Code, the Company shall be deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the AIC Code.

The Board comprises four non-executive Directors, all of whom are considered to be independent of the Investment Manager and Investment Adviser and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Board appointments are considered by all members of the Board and have been made based on merit, against objective criteria.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender, for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well diversified membership; in addition to gender diversity, the Board also values diversity of business skills and experience which bring a wide range of perspectives to the Company.

Report of the Directors (continued)

Corporate governance (continued)

The Chairman of the Board is William Collins. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence, and has determined that Mr Collins is an Independent Director. The Company has no employees and therefore there is no requirement for a chief executive.

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

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

The AIC Code recommends that a board should appoint one independent Non Executive Director to be the Senior Independent Director. Sarah Evans is the Senior Independent Director to the Company and fulfils the role of deputy chairman and takes the lead in the annual evaluation of the Chairman.

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, Sarah Evans and Nigel Ward will be retiring and offering themselves for re-election.

Any Director who has held office with the Company, for a continuous period of nine years or more at the date of the Annual General Meeting, shall retire from office and may offer themselves for reappointment by the members. However, the Company will consider whether there is any risk that such a Director might reasonably be deemed to have lost independence through such long service.

None of the Directors have 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 firms which define the areas where the Board has delegated certain responsibilities to them, but the Board retains accountability for all delegated responsibilities.

Board responsibilities

The Board is responsible to the 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 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 Guernsey 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.

Report of the Directors (continued)

Corporate governance (continued)

Board responsibilities (continued)

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 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 Heritage International Fund Managers Limited but retains accountability for all functions it delegates.

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. 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. During the year, the Investment Manager established a Risk Committee to monitor and manage risks faced by the Company.

The Board meets formally on a quarterly basis to review the performance of the Company, its investments and the risks it faces. 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.

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

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.

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

Audit committee

Due to the size of the Board, all Directors are members of the Audit Committee. Sarah Evans acts as Chairman of the Committee. The responsibilities of the Committee include reviewing: the Annual Report and Financial Statements; the Interim Report and Financial Statements; the system of internal controls and risk management; and the terms of the appointment of the auditor, together with their remuneration. It is also the forum through which the auditor reports to the Board.

Report of the Directors (continued)

Corporate governance (continued)

The Committee met twice in the year ended 30 June 2015. 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 2014 Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2014;
- review of the 2014 Interim Report and Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2014;
- review of the audit plan and timetable for the preparation of the 2015 Annual Report and Audited Consolidated Financial Statements;
- discussions and approval of the fee for the external audit;
- assessment of the effectiveness of the external audit process as described above; and
- review of the Company's significant risks and internal controls.

The Committee considered the following significant issues in relation to these financial statements:

Valuation, ownership and existence of assets

The Company's accounting policy is to designate all investments at fair value through profit or loss, and to recognise sales and purchases of those investments using trade date accounting. The committee has satisfied itself that the key estimates and assumptions used in the valuation of the Company's investments are appropriate and that the source used for pricing the Company's investments is appropriate and reliable. The Committee has also satisfied itself that the custodian, through regular review of reports and discussions at Board level, has the necessary expertise to record and report correctly the holdings of the Company at the date of these financial statements and that any adjustments for trades not yet settled have been included.

Revenue recognition

Investment income and interest income are accounted for on an accruals basis using the effective interest method, and dividends receivable are recognised when the relevant security is quoted ex-dividend as disclosed in Note 1 to the financial statements. On the sale of an investment, any difference between sales proceeds and the cost of the asset is recorded as a realised gain or loss in the Statement of Profit or Loss and Other Comprehensive Income. The Committee has satisfied itself, through discussions with the relevant parties, that the revenue recognition policy of the Company is appropriate to its business type and that it has been applied consistently to these financial statements.

Calculation of the management and performance fees payable

Management and performance fees are calculated by the Company's Administrator with reference to the Management Agreement between the Company and its Investment Manager (as amended). The conditions that must exist before payment of such fees and the calculation methodology for both fees, is as disclosed in Note 17 to the financial statements. The Committee has satisfied itself, through discussions with the Administrator, with other relevant parties and through review of the actual calculation and discussion in the formal forum of the Committee that the calculation of such fees has been carried out in line with the relevant agreement.

Report of the Directors (continued)

Corporate governance (continued)

Audit committee (continued)

The Committee also reviews the objectivity and independence of the auditor. The Board considers KPMG Channel Islands Limited to be independent of the Company.

The Committee assessed the effectiveness of the audit process by considering KPMG Channel Islands Limited's ("KPMG") fulfilment of the agreed audit plan through the reporting presented to the Committee by KPMG and the discussions at the Committee meeting, which highlighted the major issues that arose during the course of the audit. In addition the Committee also sought feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. For this financial year, 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 Committee has considered the reappointment of the Auditor and decided not to put the provision of the external audit out to tender at this time. As described above, the Committee reviewed the effectiveness and independence of the Auditor and remains satisfied that they provide effective independent challenge to the Board, the Investment Manager and the Administrator. The Committee will continue to monitor the performance of the Auditor on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines.

The Committee has therefore recommended to the Board that KPMG be proposed for reappointment as the Company's Auditor at the Annual General Meeting of the Company. KPMG has been the Company's Auditor from its incorporation on 17 June 2008 which was the last time a tender exercise was completed for the external audit.

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 website www.crystalamber.com.

Other committees

Although the AIC Code recommends that companies appoint Remuneration and Nomination Committees, the Board has not deemed this necessary, as being wholly comprised of non-executive Directors, the full Board considers these matters.

The Board has also chosen not to establish a Management Engagement Committee. However, the Board reviews the arrangements for the provision of management and other services to the Company on an ongoing basis. The Company receives regular reporting from the Investment Adviser and regular valuations of the Company's investments, which allows the Board to form a judgement as to the performance of its portfolio.

Report of the Directors (continued)

Corporate governance (continued)

Board meetings, Committee meetings and Directors' attendance

The number of scheduled meetings of the full Board and the Committee attended by each Director for the year ended 30 June 2015 is set out below.

	Board		*Audit Committee*	
	Held	*Attended*	*Held*	*Attended*
William Collins	4	4	2	2
Sarah Evans	4	4	2	2
Nigel Ward	4	4	2	2
Christopher Waldron	4	4	1	1

There were 5 additional Board meetings and 2 Board committee meetings during the year.

Relations with Shareholders

The Board welcomes the views of Shareholders and places great importance on communication with them. Senior members of the Investment Adviser make themselves available at all reasonable times 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 put questions to 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 the shareholders through the Company's website www.crystalamber.com.

The Board regularly monitors the Shareholder profile of the Company and receives comprehensive Shareholder reports from the Company's broker at all quarterly board meetings. A post-results programme of visits to major Shareholders is conducted by the Company's Broker and Investment Adviser.

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

The Directors have considered the impact of the AIFM Directive, which became effective in the United Kingdom on 22 July 2013 with the transitional period ending in June 2014, on the Company and its operations. As at the date of this document, the Board has appointed the Investment Manager as the AIFM and the Company is eligible to be marketed via the National Private Placement Regime following notification to the Financial Conduct Authority in December 2014. The AIFM Directive may result in increased costs for the Company, particularly in relation to any future fundraisings.

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.

No other material changes to note to the items specified in Article 23(1)(a)-(p) of the AIFM Directive have taken place, other than those disclosed within this Annual Report and Audited Financial Statements.

The AIFM has adopted a Remuneration Policy which accords with the principles established by AIFM Directive. The Remuneration Policy is in compliance with the requirements of AIFM Directive and the guidance issued by the FCA. In accordance with FCA guidelines, the Remuneration Policy will become effective for the first full remuneration period following authorisation. All relevant disclosures required in respect of remuneration will be included in the annual report for the year ending 30 June 2016.

Report of the Directors (continued)

EU Alternative Investment Fund Managers Directive (no. 2011/61/EU) ("AIFM Directive") (continued)

Further details around the disclosure requirements prescribed by the AIFM Directive are available on the Company's website: (http://www.crystalamber.com/_library/_downloads/AIFMDDisclosures.pdf).

Foreign Account Tax Compliance Act ("FATCA")

FATCA became effective on 1 January 2013 and is being gradually implemented internationally. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US Tax compliance with respect to those assets. The Board is in discussion with the Company's advisors to ensure the Company will comply with the Act's requirements to the extent relevant to the Company. As at the date of this document, the Fund has been registered with first reporting being due in June 2016.

Non-mainstream pooled investments ("NMPI")

The Board notes the changes to the FCA rules regarding the restrictions on the promotion to retail investors of unregulated collective investment schemes and close substitutes (referred to as "non-mainstream pooled investments"), which came into effect on 1 January 2014. On the basis of advice received, the Board has concluded that the Company's Shares are not non-mainstream pooled investments for the purposes of these rules, meaning that the restrictions on promotion imposed by the rules do not apply.

Independent auditor

KPMG Channel Islands Limited have agreed to offer themselves for reappointment as auditor 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 on 20 November 2015 at the registered office of the Company, being Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey.

On behalf of the Board

William Collins
Chairman

7 September 2015

Sarah Evans
Director

7 September 2015

Directors

William Collins (aged 66), Guernsey Resident, Non-Executive Chairman (appointed 20 November 2007)

William Collins has over 40 years' experience in banking and investment. From September 2007 he was employed by Bank J. Safra Sarasin (formerly Bank Sarasin) in Guernsey as Director – Private Clients, retiring at the end of December 2014. Prior to that he worked for Barings in Guernsey for over 18 years. In 1995 he was appointed a Director and from 2003 to August 2007 was Managing Director of Baring Asset Management (C.I.) Limited. Mr Collins is an Associate of the Institute of Financial Services, a Chartered Member of the Chartered Institute for Securities and Investments, and a member of the Institute of Directors. He also holds other non-executive positions.

Sarah Evans (aged 60), Guernsey Resident, Senior Independent Director (appointed 22 June 2007)

Sarah Evans is a chartered accountant and is a non-executive Director of several listed investment funds. She is a member of the Institute of Directors and has been resident in Guernsey for over six 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 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 returned to 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.

Nigel Ward (aged 58), Guernsey Resident, Non-Executive Director (appointed 22 June 2007)

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

Christopher Waldron (aged 51), Guernsey Resident, Non-Executive Director (appointed 1 July 2014)

Christopher Waldron has more than 25 years' experience as an investment manager and until January 2013 was Chief Executive of the Edmond de Rothschild Group in Guernsey. He remains a consultant to the Edmond de Rothschild Group, but is primarily an independent non-executive director of a number of listed funds and investment companies. Mr Waldron is also a member of the States of Guernsey's Treasury and Resources Investments Sub-committee and its Bond Management Sub-committee. He is a Fellow of the Chartered Institute for Securities and Investment. Mr Waldron was appointed to the Board on 1 July 2014.

Directors (continued)

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

William Collins
Dexion Absolute Limited
Advance Developing Markets Fund Limited

Nigel Ward
Acorn Income Fund Limited
Fair Oaks Income Fund Limited

Sarah Evans
HICL Infrastructure Company Limited
JPMorgan Senior Secured Loan Fund Limited

Christopher Waldron
DW Catalyst Fund Limited
JZ Capital Partners Limited
Ranger Direct Lending Fund PLC
UK Mortgages Limited

Independent Auditor's 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 2015 which comprise 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 the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB.

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 24 and 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its result for the year then ended;
- are in accordance with International Financial Reporting Standards as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

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

KPMG Channel Islands Limited
Chartered Accountants

Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WR

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

		2015			2014		
		Revenue	*Capital*	***Total***	*Revenue*	*Capital*	***Total***
	Notes	*£*	*£*	***£***	*£*	*£*	***£***
Income							
Dividend income from listed investments		2,604,854	–	**2,604,854**	1,937,457	–	**1,937,457**
Director's fees received		–	–	**–**	–	–	**–**
Other income		2,227	–	**2,227**	98,797	–	**98,797**
Interest received		11,808	–	**11,808**	10,972	–	**10,972**
		2,618,889	–	**2,618,889**	2,047,226	–	**2,047,226**
Net gains on financial assets at fair value through profit or loss							
Equities							
Net realised gains	9	–	26,461,224	**26,461,224**	–	17,126,575	**17,126,575**
Movement in unrealised losses	9	–	(16,899,919)	**(16,899,919)**	–	10,095,187	**10,095,187**
Debt Instruments							
Movement in unrealised gains	9	–	–	**–**	–	105,429	**105,429**
Money Market Investments							
Realised gains	9	–	10,870	**10,870**	–	39,092	**39,092**
Movement in unrealised gains	9	–	(4,190)	**(4,190)**	–	(3,738)	**(3,738)**
Derivative Financial Instruments							
Realised losses	9	–	(2,079,918)	**(2,079,918)**	–	(3,548,460)	**(3,548,460)**
Movement in unrealised gains/(losses)	9	–	2,527,050	**2,527,050**	–	(1,168,850)	**(1,168,850)**
Total income		2,618,889	10,015,117	**12,634,006**	2,047,226	22,645,235	**24,692,461**
Expenses							
Transaction costs	4	–	892,182	**892,182**	–	705,060	**705,060**
Exchange movements on revaluation of investments		–	111,648	**111,648**	–	455,405	**455,405**
Management fees	15,17	2,210,782	–	**2,210,782**	1,957,422	–	**1,957,422**
Performance fees	15,17	–	653,962	**653,962**	–	1,747,285	**1,747,285**
Directors' remuneration	16	114,908	–	**114,908**	89,479	–	**89,479**
Administration fees		157,022	–	**157,022**	142,174	–	**142,174**
Custodian fees		65,383	–	**65,383**	58,955	–	**58,955**
Audit fees		18,903	–	**18,903**	18,634	–	**18,634**
Other expenses		197,327	–	**197,327**	278,081	–	**278,081**
		2,764,325	1,657,792	**4,422,117**	2,544,745	2,907,750	**5,452,495**
Return for the year		(145,436)	8,357,325	**8,211,889**	(497,519)	19,737,485	**19,239,966**
Basic and diluted earnings per share (pence)	5	(0.17)	9.99	**9.82**	(0.68)	26.93	**26.25**

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 International Financial Reporting Standards. The supplementary information on the allocation between income return and capital return is presented under guidance published by the Association of Investment Companies.

The Notes on pages 39 to 58 form an integral part of these financial statements.

Statement of Financial Position
As at 30 June 2015

	Notes	2015 £	2014 £
ASSETS			
Cash and cash equivalents	7	19,500,047	5,222,171
Trade and other receivables	8	295,487	270,795
Financial assets designated at fair value through profit or loss	9	142,663,130	123,527,746
Total assets		162,458,664	129,020,712
LIABILITIES			
Trade and other payables	10	6,253,178	5,962,932
Total liabilities		6,253,178	5,962,932
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	11	989,998	782,297
Treasury shares	12	(9,009,985)	(2,483,196)
Distributable reserve		114,181,017	82,926,112
Retained earnings		50,044,456	41,832,567
Total equity		156,205,486	123,057,780
Total liabilities and equity		162,458,664	129,020,712
Net asset value per share (pence)	6	168.26	160.81

The financial statements were approved by a Committee of the Board of Directors and authorised for issue on 7 September 2015.

William Collins
Chairman

7 September 2015

Sarah Evans
Director

7 September 2015

The Notes on pages 39 to 58 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2015

	Notes	Share Capital £	Treasury Shares £	Distributable Reserve £	Retained earnings Capital £	Retained earnings Revenue £	Retained earnings Total £	Total Equity £
Opening balance at 1 July 2014		782,297	(2,483,196)	82,926,112	41,249,276	583,291	41,832,567	123,057,780
Issue of Company shares	11	207,701	–	32,089,800	–	–	–	32,297,501
Share issue costs	11	–	–	(452,286)	–	–	–	(452,286)
Purchase of Company shares into Treasury	12	–	(6,526,789)	–	–	–	–	(6,526,789)
Dividends paid in the year	13	–	–	(382,609)	–	–	–	(382,609)
Return for the year		–	–	–	8,357,325	(145,436)	8,211,889	8,211,889
Balance at 30 June 2015		989,998	(9,009,985)	114,181,017	49,606,601	437,855	50,044,456	156,205,486

For the year ended 30 June 2014

	Notes	Share Capital £	Treasury Shares £	Distributable Reserve £	Retained earnings Capital £	Retained earnings Revenue £	Retained earnings Total £	Total Equity £
Opening balance at 1 July 2013		600,000	(5,186,651)	55,847,261	21,511,791	1,080,810	22,592,601	73,853,211
Issue of Company shares	11	182,297	–	26,232,486	–	–	–	26,414,783
Share issue costs	11	–	–	(685,044)	–	–	–	(685,044)
Purchase of Company shares into Treasury	12	–	(4,047,797)	–	–	–	–	(4,047,797)
Sale of Company shares from Treasury	12	–	8,559,826	–	–	–	–	8,559,826
Premium on sale of Company shares from Treasury	12	–	(1,808,574)	1,808,574	–	–	–	–
Dividends paid in the year	13	–	–	(277,165)	–	–	–	(277,165)
Return for the year		–	–	–	19,737,485	(497,519)	19,239,966	19,239,966
Balance at 30 June 2014		782,297	(2,483,196)	82,926,112	41,249,276	583,291	41,832,567	123,057,780

The Notes on pages 39 to 58 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Dividend income received from listed investments		2,605,469	2,133,152
Fixed deposit interest received		32	63
Bank interest received		11,911	8,453
Other income received		2,227	98,797
Management fees paid		(2,210,782)	(1,957,422)
Performance fees paid		(1,747,285)	–
Directors' fees paid		(105,771)	(93,616)
Other expenses paid		(434,968)	(479,212)
Net cash outflow from operating activities		(1,879,167)	(289,785)
Cash flows from financing activities			
Proceeds from issue of Company shares		32,297,501	26,414,783
Placing fees and issue costs		(452,286)	(685,044)
Purchase of Company shares into Treasury		(6,526,789)	(4,047,797)
Sale of Company shares from Treasury		–	8,559,826
Dividends paid		(382,609)	(277,165)
Net cash inflow from financing activities		24,935,817	29,964,603
Cash flows from investing activities			
Purchase of equity investments		(124,932,337)	(104,129,099)
Sale of equity investments		118,200,810	82,688,139
Purchase of money market investments		(20,000,000)	–
Sale of money market investments		21,554,308	–
Purchase of derivative financial instruments		(8,342,932)	(3,670,111)
Sale of derivative financial instruments		5,633,559	–
Transaction charges on purchase and sale of investments		(892,182)	(705,060)
Net cash outflow from investing activities		(8,778,774)	(25,816,131)
Net increase in cash and cash equivalents during the year		14,277,876	3,858,687
Cash and cash equivalents at beginning of year		5,222,171	1,363,484
Cash and cash equivalents at end of year	7	19,500,047	5,222,171

The Notes on pages 39 to 58 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2015

General Information

Crystal Amber Fund Limited (the "Company") 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 United Kingdom ("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 the Alternative Investment Market ("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 Securities Exchange ("CISE") on 17 June 2008. On 1 July 2014, the Company was delisted from the official list of the CISE. The Company is also a member of the Association of Investment Companies ("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 to those balances considered material to the financial statements throughout the current year, unless otherwise stated.

Basis of preparation

The financial statements give a true and fair view, are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 to the extent to which it is consistent with IFRS, and comply with the Companies (Guernsey) Law, 2008. The financial statements are presented in Sterling, the Company's functional and presentational currency.

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

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.

The Directors have specifically considered the implications of the continuation vote on the application of the going concern basis. At the AGM on 20 November 2015 (and every two years thereafter), an Extraordinary Resolution will be proposed that the Company cease to continue as constituted. Should the resolution be passed, the Directors are required to formulate proposals to put to the shareholders to re-organise, reconstruct, or wind up the Company. The Directors consider that it is unlikely that such a resolution would be passed, given the past performance of the Company and its successful fundraising, and therefore conclude that there is no material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. During the year no assumptions or estimates have been made that are significant to the financial statements.

Segmental reporting

IFRS 8, 'Operating Segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board of Directors (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 investment mainly in UK equity instruments, and mainly in one geographical area, the UK, and therefore the Company has only a single operating segment.

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 ("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.

The Board has overall management and control of the Company. Material changes to the investment objective or investment policy can only be made by the Shareholders. The Board has delegated the day to day implementation of this strategy to its Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager 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 Manager may make decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Shareholders, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocations decisions made on an ongoing basis. The Investment Manager 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.

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 Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments comprise investment in equity, debt instruments, money market funds, derivatives, 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 Profit or Loss and Other Comprehensive Income. Gains and losses arising from changes in fair value are presented in 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 the bid price on the reporting date or at the realisable value if the Company has entered into an irrevocable commitment to sell the investment prior to the reporting date. Where investments are listed on more than one securities market, the price on the most advantageous market is used, 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 method adopted is in accordance with IFRS 13.

Loan notes are classified as debt instruments and recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loan notes are measured at fair value through profit and loss. The Board has concluded that fair value is approximate to cost plus accumulated interest. On 4 February 2014, the loan notes were converted into shares and classified as equity investments measured at fair value through profit and loss.

The Company's investments also include money market funds which are used to increase the yield on its cash reserves.

Derivative financial instruments

When considered appropriate the Company will enter into derivative contracts to manage its price risk and provide protection against the volatility of the market. The Company does not issue derivatives for trading or speculative purposes.

The Company's holdings of derivatives are designated at fair value through profit or loss. They are initially recognised at fair value, being the cost incurred in their acquisition.

Quoted derivatives are valued at the bid price on the reporting date. Where derivatives are listed on more than one securities market, the price on the most advantageous market is used, 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 Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

De-recognition of financial instruments

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

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

The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expire. Any gain or loss on de-recognition is recognised in the 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 the 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.

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 Profit or Loss and Other Comprehensive Income when the relevant security is quoted ex-dividend. The Company currently incurs withholding tax imposed by non-UK countries on dividend income; these dividends are recorded gross of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. Withholding tax is recorded in 'Other expenses' in the Statement of Profit or Loss and Other Comprehensive Income.

Expenses

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

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

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares

The Company has adopted the principles outlined in IAS 32 'Financial Instruments: Presentation' and has treated the consideration paid including directly attributable incremental cost for the repurchase of Company shares held in Treasury ("Treasury shares") 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 and 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

None of the new standards or amendments to existing standards and interpretations, effective from 1 January 2014 or 1 July 2014, had an impact on the Company's financial statements.

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

New standards		**Effective for periods beginning on or after**
IFRS 9	Financial Instruments	no earlier than 1 January 2018
IFRS 14	Consolidated Financial Statements – amendments for investment entities	1 January 2016
IFRS 15	Disclosure of Interests in Other Entities – amendments for investment entities	1 January 2017

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

IFRS 9 'Financial Instruments' was issued in December 2009. This addresses the classification and measurement of financial assets and is not likely to affect the Company's accounting for financial assets. 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 £1,200 (2014: £600).

4. TRANSACTION COSTS

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

	2015	*2014*
	£	*£*
Stamp duty	410,244	272,091
Commissions and custodian transaction charges:		
In respect of purchases	303,278	201,314
In respect of sales	178,660	231,655
	892,182	705,060

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

5. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is based on the following data:

	2015	*2014*
Return for the year	£8,211,889	£19,239,966
Weighted average number of issued Ordinary shares	83,644,704	73,304,572
Basic and diluted earnings per share (pence)	9.82	26.25

6. NET ASSET VALUE PER SHARE

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

	2015	*2014*
Net asset value per Statement of Financial Position	£156,205,486	£123,057,780
Total number of issued Ordinary shares (excluding Treasury shares) at 30 June	92,836,276	76,521,809
Net asset value per share (pence)	168.26	160.81

7. 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 were as follows:

	2015	*2014*
	£	*£*
Cash available on demand	19,458,149	5,180,257
Cash on deposit with maturities of less than 90 days	41,898	41,914
	19,500,047	5,222,171

Cash available on demand earns interest at a rate based on the bank call deposit rate while short-term placements earned interest ranging from 0.15 per cent to 0.25 per cent per annum during the year.

8. TRADE AND OTHER RECEIVABLES

	2015	*2014*
	£	*£*
Trade receivables	270,804	254,906
Prepayments	24,683	15,889
	295,487	270,795

There are no past due or impaired receivable balances outstanding at the year end (2014: £nil).

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

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

	2015 £	*2014* £
Equity investments	139,350,130	121,690,117
Debt instruments	–	–
Money market investments	–	1,547,628
Derivative financial instruments	3,313,000	290,001
	142,663,130	123,527,746
Equity investments		
Cost brought forward	125,439,328	78,457,686
Purchases	126,294,308	85,217,295
Sales	(118,083,952)	(55,362,228)
Realised gain	26,461,224	17,126,575
Cost carried forward	160,110,908	125,439,328
Unrealised losses brought forward	(3,271,624)	(13,366,811)
Movement in unrealised losses	(16,899,919)	10,095,187
Unrealised losses carried forward	(20,171,543)	(3,271,624)
Effect of exchange rate movements	(589,235)	(477,587)
Fair value of equity instruments	**139,350,130**	**121,690,117**
Debt instruments		
Cost brought forward	–	2,000,000
Purchases	–	–
Cost carried forward prior to conversion	–	2,000,000
Unrealised gains brought forward	–	20,346
Movement in unrealised gains	–	105,429
Unrealised gains prior to conversion	–	125,775
Conversion of loan notes into shares	–	(2,125,775)
Fair value of debt instruments	**–**	**–**
Money market investments		
Cost brought forward	1,543,438	4,004,346
Purchases	20,000,000	25,000,000
Sales	(21,554,308)	(27,500,000)
Realised gain	10,870	39,092
Cost carried forward	–	1,543,438
Unrealised gains brought forward	4,190	7,928
Movement in unrealised gain	(4,190)	(3,738)
Unrealised gains carried forward	–	4,190
Fair value of money market investments	**–**	**1,547,628**

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

9. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Derivative financial instruments		
Cost brought forward	582,051	460,400
Purchases	8,342,932	3,670,111
Sales	(5,767,065)	–
Realised losses	(2,079,918)	(3,548,460)
Cost carried forward	1,078,000	582,051
Unrealised (losses)/gains brought forward	(292,050)	876,800
Movement in unrealised loss/(gains)	2,527,050	(1,168,850)
Unrealised gain/(loss) carried forward	2,235,000	(292,050)
Fair value of derivative financial instruments	**3,313,000**	**290,001**
Total financial assets designated at fair value through profit or loss	142,663,130	123,527,746

Realised gains and losses and unrealised gains and losses are made up of the following gain and loss elements:

	2015	*2014*
	£	*£*
Realised gains	33,141,889	17,267,544
Realised losses	(8,749,713)	(3,650,337)
Net realised gains	24,392,176	13,617,207
Movement in unrealised gains	(8,324,156)	10,906,417
Movement in unrealised losses	(6,052,903)	(1,878,389)
Net movement in unrealised losses	(14,377,059)	(9,028,028)

At the reporting date the Company's derivative financial instruments consisted of 3 (2014: 2) FTSE 100 Index Put Option positions, purchased as protection against a significant market sell-off.

10. TRADE AND OTHER PAYABLES

	2015	*2014*
	£	*£*
Accruals	118,454	96,856
Unsettled trade purchases	5,480,762	4,118,791
Performance fee accrual	653,962	1,747,285
	6,253,178	5,962,932

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

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

11. 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 Company's Statement of Financial Position at the 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 issued share capital of the Company, including Treasury Shares, is comprised as follows:

	2015		*2014*	
	Number	*£*	*Number*	*£*
Opening balance	78,229,665	782,297	60,000,000	600,000
Ordinary shares issued during the year	20,770,097	207,701	18,229,665	182,297
Allotted, called up and fully paid Ordinary shares of £0.01 each	98,999,762	989,998	78,229,665	782,297

On 27 January 2015, 20,770,097 new Ordinary shares were issued for a total gross consideration of £32,297,501. The gross proceeds net of issue costs totalling £452,286 amounted to £31,845,215.

12. TREASURY SHARES

	2015		*2014*	
	Number	*£*	*Number*	*£*
Opening balance	1,707,856	2,483,196	4,492,000	5,186,651
Treasury shares purchased during the year	4,455,630	6,526,789	2,770,000	4,047,797
Treasury shares sold during the year	–	–	(5,554,144)	(8,559,826)
Premium transferred to distributable reserve	–	–	–	1,808,574
Closing balance	6,163,486	9,009,985	1,707,856	2,483,196

During the year ended 30 June 2015, 4,455,630 (2014: 2,770,000) Treasury shares were purchased at an average price of 146.18p per share (2014: 146.13p per share), and no Treasury shares were sold during the year (2014: 5,554,144 sold at an average price of 154.12p per share). Since the year end, a further 250,000 shares have been purchased at an average price of 156.85p per share and transferred to Treasury.

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

13. DIVIDENDS

On 16 July 2014, the Company declared an interim dividend of £382,609, equating to 0.5p per Ordinary share, which was paid on 15 August 2014 to shareholders on the register on 18 July 2014.

Subsequent to the year-end, on 7 July 2015, the Company declared an interim dividend of £2,314,657 equating to 2.5p per Ordinary share, which was paid on 14 August 2015 to shareholders on record on the register on 17 July 2015.

14. 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 foreign currency risk.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will default on its contractual obligations that it has entered into with the Company resulting in financial loss to the Company. At 30 June 2015 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 30 June 2015. The Company's credit risk on liquid funds is minimised because the counterparties are banks with high credit ratings assigned by an international credit-rating agency.

The table below shows the cash balances at the Statement of Financial Position date and the Standard & Poor's credit rating for each counterparty.

	Location	*Rating*	*Carrying Amount 2015 £*	*Carrying Amount 2014 £*
ABN AMRO (Guernsey) Limited	Guernsey	A	19,369,133	5,168,336
HSBC Bank PLC – Guernsey Branch	Guernsey	AA–	51,897	51,914
Barclays Bank PLC – Isle of Man Branch	Isle of Man	A–	79,017	1,921
			19,500,047	5,222,171

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

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

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit risk (continued)

At 30 June 2015 £158,719,263 (2014: £126,858,454) of the financial assets of the Company were held by the Custodian, ABN AMRO (Guernsey) Limited. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to financial assets held by the Custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial position of the Custodian. The parent of the Custodian has a Standard & Poor's credit rating of A.

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 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:

2015	*Weighted average interest rate*	*Less than 1 year £*	*1-5 years £*	*5+ years £*	*Total £*
Assets					
Non-interest bearing	–	142,958,617	–	–	142,958,617
Variable interest rate instruments	0.25%	19,500,047	–	–	19,500,047
Liabilities					
Non-interest bearing	–	(6,253,178)	–	–	(6,253,178)
		156,205,486	–	–	156,205,486

2014	*Weighted average interest rate*	*Less than 1 year £*	*1-5 years £*	*5+ years £*	*Total £*
Assets					
Non-interest bearing	–	123,798,541	–	–	123,798,541
Variable interest rate instruments	0.25%	5,222,171	–	–	5,222,171
Liabilities					
Non-interest bearing	–	(5,962,932)	–	–	(5,962,932)
		123,057,780	–	–	123,057,780

Market risk

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

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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 funds held on deposit and current account balances. 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 Statement of Financial Position date. An increase/decrease of 0.15 percentage points represents management's assessment of a possible change in interest rates. If interest rates had been 0.15 percentage points (2014: 0.15 percentage points) higher/lower and all other variables were held constant:

- the Company's return for the year ended 30 June 2015 would have increased/decreased by £7,085 (2014: £6,608);
- 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 seek not to invest more than 20 per cent 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 2015 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 2015, £3,313,000 (2014: £290,001) of these contracts were outstanding.

The following tables detail the Company's positions in derivative financial instruments:

2015	*Nominal Amount*	*Value* £
Derivative financial instruments		
Puts on UKX P6450 *(Expiry: July 2015)*	800	608,000
Puts on UKX P6700 *(Expiry: July 2015)*	1,000	1,975,000
Puts on UKX P6450 *(Expiry: August 2015)*	500	730,000
	2,300	3,313,000

2014	*Nominal Amount*	*Value* £
Derivative financial instruments		
Puts on UKX P6250 *(Expiry: July 2014)*	2,000	50,000
Puts on UKX P6200 *(Expiry: August 2014)*	2,000	240,001
	4,000	290,001

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

As at 30 June 2015, the following tables detail the Company's investments. Shareholders requiring further information about the portfolio should apply in writing to the Company's registered office.

2015 *Equity Investments*	*Sector*	*Value* *£*	*Percentage of Fund's Gross Assets*
Grainger PLC	Property	32,418,600	20
Hurricane Energy PLC	Oil and Gas	12,133,063	7
Leaf Clean Energy Company	Financial Services	11,932,014	7
STV Group PLC	Media	11,449,229	7
Pinewood Group PLC	Media	10,687,950	7
Sutton Harbour Holdings PLC	Transportation Services	9,582,621	6
Coats Group PLC	Media	8,392,525	5
Dart Group PLC	Transportation Services	7,234,354	4
Balfour Beatty PLC	Infrastructure	4,855,763	3
4imprint Group PLC	Consumer	4,686,248	3
NBNK Investments PLC	Financial Services	4,403,777	3
Johnston Press PLC	Media	4,332,558	3
Tribal Group PLC	Consulting Services	4,292,326	3
Hansard Global PLC	Insurance	4,136,046	3
Other	Various	8,813,056	5
Total		139,350,130	86

2014 *Equity Investments*	*Sector*	*Value* *£*	*Percentage of Fund's Gross Assets*
Sutton Harbour Holdings PLC	Transportation Services	8,846,516	7
Tribal Group PLC	Consulting Services	7,769,992	6
Aer Lingus Group PLC	Transportation Services	7,522,688	6
4imprint Group PLC	Consumer	7,505,943	6
Leaf Clean Energy Company	Financial Services	7,352,136	6
Thorntons PLC	Consumer	7,292,888	6
Juridica Investments Limited	Financial Services	6,810,300	5
API Group PLC	Basic Materials	6,391,785	5
TT Electronics PLC	Industrial	6,214,397	5
NBNK Investments PLC	Financial Services	6,154,397	5
STV Group PLC	Media	4,879,475	4
Hurricane Energy PLC	Oil and Gas	4,723,812	4
Johnston Press PLC	Media	4,445,883	3
Imperial Innovations Group PLC	Industrial	4,251,995	3
Hansard Global PLC	Insurance	4,039,107	3
Plus500 Limited	Financial Services	3,488,873	3
Other	Various	23,999,930	19
Total		121,690,117	96

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

Money Market Investments	*Sector*	*Value* *£*	*Percentage of Gross Assets*
ICS Institutional Sterling Liquidity Fund	Investment Management	1,547,628	1
Total		1,547,628	1

At the Statement of Financial Position date and assuming all other variables are held constant:

- If market prices had been 25 per cent higher, the Company's profit and net assets for the year ended 30 June 2015 would have increased by £31,549,532 (2014: £30,529,436);
- If market prices had been 25 per cent lower, the Company's profit and net assets for the year ended 30 June 2015 would have increased by £451,468 (2014: increased by £16,340,564), reflecting the effect of the derivative financial instruments held at the reporting date.
- 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 investments held in Euro, New Zealand Dollars, and Australian Dollars.

The table below illustrates the Company's exposure to foreign exchange risk at 30 June 2015:

	2015 *£*	*2014* *£*
Financial assets designated at fair value through profit and loss:		
Listed equity securities denominated in Euros	–	11,709,174
Listed equity securities denominated in Australian Dollars	541,140	2,555,793
Listed equity securities denominated in New Zealand Dollars	2,346,021	–
Total Assets	2,887,161	14,264,967

If the Euro weakened/strengthened by 10 per cent against GBP with all other variables held constant, the effect on the fair value of equity investments would increase/decrease by £Nil (2014: £1,170,917).

If the Australian Dollar weakened/strengthened by 10 per cent against GBP with all other variables held constant, the effect on the fair value of equity investments would increase/decrease by £54,114 (2014: £255,579).

If the New Zealand Dollar weakened/strengthened by 10 per cent against GBP with all other variables held constant, the effect on the fair value of equity investments would increase/decrease by £234,602 (2014: £Nil).

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements

The Fund 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 7 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.

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 June 2015 and 30 June 2014:

2015	*Level 1* £	*Level 2* £	*Level 3* £	*Total* £
Financial assets designated at fair value through profit and loss:				
Equity investments – Listed equity securities	139,350,130	–	–	139,350,130
Derivatives – Listed securities	3,313,000	–	–	3,313,000
	142,663,130	–	–	142,663,130

2014	*Level 1* £	*Level 2* £	*Level 3* £	*Total* £
Financial assets designated at fair value through profit and loss:				
Equity investments – Listed equity securities	121,690,117	–	–	121,690,117
Money Market investments – Listed securities	1,547,628	–	–	1,547,628
Derivatives – Listed securities	290,001	–	–	290,001
	123,527,746	–	–	123,527,746

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

There have been no transfers between levels during the year. For financial instruments not measured at fair value through profit or loss, the carrying amount is approximate to their fair value.

15. RELATED PARTIES

Richard Bernstein is a director and a member of the Investment Manager, a member of the Investment Advisor and a holder of 10,000 (2014: 10,000) Ordinary shares, representing 0.01 per cent (2014: 0.01 per cent) of the voting share capital of the Company at the year end.

During the year the Company incurred management fees of £2,210,782 (2014: £1,957,422) none of which was outstanding at the year end. The Company also accrued performance fees of £653,962 (2014: £1,747,285) all of which was outstanding and is included in trade and other payables as at the year end.

As at 30 June 2015 the Investment Manager held 3,600,000 shares (2014: 2,230,000) of the Company, representing 3.88 per cent (2014: 2.91 per cent) of the voting share capital.

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

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:

	2015		*2014*	
	Number of Ordinary shares	*Total Voting Rights*	*Number of Ordinary shares*	*Total Voting Rights*
William Collins	25,000	0.03%	25,000	0.03%
Sarah Evans	25,000	0.03%	25,000	0.03%
Total	50,000	0.06%	50,000	0.06%

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

	2015	*2014*
	£	*£*
William Collins	34,966	30,288
Sarah Evans	29,969	25,288
Nigel Ward	24,973	20,288
Christopher Waldron *(appointed 1 July 2014)*	25,000	–
David Warr *(resigned 7 March 2014)*	–	13,615
Total	114,908	89,479

As at 30 June 2015, directors fees of £28,750 (2014: £19,613) were accrued within trade and other payables.

During the year, each Director received an additional, one-off fee of £5,000 for additional fund-raising activities in relation to the placement of shares on 27 January 2015. The additional fees have been included within issue costs as detailed in note 11.

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

17. MATERIAL AGREEMENTS

The Company has entered into the following material agreements:

Crystal Amber Asset Management (Guernsey) Limited (the "Manager")

With effect from 1 April 2013, under the addendum to the management agreement, the Manager receives a management fee at the annual rate of 2 per cent of the NAV or the Market Capitalisation, whichever is lower. The management fee is payable quarterly in advance and calculated on the NAV or the Market Capitalisation on the relevant quarterly accounting date.

In addition, the 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 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.

The above arrangements were in effect until 21 August 2013, when they were modified as set out below.

On 21 August 2013 the Company issued 18,229,665 new Ordinary shares on AIM and CISE. Following this issue, the basis of the calculation of the management fee was changed so that the rate of 2 per cent continues to apply to the Market Capitalisation of the Company at 30 June 2013 (£73.5 million) ("the Base Amount") and 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 per cent.

The conditions for the payment of the performance fee also changed following the issue. The hurdle condition has now increased from 7 per cent to 8 per cent for the period after issue to the end of the relevant performance period. Prior to issue, the performance fee was payable in cash, subsequent to the issue it depends on whether Ordinary shares are trading at a discount or premium to the Company's NAV per Ordinary share:

- If Ordinary shares are trading at a discount to the NAV per Ordinary share, the performance fee shall be payable in cash. Within a period of one calendar month after receipt of such cash payment, the Manager shall be required to purchase Ordinary shares in the market of a value equal to such cash payment.

Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

17. MATERIAL AGREEMENTS (continued)

Crystal Amber Asset Management (Guernsey) Limited (the "Manager") (continued)

- If Ordinary shares are trading at, or at a premium to, the NAV per Ordinary share, 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.

The above arrangements remained in place until 23 January 2015, at which point there was an EGM of the Company. At this EGM, and following the issue of a further 20,770,097 new ordinary shares on AIM on 27 January 2015, it was agreed that the hurdle condition be increased from 8 per cent to 10 per cent for the period after issue to end of the relevant performance period. The payment options remain as above.

Performance fee payable for year ended 30 June 2015

At 30 June 2014, the Basic Performance Hurdle was 152.46p and the NAV per share after accruing for the performance fee payable in respect of the year then ended was 160.81p. Under the terms of the management agreement with Crystal Amber Asset Management (Guernsey) Limited, the Basic Performance Hurdle was increased at a rate of 8 per cent per annum up until 26 January 2015 and then 10 per cent per annum from 27 January 2015 until the year end on 30 June 2015. As a result of the placing of new Ordinary Shares on 27 January 2015 the calculation of whether any performance fee is payable in respect of the year ended 30 June 2015 requires that separate calculations are done for the 'pot' of Ordinary Shares in issue on 26 January 2015 (the "Existing Pot") and for the 'pot' of new Ordinary Shares issued on 27 January 2015 (the "New Pot"). Accordingly, the Basic Performance Hurdle for the Existing Pot at 30 June 2015 was 165.95p and for the New Pot, the Basic Performance Hurdle at 30 June 2015 was 162.10p. Under the terms of the management agreement, the two other hurdles had been met.

The NAV per share at 30 June 2015 before any accrual for any performance fee payable was 168.96p, which exceeded all the hurdles at that date. Accordingly, a performance fee was payable equating to 20 per cent of the excess NAV per share, adjusted for the dividend of 0.5p per share declared on 16 July 2014, over the respective Basic Performance Hurdle for each 'pot' multiplied by the weighted average number of shares in each 'pot', which amounted, in aggregate, to £653,962.

Heritage International Fund Managers Limited (the "Administrator")

The Administrator has been appointed to provide administration and company secretarial services to the Company. For these services, the Administrator is paid an annual fee of 0.12 per cent (2014: 0.12 per cent) of that part of the NAV of the Company up to £150 million and 0.1 per cent (2014: 0.1 per cent) of that part of the NAV over £150 million (subject to a minimum of £75,000 per annum).

ABN AMRO (Guernsey) Limited

Under the custodian agreement, the Custodian receives a fee, calculated and payable quarterly in arrears at the annual rate of 0.05 per cent (2014: 0.05 per cent) 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.

Notes to the Financial Statements

For the year ended 30 June 2015 (continued)

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 7 July 2015, the Company declared an interim dividend of £2,314,657, equating to 2.5p per Ordinary share, which was paid on 14 August 2015 to shareholders on record on the register on 17 July 2015.

The Company purchased 250,000 of their own Ordinary Shares during the period between 1 July 2015 and 7 September 2015, which are held as Treasury Shares. Following these purchases, the total number of Ordinary Shares held as Treasury Shares by the Company is 6,413,486.

On 7 August 2015, the Company reported that its unaudited NAV at 31 July 2015 was 164.0p per share.

On 7 September 2015, the Company reported that its unaudited NAV at 31 August 2015 was 164.9p per share.

CRYSTAL AMBER

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