CRYSTAL AMBER

Crystal Amber Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 June 2016

Company No. 47213

Contents

Management and Administration

Directors	William Collins *(Chairman)* Sarah Evans *(Senior Independent Director)* Nigel Ward Christopher Waldron
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Administrator and Secretary	Heritage International Fund Managers Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
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Broker	Pre 09/09/2016: Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT Post 09/09/2016: Winterflood Investment Trusts The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA

Management and Administration (continued)

Independent Auditor	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St. Peter Port Guernsey GY1 1WR
Legal Advisers to the Company	*As to English Law* Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ *As to Guernsey Law* Carey Olsen PO Box 98 Carey House Les Banques St. Peter Port Guernsey GY1 4BZ
Custodian	ABN AMRO (Guernsey) Limited PO Box 253 Martello Court Admiral Park St. Peter Port Guernsey GY1 3QJ
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Highlights

- Net Asset Value ("NAV") per share decreased 8.6 per cent over the year to 153.79p (168.26p at 30 June 2015, 155.90p at 31 December 2015). Including the dividends paid, NAV total return per share over the twelve months ended 30 June 2016 was -5.6 per cent.
- NAV per share recovered strongly after the year end, following the result of the EU referendum (increase of 23.5 per cent from 30 June 2016 to 31 August 2016 after providing for the interim dividend of 2.5p per share) representing a NAV total return of 25.1 per cent in the two month period following the year end.
- Successful exits from investments in Dart Group plc ("Dart") and 4imprint Group plc ("4imprint"), realising gains of £6.7 million and £3.9 million respectively.
- In January 2016, the Fund completed the placing of 6.1 million shares out of Treasury, at NAV.
- Successful buy-back programme contributed to an average discount to NAV of 0.5 per cent over the year. Discount at 30 June 2016 was 3.8 per cent.
- In February 2016, Pinewood Group plc ("Pinewood") announced a strategic review to evaluate ways to maximise shareholder value. After the year end, Pinewood received a recommended cash offer, resulting in unrealised gains for the Fund of £5.4 million. Taking into account realised gains since April 2015, this brings the total realised and unrealised gains on the Fund's investment in Pinewood to £6.1 million.
- New positions initiated in FairFX Group plc ("FairFX"), Northgate plc ("Northgate") and Restaurant Group plc ("Restaurant Group").
- The Fund was granted warrants in Hurricane Energy plc ("Hurricane") and FairFX in exchange for the Fund's added contribution through engagement with those companies.

William Collins, Chairman of Crystal Amber Fund Limited (the "Company" or "Fund"), commented: "Faced with an uncertain market outlook, the Fund has continued to find good opportunities where it sees the potential to act as a catalyst in order to realise shareholder value. The year saw the profitable exit of a number of the Fund's investments and the sale of 6.4 million Treasury shares at or above NAV. The Fund has redeployed that capital into promising new opportunities. We continue to engage with our investee companies with the confidence of our proven activist investment process. Looking ahead, we feel the fallout following "Brexit" has created a number of activist opportunities. The Fund maintains a cautious stance on the outlook for markets, undertaking portfolio hedging as insurance against a significant fall in markets. After the year end the NAV rose sharply, with a NAV total return of 25.1 per cent from 30 June 2016 to 31 August 2016."

Chairman's Statement

I hereby present the ninth Annual Report of Crystal Amber Fund Limited for the year ended 30 June 2016.

The economic backdrop for the year has been challenging on a number of fronts. The UK's EU referendum created great uncertainty and the shock "Brexit" result caused a temporary but severe drop in markets and depreciation of sterling. Though markets rebounded, investors generally remain cautious on the near term outlook. The Bank of England has reduced interest rates and provided further stimulus measures, which have provided a boost to near term sentiment, but fail to address the underlying issues facing the UK economy.

NAV at 30 June 2016 was £151.5 million, compared with an unaudited £144.8 million at 31 December 2015 and £156.2 million at 30 June 2015. NAV per share was 153.79p as at 30 June 2016 compared with 155.90p at 31 December 2015 and 168.26p at 30 June 2015.

NAV per share decreased 8.6 per cent over the year to 153.79p (168.26p at 30 June 2015, 155.90p at 31 December 2015). Including the dividend paid, NAV total return per share over the twelve months ended 30 June 2016 was -5.6 per cent.

During the year, the Fund bought back 725,000 of its own shares at an average price of 153.59p and at an average discount to NAV of 3.4 per cent as part of its programme to seek to eliminate any material discount to NAV. Over the year, the shares traded at an average discount to NAV of 0.5 per cent. At the year end the shares traded at a discount to NAV of 3.8 per cent and at 31 August 2016 the shares traded at a discount to NAV of 7.3 per cent.

The Fund declared interim dividends of 2.5p in both July 2015 and January 2016 in line with the dividend policy of 5p per year. Guernsey registered companies are not required to obtain shareholder approval in respect of any interim dividend and this policy is consistent with the Company's Admission documents. The Board wishes to afford the shareholders the ability to approve the interim dividends paid in this financial year and there will be an ordinary resolution proposed at the forthcoming Annual General Meeting ("AGM") in this regard.

On 12 September 2016 the Company announced the appointment of a new broker, Winterflood Investment Trusts, in place of Numis Securities Limited.

The Fund is cautious on the overall outlook for markets as uncertainty remains not only about the implications of "Brexit" but also underlying issues still facing the global economy. However, we believe the fallout from "Brexit" has created a number of activist opportunities as companies are forced to adjust to inevitable changes. Whilst continuing to engage closely with our existing portfolio holdings, the Fund's focus remains on identifying these opportunities and utilising our proven methods of active engagement to deliver value to shareholders.

William Collins
Chairman

12 September 2016

Investment Manager's Report

Performance

The Fund's NAV per share decreased 8.6 per cent over the year to 153.79p (168.26p at 30 June 2015, 155.90p at 31 December 2015). Taking into account the 2.5p dividends declared in both July 2015 and January 2016, the total return per share for the year was -5.6 per cent. This compares to the FTSE 250 Index total return of -4.6 per cent and FTSE Small Cap total return Index of -1.5 per cent. Over the year, the Fund was on average 94.3 per cent invested, with the balance held in cash. The impact on NAV of FTSE put options held in the year was -3.5 per cent. Whilst impacting returns, by reducing the Fund's market exposure, the holding risk of the portfolio was substantially reduced.

The main performance contributors were Dart (3.6 per cent of NAV), Pinewood (1.9 per cent), Hurricane (1.7 per cent) and FairFX (1.6 per cent). The main performance detractors were Johnston Press plc (-2.6 per cent), STV Group plc ("STV") (-2.4 per cent) and Tribal Group plc (-1.7 per cent).

Since the year end return of capital has been provided from NBNK Investments plc and further proceeds are anticipated following the unconditional offer for Pinewood.

The Fund's NAV per share recovered strongly following the market fallout on the back of the "Brexit" result of the EU referendum, with an increase of 23.5 per cent from 30 June 2016 to 31 August 2016 after providing for the interim dividend of 2.5p per share representing a NAV total return of 25.1 per cent in the two month period following the year end.

Portfolio

The table below lists the Fund's top ten holdings at 30 June 2016. 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 NAV*	*Percentage of investee equity held*	*Contribution to NAV performance*
Grainger plc	30.5	19.8%	3.4%	-1.2%
Hurricane Energy plc	26.4	17.2%	15.6%	1.7%
Pinewood Group plc	17.1	11.1%	5.7%	1.9%
Northgate plc	13.2	8.6%	3.0%	-1.6%
Leaf Clean Energy Co	11.8	7.7%	29.9%	1.1%
STV Group plc	9.5	6.2%	7.8%	-2.4%
FairFX Group plc	7.8	5.1%	24.9%	1.6%
Sutton Harbour Holdings plc	7.7	5.0%	29.3%	-1.3%
Restaurant Group plc	6.3	4.1%	1.1%	-0.7%
Hansard Global plc	4.8	3.1%	3.3%	0.5%
Total of ten largest holdings	135.1	87.8%		
FTSE Put Options	0.7	0.5%		
Other investments	17.5	11.4%		
Cash and accruals	0.5	0.3%		
Total NAV	**153.8**			

At the end of the year, the Fund's top ten positions represented 87.8 per cent of the NAV, compared with 72.5 per cent at 30 June 2015. At 30 June 2016, the Fund's total number of positions was 22 (30 June 2015: 23). The cash and accruals position at 0.3 per cent of NAV had decreased from 8.7 per cent at 30 June 2015.

Investment Manager's Report (continued)

Portfolio (continued)

Six of the Fund's top ten positions at the end of the year, Grainger plc ("Grainger"), Hurricane, Pinewood, Leaf Clean Energy Co ("Leaf"), STV and Sutton Harbour Holdings plc ("Sutton Harbour"), were within the top ten holdings at the beginning of the year. Over the year, the Fund added to its investments in Hurricane and Pinewood.

The Fund realised gains of £6.7 million on the disposal of its holding in Dart and £3.9 million on its disposal of its holding in 4imprint. A share buy-back in Leaf and reduction of the holding in Pinewood, realised profits of £0.86 million and £0.65 million, respectively.

Over the year, the Fund increased its position in Grainger to 3.4 per cent of Grainger's share capital. The Fund continues to engage constructively with the management and board.

The Fund also continued to build its position in Hurricane, investing a further £7 million at the company's placing of shares in May 2016, bringing its total holding to 15.6 per cent of issued share capital and making the Fund the second largest shareholder. For its strategic input, the Fund was also granted three year warrants to subscribe for up to 23.3 million shares at 20p per share. Proceeds of the placing were used to fund the drilling of the Lancaster 7 wells, for which results far exceeding estimates were announced in September 2016.

The Fund exited its position in Dart, realising a profit of £6.7 million. The Fund's initial investment thesis viewed Dart as a value play on a business with a strong growth trajectory that stood to benefit from a lower oil price and improved consumer environment; following a substantial re-rating of the stock, the Fund was happy to exit the position, realising a profit of £6.7 million and a return of 72 per cent.

The Fund exited its position in 4imprint realising a profit of £3.9 million following continued delivery of impressive growth numbers.

The holding in Juridica plc ("Juridica") was significantly reduced over the year. The disposal of 99.6 per cent of the holding realised a loss of £1.2 million but the Fund received £198,000 in dividends over the year. The Fund had disposed of part of its holding in November 2015, when Juridica's share price fell 20 per cent on the back of the result of a case which produced just 21 per cent of its assumed value. Shortly afterwards, the board announced its decision to make no further investments and return cash to shareholders in a timely manner.

Over the year, the Fund exited its investment in Ophir Energy plc, realising a loss of £2.4 million. The share price fell sharply (29 per cent) following the announcement that its deal with US oil services giant, Schlumberger, to develop its Fortuna FLNG project, had fallen through.

Strategy

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

The average market capitalisation of the Fund's investee companies has decreased slightly from £372 million (30 June 2015) to £346 million (30 June 2016) but remains significantly higher than at 30 June 2014 when it stood at £212 million.

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 a company both 'as it is' and under the lens of 'as it could be' to maximise shareholder value.

Investment Manager's Report (continued)

Activist Investment Process (continued)

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 active 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 and predictable cash flows. Its portfolio of 3,710 reversionary assets has a market value of £1.3 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 £332 million. This reversionary surplus is the difference between today's market value as a low yielding tenanted property 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 over £100 million gross of cash each year until 2025. Grainger also owns 2,100 homes as part of its market rented portfolio valued in excess of £0.5 billion. The cash generated by the reversionary business is recycled into Private Rented Sector ("PRS") residential developments.

We believe that Grainger's portfolio, providing visibility of cash realisations through to 2025, 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 Grainger's £1.1 billion of debt from 5.1 per cent to 4.6 per cent and more recently, to around 4 per cent, we believe that in the current interest rate environment, there remains further scope to secure better terms for shareholders. We have long believed 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. In May 2016, Grainger announced that an operational review had identified a minimum of £8.6 million in overhead cost savings relative to September 2015, representing a reduction of 24 per cent, which will reduce the 2017 overhead cost to £27.5 million.

Since first investing in June 2015, we have engaged with the Chairman, the CEO, 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 April 2016, Grainger announced that it was exiting the majority of its German portfolio. The Fund regards this as a helpful first step to refocus and simplify the company's structure.

Investment Manager's Report (continued)

Grainger plc ("Grainger") (continued)

The Fund continues to engage constructively with the management of Grainger in an effort to address the opportunity to lower the operating and financial costs of the company. The Fund believes there remains 'hidden' value that can be released from the reversionary surplus that is associated with the portfolio of regulated tenancies. In March 2015, this surplus was calculated by the company as having a value of £451 million or 120p per share. However, in January 2016, the sale of the equity release division included £179 million of these surpluses, so the figure now stands at £332 million. As well as continuing discussions with property market participants, the Fund is in active and detailed dialogue with management regarding optimising structures. We note that in July 2016, the company converted its PRS Fund, GRIP, into a Real Estate Investment Trust and commented on the suitability of this structure for PRS investment.

Hurricane Energy plc ("Hurricane")

Hurricane 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 estimated to contain 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. Oil from this unconventional source has been successfully extracted 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 $49 at the end of June 2016. This has hit the value of all oil and gas stocks, with the AIM sector index falling by 43 per cent over the year. 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 has achieved a sustainable natural flow rate of 5,300 Stock Tank Barrels ("STB") 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.

In April 2016, Hurricane announced a £52 million fundraising to drill two wells in the Lancaster field over the summer of 2016. The Fund participated in the placing, which attracted a new cornerstone investor, Kerogen Capital, an oil specialist. Crystal Amber was also awarded three year warrants to subscribe for up to 23.3 million shares at 20p per share.

Investment Manager's Report (continued)

Hurricane Energy plc ("Hurricane") (continued)

In June 2016, Hurricane announced the suspension of its farm-out discussions as it executes the drilling campaign and analyses the results. This is expected to refine the resource range estimate, which is currently 62 to 456 million barrels of oil. The campaign will also provide a second future production well. In July Hurricane announced the spudding of its new exploration well in the Lancaster field. We currently await the results of this drilling campaign.

In September 2016, Hurricane announced positive drilling results from its Lancaster well indicating contingent resources significantly higher than previous estimates of 200 million barrels, high flow rates (6,600 barrels of oil per day), and good quality oil. The Fund believes that these results materially de-risk the assets for further development. The share price rose strongly to 38p. This compares with the Fund's average cost of 16p per share.

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.

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.

In April 2015, Pinewood raised £30 million in order to fund Phase 1 of the expansion of its UK studios. Having continued to follow Pinewood's developments, the Fund used this as an opportunity to reinvest in the company, acquiring an initial 4.1 per cent interest, on the back of its belief that Pinewood could and should be able to deliver much higher levels of profitability. The aim of this expansion was to increase capacity through the £75 million Pinewood Studios Development Framework ("PSDF") in Buckinghamshire, which could see Pinewood rival Hollywood sets.

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 noted that of the £8.1 million of profit after tax, £3.1 million was derived from tax credits and a further £1.1 million from Pinewood's share of results of joint ventures. Revenue was £75 million.

In December 2015, the Fund proposed to Pinewood that it would pay for management consultants to carry out work at Pinewood to recommend ways in which profitability could be improved. In January 2016, the board of Pinewood rejected the proposal.

In February 2016, Pinewood's board appointed Rothschild "to assist with a strategic review of the overall capital base and structure, which could include a sale of the company". The Fund felt that whilst the strategic review may result in the release of value at Pinewood through a possible sale, this would have been unnecessary had management run the business more efficiently.

In its full year results for the year ended 31 March 2016, Pinewood announced that the first phase of PSDF "Pinewood East" was complete and part occupied. The company also revealed increases of 10.9 per cent and 136.3 per cent in group revenue and group operating profit respectively, on the previous year. In April 2016, the Fund sold 400,000 shares at 557p per share, realising a profit of £0.65 million.

Investment Manager's Report (continued)

Pinewood Group plc ("Pinewood") (continued)

After the year end, Pinewood received a takeover offer worth £320 million (563.2p per share). The offer was made by Aermont Capital, a subsidiary of PW Real Estate Fund, reinforcing Crystal Amber's view that Pinewood's real estate portfolio was dramatically undervalued. At 30 June 2016 the Fund held 3.2 million Pinewood shares equal to 5.7 per cent of Pinewood's issued share capital, with a cost of £12.8 million. At 563.2p per share, this would value the Fund's holding at £18.3 million, a return of 43 per cent since investing in April 2015, bringing the Fund's total gains to £6.1 million on this investment. We expect proceeds from the sale of the company to be received during October 2016.

Northgate plc ("Northgate")

Northgate is the leading light commercial vehicle hire business in the UK, Ireland and Spain and has been supplying and managing vehicles for over 35 years. It operates a flexible rental strategy offering van hire without a long term commitment from the customer. The company has a fleet of over 93,000 commercial vehicles, available from more than 100 sites across the UK, Ireland and Spain. Customers can tailor vehicles to their requirements and have the flexibility to change vehicles as their needs evolve.

Northgate serves businesses that vary in size from owner operators to corporate customers. Customers operate across a wide range of industries of which construction and distribution are two of the largest. Other major sectors include local authorities, manufacturing and engineering, public utilities, retailers and wholesalers and a range of business services. The company employs over 2,800 people across the group.

In September 2012, Crystal Amber invested in Northgate and following successful engagement, exited the position in April 2015, realising a return of 51 per cent on an investment of £7 million (gain of £3.5 million). Since then, Northgate's share price has fallen by approximately 50 per cent. This represented a discount to the net asset value as at 30 April 2016 and a yield of in excess of 5 per cent (based on the proposed final dividend of 10.9p per share). On 1 July 2016, the Fund disclosed that it had acquired 3 per cent of the issued share capital of Northgate.

After the year end, in July 2016, the Fund also disclosed that Crystal Amber's investment adviser had met with Bob Contreras, Chief Executive of Northgate, following which it had written to Northgate, setting out its assessment of the company's prospects together with suggested actions so that stakeholders can better capitalise on the Northgate brand, market positioning, strong cash generation and balance sheet strength. Amongst its proposals, Crystal Amber requested that Northgate carry out a strategic review to include a potential sale of all or part of the business.

Later in July 2016 the Fund met with Andrew Page, Chairman of Northgate where it was able to discuss its specific proposals. The meeting was constructive and the Fund awaits developments.

Leaf Clean Energy Company ("Leaf")

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

The Fund initially invested in Leaf in October 2013, when 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 ("Invenergy"). It was acquired for $40 million and now accounts for more than half the value of the portfolio. Invenergy 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.

Investment Manager's Report (continued)

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

Following engagement with the Leaf board, the Investment Manager took decisive action to change the leadership of the company. We requisitioned 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 (previously c.$5.9 million). In March 2015, management said it is likely to take two years to realise all its investments.

In July 2016, Leaf announced a favourable preliminary decision in its lawsuit against Invenergy for breach of contract. Leaf is seeking payment of $126 million, equating to 79.4p per share, which compares to Leaf's share price at 30 June 2016 of 34.5p.

The Fund remains confident in the value of the Invenergy investment, despite the disappointing valuations announced in May 2016. The average of the two fair value appraisals was $55 million, short of the $97 million carrying value. In its Interim Report, the company declared its NAV at 31 December 2015 to be US$109 million or 92c (c.71p) per share. Using the average of the two appraisals, Leaf's NAV at 31 December stood at US$74.4 million or 63c (c.49p) per share which compares to the Fund's average cost per share of 34p. The Fund holds 35.3 million shares in Leaf.

We remain confident that Leaf will successfully realise the value in its core holdings and return cash to shareholders. According to recent valuations, this has the potential to be well in excess of the current share price.

STV Group ("STV")

STV 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 £20 million 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 at a much lower cost. STV's digital products have

Investment Manager's Report (continued)

STV Group ("STV") (continued)

captured data 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.

In 2014, STV announced an accelerated deficit recovery plan to cut the deficit on its defined benefit pension schemes over 11 years as opposed to 18 years. The deficit was £83 million in March 2014, down from £135 million in 2012. This reduction was due to increases in asset values as well as payments that STV made during the period. STV agreed with the trustees to make a payment of £7-7.5 million per year over the next 10 years to the end of 2025, to reduce the deficit.

Last year, STV set new targets for 10 per cent annual earnings per share growth for the next three years. Scotland's Independence referendum in 2014 placed STV at the centre of political events, and reinforced its brand.

The share price de-rated following the EU Referendum result and concerns over economic growth. However, after the year end, STV's share price recovered beyond pre Brexit levels and in August 2016, the company announced positive half year results with continued revenue growth (up 5 per cent), a double digit increase in EBITDA/EPS/dividends and net debt down 17 per cent. In our view, dividend growth is likely to accelerate and the market capitalisation of £121 million (at 30 June 2016) fails to reflect the quality of this asset.

The Fund maintains the view that STV holds a valuable franchise with opportunities to expand its production activities. Over the year, the Fund has increased its holding to 7.8 per cent (6.7 per cent as at 30 June 2015).

FairFX Group plc ("FairFX")

FairFX is an international payment services provider, offering services to customers in the UK since 2007. The Group has developed a cloud-based payments platform that enables personal and business customers to make easy, low-cost multi-currency payments in a broad range of currencies and countries and across a range of foreign exchange products via one integrated system.

The FairFX platform facilitates payments either direct to bank accounts or at over 30 million merchants and over 30 million ATMs globally via Mobile apps, the Internet, SMS, wire transfer and MasterCard/VISA debit cards.

We met management for IPO pre-marketing in April 2014, at which time the company explained that they needed to raise cash to spend on marketing, prior to the summer holiday season. However, the IPO did not take place until August 2014, mid-way through the holiday season, and the company only raised £2.6 million. The placing was at 45p, valuing the business at £30 million. The Fund feels that shareholders were unrealistic with regards to FairFX's valuation and as a result, shareholders have delayed the investment required in order to accelerate growth.

In December 2014, the company placed new shares at 58p to raise £1.5 million in order to fund additional marketing for 2015. FairFX demonstrated strong growth on the back of the additional marketing spend and in November 2015 undertook a further placing of 5.3 million new shares at 31p to raise £1.5 million (well below the target of £3-5 million). The goal had been to raise sufficient funds in order that the company might continue to expand its Corporate Business marketing and re-launch in March 2016. The Fund felt that with sufficient investment in marketing, FairFX would see a re-rating, as it had previously demonstrated strong growth on the back of such investment. Since the year end FairFX has further increased its profile by agreeing partnership deals with both the Monarch airline group and Leicester City FC.

Investment Manager's Report (continued)

FairFX Group plc ("FairFX") (continued)

During the year, the Fund engaged with the company's board to undertake a placing that would fund increased marketing expenditure for growth. The placing was at 20p and it took place in March 2016 as the overhang from a former executive was cleared. The Fund believes that the combination of clearing this overhang and increasing marketing capabilities should see a re-rating of the stock. At 30 June 2016, the Fund held 25.7 million shares and the company's share price was 31.8p per share. The Fund was also awarded three year warrants to subscribe for up to 7.5 million new ordinary shares at a price of 27p per share in exchange for the Fund's added contribution through engagement with the company.

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.

During the early 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 lossmaking and was sold in 2010. In 2011, Plymouth City Council agreed to the closure of the airport.

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 in 2011, the Fund assisted in voting down the directors' authority to allot 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.

At the end of June 2016, Sutton Harbour announced its full year results for the year to 31 March 2016, revealing a doubling of pre-tax profits to £1.6 million and flat net assets of £40.9 million (31 March 2015: £40.5 million), representing a NAV per share of 42.4p (share price at June 2016: 28.6p per share) compared to the Fund's average cost per share of 25p.

Despite the re-rating of the shares, Sutton Harbour continues to trade at a significant discount (c.32.5 per cent) to NAV. In April 2016, Sutton Harbour appointed Rothschild to carry out a strategic review of the company, which could include a sale of the company. We await further developments on the strategic review.

Restaurant Group plc ("Restaurant Group")

Restaurant Group operates over 500 restaurants and pubs in the UK's casual dining sector, with a plan to double in size over the next 8 to 10 years.

Investment Manager's Report (continued)

Restaurant Group plc ("Restaurant Group") (continued)

The company serves over 43 million meals each year through its brands which include Frankie & Benny's, Chiquito, Coast to Coast, Garfunkel's, Brunning & Price and Joe's Kitchen. Restaurant Group also operate a concessions business which trades over 60 outlets across more than 30 brands, primarily in UK airports.

In its March 2016 interims, Restaurant Group reported like-for-like ("LFL") sales down 1.5 per cent and in April reported LFL sales down 4.5 per cent in the previous seven weeks. This was attributed to weaker performance at the company's leisure sites due to lower footfall and greater competition.

Restaurant Group is a strongly performing growth stock that has experienced issues with its investment thesis over the last six months. However, Restaurant Group remains a cash generative business with a good foot-print across the UK. After the year end, in August 2016, Restaurant Group announced that its CEO would step down after a strategic review recommended that the company appoint a new CEO. In September 2016, Andy McCue, the former Chief Executive of bookmaker, Paddy Power, will step in as Restaurant Group's new CEO.

Following the publication of its interim report on 26 August 2016 and a strong share price appreciation, the Fund has sold its holding in Restaurant Group.

Hansard Global plc ("Hansard")

Hansard is a life insurance company based in the Isle of Man and specialising in long-term savings products. It writes policies in over 150 countries via a network of more than 500 independent financial advisers and administers over $1.2 billion for its policyholders. Its core customers are affluent individuals looking to place their savings away from their home country. Hansard's platform funnels policyholders' savings to external fund managers. Whilst the products are insurance policies, Hansard's liabilities are matched by its asset holdings (unit-linked products). There is little of the insurance risk associated with annuities or with-profits books of business.

Hansard had traditionally been a nimble operator, prioritising high margins over volume growth with a targeted distribution strategy. It listed in 2006, with a growth investment case focused on tapping the demand for savings products from the world's growing affluent middle class. In 2007 it reported £35 million of new annual premium equivalent business, a number that would be its all-time high. Its new business margins, however, held at high single digit, versus low single digits for domestically focused UK peers, until 2013, when they peaked at 12 per cent.

High dividends had previously been paid out of cash reserves, but in 2013, an unexpected cut in the dividend disappointed investors and resulted in a sell-off of its shares. The Fund took advantage of the resultant share price weakness to acquire a holding. At the year end, Hansard was trading at around 40 per cent discount to embedded value and generating an eight per cent dividend yield.

The Fund has since maintained a patient engagement with its board and management. It has encouraged the renewal of the board, and the move to a growth strategy that would leverage the company's IT capabilities with economies of scale.

The strengthening of the management team has seen the arrival of a new Finance Director and a new head of sales. 2014 and 2015 were years of change and investment. 2016 has seen evidence that the new strategy is succeeding, with sales doubling from 2015's low base. The growth has come from most geographies and has resulted in positive new business margins.

The company trades at a 24 per cent discount to the expected embedded value as at 30 June 2016 (£142.9 million market cap on 30 June 2016 v. £188 million). With sales momentum continuing into 2016, the Fund believe this discount will close as the company's sales strategy continues to gain traction.

Investment Manager's Report (continued)

Realisations

The Fund's total net realised gains since inception now amount to £53.4 million. Previous profitable exits include Aer Lingus, Thorntons, Pinewood Shepperton, 3i Quoted Private Equity, Delta, Kentz Corporation Limited, Tate & Lyle and Chloride Group.

Outlook

Although UK equity markets have recovered strongly after the initial reaction to the referendum result, the Fund remains cautious on the overall outlook for markets, particularly as the long term impact of "Brexit" remains uncertain. However, we believe "Brexit" will also create activist opportunities for the Fund as companies adjust to the new environment.

We feel the Fund is less exposed to broader market conditions with its focus on special situations where it sees the potential to act as a catalyst to realise shareholder value. The Fund's holdings of put options also provide protection against a significant market sell-off.

Crystal Amber Asset Management (Guernsey) Limited

12 September 2016

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 from realised distributable reserves, including distributions arising from the realisation of investments, if this is considered to be in the best interests of its shareholders.

At the date of signing 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 are undervalued and will aim to promote measures to correct the undervaluation. In particular, it aims to focus on companies which the Company's Investment Manager and Investment Adviser believe may have been neglected by fund managers and investment funds due to their size; where analyst coverage is inadequate or where analysts have relied on traditional valuation techniques and/or not fully understood the underlying 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

With effect from 1 January 2015, the annual target dividend was increased to 5p per share. The Company's investment objective and strategy means that the timing and amount of investment income cannot be predicted and the level of dividend receipts will vary based on the composition of the portfolio from time to time. 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 and to make distribution payments arising from the realisation of investments if considered to be in Shareholders' interests.

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 the Company was admitted to trading on the Alternative Investment Market ("AIM") on 17 June 2008.

Principal activities

The Company is a Guernsey registered closed ended company established to provide shareholders with an attractive total return, which is expected to comprise primarily capital growth and distributions from accumulated retained earnings taking into consideration the unrealised gains and losses at that time. 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 United Kingdom ("UK") markets and which mostly have a market capitalisation of between £100 million and £1,000 million.

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 16.

Results and dividend

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

On 7 July 2015, the Company declared an interim dividend of £2,314,807, 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.

On 13 January 2016 the Company declared an interim dividend of £2,475,044, equating to 2.5p per ordinary share, which was paid on 19 February 2016 to shareholders on record on the register on 22 January 2016.

Subsequent to the year end, on 14 July 2016, the Company declared an interim dividend of £2,460,369, equating to 2.5p per Ordinary share, which was paid on 19 August 2016 to shareholders on record on the register on 22 July 2016.

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.

Long term viability

As further disclosed above, the Company is a member of the AIC and complies with the AIC Code of Corporate Governance (the "AIC Code") which was revised in February 2015 to reflect changes to the UK Corporate Governance Code published by the Financial Reporting Council (the "FRC Code"). In accordance with the revised AIC Code, the Directors have made a robust assessment of the prospects of the Company over the three year period ending 30 June 2019. The Directors consider that three years is an appropriate period to assess the viability of the Company given the average length of investment in each portfolio company and the time horizon over which investment decisions are made.

Report of the Directors (continued)

Long term viability (continued)

In considering the prospects of the Company, the Directors have considered the risks facing the Company, giving particular attention to the principal risks identified on pages 20 to 22, the effectiveness of controls over those risks, and have evaluated the sensitivities of the portfolio to market volatility.

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

Based on the results of this analysis the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

The Directors have based this assessment on the assumption that the resolution that the Company cease to continue in operation as constituted in 2017 is not passed.

Principal risks and uncertainties

In the normal course of business, the Company has a rigorous risk management framework including 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 Board has recently asked one of the Company's directors, Nigel Ward, to liaise with the risk committee, and to attend its regular meetings, to offer an independent view and to enhance communication between the committee and the Board. The Directors have carried out a robust assessment of the principal risk areas relevant to the performance of the Company and these are detailed below. As it is not possible to eliminate risks completely, the purpose of the Investment Manager's risk management policies and procedures is to reduce risk and to ensure that the Company is as adequately prepared as reasonably possible to respond to such risks and to minimise their impact should they occur.

Regulatory Risk

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

One of the most significant regulatory risks for an activist investor such as the Company is in relation to market abuse provisions. The Financial Conduct Authority ("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 risk of an inadvertent breach of securities laws or regulations, or allegations of such breach, taking place.

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

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Investment Risk

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

Market Risk

The Company's investments include investments in companies the securities of which are publicly traded or are offered to the public. The market prices and values of these securities may be volatile and are likely to fluctuate due to a number of factors beyond the Company's control, 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 NAV and cause the market price of the Company's shares to fluctuate. The Company hedges price risk by holding put options linked to the FTSE index to provide some protection against a significant market sell-off.

Operational Risk

The Company's business model involves the delegation of responsibilities to 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, its senior management and business contacts. The loss of the services of the Investment Adviser and/or the Investment Manager may have a material adverse effect on the future of the Company's business. All parties including the Investment Manager, Investment Adviser, 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.

'Key Man' Risk

The Investment Adviser and the Investment Manager rely heavily on the expertise, knowledge and network of Richard Bernstein when sourcing investment opportunities. He is a shareholder of the Company, a director and shareholder of the Investment Manager and a member of the Investment Adviser, and the loss of him to these service providers could have an adverse effect on the Company's performance. In the absence of Richard Bernstein, the Board and Manager have sufficient relevant experience to manage the Company's portfolio while considering the future of the Company and, in particular, the potential for the current activist strategy to continue. Key Man risk is covered in the Investment Adviser's continuity plan. The Board is aware of this risk and continues to discuss possible strategies to mitigate its impact.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Stock Concentration Risk

By its very nature as an activist fund, the Company is exposed to the risk that its portfolio of investee companies is not sufficiently diversified to absorb the impact of a major investment falling in value. As noted in the Investment Policy, the Company seeks to invest in companies and use activism to unlock value. An inherent consequence of this policy is a portfolio concentrated on a number of key investee companies. The Board is aware of this risk and feel it is a necessary risk to take in order to provide returns through the investment strategy. Levels of investment in individual companies are monitored and parameters are set to ensure that the risk is kept to an acceptable level, while also ensuring a sufficiently high level of stock is purchased to allow engagement as a major shareholder, if required.

Shareholder Concentration Risk

A total of 7 investors holding 3 per cent or more each of the shares of the Company hold a combined 86.7 per cent of the voting rights. A significant shareholder seeking liquidity could have a negative impact on the Company through movements in Company share price, through voting at an AGM, or by placing pressure on the Board to act to realise value in the portfolio at a time and value other than the optimum. To manage this risk the Investment Manager maintains regular contact with significant shareholders to discuss the performance of the Fund and any views the shareholder may have.

The above risks are mitigated and managed by the Board through continual review, policy setting and updating of the Company's risk matrix to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks.

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 investment 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 2016 and at the date of signing these financial statements are shown on pages 31 and 32.

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:

	2016		*2015*	
	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:

	2016	*2015*
	£	*£*
William Collins	35,000	34,966
Sarah Evans	30,000	29,969
Nigel Ward	29,750	24,973
Christopher Waldron	25,000	25,000
Total	119,750	114,908

During the year, Nigel Ward received a one-off fee of £3,500 for services undertaken in respect of assisting the Investment Manager during 2015 to establish the risk committee with the appropriate terms of reference. With effect from 1 January 2016, Nigel Ward received an increase in remuneration of £2,500 to reflect additional services provided to the Fund in respect of managing risk as detailed on page 20.

In the prior 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 8 August 2016, 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	28,305,510	28.76%
Woodford Investment Management	15,764,788	16.02%
Wirral BC	12,938,214	13.15%
Baring Asset Management	11,190,681	11.37%
Aviva Investors	8,654,807	8.79%
Rathbones	4,454,528	4.53%
Crystal Amber Asset Management (Guernsey)	4,015,606	4.08%
Total	85,324,134	86.70%

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 International Accounting Standards Board ("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;

Report of the Directors (continued)

Statement of Directors' responsibilities (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Disclosure of information to the Auditor

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

Corporate governance

As a Guernsey registered company, whose share capital is admitted to trading on the 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 2014. 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 considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") and 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 2015 to take into account the updated FRC Code, and the Company has used this revised AIC Code and AIC Guide for the financial year ended 30 June 2016.

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 Company adheres to a Stewardship Code adopted from 14 June 2016. The Company Stewardship Code incorporates the principles of the UK Stewardship Code published by the Financial Reporting Council in July 2010 and revised in September 2012. A copy of the Stewardship Code is available through the Company's website www.crystalamber.com.

Report of the Directors (continued)

Corporate governance (continued)

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.

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, William Collins and Christopher Waldron 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 re-appointment by the members. 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. The Board considers its composition and succession planning on an ongoing basis. Whilst two Directors were appointed over nine years ago, the Fund commenced operations in June 2008, i.e. less than nine years ago and we do not consider that the effective nine year tenure point has been reached yet. We confirm that all Directors are independent and that next year any Directors intending to continue after their nine year anniversary will put themselves forward for re-election then and annually thereafter if appropriate.

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

Report of the Directors (continued)

Corporate governance (continued)

Board responsibilities

The Board is responsible to Shareholders for the overall management of the Company. The Board has adopted a set of reserved powers which set out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy and oversight of the 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.

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

The Directors are responsible for ensuring the effectiveness of the internal controls of the Company which are designed to ensure that: proper accounting records are maintained; the financial information on which business decisions are made and which is issued for publication is reliable; and the assets of the Company are safeguarded. A formal review of the effectiveness of the Company's risk management and internal control systems is conducted at least once a year and this was completed successfully during the year under review. The Investment Manager has established a risk committee to monitor and manage risks faced by the Company, these committee meetings are attended by Nigel Ward as disclosed on page 20.

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.

Report of the Directors (continued)

Corporate governance (continued)

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.

The Committee met three times in the year ended 30 June 2016. Matters considered at these meetings included but were not limited to:

- review of the accounting policies and format of the financial statements;
- review of the Annual Report and Audited Financial Statements for the year ended 30 June 2015;
- review of the Interim Report and Unaudited Interim Condensed Financial Statements for the six months ended 31 December 2015;
- review of the audit plan and timetable for the preparation of the Annual Report and Audited Financial Statements for the year ended 30 June 2016;
- discussions and approval of the fee for the external audit;
- assessment of the effectiveness of the external audit process as described below;
- review of the Company's significant risks and internal controls;
- review and consideration of the AIC Code, the GFSC Code and the Stewardship Code; and
- detailed review of the 2016 Annual Report in relation to updates in the AIC Code including the period of assessment and long term viability of the Company.

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 sources used for pricing the Company's investments are appropriate and reliable. The Committee has also satisfied itself through regular review of reports and discussions at Board level, that the custodian 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 profit of loss section of 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.

Report of the Directors (continued)

Corporate governance (continued)

Audit committee (continued)

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 (as amended) between the Company and its Investment Manager. 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 agreement.

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 audit fees disclosed in the profit of loss section of the Statement of Profit or Loss and Other Comprehensive Income are in relation to the audit of the Annual Report and Audited Financial Statements. During the year, KPMG Channel Islands Limited did not receive any remuneration for non-audit services.

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 re-appointment of the Auditor and has 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.

KPMG has been the Company's Auditor from its incorporation on 22 June 2007 which was the last time a tender exercise was completed for the external audit. Whilst the Committee will consider the possibility of putting the audit out to tender in the future, it notes that there is rotation of the audit partner in accordance with recommended practice. The Committee has therefore recommended to the Board that KPMG be proposed for re-appointment as the Company's Auditor at the Annual General Meeting of the Company.

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 2016 is set out below.

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

In addition to the above, there was 1 additional Board meeting, 1 additional Audit Committee meeting and 3 additional 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 Company is categorised as an externally managed non-EU AIF under the AIFM Directive. The Investment Manager of the Company is its non-EU AIFM. The Investment Manager as the AIFM has created a risk committee which meets at least quarterly to consider the risks faced by the Company and the investment process, consistent with the requirements of the AIFM Directive. The AIFM has adopted a Remuneration Policy which accords with the principles established by AIFM Directive. The Remuneration Policy is in compliance with the requirements of AIFM Directive and the guidance issued by the FCA. There are no employees of the AIFM. The Directors of the AIFM received total aggregate remuneration of £20,000 by way of a fixed fee for the year ended 30 June 2016. No variable fee elements of remuneration were paid to the Directors of the AIFM.

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

Foreign Account Tax Compliance Act ("FATCA")

The Company is registered under FATCA and continues to comply with FATCA's requirements to the extent relevant to the Company.

Report of the Directors (continued)

Non-mainstream pooled investments ("NMPI")

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

Independent auditor

KPMG Channel Islands Limited have agreed to offer themselves for re-appointment 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 18 November 2016 at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey.

On behalf of the Board

William Collins	Nigel Ward
Chairman	*Director*
12 September 2016	12 September 2016

Directors

William Collins (aged 67), 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 Investment, and a member of the Institute of Directors.

Sarah Evans (aged 61), 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 and the Association of Investment Companies. She is a member of the Institute of Directors and has been resident in Guernsey for over eleven years. Whilst in the UK 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). 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 latterly as head of group finance.

Nigel Ward (aged 59), 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 52), Guernsey Resident, Non-Executive Director (appointed 1 July 2014)

Christopher Waldron has almost 30 years' experience as an investment manager, specialising in fixed income, hedging strategies and alternative investment mandates and until 2013 was Chief Executive of the Edmond de Rothschild Group in the Channel Islands. Prior to joining the Edmond de Rothschild Group in 1999, Mr Waldron held investment management positions with Bank of Bermuda, the Jardine Matheson Group and Fortis but he is now primarily an independent non-executive director of a number of listed funds and investment companies. He is also a member of the States of Guernsey's Policy and Resources Investment and Bond Sub-Committee. He is a Fellow of the Chartered Institute of Securities and Investment.

*Please refer to page 25 for clarification regarding tenure.

Directors (continued)

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

William Collins
Aberdeen Emerging Markets Investment Company Limited (formerly Advance Developing Markets Fund Limited)

Sarah Evans
Apax Global Alpha Limited
HICL Infrastructure Company Limited
NB Distressed Debt Investment Fund Limited
Real Estate Credit Investments PCC Limited
Ruffer Investment Company Limited

Nigel Ward
Acorn Income Fund Limited
Fair Oaks Income Fund Limited
Hadrian's Wall Secured Investments 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 2016 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 23 and 24, 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 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 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 2016 and of its return 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, Guernsey

12 September 2016

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Notes	2016 Revenue £	2016 Capital £	2016 Total £	2015 Revenue £	2015 Capital £	2015 Total £
Income							
Dividend income from listed investments		1,945,040	–	**1,945,040**	2,604,854	–	**2,604,854**
Other income		25,000	–	**25,000**	2,227	–	**2,227**
Interest received		18,306	–	**18,306**	11,808	–	**11,808**
		1,988,346	–	**1,988,346**	2,618,889	–	**2,618,889**
Net gains on financial assets at fair value through profit or loss							
Equities							
Net realised (losses)/gains	9	–	(18,643,875)	**(18,643,875)**	–	26,461,224	**26,461,224**
Movement in unrealised gains/(losses)	9	–	14,319,109	**14,319,109**	–	(16,899,919)	**(16,899,919)**
Money Market Investments							
Realised gains	9	–	–	**–**	–	10,870	**10,870**
Movement in unrealised gains	9	–	–	**–**	–	(4,190)	**(4,190)**
Derivative Financial Instruments							
Realised losses	9	–	(2,984,294)	**(2,984,294)**	–	(2,079,918)	**(2,079,918)**
Movement in unrealised (losses)/gains	9	–	(254,277)	**(254,277)**	–	2,527,050	**2,527,050**
Total income		1,988,346	(7,563,337)	**(5,574,991)**	2,618,889	10,015,117	**12,634,006**
Expenses							
Transaction costs	4	–	544,681	**544,681**	–	892,182	**892,182**
Exchange movements on revaluation of investments		–	(653,049)	**(653,049)**	–	111,648	**111,648**
Management fees	15,17	2,617,425	–	**2,617,425**	2,210,782	–	**2,210,782**
Performance fees	15,17	–	–	**–**	–	653,962	**653,962**
Directors' remuneration	16	119,750	–	**119,750**	114,908	–	**114,908**
Administration fees		188,411	–	**188,411**	157,022	–	**157,022**
Custodian fees		77,868	–	**77,868**	65,383	–	**65,383**
Audit fees		19,826	–	**19,826**	18,903	–	**18,903**
Other expenses		277,888	–	**277,888**	197,327	–	**197,327**
		3,301,168	(108,368)	**3,192,800**	2,764,325	1,657,792	**4,422,117**
Return for the year		(1,312,822)	(7,454,969)	**(8,767,791)**	(145,436)	8,357,325	**8,211,889**
Basic and diluted (loss)/earnings per share (pence)	5	(1.37)	(7.81)	**(9.18)**	(0.17)	9.99	**9.82**

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 38 to 56 form an integral part of these financial statements.

Statement of Financial Position
As at 30 June 2016

	Notes	*2016* £	*2015* £
ASSETS			
Cash and cash equivalents	7	1,317,389	19,500,047
Trade and other receivables	8	463,510	295,487
Financial assets designated at fair value through profit or loss	9	151,090,246	142,663,130
Total assets		152,871,145	162,458,664
LIABILITIES			
Trade and other payables	10	1,347,074	6,253,178
Total liabilities		1,347,074	6,253,178
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	11	989,998	989,998
Treasury shares	12	(720,478)	(9,009,985)
Distributable reserve		109,977,886	114,181,017
Retained earnings		41,276,665	50,044,456
Total equity		151,524,071	156,205,486
Total liabilities and equity		152,871,145	162,458,664
Net asset value per share (pence)	6	153.79	168.26

The financial statements were approved by a Committee of the Board of Directors and authorised for issue on 12 September 2016.

William Collins
Chairman

12 September 2016

Nigel Ward
Director

12 September 2016

The Notes on pages 38 to 56 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 30 June 2016

	Notes	Share Capital £	Treasury Shares £	Distributable Reserve £	Retained earnings Capital £	Revenue £	Total £	Total Equity £
Opening balance at 1 July 2015		989,998	(9,009,985)	114,181,017	49,606,601	437,855	50,044,456	156,205,486
Purchase of Ordinary shares into Treasury	12	–	(1,113,539)	–	–	–	–	(1,113,539)
Sale of Ordinary shares from Treasury	12	–	9,989,766	–	–	–	–	9,989,766
Premium on sale of Ordinary shares from Treasury	12	–	(586,720)	586,720	–	–	–	–
Dividends paid in the year	13	–	–	(4,789,851)	–	–	–	(4,789,851)
Return for the year		–	–	–	(7,454,969)	(1,312,822)	(8,767,791)	(8,767,791)
Balance at 30 June 2016		989,998	(720,478)	109,977,886	42,151,632	(874,967)	41,276,665	151,524,071

For the year ended 30 June 2015

	Notes	Share Capital £	Treasury Shares £	Distributable Reserve £	Retained earnings Capital £	Revenue £	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 Ordinary shares into Treasury	12	–	(6,526,789)	–	–	–	–	(6,526,789)
Dividends paid in the year		–	–	(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

The Notes on pages 38 to 56 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Dividend income received from listed investments		1,585,052	2,605,469
Fixed deposit interest received		–	32
Bank interest received		20,140	11,911
Other income received		25,000	2,227
Management fees paid		(2,617,425)	(2,210,782)
Performance fees paid		(653,962)	(1,747,285)
Directors' fees paid		(119,125)	(105,771)
Other expenses paid		(557,586)	(434,968)
Net cash outflow from operating activities		(2,317,906)	(1,879,167)
Cash flows from financing activities			
Proceeds from issue of new Ordinary shares		–	32,297,501
Placing fees and issue costs		–	(452,286)
Purchase of Ordinary shares into Treasury		(1,113,539)	(6,526,789)
Sale of Ordinary shares from Treasury		9,989,766	–
Dividends paid		(4,789,851)	(382,609)
Net cash inflow from financing activities		4,086,376	24,935,817
Cash flows from investing activities			
Purchase of equity investments		(85,356,749)	(124,932,337)
Sale of equity investments		68,746,091	118,200,810
Purchase of money market investments		–	(20,000,000)
Sale of money market investments		–	21,554,308
Purchase of derivative financial instruments		(11,773,346)	(8,342,932)
Sale of derivative financial instruments		8,977,557	5,633,559
Transaction charges on purchase and sale of investments		(544,681)	(892,182)
Net cash outflow from investing activities		(19,951,128)	(8,778,774)
Net (decrease)/increase in cash and cash equivalents during the year		(18,182,658)	14,277,876
Cash and cash equivalents at beginning of year		19,500,047	5,222,171
Cash and cash equivalents at end of year	7	1,317,389	19,500,047

The Notes on pages 38 to 56 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2016

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 of capital growth and distributions from accumulated retained earnings taking into consideration the unrealised gains and losses at that time. The Company will achieve this through the investment in a concentrated portfolio of undervalued companies which are expected to be predominantly, but not exclusively, listed or quoted on UK markets and which may have a market capitalisation of between £100 million and £1,000 million.

The Company was listed and admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM") on 17 June 2008.

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 Association of Investment Companies' ("AIC") 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.

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

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

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

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

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

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 material threat to the going concern status of the Company.

Notes to the Financial Statements

For the year ended 30 June 2016 (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 determination of the Company as an investment entity is a critical judgement, as discussed above. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. During the year the Black Scholes option valuation technique has been utilised to value warrant instruments which uses certain assumptions related to the risk-free interest rates, expected volatility, expected life and future dividends as disclosed below.

Segmental reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's 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.

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

Foreign currency translation

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

Financial instruments

Financial instruments comprise investments 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.

Financial assets designated at fair value through profit or loss

All the Company's investments including derivative financial instruments 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 profit of loss section of the Statement of Profit or Loss and Other Comprehensive Income. Gains and losses arising from changes in fair value are presented in the profit of loss section of the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Notes to the Financial Statements

For the year ended 30 June 2016 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets designated at fair value through profit or loss (continued)

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 methodology adopted is in accordance with IFRS 13.

The Company's investments may 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.

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 profit of loss section of the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Warrant instruments which are unlisted are valued at the reporting date using a Black Scholes option valuation technique, which uses certain assumptions related to the risk-free interest rates, expected volatility, expected life and future dividends. Gains and losses arising from changes in fair value are presented in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

De-recognition of financial instruments

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

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

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

Cash and cash equivalents

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

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

2. NEW STANDARDS AND INTERPRETATIONS

There were no new or amendments to existing standards and interpretations, effective from 1 January 2015 or 1 July 2015.

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	1 January 2018
IFRS 10	Applying the consolidation exemption	1 January 2016
IFRS 12	Applying the consolidation exemption	1 January 2016
IAS 27	Equity Method in separate financial statements	1 January 2016
IAS 28	Applying the consolidation exemption	1 January 2016
Various	Amendments as a result of September 2014 Annual improvements	1 January 2016
Various	Amendments as a result of the Disclosure initiative – December 2014	1 January 2016
Various	Amendments as a result of the Disclosure initiative – January 2016	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.

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 (2015: £1,200).

4. TRANSACTION COSTS

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

	2016 £	*2015* £
Stamp duty	201,631	410,244
Commissions and custodian transaction charges:		
In respect of purchases	133,937	303,278
In respect of sales	209,113	178,660
	544,681	892,182

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

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

	2016	*2015*
Return for the year	(£8,767,791)	£8,211,889
Weighted average number of issued Ordinary shares	95,504,794	83,644,704
Basic and diluted (loss)/earnings per share (pence)	(9.18)	9.82

Notes to the Financial Statements

For the year ended 30 June 2016 (continued)

6. NET ASSET VALUE PER SHARE

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

	2016	*2015*
Net asset value per Statement of Financial Position	£151,524,071	£156,205,486
Total number of issued Ordinary shares (excluding Treasury shares) at 30 June	98,524,762	92,836,276
Net asset value per share (pence)	153.79	168.26

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:

	2016	*2015*
	£	*£*
Cash available on demand	1,317,389	19,458,149
Cash on deposit with maturities of less than 90 days	–	41,898
	1,317,389	19,500,047

8. TRADE AND OTHER RECEIVABLES

	2016	*2015*
	£	*£*
Trade receivables	438,221	270,804
Prepayments	25,289	24,683
	463,510	295,487

There are no past due or impaired receivable balances outstanding at the year end (2015: £nil).

Notes to the Financial Statements

For the year ended 30 June 2016 (continued)

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

	2016	*2015*
	£	*£*
Equity investments	148,086,522	139,350,130
Derivative financial instruments	3,003,724	3,313,000
	151,090,246	142,663,130
Equity investments		
Cost brought forward	160,110,908	125,439,328
Purchases	81,096,969	126,294,308
Sales	(68,688,860)	(118,083,952)
Realised (loss)/gain	(18,643,875)	26,461,224
Cost carried forward	153,875,142	160,110,908
Unrealised losses brought forward	(20,171,543)	(3,271,624)
Movement in unrealised losses	14,319,109	(16,899,919)
Unrealised losses carried forward	(5,852,434)	(20,171,543)
Effect of exchange rate movements	63,814	(589,235)
Fair value of equity instruments	**148,086,522**	**139,350,130**
Money market investments		
Cost brought forward	–	1,543,438
Purchases	–	20,000,000
Sales	–	(21,554,308)
Realised gain	–	10,870
Cost carried forward	–	–
Unrealised gains brought forward	–	4,190
Movement in unrealised gain	–	(4,190)
Unrealised gains carried forward	–	–
Fair value of money market investments	**–**	**–**
Derivative financial instruments		
Cost brought forward	1,078,000	582,051
Purchases	11,773,346	8,342,932
Sales	(8,844,051)	(5,767,065)
Realised losses	(2,984,294)	(2,079,918)
Cost carried forward	1,023,001	1,078,000
Unrealised gains/(losses) brought forward	2,235,000	(292,050)
Movement in unrealised gains	(254,277)	2,527,050
Unrealised gain carried forward	1,980,723	2,235,000
Fair value of derivative financial instruments	**3,003,724**	**3,313,000**
Total financial assets designated at FVTPL	**151,090,246**	**142,663,130**

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

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

At the reporting date the Company's derivative financial instruments consisted of 2 (2015: 3) FTSE 100 Index Put Option positions, purchased as protection against a significant market sell-off and two warrant instruments in FairFX and Hurricane (2015: none) for the purchase of ordinary shares.

Total realised gains and losses and unrealised gains and losses in the Company's equity, money market investments and derivatives are made up of the following gain and loss elements:

	2016 £	*2015* £
Realised gains	19,025,712	33,141,889
Realised losses	(40,653,881)	(8,749,713)
Net realised (losses)/gains in financial assets designated at FVTPL	(21,628,169)	24,392,176
Movement in unrealised gains	(8,601,122)	(8,324,156)
Movement in unrealised losses	22,665,954	(6,052,903)
Net movement in unrealised gains/(losses) in financial assets designated at FVTPL	14,064,832	(14,377,059)

10. TRADE AND OTHER PAYABLES

	2016 £	*2015* £
Accruals	126,092	118,454
Unsettled trade purchases	1,220,982	5,480,762
Performance fee accrual	–	653,962
	1,347,074	6,253,178

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

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

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

11. SHARE CAPITAL AND RESERVES (continued)

Capital risk management (continued)

During the year ended 30 June 2016, the Company paid dividends of £4,789,851 from distributable reserves, as disclosed in Note 13, and transferred the premium of £586,720 received on the sale of Treasury shares to distributable reserves, as disclosed in Note 12.

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:

	2016		*2015*	
	Number	*£*	*Number*	*£*
Opening balance	98,999,762	989,998	78,229,665	782,297
Ordinary shares issued during the year	–	–	20,770,097	207,701
Allotted, called up and fully paid Ordinary shares of £0.01 each	98,999,762	989,998	98,999,762	989,998

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.

Rights attaching to shares

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

12. TREASURY SHARES

	2016		*2015*	
	Number	*£*	*Number*	*£*
Opening balance	6,163,486	9,009,985	1,707,856	2,483,196
Treasury shares purchased during the year	725,000	1,113,539	4,455,630	6,526,789
Treasury shares sold during the year	(6,413,486)	(9,989,766)	–	–
Premium transferred to distributable reserve	–	586,720	–	–
Closing balance	475,000	720,478	6,163,486	9,009,985

During the year ended 30 June 2016, 725,000 (2015: 4,455,630) Treasury shares were purchased at an average price of 153.59p per share, representing an average discount to NAV at the time of purchase of 3.4 per cent, (2015: 146.18p per share). During the year ended 30 June 2016, 6,413,486 Treasury shares were sold, representing a premium above cost of £586,720 (2015: nil).

Since the year end, a further 110,000 shares have been purchased at a price of 143.00p per share, representing an average discount to NAV of 7 per cent, and transferred to Treasury.

Notes to the Financial Statements

For the year ended 30 June 2016 (continued)

13. DIVIDENDS

On 7 July 2015, the Company declared an interim dividend of £2,314,807, equating to 2.5p per Ordinary share, which was paid on 14 August 2015 to shareholders on the register on 17 July 2015.

On 13 January 2016, the Company declared an interim dividend of £2,475,044, equating to 2.5p per Ordinary share, which was paid on 19 February 2016 to shareholders on record on the register on 22 January 2016.

Subsequent to the year-end, on 14 July 2016, the Company declared an interim dividend of £2,460,369, equating to 2.5p per Ordinary share, which was paid on 19 August 2016 to shareholders on record on the register on 22 July 2016.

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 Limited ("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 2016 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 2016. 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 at that date.

	Location	*Rating*	*Cash Balance 2016 £*	*Cash Balance 2015 £*
ABN AMRO (Guernsey) Limited	Guernsey	A	867,364	19,369,133
HSBC Bank plc – Guernsey Branch	Guernsey	AA-	–	51,897
Barclays Bank plc – Isle of Man Branch	Isle of Man	A-	450,025	79,017
			1,317,389	19,500,047

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 2016 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit risk (continued)

At 30 June 2016 £148,953,886 (2015: £158,719,263) 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 Level 1 investments are listed and are subject to a settlement period of three days.

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

2016	*Weighted average interest rate*	*Less than 1 year £*	*1-5 years £*	*5+ years £*	*Total £*
Assets					
Non-interest bearing		151,553,756	–	–	151,553,756
Variable interest rate instruments	0.23%	1,317,389	–	–	1,317,389
Liabilities					
Non-interest bearing		(1,347,074)	–	–	(1,347,074)
		151,524,071	–	–	151,524,071

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

Market risk

The Company 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 2016 (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. Interest rate repricing dates are consistent with the maturities dated in the liquidity risk section of this note.

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

Interest rate sensitivity analysis

The sensitivity analysis below has been based on the exposure to interest rates for financial assets held at the 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 (2015: 0.15 percentage points) higher/lower and all other variables were held constant:

- the Company's return for the year ended 30 June 2016 would have increased/decreased by £6,238 (2015: £7,085);
- 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 2016 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 2016, £714,000 (2015: £3,313,000) of these contracts were outstanding.

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

Options *2016*	*Nominal Amount*	*Value* *£*
Derivative financial instruments		
Puts on UKX P5800 *(Expiry: July 2016)*	700	49,000
Puts on UKX P6000 *(Expiry: August 2016)*	1,000	665,000
	1,700	714,000

Warrant instruments *2016*	*No. of warrants*	*Value* *£*
Hurricane Energy plc *(Expiry: March 2019)*	23,333,333	1,555,353
FairFX plc *(Expiry: May 2019)*	7,500,000	734,370
	30,833,333	2,289,723

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

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

As at 30 June 2016, 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.

2016 *Equity Investments*	*Sector*	*Value* £	*Percentage of Fund's Gross Assets*
Grainger plc	Property	30,061,400	20
Hurricane Energy plc	Oil and Gas	25,967,783	17
Pinewood Group plc	Media	16,881,800	11
Northgate plc	Transportation Services	13,000,000	9
Leaf Clean Energy Company	Renewable Energy	11,657,732	8
STV Group plc	Media	9,342,455	6
FairFX Group plc	Financial Services	7,701,900	5
Sutton Harbour Holdings plc	Transportation Services	7,609,728	5
Restaurant Group plc	Food and Beverage	6,218,801	4
Hansard Global plc	Insurance	4,688,716	3
NBNK Investments plc	Financial Services	4,600,631	3
Coats Group plc	Media	3,977,180	3
Other	Various	6,378,396	4
Total		148,086,522	98

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

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

The following table details the investments in which the Company holds a greater than 20 per cent holding in the underlying entities. These have been recognised at fair value as the Company is regarded as an Investment Entity as referred to in Note 1.

Equity Investments	*Place of Business*	*Place of Incorporation*	*Percentage Ownership Interest 2016*	*Percentage Ownership Interest 2015*
Leaf Clean Energy Company	United Kingdom	Cayman Islands	29.9	29.9
FairFX Group plc	United Kingdom	United Kingdom	24.9	–
Sutton Harbour Holdings plc	United Kingdom	United Kingdom	29.3	29.3
NBNK Investments plc	United Kingdom	United Kingdom	28.5	28.2

At the year end 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 2016 would have increased by £36,309,140 (2015: £31,549,532);
- If market prices had been 25 per cent lower, the Company's profit and net assets for the year ended 30 June 2016 would have decreased by £19,519,031 (2015: £451,468), 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 New Zealand Dollars, and Australian Dollars.

The table below illustrates the Company's exposure to foreign exchange risk at 30 June 2016:

	2016 £	*2015* £
Financial assets designated at fair value through profit and loss:		
Listed equity securities denominated in Australian Dollars	804,878	541,140
Listed equity securities denominated in New Zealand Dollars	–	2,346,021
Total Assets	804,878	2,887,161

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 £80,488 (2015: £54,114).

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 £nil (2015: £234,602).

Notes to the Financial Statements

For the year ended 30 June 2016 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements

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

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 June 2016 and 30 June 2015:

	Level 1	*Level 2*	*Level 3*	*Total*
2016	*£*	*£*	*£*	*£*
Financial assets designated at fair value through profit or loss:				
Equity investments – equity securities	143,406,419	–	4,680,103	148,086,522
Derivatives – Listed securities	714,000	–	–	714,000
Derivatives – Warrant instruments	–	2,289,724	–	2,289,724
	144,120,419	2,289,724	4,680,103	151,090,246

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)
Fair value measurements (continued)

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

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

The Level 2 investments were fair valued using a Black Scholes valuation technique.

The Level 3 investments were fair valued with reference to the last available price of the shares in each investee company on the reporting date.

For financial instruments not measured at fair value through profit or loss, the carrying amount is approximate to their fair value.

Transfers between Level 1 and Level 3

The following table shows all transfers from Level 1 to Level 3 of the fair value hierarchy for financial assets recognised at fair value:

	Transfers from Level 1 to Level 3 2016 £	2015 £
Opening balance at 1 July	–	–
San Leon Energy plc – Transfer to Level 3 on 21 January	79,471	–
NBNK Investments plc – Transfer to Level 3 on 20 June	4,600,632	–
Movement in unrealised gain	–	–
Closing balance at 30 June	4,680,103	–

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

Financial assets were transferred from Level 1 to Level 3 on 21 January 2016, when shares in investee company San Leon Energy plc were suspended from trading on the London Stock Exchange. As no quoted price is available, the valuation has been determined using unobservable inputs. The Fund's investment in San Leon Energy plc is deemed to be fully recoverable and therefore, it is deemed appropriate to value at price quoted on 21 January 2016.

Financial assets were transferred from Level 1 to Level 3 on 20 June 2016, when shares in investee company NBNK Investments plc were de-listed from trading on the London Stock Exchange. As no quoted price is available, the valuation has been determined using unobservable inputs. The Fund's investment in NBNK Investments plc is deemed to be fully recoverable and therefore, it is deemed appropriate to value at price quoted on 20 June 2016. Since the year end, the Fund has received a distribution from NBNK Investments of £5.1 million.

Notes to the Financial Statements
For the year ended 30 June 2016 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Transfers between Level 1 and Level 3 (continued)

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

- If unobservable inputs in Level 3 investments had been 5 per cent higher/lower, the Company's profit and net assets for the year ended 30 June 2016 would have increased/decreased by £234,005 (2015: £nil); and
- There would have been no impact on the other equity reserves.

15. RELATED PARTIES

Richard Bernstein is a director and a member of the Investment Manager, a member of the Investment Adviser and a holder of 10,000 (2015: 10,000) Ordinary shares, representing 0.01 per cent (2015: 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 £2,617,425 (2015: £2,210,782) none of which was outstanding at the year end. No performance fee is payable for the year (2015: £653,962).

As at 30 June 2016 the Investment Manager held 4,015,606 Ordinary shares (2015: 3,600,000) of the Company, representing 4.08 per cent (2015: 3.88 per cent) of the voting share capital.

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:

	2016		*2015*	
	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:

	2016	*2015*
	£	*£*
William Collins	35,000	34,966
Sarah Evans	30,000	29,969
Nigel Ward	29,750	24,973
Christopher Waldron	25,000	25,000
Total	119,750	114,908

At 30 June 2016, directors' fees of £29,375 (2015: £28,750) were accrued within trade and other payables.

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

During the year, Nigel Ward received a one-off fee of £3,500 for services undertaken in respect of assisting the Investment Manager during 2015 to establish the risk committee with the appropriate terms of reference. With effect from 1 January 2016, Nigel Ward received an increase in remuneration of £2,500 to reflect additional services provided to the Fund in respect of managing risk as detailed on page 20.

Notes to the Financial Statements
For the year ended 30 June 2016 (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 2016 (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 and for future performance periods. The payment options remain as above.

Performance fee for year ended 30 June 2016

At 30 June 2016, the Basic Performance Hurdle was 176.62p and the NAV per share before any accrual for any performance fee payable in respect of the year then ended was 153.79p. Accordingly, no performance fee was payable at 30 June 2016.

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 (2015: 0.12 per cent) of that part of the NAV of the Company up to £150 million and 0.1 per cent (2015: 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 (2015: 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.

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 14 July 2016, the Company declared an interim dividend of £2,460,369, equating to 2.5p per Ordinary share, which was paid on 19 August to shareholders on record on the register on 22 July 2016.

The Company purchased 110,000 of its own Ordinary shares during the period between 1 July 2016 and 12 September 2016, which were held as Treasury shares. Following these purchases, the total number of Ordinary shares held as Treasury shares by the Company is 585,000.

On 4 August 2016, the Company reported that its unaudited NAV at 31 July 2016 was 161.41p per share.

On 8 September 2016, the Company reported that its unaudited NAV at 31 August 2016 was 189.96p per share.

On 12 September 2016, the Company announced the appointment of a new broker, Winterflood Investment Trusts, in place of Numis Securities Limited.

CRYSTAL AMBER

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