CRYSTAL AMBER

Crystal Amber Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 June 2024

Company No. 47213

Highlights

- Net Asset Value ("NAV") per share increased by 86.3% over the 12 months to 30 June 2024 from 93.3p to 173.9p a share. NAV rose from £77.7 million to £126.7 million.
- 12.5% of the Company's issued share capital bought in for cancellation at an average of 80.19p a share, a discount to year end NAV of 53.9%.
- Successful activism at De La Rue, with the 15 October 2024 announcement of a definitive agreement to sell its Authentication Division for £300 million cash. Since June 2023, De La Rue's share price has more than doubled.
- Fund performance: according to Trustnet over the last year the Fund is second out of 22 peer group funds and over three years, first, with shareholder returns of 68.4% against a decline of 9.2% in the Investment Trust Smaller Companies Index.
- Completed successful exit of Prax Exploration Deferred Consideration Units.
- Approval received from the US Food and Drug Administration ("FDA") for Morphic Medical Inc's ("MMI") application for amendments to certain requirements for its pivotal study, expected to significantly accelerate access to the key US markets for the treatment of diabetes and obesity.

[1] All capitalised terms are defined in the Glossary of Capitalised Defined Terms on pages 56 to 58 unless separately defined.

Chairman's Statement

I hereby present the seventeenth annual report of Crystal Amber Fund Limited (the "Company" or the "Fund"), for the year to 30 June 2024. I am pleased to report tangible progress as demonstrated by an 86.3% increase in net asset value per share over the year from 93.3p a share to 173.9p a share. NAV was £126.7 million, compared with an unaudited NAV of £88.3 million at 31 December 2023 and an audited NAV of £77.7 million at 30 June 2023. This compares favourably with the Numis Smaller Companies Index, which rose by 14.5% in the same period.

During the year, the Fund continued its policy of monetising the portfolio in an orderly manner, achieving an appropriate balance between maximising value received and making timely returns of capital. In the same period, 10.4 million shares, equivalent to around 12.5% of the issued share capital were purchased for cancellation at an average of 80.19p a share, which had the effect of increasing the year end NAV per share by 6.7%. This represents buying in at a 53.9% discount to net asset value at the year end. Following the year end, an additional 1.3 million shares (or around 1.8% of the issued share capital) were acquired at an average of 104p a share. This has brought total returns of capital, including share buy backs, to more than £110 million to date.

Last year, I commented that in the course of a prolonged period of intense and ultimately successful activism, the Fund purchased an additional 15.3 million shares in De La Rue at a cost of £6.3 million. This resulted in the Fund increasing its holding in De La Rue to close to 17% of its issued share capital, up from less than 10%. Subsequently, De La Rue's share price rose by over 130% in the 12 months to 30 June 2024. I also noted that, at a time when the currency market cycle was improving, the Fund remained of the view that the strategic value of De La Rue was substantially more than its then market value, in an industry requiring consolidation.

This view was reinforced in May 2024 when De La Rue reported that the order book at its Currency Division had increased to £241 million, up from £137 million at 31 March 2023. De La Rue also announced that it was in discussions with a number of parties who had made proposals in relation to or expressed interest in both its Currency and Authentication Divisions. This culminated last month with De La Rue reporting that it had entered into a definitive agreement for the sale of its Authentication Division to Crane NXT for a cash consideration representing an enterprise value of £300 million. For the year to March 2024, the division reported an adjusted operating profit of £14.6 million, meaning that the price represents a multiple of more than 20 times operating profits and 2.9 times revenue.

The Fund believes that after proceeds are received from the sale of the Authentication Division, all bank debt and pension liabilities can be settled, leaving De La Rue with net cash of around £140 million. Its remaining Currency Division has attracted interest from trade buyers and the Fund believes that De La Rue could sell this division for at least £150 million. Whilst the price achieved for Authentication significantly exceeded analysts' expectations, it matched the Fund's previous publicly stated target, given its strategic importance. The Fund believes that the price achieved will only serve to increase competitive tension for the disposal of the Currency Division.

During the year under review, the Fund disposed of its remaining holding of Prax Exploration Deferred Consideration Units (DCUs), following the acquisition of Hurricane Energy Plc by Prax Exploration. This brought total proceeds from the DCUs to £12.5 million, realising a profit of £2.3 million.

Shareholders will recall that in June 2021, the Fund successfully prevented a debt for equity swap in the High Court which would have resulted in 95% dilution of the ordinary shareholders. Ahead of the court case, shares in Hurricane Energy Plc were trading at 1p per share. Following the disposal in May 2024, total proceeds received by the Fund were 8.2p per share on its holding of 575.6 million shares.

Chairman's Statement (continued)

As the process of monetising the Company's portfolio has continued, there has been increasing focus on the largest remaining holding, Morphic Medical Inc (MMI). MMI is a privately held company, headquartered in Boston, MA, that has developed an endoscopically delivered medical device for patients with Type 2 diabetes and obesity. The device is called RESET, formerly known as the Endobarrier. RESET is a thin, flexible implant that lines the proximal intestine and mimics gastric bypass bariatric surgery as food bypasses the duodenum and the upper intestines. The Investment Manager believes that MMI's RESET device can deliver superior and durable results without change to the anatomy.

In June 2024, the Company reported that MMI had received approval from the US Food and Drug Administration (FDA) for MMI's application to amend certain requirements for its pivotal study, which is approved as a staged study. These protocol changes are expected to significantly accelerate access to the key US markets for the treatments of diabetes and obesity, subject to, inter alia, successful completion of the study and trials.

MMI is also in very advanced stages of securing CE Mark certification, which is expected in the coming weeks.

Over the last three years, against a backdrop of poor UK equity markets (the AIM index has fallen by around 40%), the Fund has successfully exited several illiquid positions at premiums to carrying value. Moreover, the Board notes that the Investment Manager's dogged determination, perseverance and acumen has resulted in transformational and positive outcomes at both Hurricane Energy and De La Rue.

When we look back at the last three years, we see that the UK Smaller Companies Investment Companies Index has fallen by 9.2%. Over the same period, the Fund has delivered a return of 68.4% (source: Trustnet). However, there still remains substantial value within the portfolio and the Board is confident that De La Rue can deliver significant further growth in net asset value as well as a very substantial cash monetisation. In addition, MMI provides our shareholders with the potential to benefit from its market positioning in a sector set to enjoy substantial growth in the coming decade.

The Company continues to pursue its strategy of maximising capital returned to Shareholders by way of timely disposals, and whilst this has taken longer than expected, primarily because of events at De La Rue and MMI, investments have increased in value in the period as noted above. As the Company will not have realised all of its investments by 31 December 2024, it is intended that the Board will consult its larger Shareholders and/or make arrangements to seek Shareholder approval on the future strategy of the Company by the end of the first quarter of 2025, including steps that might be necessary to maximise the opportunity to realise value from the remaining assets of the Company.

In particular, as MMI is very likely to be the last investment held by the Company, there will need to be careful consideration of the best structure through which to hold this investee company in order to maximise its potential in a cost-efficient manner.

Christopher Waldron
Chairman

11 November 2024

Investment Manager's Report

Performance

During the year, the Company's NAV per share rose from 93.3p to 173.9p.

Portfolio and Strategy

At 30 June 2024, the Company held equity investments in five companies (2023: six). The Company also held debt instruments in MMI and Sigma Broking Limited.

The Company's strategy is to optimise realisations for a limited number of special situations where the Company believes value can be realised regardless of broad market direction. By its nature as an activist fund, the Company needs to hold sufficiently large stakes to facilitate engagement as a significant shareholder. Therefore, the Company is inevitably exposed to a growing concentration risk, as continuing realisations have significantly increased the weighting of the remaining holdings.

As at 30 June 2024, the weighted average market capitalisation of the Company's listed investee companies was £181 million (30 June 2023: £83 million).

Morphic Medical Inc ("MMI")

The Fund first acquired a small equity interest in MMI in 2014. MMI is a US based company which initially listed on the Australian Stock Exchange in 2011, raising A$80 million and later commanded a market capitalisation of A$304 million. In 2017, Morphic received formal notification of CE Mark withdrawal for EndoBarrier (now known as RESET), its device to treat diabetes, preventing MMI making sales in Europe and select Middle Eastern countries. Thereafter, Crystal Amber commenced more significant activism. By December 2020, the Fund effected a change of management and supported a delisting of the shares from the Australian Stock Exchange. At that time, the Fund's investment represented 14p per share of the Fund's 129p per share of total net asset value. Since then, Crystal Amber has been and continues to be the sole provider of funding to MMI.

The Fund currently owns 95.3% of MMI's share capital via common shares and preferred shares and holds interest bearing convertible loan notes totalling US$23.4 million, with accrued interest currently standing at approximately US$2.13 million. The loan notes are repayable from 13 January 2025, unless converted to equity, and accrue interest at 5% and 7.5% per annum. The Fund's representative executive director on the board of MMI has an option to acquire approximately US$1.96 million of the Fund's shareholding in MMI as part of their incentive package. The Fund's representative previously led the Obesity and Metabolic Health Business at Medtronic Inc.

RESET is a thin, flexible implant that lines the proximal small intestine and mimics gastric bypass bariatric surgery as food bypasses the duodenum and the upper intestines. Unlike gastric bypass surgery, RESET is reversible, minimally invasive, and temporary. It does not permanently alter the patient's anatomy and uniquely targets the body's own blood glucose control mechanisms. This is achieved through a 20-minute endoscopic procedure. The patient will typically retain the device for nine months, after which the device is removed.

According to the World Obesity Federation, the impact of being overweight and obese on the UK economy will continue to grow and is projected to reach 2.4% of GDP or £125 billion by 2060. This is both a global problem and a global market, affecting around 1 billion of the world's population and expected to increase to 25% by 2035, or around 1.9 billion people, resulting in an estimated burden of $4 trillion in 2035 or 2.9% of global GDP (Source: IQVIA).

Investment Manager's Report (continued)

Morphic Medical Inc ("MMI") (continued)

The Investment Manager believes that MMI's RESET device can deliver superior and durable results without changing the anatomy. A UK study by Dr Bob Ryder of the Sandwell and West Birmingham NHS Trust demonstrated an average 17.9 Kg reduction in weight and a 2% reduction in HBA1C (the amount of glucose in blood cells) at the end of treatment with RESET. Three years after treatment, 75% of patients maintained most of the improvement achieved.

The Investment Manager believes that these results compare favourably to the Wegovy and Ozempic drug treatments and importantly, without the side-effects experienced by this currently popular weight loss drug category.

In April 2024, based on the body of evidence submitted, the European Society for Gastrointestinal Endoscopy and the American Society for Gastrointestinal Endoscopy provisionally endorsed RESET therapy in conjunction with lifestyle modification, for treatment of metabolic disease.

MMI is now in the final stages of securing CE Mark certification, with an anticipated commercial launch in Germany and the UK once this is achieved. Sales in other European markets and the Middle East are planned for the first half of 2025.

Whilst product development and regulatory approval is ongoing, MMI currently has no revenue. In anticipation of receiving regulatory approval, MMI recruited Mike Gutteridge as Head of Commercial Operations, International in late 2023. Mike previously held a senior role at Apollo Endosurgery, which was acquired by Boston Scientific for around £500 million.

In order to ensure volume ramp ups can be achieved, MMI has secured Medical Murray Inc. as its contract manufacturer to complete testing, validation and build inventory in preparation for launch.

MMI continues to expand its innovation pipeline with new R&D projects and IP filings.

In June 2024, MMI received approval from the US Food and Drug Administration ("FDA") to MMI's application for amendments to certain requirements for its pivotal study, which is approved as a staged study. These protocol changes are expected to significantly accelerate access to the key US markets for the treatments of diabetes and obesity, subject to, inter alia, successful completion of the study and trials.

Given the market opportunity and the ability to tap into other existing infrastructure and sales distribution channels, MMI is in early-stage discussions with a number of large-scale medical devices companies. These discussions aim to achieve significant equity investment via a strategic stake, as well as sales and distribution agreements. There can be no certainty as to a successful outcome of these discussions.

Given the importance of MMI to the Fund, the Fund commissioned two independent third-party valuations of MMI. Further details on the third-party valuations are outlined in note 14. These concluded that, at 30 June 2024, it is reasonable to value MMI at US$98.8 million (approximately £77 million) on a risk-adjusted basis and on a cash free, debt free basis.

This valuation means that the Fund's equity interest in MMI at 30 June 2024, on an undiluted basis (i.e. excluding conversion of loan notes and associated interest and exercise of MMI employee share options) and after including net debt at 31 December 2023 (being the date of the most recently published balance sheet of MMI), was valued at approximately £60 million.

Investment Manager's Report (continued)

De La Rue Plc

In May 2023, following the Fund's successful campaign to remove Kevin Loosemore, Clive Whiley was appointed to replace him as Chairman. By the end of the following month he was able to successfully negotiate a reduction in contributions to the pension plan, revise and relax banking covenants and secure the removal of the material uncertainty going concern audit qualification.

Against this improving backdrop and with increasing evidence of a cyclical upturn in the currency market, the Fund substantially added to its holding. During the summer of 2023, the Fund increased its shareholding from less than 10% of De La Rue's issued capital to close to 17%. The average cost of these purchases was 41.2p a share and by 30 June 2024, De La Rue's share price had risen by over 130%. The Investment Manager remains of the view that the strategic value of De La Rue is substantially more than its operational value in an industry requiring consolidation.

In May 2024, De La Rue reported that the order book at its Currency division had increased to £241 million, up from £137 million at 31 March 2023. De La Rue also announced that it was in discussions with a number of parties who had made proposals in relation to or expressed interest in both its Currency and Authentication divisions. Last month, De La Rue reported that it had entered into a definitive agreement for the sale of its Authentication Division to Crane NXT for a cash consideration representing an enterprise value of £300 million. For the year to 31 March 2024, the Division reported an adjusted operating profit of £14.6 million. The sale price represents a multiple of more than 20 times operating profits and 2.9 times revenue.

The Investment Manager believes that after proceeds are received from the sale of the Authentication Division, all bank debt and pension liabilities can be settled, leaving De La Rue with net cash of £140 million. Its Currency Division has also attracted interest from trade buyers. The Investment Manager believes that De La Rue can and should sell this Division for at least £150 million.

The Fund's other remaining holdings of Allied Minds Plc, Sigma Broking Limited and Sutton Harbour Plc account for 10% of the Fund's total net asset value. The Investment Manager is in discussions with each of these companies with a view to maximising their monetisation.

Outlook

After a successful last 12 months, whilst mindful of significant concentration risk following multiple successful exits and returns of capital since 2022, the Investment Manager believes that the Fund's remaining holdings still offer significant upside. In the coming months, the Manager is hopeful of further progress in the share price of De La Rue, which at the year-end represented around 25% of NAV. Furthermore, the holding in MMI offers the potential for substantial further growth.

Crystal Amber Asset Management (Guernsey) Limited

11 November 2024

Investment Policy

The Company is an activist fund which aims to identify and invest in undervalued companies and, where necessary, engage with management to take steps to enhance their value. The Company's strategy is to optimise realisations for a decreasing number of special situations where the Company believes value can be realised regardless of market direction. By its nature as an activist fund, the Company needs to hold sufficiently large stakes to facilitate engagement as a significant shareholder. Therefore, the Company is inevitably exposed to a growing concentration risk, as continuing realisations have significantly increased the weighting of the remaining investments.

Investment objective

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

Investment strategy

On 7 March 2022 a revised investment policy to reflect a realisation strategy was approved by Shareholders at an Extraordinary General Meeting. It was agreed that the Fund would not make any new investments and would only make further opportunistic investments in existing holdings where, in the view of the Board and Investment Manager, such investment was considered necessary to protect the interests of Shareholders and/or provide the Investment Manager with additional influence to maximise value and facilitate and accelerate an exit. Any such investment would require the prior approval of the Board and would only be permitted where it was not expected to compromise the timescale for realisations.

From 7 March 2022 the Company adopted a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's strategic holdings, where appropriate (with the potential exception of Morphic Medical Inc.) and returns of cash to Shareholders. Whilst it was initially intended to complete this process by 31 December 2023, Shareholders were aware that this was a target rather than a deadline.

In seeking the realisation of predominantly all the Company's investments (with the possible exception of Morphic Medical Inc), it was agreed that the Directors would aim to achieve a balance between maximising their net value and progressively returning cash to Shareholders. In so doing, the Board would take account of the continued costs of operating the Company. The Company's admission to trading on AIM will be maintained for as long as the Directors believe it to be practicable and cost-effective within the requirements of the AIM Rules for Companies..

The Company has ceased to make any new investments except where, in the opinion of the Investment Manager and with the approval of the Board, the investment is considered necessary by the Board to protect or enhance the value of any existing investments of the Company or to facilitate orderly disposals of assets held by the Company. Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders will be held by the Company, on behalf of the Shareholders, as cash on deposit and/or as cash equivalents.

As the Company will not have realised all of its investments by 31 December 2024, it is intended that by the end of the first quarter of 2025, the Board will consult its larger Shareholders and/or make arrangements to seek Shareholder approval on the future strategy of the Company, including steps that might be necessary to maximise the opportunity to realise value from the remaining assets of the Company. In particular, as MMI is very likely to be the last investment held by the Company, there will need to be careful consideration of the best structure through which to hold this investee company in order to maximise its potential in a cost-efficient manner.

Dividend Policy

Following any material realisations of the Company's investments, the Directors intend to continue to return cash to Shareholders using tax-efficient means such as the new B Share Scheme approved at the Extraordinary General Meeting held on 28 October 2024.

Report of the Directors

Incorporation

The Company was incorporated on 22 June 2007 and was admitted to trading on AIM on 17 June 2008.

Principal activities

The Company is a Guernsey registered closed ended company established to provide Shareholders with an attractive total return, which is expected to comprise primarily capital growth and distributions from accumulated retained earnings taking into consideration unrealised gains and losses at that time. The Company's strategy is to optimise outcomes for a decreasing number of special situations where the Company believes value can be realised regardless of market direction.

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

Business review

A review of the business together with likely future developments is contained in the Chairman's Statement on pages 3 to 4 and the Investment Manager's Report on pages 5 to 7.

Results and dividend

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 31.

Historically, the Company has declared dividends twice yearly. Since the change of investment strategy in March 2022, higher dividends have been paid in line with the Company's aim to progressively return cash to Shareholders. Dividends have been funded by realisations of portfolio companies.

No dividends were declared or paid during the year.The Company declared and paid dividends totalling £37,453,950 in the year ended 30 June 2023. Following the approval of the new B Share Scheme at the Extraordinary General Meeting on 28 October 2024, the Company now has a fairer and more efficient mechanism by which realisation proceeds can be returned to Shareholders.

Continuation vote

The Company has regularly submitted itself to continuation votes.An extraordinary resolution was passed at the 2019 AGM under which 75% of the votes would be required to continue as then constituted and the same extraordinary resolution was tabled at the 2021 AGM, requiring a 75% majority for continuation. Whilst the resolution that the Company continue as constituted received a majority of votes, it did not achieve the requisite 75% majority of votes cast and accordingly the resolution was not passed.

As a result, the Company held an Extraordinary General Meeting on 7 March 2022 to put forward proposals for a change of investment policy and new investment management and incentive arrangements which were approved by Shareholders. Since then, the Company has adopted a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's strategic holdings, and returns of cash to Shareholders.

As the Company will not have realised all of its investments by 31 December 2024, it is intended that the Board will consult its larger Shareholders and/or make arrangements to seek Shareholder approval on the future strategy of the Company by the end of the first quarter of 2025, including steps that might be necessary to maximise the opportunity to realise value from the remaining assets of the Company. In particular, as MMI is very likely to be the last investment held by the Company, there will need to be careful consideration of the best structure through which to hold this investee company in order to maximise its potential in a cost-efficient manner.

Report of the Directors (continued)

Going concern

The Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future and as a result of this, do not consider there to be any threat to the going concern status of the Company. As disclosed further in Note 1, the Directors have considered the potential impact of the current inflationary environment on the Company's activities and do not consider that this will impact the Company's ability to operate as a going concern.

The Directors have also considered the result of the continuation vote which occurred at the 2021 AGM and results of the subsequent EGM which did not conclude that the Company should be wound up. Following the 2021 AGM, the Company was obliged to return to Shareholders with proposals to either reorganise, restructure, or wind up the Company. Following extensive Shareholder consultation, a new investment policy was put before Shareholders which prioritised the intention to maximise the return of capital representing a change of strategy. In March 2022, this change of investment policy was approved by Shareholders.

The Board believes that it is still in the interests of Shareholders for the Company to adopt a strategy of maximising capital returned by way of timely disposals, including trade sales of the Company's mature listed strategic holdings, where appropriate. The Company has a track record of returning cash to Shareholders via share buybacks and dividends. Since 2013, when the requirement for the continuation vote to be proposed at the 2021 AGM was introduced, over £110 million has been returned to Shareholders via such means.

In 2014, the Company acquired an initial shareholding in MMI. The Company believes that because of its intensive activism, it has been able to acquire majority ownership of a strategically valuable shareholding which comprises 95.3% of MMI's diluted share capital. The Company contributes to the management of MMI through its representative executive director.

The Board announced on 4 June 2024, that MMI's RESET, a medical device designed to target the underlying cause of diabetes, has received approval from the US Food and Drug Administration ("FDA") for MMI's application for amendments to certain requirements for its pivotal study, which is approved as a staged study. The FDA has also referenced that there are no subject protection concerns.

These changes are expected to accelerate access to the key US markets for the treatment of diabetes and obesity within 18 months. MMI is now seeking to target sales in the US market in 2026, subject to, inter alia, successful completion of the study and trials. MMI is now in a very advanced stage of securing CE Mark certification, with an anticipated commercial launch in Germany and the UK as soon as the CE Mark is achieved. Sales in other European markets and the Middle East are planned for the first half of 2025.

In due course, the Company will consult with investors about the longer-term plans for MMI to realise value for the Company's Shareholders following receipt of FDA approval of RESET and once the CE mark has been achieved. A trade sale is a potential crystallisation path. Alternatively, as the Company continues the disposal programme of its listed investment portfolio, it is possible that the Company's listing may provide a suitable and cost-effective vehicle for MMI to be listed, raise its profile and potentially, following the achievement of milestones, provide the Company's Shareholders with direct exposure to its growth prospects, as well as liquidity.

Long term viability

As further disclosed on page 35, the Company is a member of the AIC and complies with the AIC Code. In accordance with the AIC Code, the Directors have made a robust assessment of the prospects of the Company for the two-year period ending 30 June 2026. The Directors consider that this is an appropriate period to assess the viability of the Company given the new investment policy agreed with Shareholders in March 2022 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 11 to 13, the effectiveness of controls over those risks, the process in place for identifying emerging risks and have evaluated the sensitivities of the remaining portfolio to market volatility.

The Directors have also considered the Company's expenditure projections for the two-year period ending 30 June 2026. The Company currently has no borrowings, and the investment portfolio still includes a holding of a readily realisable security which can be sold to meet funding requirements if necessary.

Based on the results of this analysis, including the Investment Manager Agreement, investment strategy and strategic plans involving MMI, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

Principal risks and uncertainties

The Company has implemented a rigorous risk management framework including a comprehensive risk matrix that is reviewed and updated regularly. This ensures that procedures are in place to identify principal risks, mitigate and minimise the impact of those risks should they crystallise, and to identify emerging risks and determine whether any action is required. The Directors have carried out a robust assessment of the principal risk areas relevant to the performance of the Company including those that would threaten its business model, future performance, solvency and liquidity and these are detailed below. As it is not possible to eliminate risks completely, the purpose of the risk management policies and procedures is to reduce and manage risk and to ensure that the Company is as adequately prepared as reasonably possible to respond to such risks and to minimise their impact should they occur.

Portfolio concentration risk

By its very nature as an activist fund, the Company is exposed to the risk that its portfolio of investee companies is not sufficiently diversified to absorb the impact of a fall in value of some of its major investments. As noted in the investment policy, the Company seeks to invest in companies and use activism to unlock value. An inherent consequence of this policy is a portfolio concentrated on a number of key investee companies.

The Company's strategy is to optimise outcomes for a decreasing number of special situations where the Company believes value can be realised regardless of broad market direction. By its nature as an activist fund, the Company needs to hold sufficiently large stakes to facilitate engagement as a significant shareholder. Therefore, the Company is inevitably exposed to concentration risk, and this risk will increase as continuing realisations will increase the weighting of the remaining holdings.

'Key Man' risk

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

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Underlying investment performance risk

The performance of these companies is likely to fluctuate due to a number of factors beyond the Company's control. The Investment Manager and Investment Adviser monitor investee company performance and share price movements on a daily basis. The Administrator prepares weekly portfolio valuation reports. The Investment Adviser engages with investee companies through regular meetings and reports to the Board. The Investment Manager and Investment Adviser also compare the Company's performance to the Numis Smaller Companies Index and investigate all underperformance and unrealised losses of the Company.

Market risk

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

They also include general economic, social or political developments, changes in industry conditions, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, refinancing, 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.

Shareholder concentration risk

A total of 9 investors with holdings of 3% or more each of the shares of the Company hold a combined total of 87.51% of the voting rights. It is possible that a significant shareholder seeking liquidity could have a negative impact on the Company causing movements in Company share price through voting at an AGM, or by placing pressure on the Board to act to realise value in the portfolio at a sub-optimal time and value. In spite of this possibility, the Company does not consider that such action is likely. The risk is mitigated by the Manager maintaining regular contact with significant shareholders to discuss the performance of the Company and consider any views the shareholder may have.

Liquidity risk

The Company's ability to meet its obligations arising from financial liabilities could be reliant on its ability to reduce or exit investment holdings. This could be more difficult with the Company's less liquid portfolio holdings. To manage this risk, the cash and trade positions are monitored on a daily basis by the Investment Adviser and the Administrator. The liquidity of stocks is also considered at the point of recommendation by the Investment Adviser and prior to investment.

Inside information risk

The Company may, from time to time, be exposed to insider information. A breach of insider trading rules could lead to a suspension of the Company's stock exchange listing or financial penalties. This risk is mitigated and managed through continual monitoring and policy setting, which ensures all employees of the Investment Adviser clearly understand insider trading rules and adhere to all relevant procedures.

Report of the Directors (continued)

Principal risks and uncertainties (continued)

Lack of business continuity

The Company is reliant on service providers to have adequate business continuity plans in place to mitigate against the breakdown of the normal business functions of the Company during times of disruption. The risk is managed by an annual review of the services provided including consideration of the continuity plans in place in each case.

Exposure to sanctioned countries

The Company's exposure to sanctioned countries through investors and investments of the Fund has a risk of violating sanctions laws and regulations. The risk is managed by carrying out robust compliance checks on investors, and close monitoring by the Investment Manager of each investment.

Change in Tax Regime

Unforeseen taxes could arise though changes in the tax regime. This is monitored by the Board under advice from external advisers.

Adverse Publicity (reputational damage)

There is a threat of reputational damage from the activities of the Company. The Board ensures the Company's activities are fairly and accurately presented through its broker, via AIM and RNS announcements, press releases and the Company's website.

Alternative Performance Measures ("APMs")

The Company assesses its performance using a variety of measures that are not specifically defined under IFRS and therefore termed APMs. The APMs that are used may not be directly comparable with those used by other companies. These APMs are detailed in full on pages 59 to 60.

Ongoing charges

For the year ended 30 June 2024 the ongoing charges ratio of the Company was 1.50% (2023: 1.56%). The ongoing charges ratio has been calculated using AIC recommended methodology and is made up as follows:

	Year ended 30 June 2024	*Year ended 30 June 2023*
Ongoing charges ratio	£	£
Annualised ongoing expenses	(1,306,411)	(1,631,899)
Weighted average NAV	87,294,715	104,929,784
Ongoing charges ratio	**1.50%**	**1.56%**

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition/disposal of investments, performance fees, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs. The ongoing charges ratio is calculated by dividing the annualised ongoing charges by the average NAV for the financial year.

Directors

The Directors of the Company who served during the year and up to the date of this report are shown on page 24. Biographies of the Directors holding office as at 30 June 2024 and at the date of signing these Financial Statements are shown on page 24.

Report of the Directors (continued)

Directors' interests

The interests of the Directors in the share capital of the Company at the year-end are disclosed in Note 16 on page 53.

Directors' remuneration

The remuneration of the Directors during the year is disclosed in Note 16 on page 53.

Directors' responsibilities to stakeholders

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

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

Key decisions are defined as those that are material to the Company, but also those that are significant to any of the Company's key stakeholder groups. The Company's engagement with its key stakeholders is discussed further in the corporate governance section of this report on page 16.

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

Dividends

During the year ended 30 June 2024, the Company paid no dividends (2023: £37,453,950) from distributable reserves, as disclosed in Note 13.

Substantial interests

As at 30 June 2024 the Company had been aware of the following significant shareholders:

	Number of Ordinary Shares	*Total Voting Rights*
Saba Capital Management	21,337,538	29.07%
Wirral BC	12,938,214	17.03%
1607 Capital Partners	8,437,268	10.74%
Crystal Amber Asset Management (Guernsey) Limited	6,299,031	8.16%
Noble Grossart Investments	4,035,000	5.54%
Philip J Milton, stockbrokers	3,676,016	5.04%
Bank of America Merrill Lynch International collateral account	3,500,000	4.80%
Total	**60,223,067**	**80.38%**

Report of the Directors (continued)

Statement of Directors' responsibilities

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

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

Disclosure of information to the Auditor

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

Report of the Directors (continued)

Corporate governance

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

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

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

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

Environmental, social and governance report

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

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

Purpose, culture and values

Under the revised investment policy, the Company has adopted a strategy of maximising capital returned to Shareholders by way of timely disposals, including trade sales of the Company's strategic holdings, where appropriate (with the potential exception of Morphic Medical Inc) and returns of cash to Shareholders.

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

Report of the Directors (continued)

Corporate governance (continued)

The Board

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

As at the date of this report, the Board comprises three Non-Executive Directors (2023: three), all of whom are considered to be independent of the Investment Manager and Investment Adviser and free from any business or other relationship that could materially interfere with the exercise of their judgement. Board appointments are considered by all members of the Board and have been made based on merit against objective criteria.

The Chairman of the Board is Christopher Waldron. The Board has taken note of the provisions of the AIC Code relating to independence and has determined that Mr Waldron is an independent director.

The Company has no employees and therefore there is no requirement for a Chief Executive, nor has it established a Senior Independent Director due to the size of the Board and the Company. The Board is satisfied that any relevant issues that arise can be properly considered by the Board.

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

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

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

Chair tenure policy

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

The Company's view is that the continuity and experience of its Directors are important and that a suitable balance needs to be struck between the need for independence and refreshing the skills and expertise of the Board. The Company believes that some limited flexibility in its approach to Chair tenure is appropriate given the current investment strategy.

Report of the Directors (continued)

Corporate governance (continued)

Diversity policy

The Company monitors developments in corporate governance to ensure the Board remains aligned with best practice with respect to the increased focus on diversity. The Company has a Board diversity policy, which acknowledges the importance of diversity, 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.

Performance and evaluation

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

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

Board responsibilities

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

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

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

The Directors are responsible for ensuring the effectiveness of the internal controls of the Company which are designed to ensure that proper accounting records are maintained, the financial information on which business decisions are made and which is issued for publication is reliable, and the assets of the Company are safeguarded. A formal review of the effectiveness of the Company's risk management and internal control systems is conducted at least once a year and this was completed successfully during the year under review. A risk matrix is reviewed on a regular basis to monitor and manage risks faced by the Company.

Report of the Directors (continued)

Corporate governance (continued)

Board responsibilities (continued)

The Board meets at least four times a year for regular, scheduled meetings and should the nature of the business of the Company require it, additional meetings may be held, some at short notice. Prior to each of its quarterly meetings, the Board receives reports from the Investment Adviser and Administrator covering activities during the period, performance of relevant markets, performance of the Company's assets, finance, compliance matters, working capital position and other areas of relevance to the Board.

There is regular contact between the Board, the Investment Manager, and the Administrator. The Directors maintain overall control and supervision of the Company's affairs.

There may be a requirement to hold Board meetings outside the scheduled quarterly meetings in order to review and consider investment opportunities and/or formal execution of documents and to consider ad hoc business.

Between meetings there is regular contact with the Investment Manager and the Administrator, and the Board requires information to be supplied in a timely manner by the Investment Manager, the Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

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

Audit committee

Due to the size of the Board, all Directors are members of the Audit Committee. Jane Le Maitre acts as Chair of the Committee. The responsibilities of the Committee include reviewing the Annual Report and Audited Financial Statements, the Interim Report and Financial Statements, the system of internal controls and risk management, and the terms of appointment and remuneration of the Auditor. It is also the forum through which the Auditor reports to the Board.

The Committee met twice in the year ended 30 June 2024. 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 2023;
- review of the Interim Report and Unaudited Interim Condensed Financial Statements for the six months ended 31 December 2023;
- review of the audit plan and timetable for the preparation of the Annual Report and Audited Financial Statements for the year ended 30 June 2024;
- 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 2024 Annual Report in relation to the AIC Code and determining the period of assessment for the long-term viability of the Company.

Report of the Directors (continued)

Corporate governance (continued)

Audit committee (continued)

The Committee considers the valuation of investments to be a significant matter in relation to these Financial Statements. The Company's accounting policy is to value investments as designated at fair value through profit or loss, and to recognise sales and purchases of those investments using trade date accounting. This is significant as the Company's investments amount to 98.2% (30 June 2023: 90%) of the NAV. The Committee has satisfied itself that the sources used for pricing and valuing the Company's Level 1, Level 2 and Level 3 investments are appropriate and reliable. Given the importance of MMI to the Fund, the Fund commissioned two independent third party valuations of MMI. Further details on the level 3 independent third-party valuations are outlined in note 14.

The Committee also reviews the objectivity and independence of the Auditor. The Board considers KPMG Channel Islands Limited ("KPMG") to be independent of the Company. The audit fees disclosed in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income are in relation to the audit of the Financial Statements. KPMG did not receive any remuneration from the Company for non-audit services during the year.

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

The external audit was initially put out to tender in 2008 when the Company's shares were listed and admitted to trading on AIM and KPMG was appointed. The lead audit partner changed in 2010, 2015 and 2020. The current lead audit partner took charge in 2024. There are no obligations to restrict the Company's choice of external auditor. The external audit was put out to tender in 2017, and following a robust competitive tender process, the Committee concluded that the interests of the Company and its Shareholders would be best served by retaining the services of KPMG to provide a consistent audit approach.

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

Other committees

Although the AIC Code recommends that companies appoint a Nomination Committee, as the Board is wholly comprised of non-executive Directors the Board has not deemed this necessary and as such all matters are considered by the full Board.

The Board has established a Remuneration and Management Engagement Committee. Due to the size of the Board, all Directors are members of this committee. Fred Hervouet acts as Chairman of the Committee. The Remuneration and Management Engagement Committee meets at least once a year pursuant to its terms of reference. It provides a formal mechanism for the review of the remuneration of the Chairman and Directors and review of the performance and remuneration of the Investment Manager, Investment Adviser and other service providers.

Report of the Directors (continued)

Corporate governance (continued)

Remuneration policy

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

In addition, the Board reviews the arrangements for the provision of management and other services to the Company on an ongoing basis.

Board meetings, Committee meetings and Directors' attendance

One of the key criteria the Company uses when selecting Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The Board formally met four times during the year in addition to other ad hoc Board committee meetings called in relation to specific events or to issue approvals, often at short notice which did not necessarily require full attendance. Directors are encouraged to give the Chairman their views and comments in advance on matters to be discussed when they are unable to attend a meeting.

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

	Board	*Audit Committee*	*Remuneration and Management Engagement Committee*	*Tenure as at 30 June 2024*
Christopher Waldron	4 of 4	2 of 2	1 of 1	10 years
Jane Le Maitre	4 of 4	2 of 2	1 of 1	7 years, 2 months
Fred Hervouet	4 of 4	2 of 2	1 of 1	6 years, 7 months

In addition to the above, there were 4 additional Board committee meetings during the year.

Engagement with stakeholders

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

Relations with Shareholders

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

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

Report of the Directors (continued)

Corporate governance (continued)

Relations with Shareholders (continued)

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.

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

Key decisions made or approved by the Directors during the year and the impact of those decisions on the Company's Shareholders and wider stakeholders is disclosed further on page 21.

Whistleblowing

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

AIFM Directive

The Company is categorised as an externally managed non-EU AIF under the AIFM Directive. The Investment Manager of the Company is its non-EU AIFM and complies with all requirements of the AIFM Directive. The AIFM has adopted a remuneration policy which accords with the principles established by the AIFM Directive. The remuneration policy is in compliance with the requirements of the AIFM Directive and the guidance issued by the FCA. The Investment Manager in its capacity as the AIFM does not have any employees. Mark Huntley and Laurence McNairn of Crystal Amber Asset Management (Guernsey) Limited and as directors of the AIFM received total aggregate remuneration of £40,000 by way of a fixed fee for the year ended 30 June 2024. No variable fee elements of remuneration were paid to the Directors of the AIFM.

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

AEOI Rules

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

NMPI

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

Report of the Directors (continued)

Independent auditor

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

Annual General Meeting

The Annual General Meeting of the Company will be held at 10 am on 13 December 2024 at the offices of Ocorian Administration (Guernsey) Limited, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

On behalf of the Board

Christopher Waldron
Chairman
11 November 2024

Jane Le Maitre
Director
11 November 2024

Directors

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

Christopher Waldron has over 35 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 since 2013 he has been primarily an independent non-executive director of a number of listed funds and investment companies. From 2014 to 2020 he was a member of the States of Guernsey's Investment and Bond Sub-Committee, overseeing the management of the island's c.£3bn investment reserves. He is a Fellow of the Chartered Institute of Securities and Investment.

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

Jane Le Maitre has over 35 years' experience in the Finance Industry in the UK and Guernsey. She is a Fellow of the Institute of Chartered Accountants in England & Wales and a Chartered Tax Adviser. She trained in audit with Coopers & Lybrand in the UK before joining the tax and fiduciary division of KPMG (Channel Islands), becoming a Partner in 1995. She remained until 2000 before becoming a director in the fiduciary division at Kleinwort Benson moving to the Intertrust Group in Guernsey in 2005 during which she held a number of client and other Executive Board positions until September 2021. She is now an independent Director and Trustee of a number of private client structures and continues to hold executive positions in a number of unlisted property and investment holding entities.

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

Fred Hervouet has over 25 years' experience of working in different areas of the Financial Markets and Asset Management Industry. His experience includes Fixed Income and Derivatives Markets, Structured Finance, Structured Products, Trading and Risk Management. Prior to moving to Guernsey in December 2013, he was Managing Director and Head of Commodity Derivatives Asia for BNP Paribas. He holds a number of non-executive director positions on LSE listed funds and Private Equity funds including Chenavari Toro Income Fund Limited and Boussard and Gavaudan Holdings Limited, where he is chairman for both funds. He holds a Masters' Degree in Financial Markets, Commodity Markets and Risk Management from University Paris Dauphine and an MSc in Applied Mathematics and International Finance. He is a member of the UK Association of Investment Companies.

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

Christopher Waldron
Bluefield Solar Income Fund Limited

Jane Le Maitre
None at present

Fred Hervouet
Chenavari Toro Income Fund Limited
Boussard and Gavaudan Holdings Limited

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

Our opinion is unmodified

We have audited the financial statements of Crystal Amber Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2024, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2023):

Key audit matters: our assessment of the risks of material misstatement (continued)

	The risk	*Our response*
Valuation of financial assets designated at fair value through profit or loss. £124,529,781; (2023 £69,859,825) Refer to note 1 material accounting policies and note 9 and 14 disclosures	***Basis:*** The Company has invested 98.3 % of its net assets as 30 June 2024 into equity investments (£104,163,131) and debt (£20,366,650) (together, the "investments"). The Company's listed or quoted equities (£32,941,971) are valued based on market prices obtained from a third-party pricing provider.	***Our audit procedures included:*** <u>Control evaluation:</u> We evaluated the design and implementation of the control over the valuation of investments. <u>Listed or quoted equities valuations:</u> For listed or quoted investments, we independently

	The risk	*Our response*
	The Company's unlisted investments (£91,587,810) are valued by using recognised valuation methodologies and models, in accordance with the International Private Equity and Venture Capital Valuation Guidelines. ***Risk:*** The valuation of the investments, given that they represent the majority of the net assets of the Company, is considered to be a significant area of our audit. Unlisted investments (representing 72.3% of net assets) are subject to a risk of fraud and error given the high level of subjectivity, estimation uncertainty and complexity when deriving a fair value. We determined that the valuation of unlisted investments have a high degree of estimation uncertainty giving rise to a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose in note 14 the sensitivities estimated by the Company.	priced these investments to third party pricing sources. <u>Challenging managements' unlisted investments valuation approach:</u> For each of the unlisted investments, with the support of our KPMG valuation specialist where relevant, we: - held discussions with the Investment Adviser to understand and challenge the methodologies used in the valuation of the unlisted investments; and - assessed the appropriateness of the valuation methodology applied to each unlisted investment. <u>Unlisted investment valuation methodology inputs and assumptions:</u> For each of the unlisted investments, we: - corroborated significant investee company inputs used and challenged the reasonableness of the assumptions applied in their valuation models based on supporting documentation and/or observable market data (where possible); - with the support of our KPMG valuation specialist, for those valued utilising a discounted cash flow and probability-weighted expected returns method technique, benchmarked the discount rates and exit multiples used to observable market data and our KPMG valuation specialist's experience in valuing similar investments; and - for those valued by reference to a market transaction in close proximity to the year end, assessed the transaction's

	The risk	Our response
		appropriateness as being representative of fair value by considering investee company performance and market data. <u>Assessing disclosures:</u> We considered the Company's disclosures (see note 1) in relation to the use of estimates and judgments regarding the valuation of investments and the Company's valuation policies adopted and fair value disclosures in notes 9 and 14 for compliance with IFRS. We assessed whether the disclosures around the sensitivities (see note 14) to changes in key assumptions reflect the risks inherent in the valuation of the Company's unlisted investments.

Material uncertainty relating to going concern

	The risk	Our response
Going Concern The Company has regularly submitted itself to continuation votes which requires 75% of the votes to continue as currently constituted ('the continuation vote'). At the 2021 AGM, the 75% threshold was not met. The outcome of the continuation vote resulted in a revision of the investment strategy of the Company. Refer to the Report of the Directors on pages 11 to 12 and note 1 of the financial statements on pages 33 to 34.	***Basis:*** Following the outcome of the continuation vote at the 2021 AGM and the ensuing revision to the investment strategy of the Company, the financial statements explain how the Directors have formed a judgment that it is appropriate to adopt the going concern basis of preparation for the Company. The judgment is based on the Directors' intention for the Company to continue to actively manage for the foreseeable future its investment in Morphic Medical Inc (formerly GI Dynamics) in order to maximise shareholder returns.	***Our audit procedures included:*** We performed an assessment of the latest investment strategy of the Company and challenged the reasonability of the Directors' judgment by holding discussions with them and the Investment Manager regarding their intentions, future plans and available options for maximising the return on Morphic Medical Inc. We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of the going concern basis of financial statement preparation for the Company,

	The risk	*Our response*
	Risk: Given the significance of the outcome of the continuation vote and the ensuing change to the investment strategy to the determination of the appropriate basis of preparation of the financial statements, this judgment is a significant area of our audit.	including the identified risks and dependencies.

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

Materiality for the financial statements as a whole was set at £2,540,000 determined with reference to a benchmark of net assets of £126,708,048, of which it represents approximately 2.0% (2023:2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £1,900,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £126,700, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;

- The outcome of the continuation vote and changes to the investment strategy of the Company (an explanation of how we evaluated management's assessment of going concern in relation to this is set out in the related key audit matter in section 2 of this report).

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias.

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

*Oth*er information

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

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

We have nothing to report on other matters on which we are required to report by exception

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 15, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

E. Vermeulen

Emilie Vermeulen
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey
12 November 2024

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

		2024			2023		
		Revenue	*Capital*	***Total***	*Revenue*	*Capital*	***Total***
	Notes	*£*	*£*	***£***	*£*	*£*	***£***
Income							
Interest received		70,578	–	**70,578**	33,644	–	**33,644**
		70,578	–	**70,578**	33,644	–	**33,644**
Net (losses)/gains on financial assets at FVTPL							
Equities							
Net realised gains	9	–	2,315,402	**2,315,402**	–	10,736,035	**10,736,035**
Movement in unrealised gains/(losses)	9	–	55,637,676	**55,637,676**	–	(13,535,808)	**(13,535,808)**
Debt instruments							
Movement in unrealised gains	9	–	819,880	**819,880**	–	628,186	**628,186**
		–	58,772,958	**58,772,958**	–	(2,171,587)	**(2,171,587)**
Total income/(loss)		70,578	58,772,958	**58,843,536**	33,644	(2,171,587)	**(2,137,943)**
Expenses							
Transaction costs	4	–	50,422	**50,422**	–	72,199	**72,199**
Exchange movements on revaluation of investments and working capital		121,576	78,072	**199,648**	434,639	1,247,956	**1,682,595**
Management fees	15,17	615,000	–	**615,000**	960,000	–	**960,000**
Directors' remuneration	16	130,000	–	**130,000**	130,000	–	**130,000**
Administration fees	17	96,841	–	**96,841**	127,028	–	**127,028**
Custodian fees	17	40,186	–	**40,186**	51,497	–	**51,497**
Audit fees		56,200	–	**56,200**	57,025	–	**57,025**
Other expenses		368,183	–	**368,183**	357,636	–	**357,636**
		1,427,986	128,494	**1,556,480**	2,117,825	1,320,155	**3,437,980**
Return/(Loss) for the year		(1,357,408)	58,644,464	**57,287,056**	(2,084,181)	(3,491,742)	**(5,575,923)**
Basic and diluted (loss)/earnings per share (pence)	5	(1.71)	73.36	**71.65**	(2.51)	(4.19)	**(6.70)**

All items in the above statement derive from continuing operations.

The total column of this statement represents the Company's Statement of Profit or Loss and Other Comprehensive Income prepared in accordance with IFRS. The supplementary information on the allocation between revenue return and capital return is presented under guidance published by the AIC.

The Notes to the Financial Statements on pages 35 to 55 form an integral part of these Financial Statements.

Statement of Financial Position
As at 30 June 2024

	Notes	2024 £	2023 £
Assets			
Cash and cash equivalents	7	2,301,175	12,254,948
Trade and other receivables	8	76,167	71,338
Financial assets designated at FVTPL	9	124,529,781	69,859,825
Total assets		126,907,123	82,186,111
Liabilities			
Trade and other payables	10	199,075	4,509,400
Total liabilities		**199,075**	**4,509,400**
Equity			
Capital and reserves attributable to the Company's equity Shareholders			
Share capital	11	997,498	997,498
Treasury shares	12	(28,022,816)	(19,767,097)
Distributable reserve		40,586,958	40,586,958
Retained earnings		113,146,408	55,859,352
Total equity		126,708,048	77,676,711
Total liabilities and equity		126,907,123	82,186,111
NAV per share (pence)	6	173.90	93.33

The Financial Statements were approved by the Board of Directors and authorised for issue on 11 November 2024.

Christopher Waldron
Chairman

11 November 2024

Jane Le Maitre
Director

11 November 2024

The Notes to the Financial Statements on pages 35 to 55 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Share capital £	Treasury shares £	Distributable reserve £	Retained earnings Capital £	Retained earnings Revenue £	Retained earnings Total £	Total equity £
Opening balance at 1 July 2023		997,498	(19,767,097)	40,586,958	64,910,222	(9,050,870)	55,859,352	**77,676,711**
Purchase of Ordinary shares into Treasury	12	–	(8,255,719)	–	–	–	–	**(8,255,719)**
Gains/(Losses) for the year		–	–	–	58,644,464	(1,357,408)	57,287,056	**57,287,056**
Balance at 30 June 2024		997,498	(28,022,816)	40,586,958	123,554,686	(10,408,278)	113,146,408	**126,708,048**

For the year ended 30 June 2023

	Notes	Share capital £	Treasury shares £	Distributable reserve £	Retained earnings Capital £	Retained earnings Revenue £	Retained earnings Total £	Total equity £
Opening balance at 1 July 2022		997,498	(19,767,097)	78,040,908	68,401,964	(6,966,689)	61,435,275	**120,706,584**
Dividends paid in the year	13	–	–	(37,453,950)	–	–	–	**(37,453,950)**
Loss for the year		–	–	–	(3,491,742)	(2,084,181))	(5,575,923)	**(5,575,923)**
Balance at 30 June 2023		997,498	(19,767,097)	40,586,958	64,910,222	(9,050,870)	55,859,352	**77,676,711**

The Notes to the Financial Statements on pages 35 to 55 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 30 June 2024

	2024 £	*2023* £
Cashflows from operating activities		
Bank interest received	70,578	33,644
Management fees paid	(615,000)	(960,000)
Directors' fees paid	(130,000)	(130,000)
Other expenses paid	692,871)	(542,128)
Net cash outflow from operating activities	(1,367,293)	(1,598,484)
Cashflows from investing activities		
Purchase of equity investments	(3,536,709)	(2,319,352)
Sale of equity investments	14,506,694	55,399,271
Purchase of debt instruments	(11,786,573)	(3,867,708)
Sale of debt instruments	536,250	2,120,000
Purchase of money market investments	(50,423)	(72,199)
Net cash (outflow)/inflow from investing activities	(330,761)	51,260,012
Cashflows from financing activities		
Purchase of Ordinary shares into Treasury	(8,255,719)	–
Dividends paid	–	(37,453,950)
Net cash outflow from financing activities	(8,255,719)	(37,453,950)
Net (decrease)/increase in cash and cash equivalents during the year	(9,953,773)	12,207,578
Cash and cash equivalents at beginning of year	12,254,948	47,370
Cash and cash equivalents at end of year	2,301,175	12,254,948

The Notes to the Financial Statements on pages 35 to 55 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2024

General information

Crystal Amber Fund Limited (the "Company") was incorporated and registered in Guernsey on 22 June 2007 and is governed in accordance with the provisions of the Companies Law. The registered office address is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GYI 4LY. The Company was established to provide Shareholders with an attractive total return, which was expected to comprise primarily capital growth with the potential for distributions of up to 5p per share per annum following consideration of the accumulated retained earnings as well as the unrealised gains and losses at that time. Following changes to the Company's investment policy, the Company's strategy is now to optimise outcomes for a decreasing number of special situations where the Company believes value can be realised regardless of market direction.

Morphic Medical Inc (MMI) is an unconsolidated subsidiary of the Company and was incorporated in Delaware. As at 30 June 2024 it had 5 wholly-owned subsidiaries and its principal place of business is Boston. Refer to Note 15 for further information.

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

All capitalised terms are defined in the Glossary of Capitalised Defined Terms on pages 56 to 58 unless separately defined.

1. MATERIAL ACCOUNTING POLICIES

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

Basis of preparation

The Financial Statements have been prepared to give a true and fair view, are in accordance with IFRS and the SORP "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC in November 2014 and updated in January 2022 to the extent to which it is consistent with IFRS and comply with the Companies Law. The Financial Statements are presented in Sterling, the Company's functional currency.

The Financial Statements have been prepared under the historical cost convention with the exception of financial assets designated at fair value through profit or loss ("FVTPL").

Investment Entities

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

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

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

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

The Company has taken the exemption permitted by IAS 28 "Investments in Associates and Joint Ventures", IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements" for entities similar to investment entities and measures its investments in subsidiaries and associates at fair value. The Directors consider a subsidiary to be an entity over which the Company has control. The Directors consider an associate to be an entity over which the Company has significant influence by means of owning between 20% and 50% of the entity's shares. The Company's subsidiaries and associates are disclosed in Note 15.

The Company meets the definition of an investment entity and complies with the disclosure requirements in IFRS 10, IFRS 12 and IAS 27.

Going concern

As at 30 June 2024, the Company had net assets of £126.7 million (30 June 2023: £77.7 million) and cash balances of £2.3 million (30 June 2023: £12.25 million) which are sufficient to meet current obligations as they fall due. Approximately 31% of the Company's investment portfolio comprises readily realisable securities with a value of £32.9 million which could be sold to meet funding requirements if necessary.

The Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future and as a result of this, do not consider there to be any threat to the going concern status of the Company.

In relation to the Company's investment portfolio, 31% of the Company's investments are valued by reference to market bid price as at the date of this report.

As these are quoted prices in an active market, any volatility in the global economy is reflected within the value of the financial assets designated at fair value through profit or loss. As such, the Company has not included any fair value impairments in relation to its investments.

The Directors have also considered the result of the continuation vote which occurred at the 2021 AGM and results of the subsequent EGM which did not conclude that the Company should be wound up. Following extensive Shareholder consultation, a new investment policy was put before Shareholders and approved at the EGM in March 2022 which prioritised the Company's intention to maximise the return of capital to Shareholders, representing a change of strategy.

The Board believes that it still in the interests of Shareholders for the Company to adopt a strategy of maximising capital returned by way of timely disposals, including trade sales of the Company's mature listed strategic holdings, where appropriate. The Company has a track record of returning cash to Shareholders via share buybacks and dividends: since 2013, when the requirement for the continuation vote to be proposed at the 2021 AGM was introduced, over £110 million has been returned to Shareholders via such means.

In line with the change in strategy, the Company has sold investments in Alquiber Quality S.A., Board Intelligence, Equals Group Plc and Prax Exploration Plc since March 2022

It is intended that, by the end of the first quarter of 2025, the Board will consult its larger Shareholders and/or make arrangements to seek Shareholder approval on the future strategy of the Company, including steps that might be necessary to maximise the opportunity to realise value from the remaining assets of the Company. In particular, as MMI is very likely to be the last investment held by the Company, there will need to be careful consideration of the best structure through which to hold this investee company in order to maximise its potential in a cost-efficient manner.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

Going concern (continued)

In 2014, the Company acquired its initial shareholding in MMI. The Company believes it has been able to acquire majority ownership of a valuable shareholding, which comprises 95.3% of MMI's undiluted share capital. The Company contributes to the management of MMI through its representative executive director.

Following updates to MMI as discussed in the Directors' Report, the Directors have also made a robust assessment of the prospects of the Company for the two-year period ending 30 June 2026. The Directors consider that this is an appropriate period to assess the viability of the Company given the new investment policy agreed with Shareholders in March 2022.

The Directors have also considered the Company's expenditure projections for the two-year period ending 30 June 2026. The Company currently has no borrowings, £2.3 million held in cash (which could cover approximately one year's worth of expenses) and the investment portfolio still includes readily realisable securities valued at £32.9 million which could be sold to meet funding requirements if necessary.

Based on the results of this analysis, including change in investment strategy and future strategic plans involving MMI, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

The Directors have considered the contributing factors set out above and 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. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Use of estimates and judgements

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these Financial Statements. The determination that the Company is an investment entity is a critical judgement, as set out above. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. The unquoted equity and debt securities have been valued based on unobservable inputs (see Note 14).

Foreign currency translation

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

Financial instruments

Financial instruments comprise investments in equity, debt instruments, derivatives, trade and other receivables, cash and cash equivalents, and trade and other payables. Financial instruments are initially recognised at fair value unless they are trade receivables. The cost of the instrument may be indicative of the fair value. Subsequent to initial recognition financial instruments are measured as described below.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets designated at FVTPL

All the Company's investments including equity, debt instruments and derivative financial instruments are held at FVTPL. Financial instruments are initially recognised at fair value. The cost of the instrument may be indicative of the fair value. Transaction costs are expensed in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income. Gains and losses arising from changes in fair value are presented in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Purchases and sales of investments are recognised using trade date accounting. Quoted investments are valued at bid price on the reporting date or at realisable value if the Company has entered into an irrevocable commitment prior to the reporting date to sell the investment. Where investments are listed on more than one securities market, the price used is that quoted on the most advantageous market, which is deemed to be the market on which the security was originally purchased. If the price is not available as at the accounting date, the last available price is used. The valuation methodology adopted is in accordance with IFRS 13.

Loan notes are classified as debt instruments and are initially recognised at fair value. The cost of the instrument may be indicative of the fair value. Subsequent to initial recognition, loan notes are valued at fair value. In the absence of an active market, the Company determines the fair value of its unquoted investments by taking into account the International Private Equity and Venture Capital ("IPEV") guidelines.

Trade and other receivables

The Company's trade and other receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the general approach of the expected credit loss model based on experience of previous losses and expectations of future losses.

Trade and other payables

The Company's trade and other payables are measured at amortised cost and include trade and other payables and other short term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial instruments

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

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

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

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than 90 days when acquired to be cash equivalents. Due to the credit rating of the financial institutions holding the Company's cash and cash equivalents, no impairment has been recognised.

Notes to the Financial Statements

For the year ended 30 June 2024 (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

Share issue expenses

Share issue expenses of the Company directly attributable to the issue and listing of its own shares are charged to the distributable reserve.

Share capital

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

Dividends

Dividends declared and paid during the year from distributable reserves are disclosed in the Statement of Changes in Equity. Dividends declared post year end are disclosed in the Notes to the Financial Statements.

Distributable reserves

Distributable reserves represent the amount transferred from the share premium account, approved by the Royal Court of Guernsey on 18 July 2008, and amounts transferred to distributable reserves in relation to the sale of Treasury shares above cost.

Income

Investment income and interest income have been accounted for on an accruals basis using the effective interest method. Dividend income is recognised in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income when the relevant security is quoted ex-dividend.

The Company currently incurs withholding tax imposed by countries other than the UK on dividend income. These dividends are recorded gross of withholding tax in the profit or loss section of the Statement of Profit or Loss and Other Comprehensive Income.

Expenses

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

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

Treasury shares reserve

The Company has adopted the principles outlined in IAS 32 'Financial Instruments: Presentation' and treats consideration paid including directly attributable incremental cost for the repurchase of Company shares held in Treasury as a deduction from equity attributable to the Company's equity holders until the shares are cancelled, reissued or sold. No gain or loss is recognised within the statement of Profit or Loss and Other Comprehensive Income on the purchase, sale, issue or cancellation of the Company's own equity investments.

Any consideration received, net of any directly attributable incremental transaction costs upon sale or re-issue of such shares, is included in equity attributable to the Company's equity holders.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

2. NEW STANDARDS AND INTERPRETATIONS

New and amended standards and interpretations applied in these financial statements

New accounting standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2023. The following are the new or amended accounting standards or interpretations applicable to the Company:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8 – Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023); and
- Amendments to IAS 12 – International tax reform – Pillar two model rules (issued on 23 May 2023 effective for period beginning on or after 1 January 2023).

New and amended standards and interpretations not applied in these financial statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2024, but the impact of these standards is not expected to be material to the reported results and financial position of the Company.

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (applicable for annual periods beginning on or after 1 January 2024);
- Non-current Liabilities with Covenants (Amendments to IAS 1) (applicable for annual periods beginning on or after 1 January 2024);
- Amendments to IFRS 18 – Presentation and Disclosures in Financial Statements (applicable for annual periods beginning on or after 1 January 2027). The Directors are assessing the future impact of this; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (applicable for annual periods beginning on or after 1 January 2024).

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 (2023: £1,200).

4. TRANSACTION COSTS

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

	2024	*2023*
	£	£
Stamp Duty	17,724	32,557
Commissions and custodian transaction charges:		
In respect of purchases	12,364	7,232
In respect of sales	20,334	32,410
	50,422	72,199

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

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

Earnings per share is based on the following data:

	2024	*2023*
Return/(loss) for the year	£57,287,056	(£5,575,923)
Weighted average number of issued Ordinary shares	79,944,992	83,231,000
Basic and diluted earnings/(loss) per share (pence)	71.65	(6.70)

6. NAV PER SHARE

NAV per share is based on the following data:

	2024	*2023*
NAV per Statement of Financial Position	£126,708,048	£77,676,711
Total number of issued Ordinary shares (excluding Treasury shares) at 30 June 2024	72,864,500	83,231,000
NAV per share (pence)	173.90	93.33

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Company available on demand. Cash and cash equivalents were as follows:

	2024	*2023*
	£	£
Cash on demand	2,301,175	12,254,948

8. TRADE AND OTHER RECEIVABLES

	2024	*2023*
	£	£
Current assets:		
Other receivables	56,143	56,557
Prepayments	20,024	14,781
	76,167	71,338

There were no past due or impaired receivable balances outstanding at the year end (2023: £Nil).

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

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

	1 July 2023 to 30 June 2024 £	*1 July 2022 to 30 June 2023* £
Equity investments	104,163,131	57,258,110
Debt instruments	20,366,650	12,601,715
Financial assets designated at FVTPL	124,529,781	69,859,825
Total financial assets designated at FVTPL	124,529,781	69,859,825
Equity investments		
Cost brought forward	94,072,155	132,232,346
Purchases	3,536,709	16,692,050
Sales	(14,506,694)	(65,588,276)
Net realised gain	2,315,402	10,736,035
Cost carried forward	85,417,572	94,072,155
Unrealised (losses) brought forward	(37,704,443)	(24,168,635)
Movement in unrealised gains/(losses)	55,637,676	(13,535,808)
Unrealised gains/(losses) carried forward	17,933,233	(37,704,443)
Effect of exchange rate movements	812,326	890,398
Fair value of equity investments	104,163,131	57,258,110
Debt instruments		
Cost brought forward	10,713,124	8,965,416
Purchases	7,602,881	3,867,708
Repayment of Loans	(536,250)	(2,120,000)
Cost carried forward	17,779,755	10,713,124
Unrealised gains brought forward	2,311,120	1,682,934
Movement in unrealised gains	819,880	628,186
Unrealised gains carried forward	3,131,000	2,311,120
Effect of exchange rate movements	(544,105)	(422,529)
Fair value of debt instruments	20,366,650	12,601,715
Total financial assets designated at FVTPL	124,529,781	69,859,825

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

	2024 £	*2023* £
Realised gains	2,337,689	14,284,779
Realised losses	(22,287)	(3,548,744)
Net realised gains in financial assets designated at FVTPL	2,315,402	10,736,035
Increase/(decrease) in unrealised gains	31,291,871	(7,936,128)
Increase/(decrease) in unrealised losses	25,165,685	(4,971,494)
Increase/(decrease) in unrealised gains/(losses) in financial assets designated at FVTPL	56,457,556	(12,907,622)

Notes to the Financial Statements

For the year ended 30 June 2024 (continued)

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

On 8 June 2023, Hurricane Energy Plc was acquired by Prax Exploration & Production Plc resulting in the Company receiving £34,654,130 and 575,649,999 Deferred Consideration Units (DCU) in Prax Exploration & Production Plc.

In the Statement of Cashflow for the year ended 30 June 2023, the purchases and sales proceeds have been adjusted by the valuation of Prax Exploration & Production Plc of £10,189,005 to reflect that this was a non-cash transaction as part of the acquisition of Hurricane Energy Plc.

On 23 May 2024, the Company sold its remaining holdings in Prax Exploration & Production Plc for a consideration of £3,713,732.44.

10. TRADE AND OTHER PAYABLES

	2024 £	*2023* £
Current liabilities:		
Accruals	199,075	325,706
Unsettled trade purchases	–	4,183,694
	199,075	4,509,400

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

11. SHARE CAPITAL AND RESERVES

The authorised share capital of the Company is £3,000,000 divided into 300 million Ordinary shares of £0.01 each.

The issued share capital of the Company, including Treasury shares (See note 12), is as follows:

	2024		*2023*	
	Number	£	*Number*	£
Opening balance	99,749,762	997,498	99,749,762	997,498
Issued, called up and fully paid Ordinary shares of £0.01 each	99,749,762	997,498	99,749,762	997,498

Capital risk management

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

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

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

During the year ended 30 June 2024, the Company paid no dividends (2023: £37,453,950) from distributable reserves, as disclosed in Note 13.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

11. SHARE CAPITAL AND RESERVES (continued)

Externally imposed capital requirement

There are no capital requirements imposed on the Company.

Rights attaching to shares

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

12. TREASURY SHARES RESERVE

	2024		2023	
	Number	*£*	*Number*	*£*
Opening balance	16,518,762	19,767,097	16,518,762	19,767,097
Treasury shares purchased during the year	10,366,500	8,255,719	–	–
Closing balance	26,885,262	28,022,816	16,518,762	19,767,097

During the year ended 30 June 2024, 10,366,500 Treasury shares were purchased at an average price of 80.19p per share (2023: nil), representing an average discount to NAV at the time of purchase of 10.9%. No Treasury shares were sold during the year ended 30 June 2024 or 30 June 2023.

13. DIVIDENDS

No dividends were declared or paid during the year.

On 7 July 2022, the Company declared a second interim dividend of £8,323,100 equating to 10p per Ordinary share, which was paid on 12 August 2022 to Shareholders on the register on 15 July 2022.

On 11 November 2022, the Company declared an interim dividend of £8,323,100 equating to 10p per Ordinary share, which was paid on 23 December 2022 to Shareholders on the register on 25 November 2022.

On 8 June 2023, the Company declared an interim dividend of £20.8 million equating to 25p per Ordinary share, which was paid on 7 July 2023 to Shareholders on the register on 16 June 2023.

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives

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

Notes to the Financial Statements

For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its contractual obligations with the Company, resulting in financial loss to the Company. At 30 June 2024 the major financial assets which were exposed to credit risk included financial assets designated at FVTPL and cash and cash equivalents.

The carrying amounts of financial assets best represent the maximum credit risk exposure at 30 June 2024. The Company's credit risk on liquid funds is minimised because the counterparties are banks with high credit ratings assigned by an international credit-rating agency.

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

	Location	*Rating*	*Cash Balance 2024 £*	*Cash Balance 2023 £*
Butterfield Bank (Channel Islands) Limited	Guernsey	BBB+	2,183,585	12,001,525
Barclays Bank Plc – Isle of Man Branch	Isle of Man	A+	117,590	253,423
			2,301,175	12,254,948

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

The Company's credit risk on financial assets designated at FVTPL arises on debt instruments. The Company's credit risk on financial assets designated at FVTPL is considered acceptable as debt instruments make up only a small percentage of the financial assets. The Company is also exposed to credit risk on financial assets with its brokers for unsettled transactions. This risk is considered minimal due to the short settlement period involved and the high credit quality of the brokers used. There are no credit ratings available for the debt instruments held by the Company. At 30 June 2024, £106,346,715 (2023: £69,259,635) of the financial assets of the Company were held by the Custodian, Butterfield Bank (Guernsey) Limited.

Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to financial assets held by the Custodian to be delayed or limited. 82% (2023: 70%) of the Company's financial assets are held by the Custodian in segregated accounts. The Company monitors its risk by monitoring the credit quality and financial position of the Custodian. The parent of the Custodian has an S&P credit rating of BBB+ (2023: BBB+). The remaining balance of financial assets of £20,560,407 (2023: £12,926,476) includes £117,590 (2023: £253,423) cash held by Barclays Bank Plc, £76,168 (2023: £71,338) trade receivables and £20,187,483 (2023: £11,888,484) loan notes issued by Morphic Medical Inc and £179,166 (2023: £713,230) loan notes issued by Sigma Broking Limited.

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.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Liquidity risk (continued)

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

2024	*Weighted average interest rate*	*Less than 1 year* £	*1-5 years* £	*5+ years* £	*Total* £
Assets					
Non-interest bearing		44,283,921	59,955,378	–	104,239,299
Variable interest rate instruments	0.29%	2,301,175	–	–	2,301,175
Fixed interest rate instruments	5.00%	12,445,389	–	–	12,445,389
Fixed interest rate instruments	7.50%	7,921,260	–	–	7,921,260
Liabilities		–			
Non-interest bearing		(199,075)	–	–	(199,075)
		66,752,670	59,955,378	–	126,708,048

2023	*Weighted average interest rate*	*Less than 1 year* £	*1-5 years* £	*5+ years* £	*Total* £
Assets					
Non-interest bearing	–	57,582,871	–	–	57,582,871
Variable interest rate instruments	0.29%	12,001,525	–	–	12,001,525
Fixed interest rate instruments	5.00%	12,601,715	–	–	12,601,715
Liabilities					
Non-interest bearing	–	(4,509,400)	–	–	(4,509,400)
		77,676,711	–	–	77,676,711

Market risk

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

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it has current account balances with variable interest rates and debt instruments at fair value through profit or loss. The Company's exposure to interest rates is detailed in the liquidity risk section of this note. Interest rate repricing dates are consistent with the maturities stated in the liquidity risk section of this note. The Company is exposed to fixed interest rate risk on the loans receivable as where an instrument is a fixed rate security, the value of the Financial Instruments is expected to be particularly affected by the current climate of rising interest rate.

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

The cash at hand balances are the only assets with variable interest rates and the movement in variable interest rates is an immaterial amount, therefore, no sensitivity analysis for the movement is disclosed.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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. However, there is no guarantee that the value will not rise above 20% of gross assets after any investment is made, particularly where it is believed that an investment is exceptionally attractive.

The following tables detail the Company's equity investments as at 30 June 2024:

2024 *Equity Investments*	*Sector*	*Value* *£*	*Percentage* *of Gross Assets*
Morphic Medical Inc USD	Healthcare	59,955,378	47
De La Rue Plc	Commercial Services	31,614,000	25
Sigma Broking Limited	Financial Services	6,794,101	5
Allied Minds Plc	Private Equity	4,471,681	4
Sutton Harbour Plc	Industrial Transportation	1,327,971	1
Total		104,163,131	82

2023 *Equity Investments*	*Sector*	*Value* *£*	*Percentage* *of Gross Assets*
Morphic Medical Inc	Healthcare	19,165,077	23
De La Rue Plc	Commercial Services	14,261,875	17
Equals Group Plc	Financial Services	10,189,005	12
Sigma Broking Limited	Financial Services	6,794,101	8
Allied Minds Plc	Private Equity	4,471,681	5
Other	Various	2,376,371	3
Total		57,258,110	68

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

2024 *Equity Investments*	*Place of Business*	*Place of* *Incorporation*	*Percentage* *Ownership* *Interest*
Morphic Medical Inc	United States	United States	95.3

2023 *Equity Investments*	*Place of Business*	*Place of* *Incorporation*	*Percentage* *Ownership* *Interest*
Morphic Medical Inc.	United States	United States	95.3

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (continued)

The Company has assessed the price risk of the listed equity and debt holdings based on a potential 25% (2023: 25%) increase/decrease in market prices, which the Company believes represents the effect of a possible change in market prices and provides consistent analysis for Shareholders, as follows:

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

- If market prices of listed equity and debt had been 25% higher (2023: 25% higher), the Company's return and net assets for the year ended 30 June 2024 would have increased by £8,235,493 net of any impact on performance fee accrual (2023: £4,159,562);
- If market prices of listed equity, debt and derivative financial instruments had been 25% lower (2023: 25% lower), the Company's return and net assets for the year ended 30 June 2024 would have decreased by £8,235,493, net of any impact on performance fee accrual (2023: decreased by £4,159,562 reflecting the effect of the derivative financial instruments held at the reporting date); and
- There would have been no impact on the other equity reserves.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates and arises when the Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. During the year, the Company was exposed to foreign exchange risk arising from equity and debt investments and financial instruments held in US Dollars (2023: US Dollars).

The table below illustrates the Company's exposure to foreign exchange risk at 30 June 2024;

	2024	*2023*
	£	£
Financial assets designated at FVTPL:		
Unlisted equity investments denominated in US Dollars	59,955,378	19,165,077
Debt instruments denominated in US Dollars	20,187,483	11,888,485
Total assets	80,142,861	31,053,562

If the US Dollar weakened/strengthened by 10% (2023: 10%) against Sterling with all other variables held constant, the fair value of debt instruments would increase/decrease by £2,018,748 (2023: £1,188,849) and the fair value of the unlisted equity investments would increase/decrease by £5,995,538 (2023: £1,916,508).

Notes to the Financial Statements
For the year ended 30 June 2024 (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 13 are as follows:

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

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

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

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

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

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

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 June 2024 and 30 June 2023:

2024	*Level 1* £	*Level 2* £	*Level 3* £	*Total* £
Financial assets designated at FVTPL:				
Equity investments – listed equity investments	31,614,000	1,327,971	–	32,941,971
Equity investments – unlisted equity investments	–	–	71,221,160	71,221,160
Debt instruments – loan notes	–	–	20,366,650	20,366,650
	31,614,000	1,327,971	91,587,810	124,529,781

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

2023	*Level 1* £	*Level 2* £	*Level 3* £	*Total* £
Financial assets designated at FVTPL:				
Equities – listed equity investments	14,261,875	2,376,371	–	16,638,246
Equities – unlisted equity investments	–	10,189,005	30,430,859	40,619,864
Debt – loan notes	–	–	12,601,715	12,601,715
	14,261,875	12,565,376	43,032,574	69,859,825

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

The Level 2 equity investments relates to Sutton Harbour due to the low volume of trading activity in the market for this investment but has been valued by reference to the closing bid price in the investee company on the reporting date.

The Level 3 equity investment in Allied Minds (which delisted on 30 November 2022) was valued at the Net Asset Value per share on 30 June 2024 converted at an exchange rate of $1.2647 to £1 and reduced by a 25% liquidity discount to reflect the nature and risks associated with the underlying portfolio of Allied Minds and the likelihood of being able to realise the investment at Net Asset Value. The Level 3 equity and debt investments in MMI were valued by reference to two separate independent third-party valuations commissioned by the Company. The valuers reported a range of valuations using discounted cash flow techniques and a probability-weighted expected returns method in the event of a potential liquidation, trade sale or IPO. The total valuation was then allocated through a waterfall to the loan note, Series A shares and common stock owned by the Company. The Level 3 equity investment in Sigma Broking Limited was valued by reference to a third party funding of the company. The third party is an external investor buying into the investment for equity.

For financial instruments not measured at FVTPL, the carrying amount is approximate to their fair value.

Fair value hierarchy – Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	2024 £	*2023* £
Opening balance at 1 July 2023/1 July 2022	43,032,574	40,628,276
Purchases	7,602,881	3,867,708
Allied Minds transferred in from Level 1	–	15,007,031
Movement in unrealised gain/(loss)	41,688,252	(10,315,139)
Sales	(536,250)	(2,000,000)
Repayments of debt instruments	–	(2,120,000)
Net realised loss	–	(352,974)
Effect of exchange rate movements	(199,647)	(1,682,328)
Closing balance at 30 June 2024/2023	91,587,810	43,032,574

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

Notes to the Financial Statements

For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value hierarchy – Level 3 (continued)

The table below provides information on significant unobservable inputs used at 30 June 2024 in measuring equity financial instruments categorised as Level 3 in the fair value hierarchy. It also details the sensitivity to changes in significant unobservable inputs used to measure value in each case.

	Valuation Method	*Fair Value at 30 June 2024*	*Unobservable inputs*	*Factor*	*Sensitivity to changes in significant unobservable inputs*
Morphic Medical Inc	**Discounted cash flow and PWERM**	**59,955,378**	Discount rate	30%	An increase (decrease) in the discount rate to 32% (28%) would reduce (increase) FV by £9.9m (£11.6m).
			Revenue Exit Multiple	7.5x	A decrease (increase) in the exit multiple to 8.5x (6.5x) would reduce (increase) FV by £7.0m (£7.0m).
			Trade Sale Revenue Exit Scenario Multiple	10.5x	An increase (decrease) in the exit multiple to 11.5x (9.5x) would reduce (increase) FV by £3.3m £(3.3m).
			Probability Weightings	5% liquidation scenario 47.5% trade sale post FDA approval 47.5% IPO scenario	An increase (decrease) in the liquidation scenario to 10% (2.5%) with equal weightings to the other two scenarios would reduce (increase) FV by £2.7m (£1.4m).
Sigma Broking Limited	**Third party funding**	**6,794,101**	N/A	N/A	N/A
Allied Minds	**NAV**	**4,471,681**	Illiquidity discount	25%	An increase (decrease) in the liquidity discount to 35% (to 15%) would reduce (increase) FV by £0.6m.

Notes to the Financial Statements

For the year ended 30 June 2024 (continued)

14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value hierarchy – Level 3 (continued)

	Valuation Method	*Fair Value at 30 June 2023*	*Unobservable inputs*	*Factor*	*Sensitivity to changes in significant unobservable inputs*
Morphic Medical Inc	**Discounted cash flow**	**19,165,077**	Discount rate	43%	An increase (decrease) in the discount rate to 48% (38%) would reduce (increase) FV by £6.3m (£8.1m).
			High growth rate over 9 year period	48%	A decrease (increase) in the near-term growth rate to 38% (58%) would decrease (increase) FV by £4.1m.
			Dilution discount	20%	An increase (decrease) in the dilution discount to 30% (to 15%) would reduce (increase) FV by £3.6m.
Sigma Broking Limited	**Third party funding**	**6,794,101**	N/A	N/A	N/A
Allied Minds	**NAV**	**4,471,681**	Illiquidity discount	25%	An increase (decrease) in the liquidity discount to 35% (to 15%) would reduce (increase) FV by £0.6m.

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 (2023: 10,000) Ordinary shares in the Company, representing 0.01% (2023: 0.01%) of the voting share capital of the Company at the year end.

During the year, the Company incurred management fees payable to the Investment Manager of £615,000 (2023: £960,000) none of which were outstanding at the year-end (2023: £Nil). No performance fees were incurred in the year (2023: £Nil) and none were outstanding at the year-end (30 June 2023: £Nil). Details of the revised Investment Management Agreement announced on 23 October 2023 is included in note 17.

As at 30 June 2024, the Investment Manager held 6,299,031 Ordinary shares (2023: 6,899,031) of the Company, representing 8.30% (2023: 8.30%) of the voting share capital. Richard Bernstein is the majority shareholder of the Investment Manager owning 87.0% of the voting share capital (2023: 87.0%).

As at 30 June 2024, the Company's investment in MMI is an unconsolidated subsidiary due to the Company's undiluted 95.3% holding in the voting share capital of MMI. There is no restriction on the ability of MMI to pay cash dividends or repay loans, but it is unlikely that MMI will make any distribution or loan repayments given its current strategy. During the year, the Company purchased unsecured convertible loan notes of $9.5 million (not driven by any contractual obligation) for the purpose of supporting MMI in pursuing its strategy. The total value of the unsecured convertible loan notes held in MMI as at 30 June 2024, including accrued interest amounts to over £20.2 million.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

15. RELATED PARTIES(continued)

MMI was incorporated in Delaware, had five wholly owned subsidiaries as at 30 June 2024 and its principal place of business is Boston. The five subsidiaries were as follows:

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

16. DIRECTORS' INTERESTS AND REMUNERATION

The interests of the Directors in the share capital of the Company at the year end and as at the date of this report are as follows:

	2024		*2023*	
	Number of Ordinary shares	*Total voting rights*	*Number of Ordinary shares*	*Total voting rights*
Christopher Waldron[(1)*]	30,000	0.04%	30,000	0.03%
Jane Le Maitre[(1)]	13,500	0.02%	13,500	0.01%
Fred Hervouet	7,500	0.01%	7,500	0.01%
Total	51,000	0.07%	51,000	0.05%

[(1)] Ordinary shares held indirectly.

[*] held by persons closely associated to him.

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

	2024	*2023*
	£	£
Christopher Waldron[(1)]	47,500	47,500
Jane Le Maitre[(2)]	42,500	42,500
Fred Hervouet[(3)]	40,000	40,000
Total	130,000	130,000

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

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

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

At 30 June 2024, Directors' fees of £32,500 (2023: £32,500) were accrued within trade and other payables.

Notes to the Financial Statements
For the year ended 30 June 2024 (continued)

17. MATERIAL AGREEMENTS

The Company was party to the following material agreements:

Crystal Amber Asset Management (Guernsey) Limited

In accordance with the revised Investment Management Agreement approved by shareholders on 7 March 2022 the management fee payable to the investment manager was intended to cease on 31 December 2023. In order to ensure that the Fund continued to have active portfolio management in 2024, a new Investment Management Agreement was agreed with the Investment Manager on 25th October 2023. It has been agreed that the Fund will continue to pay a monthly management fee to the Investment Manager calculated on the basis of amounts paid in 2023. Accordingly, the IMA has been amended such that from 1 January 2024, the monthly fee due to the Investment Manager is £57,500 (£690,000 annually, as per 2023). This fee equates to approximately 0.83% of the current NAV on an annual basis. The monthly management fee will be subject to review by the Fund on one month's notice and will be formally reviewed by the Board at regular intervals. It is intended that this will provide the Fund with flexibility and control, depending on the status of the portfolio and progress with realisations.

In accordance with the revised Investment Management Agreement, the performance fee will continue to be calculated by reference to the aggregate cash returned to Shareholders after 1 January 2022. The Investment Manager will receive 20% of the aggregate cash paid to Shareholders after 1 January 2022 (including the interim dividend of 10p per Ordinary Share declared on 22 December 2021) in excess of a threshold of £216,000,000.

Depending on whether the Ordinary shares are trading at a discount or a premium to the Company's NAV per share when the performance fee becomes payable, the performance fee will be either payable in cash (subject to the restrictions set out below) or satisfied by the sale of Ordinary shares out of Treasury or by the issue of new fully paid Ordinary shares (the number of which shall be calculated as set out below):

- If Ordinary shares are trading at a discount to the NAV per Ordinary share when the performance fee becomes payable, the performance fee shall be payable in cash. Within a period of one calendar month after receipt of such cash payment, the Investment Manager shall be required to purchase Ordinary shares in the market of a value equal to such cash payment.
- If Ordinary shares are trading at, or at a premium to, the NAV per Ordinary share when the performance fee becomes payable, the performance fee shall be satisfied by the sale of Ordinary shares out of Treasury or by the issue of new fully paid Ordinary shares. The number of Ordinary shares that shall become payable shall be a number equal to the performance fee payable divided by the closing mid-market price per Ordinary share on the date on which such performance fee became payable.

As at 30 June 2024, the Investment Manager held 6,299,031 Ordinary shares (30 June 2023: 6,899,031) of the Company, representing 8.64% (30 June 2023: 8.29%) of the voting share capital.

Performance fee for year ended 30 June 2024

At 30 June 2024, the Basic Performance Hurdle was £216,000,000 (as adjusted for all dividends paid during the performance period on their respective payment dates, compounded at the applicable annual rate) (2023: £216,000,000).

The aggregate cash returned to Shareholders after 1 January 2022 was £54,200,729 (2023: £45,791,950). Accordingly, no performance fee was earned during the year ended 30 June 2024 (2023: £Nil).

Notes to the Financial Statements

For the year ended 30 June 2024 (continued)

17. MATERIAL AGREEMENTS (continued)

Ocorian Administration (Guernsey) Limited

The Administrator provides administration and company secretarial services to the Company. For these services, the Administrator is paid an annual fee of 0.12% (2023: 0.12%) of that part of the NAV of the Company up to £150 million and 0.1% (2023: 0.1%) of that part of the NAV over £150 million (subject to a minimum of £75,000 per annum). During the year, the Company incurred administration fees of £96,841 (2023: £127,028).

Butterfield Bank (Guernsey) Limited

Under the custodian agreement, the Custodian receives a fee, calculated and payable quarterly in arrears at the annual rate of 0.05% (2023: 0.05%) of the NAV per annum, subject to a minimum fee of £25,000 per annum. Transaction charges of £100 per trade for the first 200 trades processed in a calendar year and £75 per trade thereafter are also payable. During the year, the Company incurred custodian fees of £40,186 (2023: £51,497).

18. ULTIMATE CONTROLLING PARTY

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

19. OTHER INFORMATION

The Company reported that its unaudited NAV at 31 July 2024 was 174.13p per Ordinary share.

The Company reported that its unaudited NAV at 31 August 2024 was 169.41p per Ordinary share.

The Company reported that its unaudited NAV at 30 September 2024 was 164.93p per Ordinary share.

20. POST BALANCE SHEET EVENTS

At An Extraordinary General Meeting held on 28 October 2024, Shareholders voted to adopt and implement a B Share Scheme to enable the Company to pursue returns of capital over time to Shareholders by way of redemption of the B Shares following the full or partial realisation of the Company's assets. The Company will be able to make successive bonus issues of redeemable B Shares to Shareholders on a pro rata basis and redeem such B Shares for cash shortly thereafter without action being required by Shareholders.

Glossary of Capitalised Defined Terms

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

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

"**AIF**" means Alternative Investment Funds;

"**AIFM**" means AIF Manager;

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

"**AIC**" means the Association of Investment Companies;

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

"**AIM**" means the AIM market of the London Stock Exchange;

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

"**APMs**" means Alternative Performance Measures.

"**ARR**" means annual recurring revenue;

"**Articles of Incorporation**" or "**Articles**" means the articles of incorporation of the Company;

"**Audited Financial Statements**" or "**Financial Statements**" means the audited annual financial statements of the Company, including the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and associated notes;

"**Australian Stock Exchange**" means the Australian Stock Exchange Limited;

"**Bank of England**" means the Bank of England, the central bank of the UK;

"**Basic Performance Hurdle**" means the threshold return of aggregated cash returned to shareholders after 1 January 2022 return for Performance Fee.The performance fee is payable at a rate of 20% of the excess amount;

"**Board**" or "**Directors**" or "**Board of Directors**" means the directors of the Company;

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

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

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

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

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

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

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

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

"**Equals**" means Equals Group Plc;

Glossary of Capitalised Defined Terms (continued)

“**FATCA**” means Foreign Account Tax Compliance Act;

“**FCA**” means the Financial Conduct Authority;

“**FDA**” means the United States Food and Drug Administration;

“**FRC**” means the Financial Reporting Council;

“**FRC Code**” means the UK Corporate Governance Code published by the FRC;

“**FTSE**” means the Financial Times Stock Exchange;

“**FV**” means Fair Value;

“**FVTPL**” means Fair Value Through Profit or Loss;

“**GFSC**” means the Guernsey Financial Services Commission;

“**GFSC Code**” means the GFSC Finance Sector Code of Corporate Governance;

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

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

“**IASB**” means the International Accounting Standards Board;

“**IFRIC**” means the IFRS Interpretations Committee, which issues IFRIC interpretations following approval by the IASB;

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

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

“**Interim Report**” means the Company’s interim report and unaudited condensed financial statements for the period ended 31 December;

“**Investment Adviser**” means Crystal Amber Advisers (UK) LLP;

“**Investment Manager**” means Crystal Amber Asset Management (Guernsey) Limited;

“**Investment Management Agreement**” means the agreement between the Company and the Investment Manager, dated 16 June 2008, as amended on 21 August 2013, further amended on 27 January 2015 and further amended on 12 June 2018. Additionally, the Investment Management Agreement was further amended and restated on 14 February 2022.

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

“**KPMG**” means KPMG Channel Islands Limited;

“**LSE**” or “**London Stock Exchange**” means the London Stock Exchange Plc;

Glossary of Capitalised Defined Terms (continued)

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

"**MMI**" means Morphic Medical Inc.;

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

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

"**NMPI**" means Non-Mainstream Pooled Investments;

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

"**PWERM**" means Probability Weighted Expected Return Method

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

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

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

"**SME**" means small and medium sized enterprises;

"**SORP**" means Statement of Recommended Practice;

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

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

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

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

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

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

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

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

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

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

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

Alternative Performance Measures

ALTERNATIVE PERFORMANCE MEASURES ("APMS")

The Company assesses its performance using a variety of measures that are not specifically defined under IFRS and therefore termed APMs. The APMs that are used may not be directly comparable with those used by other companies.

ONGOING CHARGES

Ongoing charges are calculated using the AIC Ongoing Charges methodology, which was last updated in April 2022 and is available on the AIC website (theaic.co.uk). They represent the Company's investment management fee and all other operating expenses, excluding currency loss/profit, ad-hoc costs associated with portfolio transactions, ad-hoc research expenses and non-recurring legal and professional fees and are expressed as a percentage of the average Net Asset Value for the year. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost. The ongoing charges calculation is shown below:

	2024	*2023*
	£	£
Average NAV for the year (a)	87,294,715	104,929,784
Investment management fee	615,000	960,000
Other company expenses	691,411	671,899
Total recurring company expenses (b)	1,306,411	1,631,899
Ongoing Charges Ratio (b/a)	**1.50%**	**1.56%**

NET ASSET VALUE ("NAV")

The NAV is the net assets attributable to shareholders that is, total assets less total liabilities, expressed as an amount per individual share.

NAV PER SHARE INCLUDING DIVIDENDS

A measure showing how the NAV per share has performed in the year, taking into account both capital returns and dividends paid to shareholders.

NAV total return is calculated by adjusting for dividends paid. It considers the changes in market value as well as other surges of income such as dividends expressed as a percentage. It shows a more accurate valuation of a stock's return.

The AIC shows NAV total return as a percentage change from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

Alternative Performance Measures (continued)

NAV PER SHARE INCLUDING DIVIDENDS (continued)

	2024 Pence	*2023 Pence*
NAV per share including dividends		
Opening NAV per share (a)	93.33	145.03
Add Dividends for the year (b)	–	45
Opening NAV per share (c)	93.33	145.03
Closing NAV per share (d)	173.90	93.33
Movement in NAV per share in the year (e) = (d) – (c)	80.57	(51.70)
NAV per share including Dividends (f) = (a) + (b) + (e)	173.90	138.33
Increase/(Decrease)/in NAV per share in the year (g) = (f) – (a)	80.57	(6.70)
Percentage increase/(decrease)/in NAV per share in the year (h) = (g)/(a) * 100	**86.3%**	**(4.6%)**

Net Asset Value ("NAV") per share including dividends paid increased by 86.3% (2023: decrease 4.6%).

TOTAL RETURN

Total return is calculated by taking the difference between the number of shares multiplied by NAV per share at both the start and end of the year. The increase or decrease percentage is calculated based on the opening value. Adjusting for dividends paid, the total loss in the Company's NAV per share for the year was 26.44% (2023: loss 35.68%)

	2024 Pence	*2023 Pence*
Total Return		
Number of shares (a)	1,093.70	1,093.70
Opening NAV for the year (pence) (b)	93.33	145.03
(c) = (a) + (b)	1,020.75	1,586.19
Number of shares (d)	1,093.7	1,093.70
Closing NAV per share (e)	173.90	93.33
(f) = (d) + (e)	1,901.94	1,020.75
Movement in the year (pence) (g) = (c) + (f)	881.19	(565.44)
Percentage Total Return (h) = (g)/(c) * 100	86.33%	(35.65%)

Directors and General Information

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

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Sedol: B1Z2SL4
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For your Notes

CRYSTAL AMBER

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