

CRYSTAL  AMBER

Crystal Amber Fund Limited

Interim Report and Unaudited Condensed Financial Statements
For the six months ended 31 December 2013

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MANAGEMENT AND ADMINISTRATION

Directors	William Collins (<i>Chairman</i>) Sarah Evans (<i>Senior Independent Director</i>) Nigel Ward David Warr
Registered Office	Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
Investment Manager	Crystal Amber Asset Management (Guernsey) Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
Investment Adviser	Crystal Amber Advisers (UK) LLP 29 Curzon Street London W1J 7TL
Administrator and Secretary	Heritage International Fund Managers Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
CISE Listing Sponsor	Heritage Corporate Services Limited Heritage Hall Le Marchant Street St. Peter Port Guernsey GY1 4HY
Nominated Adviser	Sanlam Securities UK Limited 10 King William Street London EC4N 7TW
Broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT

MANAGEMENT AND ADMINISTRATION

(CONTINUED)

Independent Auditor	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey GY1 4AN
Legal Advisers to the Company	<i>As to English Law</i> Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ <i>As to Guernsey Law</i> Carey Olsen PO Box 98 Carey House Les Banques St. Peter Port Guernsey GY1 4BZ
Custodian	ABN AMRO (Guernsey) Limited PO Box 253 Martello Court Admiral Park St. Peter Port Guernsey GY1 3QJ
Registrar	Capita Registrars (Guernsey) Limited 2nd Floor No.1 Le Truchot St. Peter Port Guernsey GY1 4AE

HIGHLIGHTS

- Net Asset Value (“NAV”) per share grew 17.4 per cent over the period and 30 per cent over the 2013 calendar year, or 30.4 per cent including the dividend paid in August.
- NAV per share of 156.1p at 31 December 2013 (133.05p at 30 June 2013, 120p at 31 December 2012).
- £26.5 million fundraising completed in August 2013 at a premium to NAV, followed by an additional sale of 4.4 million Treasury treasury shares in October 2013 at NAV, increasing the Fund’s size by a further £6.7 million.
- The share buy-back programme has continued and this has contributed to a narrowing of the share price discount to NAV to an average of 2.7 per cent throughout the period.
- Significant contributions to NAV performance from TT Electronics PLC, Norcros PLC, Smiths News PLC and Thorntons PLC.
- New activist positions including Leaf Clean Energy Company and additional investment in Hansard Global PLC.
- Active engagement on operating costs with Leaf Clean Energy Company and TT Electronics PLC and on board composition with API Group PLC and Sutton Harbour Holdings PLC.
- Cash and liquid resources amounted to more than £19.9 million, or 16.5 per cent of total NAV as at 31 December 2013. Since then, a further £5 million has been deployed to make further investments.

“I am pleased to report a strong performance of the Fund over the period and 2013 as a whole. Positive returns on our activism and the ongoing support of shareholders have pushed the Fund above £100 million market capitalisation. As we continue to engage with our main investee companies, our investments have continued to deliver and we expect additional progress in 2014.”

William Collins, *Chairman*

CHAIRMAN'S STATEMENT

I hereby present the interim results of Crystal Amber Fund Limited ("the Company" or "the Fund"), for the six month period to 31 December 2013 ("the period").

Over the period, UK GDP growth expectations for 2014 improved from 1.6 per cent to 2.4 per cent, and the broad stock market performance was similarly positive. Central bank liquidity and a hunt for yield continued to be the main driver of rising asset prices. This is a matter of concern; uncertainty over future growth is likely to bring volatility and any disappointment could result in a market sell-off.

NAV grew from £73.9 million (133.05p per share) at 30 June 2013 to an unaudited £120.5 million (156.1p per share) at 31 December 2013, the period which included the £26.5 million fundraising. The Fund's 17.4 per cent return compares to a 15.4 per cent return on the FTSE 250 and a 16.3 per cent return on the FTSE Small Cap Index. Several of the Fund's positions significantly outperformed those benchmarks, including Plus500 LTD, STV Group PLC, Greencore Group PLC and Northgate PLC, as well as other top holdings discussed in the Manager's report. The Fund is making good activist progress with Sutton Harbour Holdings PLC and API Group PLC and is now engaged in discussions with Leaf Clean Energy Company.

Over the period, the Fund completed a £26.5 million fundraising with the shares being issued at a small premium to NAV thereby avoiding dilution to existing shareholders. The Fund continued its proactive discount management policy of share buybacks: during the period an additional 970,000 shares were acquired at an average price of 137.70p. In October, 4.4 million Treasury treasury shares were sold to institutional investors at the then prevailing net asset value of 153.1p per share.

As at 31 December 2013, cash and other liquid resources amounted to over £19.9 million, or 16.5 per cent of total NAV. Since the period end this figure has decreased to £15 million or 11.9 per cent of total NAV as a result of portfolio activity. We will continue to invest the available cash as stocks we are monitoring reach what we believe are attractive levels or when new opportunities arise.

As the NAV per share at 31 December 2013 exceeded the corresponding performance hurdle at that date, a performance fee has been accrued in the interim results. In the event that a performance fee is payable on 30 June 2014 and depending on whether the Ordinary Shares are trading at a discount or a premium to the NAV per share at that date, the performance fee will be either payable in cash (subject to the Investment Manager being required to use the cash payment to purchase Ordinary Shares in the market) or satisfied by the sale of Ordinary Shares out of Treasury or by the issue of new fully paid Ordinary Shares, respectively. Further details are set out in Note 8 to the interim results.

Overall, I am pleased to report a good performance of the Fund over the period and for 2013 as a whole, and we are confident that we will make further progress in 2014.

William Collins

Chairman

5 March 2014

INVESTMENT MANAGER'S REPORT

Strategy and performance

During the period the Fund maintained close engagement with its major holdings, initiated new investments and took profits from holdings as they reached the Fund's target prices.

In August 2013, the Fund received the net proceeds from its £26.5 million fundraising and began accumulating activist positions in companies including Johnston Press PLC as well as increasing positions in Thorntons PLC and STV Group PLC. In October 2013, the Fund acquired 10 per cent of Leaf Clean Energy Company. A number of positions have been reduced, including top holdings TT Electronics PLC and Norcros PLC, following strong price performances.

At 31 December 2013, equity holdings represented 85 per cent of net assets. Cash reserves allow the Fund to take advantage of new investment opportunities. Since the calendar year end, fresh activist situations have been identified; some of these investments have been made whilst others remain in the pipeline and may be undertaken where value becomes apparent.

The table below lists top holdings as at 31 December 2013, with the performance contribution of each during the six month period. In addition to these, three smaller investments have made a significant contribution to NAV – Plus500 LTD (2.4 per cent contribution to NAV), STV Group PLC (1.8 per cent) and Greencore Group PLC (1 per cent). The main negative contribution over the period has been Hansard Global PLC (–0.3 per cent), a position that is increasing as the Fund is now embarking on its activist strategy.

Top ten holdings at 31 December 2013:

	<i>Pence per share</i>	<i>Percentage of investee equity held</i>	<i>Total return over the period</i>	<i>Percentage contribution to NAV performance</i>
Sutton Harbour Holdings PLC	10.0	28.8%	23.2%	1.8%
Thorntons PLC	9.6	8.2%	44.2%	2.1%
TT Electronics PLC	9.5	2.3%	29.8%	2.8%
Tribal Group PLC	9.2	4.5%	–2.5%	–0.3%
Norcros PLC	9.0	5.1%	41.4%	2.6%
API Group PLC	8.5	11.6%	1.6%	0.2%
4imprint Group PLC	8.0	3.4%	33.7%	1.7%
Leaf Clean Energy Company	7.9	10.0%	4.3%	0.2%
Devro PLC	6.5	1.1%	–0.3%	–0.2%
Smiths News PLC	6.1	1.1%	56.0%	2.3%
Total of ten largest holdings	84.3			
Other investments	48.3			
Cash, accruals and money market investments	23.5			
Total NAV	156.1			

INVESTMENT MANAGER'S REPORT

(CONTINUED)

Investee companies

Sutton Harbour Holdings PLC (“Sutton Harbour”)

Over the period, Sutton Harbour opened its new King Point Marina at Millbay on budget and on schedule. Sutton Harbour announced the appointment of its new chairman, Graham Miller, which the Fund welcomes.

We have engaged with the company over the future of its long lease interest in the former airport site, with a view to realising value from the site when opportune.

Thorntons PLC (“Thorntons”)

The company is making progress reducing its own retail footprint, growing sales to third party grocers and refreshing its product range. The Fund is the largest shareholder in Thorntons. We believe that operating margins can increase very significantly and we see this delivering strong cash flow generation.

TT Electronics PLC (“TT”)

TT returned 29.8 per cent over the period as investors' appetite for TT's cyclical exposure improved. Following this strengthening of the share price, the Fund top sliced its holding. Whilst mindful of the upside from production volume increases, the Fund's engagement with TT remains focused on the opportunity for cost reduction in its production footprint, as the company outlined on its investor day.

In January 2014, subsequent to the period under review, TT announced its decision to close one of its two German factories, moving production to Romania thereby reducing costs.

Norcros PLC (“Norcros”)

Norcros returned 41.4 per cent over the period, as the share price re-rated from a lowly 8.4 times operating profits. Over the period, Prism Cement, the largest shareholder, disposed of its 25 per cent stake in the company. The sale resulted in strong institutional demand. An investor day detailed the company's strategy to double revenues in five years, whilst maintaining overseas exposure and returns on capital. Following the share price strengthening, the Fund reduced its holding.

API Group PLC (“API”)

In December 2013, API resumed dividend payments. Following significant investment in the business, management actions are starting to deliver improvements and underpin growth. We remain supportive of this strategy which we believe will help to build a stronger company in the medium term. In its recent engagement with API, the Fund has expressed its views about the board's composition and how it might support management most effectively, and we look forward to discussing this further with the board.

INVESTMENT MANAGER'S REPORT

(CONTINUED)

Leaf Clean Energy Company ("Leaf")

During the quarter to 31 December 2013, the Fund acquired a 10 per cent shareholding in Leaf, the renewable energy investment group. The block includes stock acquired from two institutional investors in exchange for 3.4 million shares in Crystal Amber Fund.

Leaf listed in London in June 2007 at 100p a share, raising \$399 million. The shares have recently been trading at between 47p and 49p per share. We believe this fall in price reflects not only the very poor investment track record but also the scale of running costs, which were \$5.2 million in the year ended 30 June 2013. We have written to the chairman of Leaf urging that the cost base be realigned rather than maintained in anticipation of new investments appearing. We also believe that the company needs to provide greater visibility of realisable values within the portfolio.

Other holdings

Hansard Global PLC ("Hansard")

Following the appointment of the Group CEO in July 2013, the new Chief Distribution Officer initiated a strategic review. This should see the company return to growth by leveraging its online platform in the growing offshore savings market. The company's unusually high margins might be reduced as it acquires volume.

In November, Hansard announced that it had ceased new business production from a distributor in the Far East. January's trading update was poorly received despite the company stating that its strong capital position will allow it to pay dividends in line with previous guidance. The shares fell 29 per cent between November and the end of January.

During 2013, the Fund has engaged with the Hansard board around strategy and governance issues and so it is disappointing that poorly handled communications with investors resulted in this sell-off. This, however, afforded an opportunity to the Fund to grow its position and intensify its engagement with the company. In our opinion, there remain a range of options for Hansard to deliver value for shareholders, whilst the near 10 per cent dividend yield accrues.

STV Group PLC ("STV")

In December 2013, the Fund disclosed a stake in STV, the Scottish television and digital media group, following the placing of ITV's shareholding in STV. The Fund began accumulating its holding in STV in March 2013.

STV is a national channel ideally placed to benefit from an improving environment for advertising, content distribution and production.

Further comments on the operations of investments previously disclosed can be found in the Fund's 2013 Annual Report (available at www.crystalamber.com).

Hedging activity

During the period, the Fund purchased out of the money put options on the FTSE 100 index as insurance against a significant market sell-off.

INVESTMENT MANAGER'S REPORT

(CONTINUED)

Activist investment process

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

Investments are typically made after an initial engagement, which in some cases may have been preceded by the purchase of a modest position in the company. This position allows us to meet the company as a shareholder. Engagement includes dialogue with the company chairman and management, and normally also several non-executive directors, as we build a network of knowledge around our holdings. Site visits are undertaken to deepen our research and where appropriate, independent research is commissioned. We attend investee company annual general meetings to maintain close contact with the board and other stakeholders.

Wherever possible, the Fund strives to develop an activist angle and aims to contribute to the companies' strategy with the goal of maximising shareholder value. Where value is hidden or trapped, the Fund looks for ways to realise it. Throughout the period, most of the Fund's activism has taken place in private, but the Fund remains willing to make its concerns public when appropriate. The response of management and boards to our suggestions has generally been encouraging. We remain determined to ensure that our investments deliver their full potential for all shareholders, and are committed to engage to the degree required to achieve this.

Realisations

Over the period, the Fund realised a profit of £1.2 million from Norcros, £0.7 million from Northgate PLC, £0.5 million from Smiths News PLC and £0.5 million from TT. No losses were realised on equity holdings but a £1.3 million loss was incurred on hedging instruments taken out for portfolio insurance purposes.

The Fund's accumulated net realised gain stands at £40.2 million. Previous profitable exits include Pinewood Shepperton PLC, 3i Quoted Private Equity, Delta PLC, Kentz Corporation Limited, Tate and Lyle PLC and Chloride Group PLC.

Outlook

Economic growth appears to be returning to the UK and Europe, yet its sustainability is uncertain. We believe that the Fund is both defensively and securely positioned, with its focus on special situation holdings, which are less dependent upon macroeconomic recovery and more upon a combination of self-help and our active engagement.

Crystal Amber Asset Management (Guernsey) Limited

5 March 2014

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Six months ended 31 December 2013				Six months ended 31 December 2012			
		(Unaudited)			(Unaudited)		
Notes	Revenue	Capital	Total	Revenue	Capital	Total	
	£	£	£	£	£	£	
Income							
Dividend income from listed investments	740,726	–	740,726	541,393	–	541,393	
Director's fees received	–	–	–	9,835	–	9,835	
Other income	41,474	–	41,474	–	–	–	
Bank interest	3,375	–	3,375	4,225	–	4,225	
	785,575	–	785,575	555,453	–	555,453	
Net gains on financial assets at fair value through profit or loss							
Equities							
Realised gain/(loss)	4	–	4,484,848	4,484,848	–	(2,420,069)	(2,420,069)
Movement in unrealised gains	4	–	16,554,017	16,554,017	–	12,504,778	12,504,778
Debt Instruments							
Movement in unrealised gains	4	–	76,427	76,427	–	–	–
Money Market Investments							
Realised gain	4	–	11,445	11,445	–	–	–
Movement in unrealised gains	4	–	10,467	10,467	–	–	–
Derivative Financial Instruments							
Realised loss	4	–	(1,319,040)	(1,319,040)	–	(991,750)	(991,750)
Movement in unrealised (losses)/gains	4	–	(1,361,720)	(1,361,720)	–	26,000	26,000
Total income	785,575	18,456,444	19,242,019	555,453	9,118,959	9,674,412	
Expenses							
Transaction costs	–	357,907	357,907	–	187,011	187,011	
Exchange movements on revaluation of investments	–	59,910	59,910	–	(161,474)	(161,474)	
Management fees	8	882,162	–	882,162	637,546	–	637,546
Performance fees	8	–	1,926,687	1,926,687	–	–	–
Directors' remuneration	47,500	–	47,500	42,500	–	42,500	
Administration fees	68,618	–	68,618	38,434	–	38,434	
Custodian fees	28,397	–	28,397	16,687	–	16,687	
Audit fees	9,315	–	9,315	8,938	–	8,938	
Other expenses	78,348	–	78,348	70,263	–	70,263	
	1,114,340	2,344,504	3,458,844	814,368	25,537	839,905	
(Loss)/Return for the period	(328,765)	16,111,940	15,783,175	(258,915)	9,093,422	8,834,507	
Basic and diluted (loss)/earnings per share (pence)	2	(0.47)	23.10	22.63	(0.43)	15.17	14.74

All items in the above statement derive from continuing operations.

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

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

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2013

		As at 31 December 2013 (Unaudited) £	As at 30 June 2013 (Audited) £	As at 31 December 2012 (Unaudited) £
Notes				
ASSETS				
		4,409,758	1,363,484	5,473,113
		292,905	289,331	227,053
	4	117,868,920	72,438,513	65,585,553
		<u>122,571,583</u>	<u>74,091,328</u>	<u>71,285,719</u>
LIABILITIES				
		2,078,140	238,117	437,502
		<u>2,078,140</u>	<u>238,117</u>	<u>437,502</u>
EQUITY				
Capital and reserves attributable to the Company's equity shareholders				
	5	782,297	600,000	600,000
	6	(1,279,252)	(5,186,651)	(1,042,761)
		81,117,538	55,847,261	55,847,261
		39,872,860	22,592,601	15,443,717
		<u>120,493,443</u>	<u>73,853,211</u>	<u>70,848,217</u>
		<u>122,571,583</u>	<u>74,091,328</u>	<u>71,285,719</u>
	3	<u>156.14</u>	<u>133.05</u>	<u>120.08</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5 March 2014.

William Collins

Chairman

5 March 2014

Sarah Evans

Director

5 March 2014

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

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Notes	Share capital	Treasury Shares	Distributable reserve	Retained earnings		Total	Total equity
		£	£	£	Capital £	Revenue £		£
Opening balance at 1 July 2013		600,000	(5,186,651)	55,847,261	21,511,791	1,080,810	22,592,601	73,853,211
Issue of Company shares	5	182,297	—	26,232,486	—	—	—	26,414,783
Share issue costs	5	—	—	(685,044)	—	—	—	(685,044)
Purchase of Company shares into Treasury	6	—	(1,335,726)	—	—	—	—	(1,335,726)
Sale of Company shares from Treasury	6	—	6,740,209	—	—	—	—	6,740,209
Realised gain on sale of Company shares from Treasury		—	(1,497,084)	—	1,497,084	—	1,497,084	—
Dividends paid in the period	7	—	—	(277,165)	—	—	—	(277,165)
Return for the period		—	—	—	16,111,940	(328,765)	15,783,175	15,783,175
Balance at 31 December 2013		<u>782,297</u>	<u>(1,279,252)</u>	<u>81,117,538</u>	<u>39,120,815</u>	<u>752,045</u>	<u>39,872,860</u>	<u>120,493,443</u>
	Notes	Share capital	Treasury Shares	Distributable reserve	Retained earnings		Total	Total equity
		£	£	£	Capital £	Revenue £		£
Opening balance at 1 July 2012		600,000	—	56,147,261	5,296,710	1,312,500	6,609,210	63,356,471
Purchase of Company shares into Treasury	6	—	(1,042,761)	—	—	—	—	(1,042,761)
Dividends paid in the period	7	—	—	(300,000)	—	—	—	(300,000)
Return for the period		—	—	—	9,093,422	(258,915)	8,834,507	8,834,507
Balance at 31 December 2012		<u>600,000</u>	<u>(1,042,761)</u>	<u>55,847,261</u>	<u>14,390,132</u>	<u>1,053,585</u>	<u>15,443,717</u>	<u>70,848,217</u>

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Six months ended 31 December 2013 (Unaudited) £	Six months ended 31 December 2012 (Unaudited) £
Cashflows from operating activities		
Dividend income received from listed investments	747,674	657,543
Directors' fees received	–	6,447
Fixed deposit interest received	16	4,213
Bank interest received	2,702	1,838
Other income received	41,474	–
Management fees paid	(882,162)	(637,546)
Directors' fees paid	(47,500)	(47,500)
Other expenses paid	(184,557)	(149,881)
Net cash outflow from operating activities	<u>(322,353)</u>	<u>(164,886)</u>
Cashflows from financing activities		
Proceeds from issue of Company shares	26,414,783	–
Placing fees and issue costs	(685,044)	–
Purchase of Company shares into Treasury	(1,335,726)	(1,042,761)
Sale of Company shares from Treasury	6,740,209	–
Dividends paid	(277,165)	(300,000)
Net cash inflow/(outflow) from financing activities	<u>30,857,057</u>	<u>(1,342,761)</u>
Cashflows from investing activities		
Purchase of investments	(54,733,430)	(32,490,727)
Sale of investments	29,125,217	39,009,742
Purchase of derivative financial instruments	(1,522,310)	(1,310,750)
Transaction charges on purchase and sale of investments	(357,907)	(187,011)
Net cash (outflow)/inflow from investing activities	<u>(27,488,430)</u>	<u>5,021,254</u>
Net increase in cash and cash equivalents during the period	3,046,274	3,513,607
Cash and cash equivalents at beginning of period	<u>1,363,484</u>	<u>1,959,506</u>
Cash and cash equivalents at end of period	<u>4,409,758</u>	<u>5,473,113</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

General Information

Crystal Amber Fund Limited is a company incorporated and registered in Guernsey on 22 June 2007 and is governed under the provisions of the Companies (Guernsey) Law, 2008. The address of the registered office is given on page 2. The Company has been established to provide shareholders with an attractive total return which is expected to comprise primarily capital growth but with the potential for distributions. The Company will achieve this through the investment in a concentrated portfolio of undervalued companies which are expected to be predominantly, but not exclusively, listed or quoted on UK markets and which have a typical market capitalisation of between £100 million and £1,000 million.

The Company was listed and admitted to trading on AIM, the market of that name operated by the London Stock Exchange, on 17 June 2008. At the same date, the Company was also listed on the CISX which is now known as the Channel Island Securities Exchange (“CISE”). The Company is also a member of the AIC.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year to 30 June 2013. The annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The same accounting policies and methods of computation are followed in the interim financial statements as in the annual financial statements for the year ended 30 June 2013.

The presentation of the interim financial statements is consistent with the annual financial statements. Where presentational guidance set out in the Statement of Recommended Practice (“SORP”) for Investment Trusts issued by the AIC in January 2003 (revised December 2005) is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. In particular, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the total Statement of Comprehensive Income.

The Company does not operate in an industry where significant or cyclical variations as a result of seasonal activity are experienced during the financial year. Income and dividends from investments will vary according to the construction of the portfolio from time to time.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

Segmental reporting

The Board has considered the requirements of IFRS 8 ‘Operating Segments’, and is of the view that the Company is domiciled in Guernsey and is engaged in a single segment of business, being UK equity instruments. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company’s performance and to allocate resources is the total return on the Company’s Net Asset Value (“NAV”), as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these financial statements.

2. BASIC AND DILUTED EARNINGS PER SHARE

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

	Six months ended 31 December 2013 (Unaudited)	Six months ended 31 December 2012 (Unaudited)
Return for the period	£15,783,175	£8,834,507
Weighted average number of issued Ordinary Shares	69,740,908	59,939,511
Basic and diluted earnings per share (pence)	<u>22.63</u>	<u>14.74</u>

3. NET ASSET VALUE PER SHARE

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

	As at 31 December 2013 (Unaudited)	As at 30 June 2013 (Audited)	As at 31 December 2012 (Unaudited)
Net asset value per statement of financial position	£120,493,443	£73,853,211	£70,848,217
Total number of issued Ordinary shares (excluding Treasury shares)	<u>77,170,153</u>	<u>55,508,000</u>	<u>59,000,000</u>
Net asset value per share (pence)	<u>156.14</u>	<u>133.05</u>	<u>120.08</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

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

	1 July 2012 to 31 December 2013 (Unaudited) £	1 July 2012 to 30 June 2013 (Audited) £	1 July 2012 to 31 December 2012 (Unaudited) £
Equity investments	100,059,211	65,068,693	65,240,553
Debt instruments	2,096,773	2,020,346	—
Money Market investments	15,534,186	4,012,274	—
Derivative financial instruments	178,750	1,337,200	345,000
	<u>117,868,920</u>	<u>72,438,513</u>	<u>65,585,553</u>
Equity investments			
Cost brought forward	78,457,686	91,656,377	91,656,377
Purchases	29,636,779	29,386,877	32,634,983
Sales	(15,625,217)	(43,450,435)	(39,009,742)
Realised gain/(loss)	4,484,848	864,867	(2,420,069)
	<u>96,954,096</u>	<u>78,457,686</u>	<u>82,861,549</u>
Cost carried forward	96,954,096	78,457,686	82,861,549
Unrealised losses brought forward	(13,366,811)	(30,103,591)	(30,103,591)
Movement in unrealised gains	16,554,017	16,736,780	12,504,778
	<u>3,187,206</u>	<u>(13,366,811)</u>	<u>(17,598,813)</u>
Unrealised gains/(losses) carried forward	3,187,206	(13,366,811)	(17,598,813)
Effect of exchange rate movements	(82,091)	(22,182)	(22,183)
	<u>100,059,211</u>	<u>65,068,693</u>	<u>65,240,553</u>
Fair value of equity investments			
Debt instruments			
Cost brought forward	2,000,000	—	—
Purchases	—	2,000,000	—
	<u>2,000,000</u>	<u>2,000,000</u>	<u>—</u>
Cost carried forward	2,000,000	2,000,000	—
Unrealised gains brought forward	20,346	—	—
Movement in unrealised gains	76,427	20,346	—
	<u>96,773</u>	<u>20,346</u>	<u>—</u>
Unrealised gains carried forward	96,773	20,346	—
Effect of exchange rate movements	—	—	—
	<u>2,096,773</u>	<u>2,020,346</u>	<u>—</u>
Fair value of debt instruments			

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

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

	1 July 2012 to 31 December 2013 (Unaudited) £	1 July 2012 to 30 June 2013 (Audited) £	1 July 2012 to 31 December 2012 (Unaudited) £
Money Market investments			
Cost brought forward	4,004,346	–	–
Purchases	25,000,000	14,000,000	–
Sales	(13,500,000)	(10,003,065)	–
Realised gain	11,445	7,411	–
Cost carried forward	15,515,791	4,004,346	–
Unrealised gains brought forward	7,928	–	–
Movement in unrealised gains	10,467	7,928	–
Unrealised losses carried forward	18,395	7,928	–
Effect of exchange rate movements	–	–	–
Fair value of money market investments	15,534,186	4,012,274	–
Derivative financial instruments			
Cost brought forward	460,400	–	–
Purchases	1,522,310	2,678,280	1,310,750
Sales	–	(75,650)	–
Realised losses	(1,319,040)	(2,142,230)	(991,750)
Cost carried forward	663,670	460,400	319,000
Unrealised gains brought forward	876,800	–	–
Movement in unrealised (losses)/gains	(1,361,720)	876,800	26,000
Unrealised (losses)/gains carried forward	(484,920)	876,800	26,000
Effect of exchange rate movements	–	–	–
Fair value of derivative financial instruments	178,750	1,337,200	345,000
Total financial assets designated at fair value through profit or loss	117,868,920	72,438,513	65,585,553

At the reporting date the Company's derivative financial instruments consisted of 2 (2012: 2) FTSE 100 Index Put Option contracts, purchased as a protection against a significant market sell-off.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

5. SHARE CAPITAL AND RESERVES

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

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

	31 December 2013		31 December 2012	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Number	£	Number	£
Opening balance	60,000,000	600,000	60,000,000	600,000
Ordinary shares issued during the period	18,229,665	182,297	—	—
Allotted, called up and fully paid Ordinary shares at £0.01 each	78,229,665	782,297	60,000,000	600,000

On 21 August 2013, 18,229,665 new Ordinary shares were issued on AIM and the CISE for a total gross consideration of £26,414,783. The gross proceeds net of issue costs and placing fees totaling £685,044 amounted to £25,729,739.

6. TREASURY SHARES

	Six months ended 31 December 2013		Six months ended 31 December 2012	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Number	£	Number	£
Opening balance	4,492,000	5,186,651	—	—
Treasury shares purchased during the period	970,000	1,335,726	1,000,000	1,042,761
Treasury shares sold during the period	(4,402,488)	(6,740,209)	—	—
Realised gain transferred to retained earnings	—	1,497,084	—	—
Closing balance	1,059,512	1,279,252	1,000,000	1,042,761

During the period ended 31 December 2013, 970,000 (2012: 1,000,000) Treasury shares were purchased at an average price of 137.70p per share, and 4,402,488 (2012: nil) Treasury shares were sold at an average price of 153.10p per share. Since the period end, a further 210,000 shares have been repurchased at an average price of 154.19p per share and transferred to Treasury.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

7. DIVIDENDS

On 4 July 2013, the Company declared an interim dividend of £277,165, equating to 0.5p per Ordinary share, which was paid on 19 August 2013 to shareholders on the register on 19 July 2013.

8. 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 (2012: 830,000) Ordinary Shares, representing 0.01 per cent (2012: 1.41 per cent) of the voting share capital of the Company at the period end.

During the period the Company incurred management fees of £882,162 (2012: £637,546) none of which was outstanding at the period end. The Company also accrued performance fees of £1,926,687 (2012: £ nil) all of which was outstanding and is included in Trade and other payables as at the period end. Under the terms of the Investment Management Agreement between the Company and the Investment Manager, if the NAV per share at 30 June 2014 exceeds 151.66p per share ("the 2014 Performance Hurdle"), a performance fee will be payable to the Investment Manager. As the NAV per share at 31 December 2013 exceeded the performance hurdle at that date, a performance fee has been accrued in the interim results. In the event that, on 30 June 2014, NAV per share exceeds the 2014 Performance Hurdle, the performance fee will be an amount equal to 20 per cent of the excess of the NAV per share at such date over the 2014 Performance Hurdle multiplied by the time weighted average number of Ordinary Shares in issue during the year ending 30 June 2014. Depending on whether the Ordinary Shares are trading at a discount or a premium to the Company's NAV per share at 30 June 2014, the performance fee will be either payable in cash (subject to the Investment Manager being required to use the cash payment to purchase Ordinary Shares in the market) or satisfied by the sale of Ordinary Shares out of Treasury or by the issue of new fully paid Ordinary Shares at the closing mid-market closing price on 30 June 2014, respectively.

As at 31 December 2013, the Investment Manager held 2,230,000 Ordinary Shares (2012: 1,410,000) of the Company, representing 2.89 per cent (2012: 2.39 per cent) of the voting share capital.

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

9. POST BALANCE SHEET EVENTS

The Company purchased 210,000 of its own Ordinary shares between the period 1 January 2014 and 5 March 2014. These shares are held as Treasury shares. Following these purchases, the total number of Ordinary shares held as Treasury shares by the Company is 1,269,512.

On 7 February 2014, the Company reported that its unaudited NAV at 31 January 2014 was 159.44 pence per share.

On 5 March 2014, the Company reported that its unaudited NAV at 28 February 2014 was 164.36 pence per share.

10. AVAILABILITY OF INTERIM REPORT

Copies of the Interim Report will be available to download from the Company's website www.crystallamber.com.

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