INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

FOR

CRAVEN HOUSE CAPITAL PLC

CONTENTS OF THE FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

COMPANY INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

DIRECTORS:	Mr R Burrows Mr M J Pajak Mr B S Bindra Mr C P Morrison
SECRETARY:	Mr B Winters
REGISTERED OFFICE:	776-778 Barking Road London E13 9PJ
REGISTERED NUMBER:	05123368 (England and Wales)
AUDITORS:	Grant Thornton Molyneux House Bride Street Dublin 8 DO8 C8CN Ireland
BANKERS:	Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB
SOLICITORS:	OBH Partners 17 Pembroke Street Upper Dublin 2 Ireland
NOMINATED ADVISER:	Spark Advisory Partners Limited 5 St John’s Lane London EC1M 4BH

For the half year ending 30 November 2017, Craven House Capital ended the period with a Net Asset Value of $24.7m which equates to $9.89 per share. This is a slight decrease on the $25.3m NAV reported at the year end in May; the decrease resulting from operating costs during the period. Some small increases and decreases in the value of our portfolio, which are outlined further below, saw the gross value of portfolio holdings remain almost unchanged at $26.4m.

As mentioned in previous communications with shareholders, it is our belief that risks to the global economy in general and the capital markets in particular are misunderstood and greatly underestimated. Asset prices have been wildly distorted by nearly a decade of aggressive monetary policy while fiscal policy remains equally accommodative for politicians accustomed to making generous promises to an electorate unwilling to pay for ever greater government largesse. The effects of these twin phenomenon include: Listed shares trading at historically high prices, bonds trading at historically high prices (low rates) and an explosion in public and private sector debt. Globally, the total amount of government debt now exceeds $63.1 trillion, according to a Pew Research Center analysis of International Monetary Fund data. Corporate debt continues to grow as a percentage of global new issuances. According to data provided by Deal Logic corporations borrowed 55% of the $6.8 trillion in syndicated bond sales completed in 2017.

Where did these record borrowings go? Certainly some of the proceeds went towards productive capital investment; bridges and ports for governments and new plant and equipment for companies. However, we suspect far more went to towards social welfare spending, military adventures and public sector pay for the government borrowers and share buy backs and dividend recapitalizations for corporate debtors. On the corporate side, where we spend our time analysing balance sheets and share prices, the continuation of share buybacks accelerated. There is nothing inherently wrong with buy backs. In fact a share buy back can be one of the most effective tools for increasing shareholder value. When the shares of a publicly traded company are selling at a discount to their intrinsic value and the company is generating free cash flow the highest and best use of capital may indeed be reducing the shares in issue. Sadly, we are not seeing much of that. What we are seeing is well paid managers, who own very little of the company they manage, spending shareholder's funds to purchase shares at or near all-time highs (Earnings multiple and share price). This has the effect of increasing earnings per share in the short term and thus often triggering bonus packages for management that further takes more capital out of the company. This capital may well be needed in the future. In many cases shareholders fail to notice that their employees with very little skin in the game, are making decisions that maximise their compensation while they have little or no exposure to future downside. This lack of skin in the game is rapidly becoming a threat to long term shareholders and will become readily apparent at the first economic downturn or financial crisis. It also continues completely unchecked in an environment where individual securities are purchased largely because of the money pouring into passive funds. With this market dynamic as a framework, poor decisions can be rewarded as long as the index continues to attract net capital flows.

Portfolio Update

Our portfolio has not changed significantly since the year end. There were no major transactions during the half year period and no significant changes to the valuations of our portfolio holdings; the valuation of our holding in Kwikbuild Corporation Ltd reduced by c.$950,000 following the transfer of cash generated from the sale of a loan owned by Kwikbuild during the period as announced in August 2017, to Craven House Capital. The value of our holding in Qeton Ltd, which has now commenced trading, increased to $1.8m during the period (from $576,000 at the full year). Qeton has reported encouraging initial sales orders and we will provide further updates as these orders are completed. As illustrated below, there were no other material changes to the value of portfolio holdings.

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

Investment	Value at 30 Nov 2017	Value at 31 May 2017
Shares in Craven Industrial Holdings Plc	**$26,445,391**	**$26,402,875**
Comprising:		
Shares in Ceniako Ltd	$3,629,486	$3,937,840
Shares in Craven House Industries Ltd	$5,279,820	$5,365,563
Shares in Qeton Ltd	$1,769,248	$576,079
Shares in Craven House Angola Lda	$9,440,194	$9,247,975
Shares in Kwikbuild Corporation Ltd	$3,826,643	$4,775,418
Loans made by Craven Industrial Holdings Plc	$2,500,000	$2,500,000

Our outlook for the markets where we are currently invested remains much the same.

South Africa

We are seeking to exit our investments in South Africa. We believe it is the right time both in the life cycle of our investments and in the economic and political cycle of the country. At the moment, there has been a relatively peaceful transition of power within the ruling African National Congress (ANC). The scandal plagued Jacob Zuma has been forced out of power and replaced by wealthy businessman and ANC loyalist Cyril Ramaphosa. Markets have reacted positively to this development and foreign funds in search of yield have returned to the market in size. This has resulted in a stronger Rand. Our view is that the combination of yield starved foreign investors and the transition of power within the ANC have masked the underlying frailty of both the economic and political foundations in the country. Poor economic policy and an increasingly restless populace lead us to believe that the wealthy pro-business president must lurch to the left to placate the angry and disappointed voters. South Africa is one of the only sub Saharan nations which has not yet tried socialism and despite the clear evidence of its failure in neighbouring Zimbabwe, we wouldn't be surprised if that was the next step for the rainbow nation. As a result we hope to exit our S. African assets in the near future while sentiment is positive. We may not have much time and the window may close before we can safely exit.

Kwikbuild Corporation Ltd is a holding company for the Company's investments in South Africa, comprising a portfolio of agricultural, industrial and logistics investments

Angola

Like South Africa, Angola also had a recent peaceful transition of power. After nearly four decades in power, President dos Santos chose not to run for re-election and his hand-picked successor and long-time ally João Lourenço was comfortably elected. Not only has this transition been peaceful but Lourenço has surprised us with his ability and willingness to dismantle his predecessor's iron grip on both the government and the economy. He has removed dos Santos family members from key positions in government as well as in the sovereign wealth fund, the major banks and most importantly the national oil company. This has had an immediate positive effect on both local consumer spending and the perception of Angola by the international community and banking system.

As outlined in previous communications, Angola is one of the few countries that has truly hit economic rock bottom. Unlike other nations who have prevented or postponed the pain with easy credit and foreign investment in search of yield, Angola had little room to manoeuvre when the oil price collapsed. Capital controls paralyzed trade and most companies and entrepreneurs were largely left to fend for themselves. It was at this time we entered the country. We remain encouraged by the way the business owners we funded have reacted to the situation on the ground. They remain conservative, cautious and on guard for reversals while they continue to grow their business. They have lots of skin in the game. We are hedged on our loan portfolio (with loans denominated in US dollars rather than Angolan Kwanza) and remain confident that the importation of lubricants for the oil industry and mobile phones for the masses will continue to see robust demand and strong pricing dynamics. Angola still remains a very volatile and risky place to operate but we like the horses we have backed and hope to maintain the relationships throughout the recovery.

Craven House Angola is a holding company for the Company's investments in Angola which comprise loans to foreign-owned operating businesses in Angola

Brazil

Brazil remains in a period of economic distress. Unlike Angola, we do not think it has hit the bottom of the cycle. The banks are sitting on bad loans they are unwilling to recognize. The necessary hair-cuts needed to clear the market are unpalatable to Brazilian banks who are likely insolvent. This has frozen access to credit for small to mid-sized businesses who just a decade ago were being encouraged by policy makers, through subsidies and loan guarantee programs, to take on as much debt as possible to keep up with the expected endless growth of Latin America's BRIC powerhouse. This serves as a strong reminder despite "irrefutable evidence" in support of the investment thesis du jour, be it Index Funds, Easy Credit or BRIC dominance, the theory often disintegrates before investors realise their capital has gone to money heaven. Somewhat ironically, the situation in Brazil could bode well for us for two related but somewhat opposite reasons. Firstly, while many Brazilian individuals and companies were encouraged to borrow and could access easy credit, this was never the case for foreigners.

Most land and real estate owned by foreigners is owned debt free. The current market for land consists primarily of bank controlled land listed for sale at significant premiums to the current market clearing price. Therefore the market has slowed and is rapidly approaching a halt. Banks who control hundreds of thousands of hectares as a result of defaulted loans will not sell the properties or allow them to be sold. If they did, the documented sales prices would then be used to extrapolate just how much bad debt is on their books. As happened in North America and Europe, the banks have adopted an "extend and pretend" policy in hopes of an eventual recovery. The sad irony is that the market for quality land is dampened by the excesses of profligate borrowers and banks but it is the prudent land owner without debt but in need of a sale who is suffering the most because he cannot liquidate his holdings at a reasonable price. This presents the first opportunity. There will be sellers with debt free property who need to sell. We will be in the market when the price comes down to a level where we believe we are buying at or near the bottom and the productive capacity of the land justifies the purchase price.

The second opportunity may arise from nearly the inverse of the first opportunity. In South America, precisely because the local currency and banking system has long been unreliable, many wealthy families prefer to purchase land as a store of wealth rather than trusting the local currency or the banks. At the moment Florida and other parts of the US are the preferred property investment destination for wealthy Brazilians seeking to park cash. However, as the BRL softens or if foreign investors chasing yield retreat, we expect to see the ability of Brazilians to buy foreign property diminish. Whether restricted by decreasing purchasing power abroad or possibly capital controls, they will want to exchange cash for land. Should that happen the assets we currently own will likely rise in both price and desirability. Through our subsidiary, we own a scarce, largely finite commodity in oceanfront land. Beachfront land in South America has continued to appreciate though economic crashes and periods of political instability. We are comfortable that the land we own in Bahia will hold its value and may at some time in this credit cycle be worth significantly more than we are currently holding it on our books. In the interim period we will continue to seek distressed opportunities to acquire debt free parcels of productive land. On 23 August 2017, the Company issued a circular to shareholders outlining the proposed transfer of Craven's land holdings to Toronto Stock Exchange listed DLC Holdings Corp. Following some unforeseen delays, this is now expected to be completed in the coming weeks.

Ceniako Ltd and Craven House Industries Ltd are holding companies for the Company's investments in certain Brazilian land assets.

The United States

Also during the period we began looking at a most unusual investment destination for Craven House; The United States. Changes in the US corporate tax code, a low interest rate environment and the flood of capital into index funds and away from small and microcap companies have created attractive opportunities. We are currently evaluating several opportunities in various industries and are starting to see compelling prices. While we do not think that public markets are priced to induce the hand to wallet reflex, private companies are trading at low multiples when compared to both Europe and most Emerging Markets. In particular there is an opportunity to find opportunities in businesses that generate steady cash flows but do not have exciting enough growth rates or are too small for venture capital and private equity respectively. Whereas, small businesses in Europe and the UK rely on banks for financing, most US small and mid-sized businesses with less than $10 million in EBITDA rely on equity financing. This is an area of the market where we are spending the time and energy necessary to evaluate opportunities.

As discussed at the opening of this report, we believe we are in a period where the market perceives the risks to be far less than reality. At some point sooner rather than later, we believe there will be a very disruptive reversal which will at a minimum see asset prices reverting to the historical mean. Or it could be much worse. Rather than mean reversal, we may experience an asymmetrical reversal that brings asset prices down to well below historical averages as measured by earnings multiples in shares or yield in bonds and property. We believe the latter scenario becomes more and more likely as the 'everything bubble' continues to inflate. We may be wrong. Perhaps we fail to comprehend a new economic paradigm. If this is the case than we shareholders will have to reconcile the opportunity cost of a lost decade when almost everything except Craven House shares rose in price. Perhaps we should have spent the past half decade chasing expensive deals geared to the maximum level without worrying about the downside. If, however, as we expect, this time is not different, we should be in an excellent position to capitalise on distressed prices sometime in the not too distant future.

Desmond Holdings Ltd
Investment Manager to Craven House Capital Plc

CRAVEN HOUSE CAPITAL PLC

INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

		Six months ended		Year Ended
		30 Nov 2017	**30 Nov 2016**	31 May 2017
		(Unaudited)	**(Unaudited)**	(Audited)
		$'000	**$'000**	$'000
CONTINUING OPERATIONS				
Changes in fair value		**42**	**160**	3,354
Administrative expenses		**(591)**	**1,407**	(535)
OPERATING (LOSS)/PROFIT		**(549)**	**1,567**	2,819
Finance costs	2	**-**	**(8)**	(11)
Finance income		**-**	**45**	-
Other gains		**-**	**-**	240
(LOSS)/PROFIT BEFORE INCOME TAX		**(549)**	**1,604**	3,048
Income tax	3	**-**	**-**	-
(LOSS)/PROFIT FOR THE PERIOD		**(549)**	**1,604**	3,048
Earnings per share expressed In cents per share:				
Basic and diluted	6	**(21.96)**	**79.75**	135.98

CRAVEN HOUSE CAPITAL PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

	Six months ended		Year Ended
	30 Nov 2017	**30 Nov 2016**	31 May 2017
	(Unaudited)	**(Unaudited)**	(Audited)
	$'000	**$'000**	$'000
(LOSS)/PROFIT FOR THE PERIOD	**(549)**	**1,604**	3,048
Items that will be reclassified subsequently to profit or loss			
Foreign exchange difference arising on change in presentation currency	**-**	**-**	184
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(549)**	**1,604**	3,232

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2017

	Note	Six months ended 30 Nov 2017 (Unaudited) $'000	Six months ended 30 Nov 2016 (Unaudited) $'000	Year Ended 31 May 2017 (Audited) $'000
ASSETS				
NON-CURRENT ASSETS				
Investments at fair value through profit or loss	4	**26,445**	**21,123**	26,403
		26,445	**21,123**	26,403
CURRENT ASSETS				
Trade and other receivables		**79**	**3,100**	75
Cash and cash equivalents		**96**	**36**	11
		175	**3,136**	86
TOTAL ASSETS		**26,620**	**24,259**	26,489
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital	5	**12,594**	**12,564**	12,594
Share premium		**25,128**	**24,793**	25,128
Retained earnings		**(13,011)**	**(13,906)**	(12,462)
TOTAL EQUITY		**24,711**	**23,451**	25,260
LIABILITIES				
NON CURRENT LIABILITIES				
Convertible loan note	7	**800**	**-**	-
		800	**-**	-
CURRENT LIABILITIES				
Trade and other payables		**1,109**	**677**	1,229
Interest bearing loans and borrowings		**-**	**131**	-
		1,109	**808**	1,229
TOTAL LIABILITIES		**1,909**	**808**	1,229
TOTAL EQUITY AND LIABILITIES		**26,620**	**24,259**	26,489

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

	Called up share capital $'000	Share premium $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 June 2016 (as restated)	13,445	15,706	(184)	(18,157)	10,810
Changes in equity					
Issue of share capital	1,003	11,350	-	-	12,353
Transactions with owners	14,448	27,056	(184)	(18,157)	23,163
Profit for the period	-	-	-	1,604	1,604
Foreign exchange difference arising on change in functional currency	(1,884)	(2,263)	184	2,647	(1,316)
Balance at 30 November 2016	12,564	24,793	-	(13,906)	23,451
Changes in equity					
Issue of share capital	30	335	-	-	365
Transactions with owners	12,594	25,128	-	(13,906)	23,816
Profit for the period	-	-	-	1,444	1,444
Balance at 31 May 2017	12,594	25,128	-	(12,462)	25,260
Changes in equity					
Issue of share capital	-	-	-	-	-
Transactions with owners	12,594	25,128	-	(12,462)	25,260
Loss for the period	-	-	-	(549)	(549)
Balance at 30 November 2017	12,594	25,128	-	(13,011)	24,711

CRAVEN HOUSE CAPITAL PLC

STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2017

	Six months ended		Year Ended
	30 Nov 2017	30 Nov 2016	31 May 2017
	(Unaudited)	(Unaudited)	(Audited)
	$'000	$'000	$'000
Net cash generated/(used) in operating activities	**85**	**2,153**	(1,090)
Cash flows from investing activities			
Equity investment	**-**	**(13,531)**	(10,245)
Investment additions	**-**		(131)
Proceeds for sale of investments	**-**	**538**	563
Loan advances repaid	**-**	**724**	734
Net cash used in investing activities	**-**	**(12,269)**	(9,079)
Cash flows from financing activities			
Proceeds from issue of share capital	**-**	**10,485**	10,245
Repayment of convertible loans	**-**	**(471)**	(160)
Interest received	**-**	**45**	-
Net cash from financing activities	**-**	**10,059**	10,085
Net increase/(decrease) in cash and cash equivalents	**85**	**(57)**	(84)
Cash and cash equivalents at the beginning of the period	**11**	**93**	95
Cash and cash equivalents at the end of the period	**96**	**36**	11

1. ACCOUNTING POLICIES

General Information

Craven House Capital Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the company information page. The Company is listed on the AIM Market of the London Stock Exchange (code: CRV).

The next annual financial statements of Craven House Capital Plc will be prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use by the European Union. Accordingly, the interim financial information in this report has been prepared using accounting policies consistent with IFRS. IFRS are subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and there is an on-going process of review and endorsement by the European Commission. The financial information has been prepared on the basis of the IFRS that the directors expect to be applicable as at 31 May 2018.

The financial information has been prepared under the historical cost convention except in relation to the fair value adjustments required by accounting standards. The principal accounting policies have been applied to all periods presented.

This financial information is unaudited and does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The financial statements of the Company for the year ended 31 May 2017, which were prepared in accordance with IFRS as adopted for use by the European Union, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not include any statement under Section 498 of the Companies Act 2006.

This financial information is presented in United States dollar, rounded to the nearest $'000.

The directors do not propose the issuance of a dividend.

The interim financial information for the six months ended 30 November 2017 was approved by the directors on 9 February 2018.

Going concern

The Company has considerable financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing financial information.

2. Finance costs

	Six months ended 30 Nov 2017 (Unaudited) $'000	Six months ended 30 Nov 2016 (Unaudited) $'000	Year Ended 31 May 2017 (Audited) $'000
Loan interest	-	8	11
	-	8	11

3. Taxation

No tax charges arose in the period or in comparative periods as a result of losses incurred.

4. Investments at fair value through profit or loss

	Unquoted equity investments $'000
At 1 June 2017	26,403
Fair value movement	42
At 30 November 2017	26,445

Following a corporate restructuring undertaken during 2016, investments and loans were transferred from Craven House Capital Plc to its wholly owned subsidiary, Craven Industrial Holdings Plc. The fair value movement outlined above therefore represents the valuation applied to the resulting investments held by Craven Industrial Holdings Plc or its subsidiaries at 30 November 2017 and are described in further detail below.

Unquoted investments at 30 November 2017 have been measured on a Level 3 basis as no observable market data was available. These investments are as follows:

Shares in Craven Industrial Holdings Plc are valued at $26,445,391 representing a 100% holding. These have been valued based on the underlying investments within Craven Industrial Holdings Plc at 30 November 2017. The value of Craven Industrial Holdings Plc is segmented across its principal investments as follows:

Shares in Craven House Industries Limited are valued at $5,279,820, representing a 95% holding. This shareholding has been valued on a net assets basis which the directors believe represents the best indication of the fair value at the period end.

4. Investments at fair value through profit or loss (continued)

Shares in Ceniako Limited are valued at $3,629,486 representing a 49% holding. This shareholding has been valued on a net assets basis which the directors believe represents the best indication of the fair value at the period end.

Shares in Kwikbuild Corporation Ltd are valued at $3,826,643 representing a 97% shareholding. This valuation is based on the value of the net assets of Kwikbuild Corporation Ltd, which the directors believe represent the best indication of the fair value at the period end.

Shares in Qeton Ltd are valued at $1,769,248 representing a 50% holding. This shareholding has been valued on an earnings multiple basis which the directors consider represents the best indication of the fair value at the period end.

Shares in Craven House Angola LDA are valued at $9,440,194 representing a 100% holding. This shareholding has been valued on a net assets basis which the directors consider represents the best indication of the fair value at the period end.

Loans made by Craven Industrial Holdings Plc are valued at $2,500,000 being the actual amount loaned.

5. Called up share capital

Authorised, issued and fully paid share capital as at 30 November 2017 are as follows:

Number	Class:	Nominal Value	**30 Nov 2017 (Unaudited) $'000**	**31 May 2017 (Audited) $'000**
2,499,039	Ordinary	$1.00	787	787
77,979,412	Deferred	£0.09	10,734	10,734
77,979,412	Deferred	£0.009	1,073	1,073
			12,594	12,594

The aggregate nominal values of the ordinary and deferred shares include exchange differences arising from the translation of shares at historic rates and the translation at the rate prevailing at the date of the change in functional currency. The deferred shares carry no entitlement to receive notice of any general meeting, to attend, speak or vote at such general meeting. Holders are not entitled to receive dividends, and on a winding up of the Company holders of deferred shares are entitled to a return of capital only after the holder of each Ordinary share has received a return of capital together with a payment of £1 million per share. The deferred shares may be cancelled at any time for no consideration by way of a reduction in capital.

In the year ended 31 May 2017, the Company extended the time scale of 78,632 fully transferable exercisable warrants which were originally issued in the year ended 31 May 2012. At the date of issue, the warrants could be exercised on or before 30 June 2014, this period has now been extended to 30 June 2018. The warrants are exercisable at a price of $15.00 per share.

6. Earnings per share

The calculation of basic earnings per share is based on the loss attributable to the equity holders of $549,000 divided by the weighted average number of shares in issue during the period of 2,499,039 (six months ended 30 November 2016: profit of $1,604,000 and 2,011,226 shares; year ended 31 May 2017: profit of $3,048,000 and 2,241,518 shares).

Diluted earnings per share has not been disclosed as the inclusion of the unexercised warrants described in note 5 would be non-dilutive.

7. Convertible loan note

During the period, the Company entered into a $800,000 convertible loan note with GEM Investments America LLC (“GEM”) by way of full settlement of fees outstanding to GEM amounting to £600,000. The loan note bears no interest as has a five year term.

8. Related party disclosures

During the period, the Company entered into the following transactions with related parties and connected parties:

Management fees payable to Desmond Holdings Limited
During the period the Company incurred charges of $121,556 from Desmond Holdings Limited. At the period end, included in trade and other payables, is an amount of $283,371 payable to Desmond Holdings Limited.