REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2012

FOR

CRAVEN HOUSE CAPITAL PLC

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2012

DIRECTORS:	Miss A N Eavis Mr. M J Pajak Mr. B S Bindra
SECRETARY:	Miss A N Eavis
REGISTERED OFFICE:	60 Cannon Street London EC4N 6NP
REGISTERED NUMBER:	05123368 (England and Wales)
AUDITORS:	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
BANKERS:	Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB
SOLICITORS:	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2PX
NOMINATED ADVISER:	Daniel Stewart & Company plc Beckett House 36 Old Jewry London EC2R 8DD

Craven House Capital Plc ('Craven House') has experienced significant transformation over the course of the 12 months to 31 May 2012. Building on the strategic partnership formed with Desmond Holdings Ltd ('Desmond') late in 2010, the Company entered into a Management Services Agreement in August 2011, appointing Desmond as the Company's Investment Manager. Together, the Company's Board of Directors and Desmond have guided the Company through a successful restructuring and re-capitalisation period, have reduced overheads and implemented the revised Investing Policy. These efforts have helped to create a year-end position with a number of new investments and a pipeline of exciting new opportunities in hand.

The Company made three new investments and two secondary investments over the course of the year in its target emerging and frontier markets, details of which are provided below. We are pleased with how these investments have performed to date, and in particular with how we have been able to demonstrate our ability to secure investments utilising our shares as acquisition currency; a clearly defined and central aspect of our investment strategy. We were able to execute all share transactions and a circa £722,000 private placement at a share price of 1.25p per ordinary share. The Company's ability to execute transactions at a premium to the current market price underlines the Board's belief in the Company's future growth prospects and its opinion that the Company's shares are presently trading below value.

The clearest indicator of the Company's success in the year has been the significant improvement in our Net Asset Value, the principal metric by which we measure the Company's performance. Craven House started the financial year with net liabilities of circa £200,000; by the end of the period, adjusting to reflect the purchase and sale of investments, currency movements and market values in respect of quoted investments, the Company estimates net asset value at the end of the period had increased to almost £2,300,000, mainly driven by the acquisition of new assets utilising our shares as currency; alongside increasing the balance sheet value of existing investments. This increase places us on a very strong footing as we enter the next financial year allowing us to focus on utilising this asset base to generate cash and target larger acquisitions in the future.

Corporate Restructuring

At the Company's Annual General Meeting on 24 August 2011, shareholders approved changing the name of the Company from AIM Investments Plc to Craven House Capital Plc; named after the foundations on which the headquarters of the British East India Company was built. Craven House seeks to emulate the company that inspires its name, by adopting an old style merchant banking approach; seeking out quality businesses in emerging and frontier markets, owned and operated by talented entrepreneurs.

At the AGM, shareholders also approved the Company's new Investing Policy giving the Company more flexibility in its ability to structure international investments. At Craven House, we strongly believe emerging and frontier markets offer the greatest potential reward for knowledgeable investors who are able to identify compelling investment opportunities. With far fewer sources of capital and many more small and medium sized companies in search of funding, as investors we are able to craft better terms than would otherwise be available in the developing world.

During the period, the Company's Non-Executive Chairman, Sir Bernard Zissman, and Finance Director, Andrew Fletcher stepped down from the Board. Alexandra Eavis has taken up the role of Company Secretary in addition to her directorship, and I am currently serving as Acting Chairman, while the Board is restructured in line with its exclusive frontier and emerging market focus. Consequently, the Board was joined in the period by Mr. Balbir Bindra, a Partner and Head of Asia Banking & Finance at international law firm, Gide Loyrette Nouel, in Hong Kong. Mr. Bindra has extensive experience in international finance law and has represented multinationals, banks, securities houses, hedge funds, private equity groups, multilateral and sovereign lenders, including the World Bank, with interests in Asia, the PRC, Africa and South America.

After adoption of the revised Investing Policy, the Company entered into a Management Services Agreement with Desmond. The management of Desmond, which includes myself, have over 15 years' experience of investing in emerging and frontier markets, and have managed gross assets of over $500million. Desmond has an established network of relationships in emerging and frontier markets, which generate a high volume of prospective investment opportunities, in particular, but not exclusively, in South America, Asia and Sub- Saharan Africa. Desmond's track record, and the access they provide to relationships in the Company's target markets, make Desmond an ideal strategic partner for the Company. The activities of the Investment Manager are overseen by our Non-Executive Board of Directors, two of whom are independent.

Private Placement

On 27 June 2011, the Company closed a private placement of shares, raising approximately £722,000 at 1.25p per ordinary share. 57,726,266 ordinary shares, and 57,726,266 warrants exercisable at any time before 30 June 2014 at an exercise price of 1.5p per share, were issued. A number of value added investors subscribed in the placing and we were happy that an internal target of $1,000,000 (approximately £626,000) was exceeded in this very early stage fundraising round.

Investment Activity & Performance

During the period, Craven House made investments in the following companies;

- Mongolia Growth Group (YAK:CN), a real estate and financial services conglomerate operating in Mongolia and listed on the Canadian National Stock Exchange;

  Craven House participated in a private placing of shares in YAK in June 2011. At the period end the share price of YAK was 14% higher than the subscription price secured by the Company. Craven House's shareholding represented 0.1% of the total issued share capital of YAK.

  YAK has demonstrated significant growth over the course of the year, benefiting from the appreciation of commercial real estate in Mongolia. They are also the part owner of a well capitalised insurance company in Mongolia.

- Farm Lands of Africa Inc. (FLAF:OTC US), a green-field agribusiness operating in West Africa, which controls over 100,000 hectares of land and is listed on the OTC Markets in New York.

  The Company made two significant investments in FLAF over the course of the year. In August 2011, Craven House participated in a private placement of FLAF shares, investing $1,000,000. In May 2012, Craven House invested a further $800,000 by acquiring shares from certain existing shareholders.

  FLAF continues to make encouraging progress in its West African operations, and has recently announced the acquisition of another farming business operating in Guinea, the management of which have operational experience of varied arable farming in India, with rice being a particular area of expertise. Negotiations continue with a major development finance institution operating in the area with regards to the provision of a multi-million dollar debt facility. If secured, this will allow FLA to accelerate its activities, enabling it to cultivate 70,000 hectares of maize, soybeans and rice within a 5-year period. Additional projects to grow and process eucalyptus to produce wood pulp, and rehabilitate existing palm oil plantations and processing facilities, are under development.

  At the year end, Craven House's shareholding represented 7.8% of the total issued share capital of FLAF and FLAF's share price was $4.00 per share. This was 59% higher than the average investment price paid by Craven House of $2.51 per share. However, given the illiquid nature of these public company shares, Craven House's investment in FLAF is currently held at book value of $1.51 per share; the value of the most recent investment in FLAF. Following FLAF's recently announced merger, it is likely that the Company's holding in FLAF will be increased as a result of the triggering of certain investor protection mechanisms and anti-dilution clauses that were attached to the original investment. Calculations are still being finalised at the current time.

- Pressfit Holdings Plc ('Pressfit') is a UK private holding company with subsidiaries manufacturing specialist stainless steel pipe fittings in China.

  Over the course of the year, Craven House has acquired a stake which now represents 36.9% ownership of Pressfit, through investments totalling circa £1.5m. A further 3% of the shares in Pressfit are available to the Company in the event that an outstanding convertible loan is exercised.

  Pressfit has made excellent progress over the course of the year, signing distribution agreements with suppliers in the UK and Denmark. In addition, Pressfit has successfully obtained certification to distribute into the US.

With its product portfolio and distribution base now well established, management will focus its efforts on securing meaningful orders and revenue over the course of the next financial year.

During the period, Craven House exited an investment in Shenzhen Cadro (Catic Group) Hydraulic Equipment Co. Limited, yielding a 6% return on the original investment over the course of one year. Due to market conditions, this company was unable to achieve a satisfactory valuation to warrant its planned IPO, so returned the initial convertible loan plus interest. The Company used these funds to pay down debt.

Working Capital

The operating costs in the first half of the period were elevated as a result of the restructure and repayment of all outstanding legacy liabilities. In the second half of the period, these costs significantly reduced with on-going monthly operating costs of approximately £15,000, including all management fees.

Immediate working capital needs will be met by cash in the bank, and the continued support of the Company's major shareholder and Investment Manager, Desmond, in the form of both extension of existing loan facilities and new working capital loans where required. Going forward, the Directors aim to generate cash from yield-based investments; or full / partial exits of the Company's more liquid investments (if required). Making additional investments in cash generative businesses is the Company's main priority over the next year with the initial aim of meeting the Company's operating costs, and over time enabling the Company to pay a dividend. The Company may also seek to execute an additional capital raise when market conditions are suitable for such fundraising activity.

Post Balance Sheet Events

On 24 September 2012, the Company purchased 490 shares in Ceniako Limited ("Ceniako"), representing 49% of Ceniako's total issued share capital, from the owner of Ceniako. The shares were purchased at a price of approximately €2,040 per share, amounting to a total consideration of €1,000,000. This purchase was conditional upon the owner of Ceniako subscribing for 62,891,520 new ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") for 1.25p per share, raising funds for the Company of circa €1,000,000.

Ceniako is a Cypriot holding company, whose sole asset, held indirectly through a 100% owned Brazilian subsidiary, is 1,967 hectares of productive agricultural land with significant development potential. Situated directly on the Atlantic coast of Brazil, between Salvador and Rio de Janeiro, the property features over two kilometres of beachfront in addition to productive cattle pastures and cropland.

Change to the Company's Investing Policy

The focus on emerging and frontier markets has resulted in a number of investments which are showing positive returns, and this will remain the primary focus of the Company. However, the directors and the Company's Investment Manager have seen a number of potential opportunities to invest in special situations in developed economies where businesses have been affected by the recent economic turmoil and assets are now available to be acquired for shares at attractive prices. Whilst the Company will continue to prioritise investments in emerging and frontier markets, the Directors believe that it would be sensible to amend the Company's investing policy to allow such special situations to be considered. The proposed changes will be set out in the AGM circular.

Outlook

The Board and the Investment Manager share a common view; The world economy is clearly slowing down and fiscal cliffs look like a real possibility not only in the US but also throughout Europe as debt levels continue to rise and tax revenues fall. Central banks continue along their chosen path of unsterilized money creation, ostensibly based on the theory that more money will stimulate struggling economies, enabling them to outgrow their debt burden. However, despite these monetary easings, we believe it will not be possible in the long run to avoid default on sovereign and corporate debt, the likely result of which will be a combination of inflation, negative real interest rates and a rise in speculative investment. In our view, the Company's focus on hard and real assets and frontier markets (as well as special situations that are now arising in developed markets), is likely to offer the best returns in the coming period.

We are delighted with the progress that has been made by the Company over the past year. We have successfully restructured our operations to place the Company on a very firm footing from which to implement our strategy. We have proved the viability of this strategy by securing very attractive investments in our target sectors and markets, on excellent terms, utilising our shares as currency. Several of the companies we have invested in (or their associates) are now shareholders in Craven House in their own right.

In the coming months, we will continue to seek out high quality businesses and management teams, in which we can establish solid, long-term positions. In particular, we will seek to secure stakes or outright ownership of mature, cash-flowing businesses. The resulting cash flows will be used by Craven House to execute further investments. In addition, we value the patience and support of our shareholders, and our objective is to provide them with above market returns with an emphasis on capital appreciation and a medium term objective of implementing a dividend policy.

Mark Pajak
Acting Chairman

The directors present their report with the financial statements of the company for the year ended 31 May 2012.

PRINCIPAL ACTIVITY
Craven House Capital plc is a frontier and emerging market investment company adopting a traditional merchant banking approach, where we identify and invest in good quality and high growth operating companies with management that demonstrate the local knowledge and business acumen to thrive in their chosen market. Central to the investment strategy is the ability to use shares as currency in acquisitions. By providing a public market valuation to existing enterprises, international debt and equity financing can be brought to a market that is otherwise expensive and illiquid.

REVIEW OF BUSINESS
In the period under review, the Company made three new investments in Mongolia Growth Group Limited, Farm Lands of Africa Inc. ("FLA") and Pressfit Holdings Plc ("Pressfit"). Secondary investments were also made in FLA and Pressfit.

The Company exited its investment in Shenzen Cadro (Catic Group) Hydraulic Equipment Co. Limited.

In August 2011, the Company appointed Desmond Holdings Ltd as the Company's Investment Manager.

The Company completed a private placing of its shares on 24 June 2011, which raised approximately £721,578.

The Company made an additional investment on 24 September 2012, and is currently reviewing a number of other potential investment opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties surround the performance of the Company's existing and future investments; the availability of capital to make suitable investments; and the availability of working capital to meet the running costs of the business. The success of the private placing during the period reduced the risks and uncertainties of the latter two, although further investment capital will need to be secured in the near future in order for the Company to execute its strategy in full.

KEY PERFORMANCE INDICATORS CONSIDERED BY THE COMPANY
The Company focuses on the key performance areas as outlined in its Investing Policy and concentrates on returns on investments. The Company's Investment Manager, Desmond, submits quarterly management reports to the board of directors which includes a calculation of the Company's Net Asset Value, which is the main indicator of the Company's performance to date.

The principal metric by which we measure the Company’s performance is Net Asset Value. Craven House started the financial year with net liabilities of circa £200,000; by the end of the period our Net Asset Value (“NAV”) had increased to almost £2,300,000, mainly driven by the acquisition of new assets utilising our shares as currency; alongside increasing the balance sheet value of existing investments.

DIVIDENDS
No dividends will be distributed for the year ended 31 May 2012.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements and in the Chairman’s Report.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 June 2011 to the date of this report.

Miss A N Eavis

Mr M J Pajak

Other changes in directors holding office are as follows:

Mr A P Fletcher - resigned 31 August 2011
Sir B P Zissman - resigned 27 June 2011
Mr B S Bindra - appointed 27 June 2011

COMPANY'S POLICY ON PAYMENT OF CREDITORS
It is the policy of the Company to agree terms of payment when goods or services are ordered and to pay in accordance with these terms. The Company's creditor payment period at 31 May 2012 was 27 days (2011: 149 days) after the date of purchase.

POLITICAL AND CHARITABLE CONTRIBUTIONS
No charitable or political donations were made during the year.

EMPLOYEE INVOLVEMENT
The Company had no full time employees during the year

DIRECTORS' REMUNERATION
Directors' service agreements and emoluments

The service contracts of the current directors are as follows:

NAME	BASIC ANNUAL FEE
Mark Pajak	£20,000*
Alexandra Eavis	£30,000
Balbir Bindra	£18,000**

* Subject to the Company generating an operating profit.
** Payable in new ordinary shares of the Company at 1p per share

The service contracts of the former directors are as follows:

NAME	BASIC ANNUAL SALARY
Sir Bernard Zissman	£20,000
Andrew Fletcher	£24,000

Directors’ emoluments for the year ended 31st May 2012

Mark Pajak	-
Alexandra Eavis	£30,000
Balbir Bindra	£19,000
Sir Bernard Zissman	£16,686
Andrew Fletcher	£6,000
Total directors' remuneration	**£71,896**

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
Miss A N Eavis - Secretary

Date: ....

We have audited the financial statements of Craven House Capital plc for the year ended 31 May 2012 on pages nine to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bullock (Senior Statutory Auditor)
for and on behalf of Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: ....

INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2012

	Notes	**2012** **£'000**	2011 £'000
CONTINUING OPERATIONS			
Revenue		**34**	1
Gross portfolio return		(305)	-
Other operating income		**4**	2
Administrative expenses		**(261)**	(209)
OPERATING LOSS		**(528)**	(206)
Finance costs	4	**(6)**	(122)
Finance income	4	**57**	-
LOSS BEFORE INCOME TAX	5	**(477)**	(328)
Income tax	6	**-**	-
LOSS FOR THE YEAR		**(477)**	(328)
Earnings per share expressed in pence per share: Basic and Diluted	7	**-0.17**	-0.20

The notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2012

	2012 **£'000**	2011 £'000
LOSS FOR THE YEAR	**(477)**	(328)
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(477)**	(328)

STATEMENT OF FINANCIAL POSITION
31 MAY 2012

	Notes	2012 £'000	2011 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**1**	-
Investments at fair value through profit or loss	9	**2,886**	486
		2,887	486
CURRENT ASSETS			
Trade and other receivables	10	**77**	42
Cash and cash equivalents	11	**31**	106
		108	148
TOTAL ASSETS		**2,995**	634
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	**8,016**	7,915
Share premium		**3,277**	383
Retained earnings		**(8,973)**	(8,496)
TOTAL EQUITY		**2,320**	(198)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**82**	245
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	**593**	587
		675	832
TOTAL LIABILITIES		**675**	832
TOTAL EQUITY AND LIABILITIES		**2,995**	634

The financial statements were approved by the Board of Directors on .... and were signed on its behalf by:

....
M J Pajak - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2012

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Total equity £'000
Balance at 1 June 2010	7,836	(8,168)	237	(95)
Changes in equity				
Issue of share capital	79	-	146	225
Total comprehensive income	-	(328)	-	(328)
Balance at 31 May 2011	7,915	(8,496)	383	(198)
Changes in equity				
Issue of share capital	101	-	2,894	2,995
Total comprehensive income	-	(477)	-	(477)
Balance at 31 May 2012	8,016	(8,973)	3,277	2,320

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Cash generated from operations	1	**(420)**	(29)
Interest paid		**(6)**	(2)
Finance costs paid		**-**	(120)
Net cash from operating activities		**(426)**	(151)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(2)**	-
Purchase of fixed asset investments		**(2,736)**	(500)
Sale of fixed asset investments		**61**	-
Other loans		**6**	508
Exchange variance re investments		**(30)**	14
Interest received		**(57)**	-
Net cash from investing activities		**(2,644)**	22
Cash flows from financing activities			
Share issue		**2,995**	225
Net cash from financing activities		**2,995**	225
(Decrease)/increase in cash and cash equivalents		**(75)**	96
Cash and cash equivalents at beginning of year	2	**106**	10
Cash and cash equivalents at end of year	2	**31**	106

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2012

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2012	2011
	£'000	£'000
Loss before income tax	(477)	(328)
Depreciation charges	1	-
Finance costs	6	122
Finance income	(57)	-
Decrease in value of investments	305	-
	(222)	(206)
Increase in trade and other receivables	(35)	(8)
(Decrease)/increase in trade and other payables	(163)	185
Cash generated from operations	(420)	(29)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 31 May 2012

	31.5.12	1.6.11
	£'000	£'000
Cash and cash equivalents	31	106

Year ended 31 May 2011

	31.5.11	1.6.10
	£'000	£'000
Cash and cash equivalents	106	10

1. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Craven House Capital plc is a company incorporated in the United Kingdom under the Companies Act. 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 financial statements have been prepared under the historical cost convention, except to the extent varied below for fair value adjustments required by accounting standards, and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use by the European Union. The principal accounting policies are set out below.

These financial statements are presented in pounds sterling, rounded to the nearest £.'000. Pounds sterling is the currency of the primary economic environment in which the company operates.

The accounting policies adopted by the Company are consistent with those of the previous financial year.

As at the date of approval of these financial statements some standards and interpretations were in issue but not yet effective. The directors expect that the adoption of these standards and interpretations in future accounting periods will not have a material impact on the company's results.

Financial Assets
Purchases or sales of financial assets are recognised at the date of the transaction. Where appropriate criteria are met, the Company makes use of the option of designating fixed asset investments upon initial recognition as financial assets at fair value through profit or loss. These criteria include that the fixed asset investment should meet the Company's published Investing Policy and form part of the Company's managed portfolio or similar investments. Such financial assets are carried at fair value and movements in fair value are taken through the profit and loss account. For quoted securities, fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Valuation of investments
a) Quoted investments
Where investments are quoted on recognised stock markets and an active market in the shares exists, the Company values those investments at closing mid-market price on the reporting date. Where an active market does not exist those quoted investments are valued by the application of an appropriate valuation methodology as if the relevant investment was unquoted.

The carrying value of quoted investments at the balance sheet date was £833,000.

b) Unquoted investments
In estimating the fair value for an unquoted investment, the Company applies a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio using reasonable data, market inputs, assumptions and estimates. Any changes in the above data, market inputs, assumptions and estimates will affect the fair value of an investment which may lead to a recognition of impairment loss in the statements of comprehensive income if an indication of impairment exists.

The carrying value of unquoted investments at the balance sheet date was £2,052,451.

continued…

Revenue recognition
Revenue recognition depends on the type of revenue concerned.

Management fees are recognised as they are earned. Interest income and expense is recognised on an accruals basis. Investments are revalued periodically and any change in value recognised on the revaluation date.

The above policies on revenue recognition result in both deferred and accrued income.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax at rates substantively enacted at the balance sheet date.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the Company's taxable profits and its results as stated in the financial information that arises from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial information.

Foreign currencies
In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur; which form part of the net investment in a foreign operation and which are recognised in the foreign currency translation reserve.

For the purposes of presenting sterling financial statements, the assets and liabilities of the Company's foreign operations are expressed using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in a foreign currency translation reserve.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

continued…

1. ACCOUNTING POLICIES - continued

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the directors. The directors, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the senior management that make strategic decisions. The Company is principally engaged in investment business; the directors consider there is only one business segment significant enough for disclosure.

Critical Accounting Estimates and Judgements
Preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are in the following areas:

Valuation of investments
The Company has made a number of investments in the form of loans or equity investments in private companies operating in emerging markets. The investee companies are generally at a key stage in their development and operating in an environment of uncertainty in capital markets. Should planned development prove successful, the value of the Company's investment is likely to increase, although there can be no guarantee that this will be the case. Should planned development prove unsuccessful, there is a material risk that the Company's investments may be impaired. The carrying amounts of investments are therefore highly sensitive to the assumption that the strategies of the investee companies will be successfully executed.

Going concern
At the balance sheet date, the Company had drawn down non-interest bearing loans of £587,000 from Desmond to enable it to make qualifying investments under its Investing Policy and to provide working capital for the Company. Although amounts drawn down are repayable within 12 months of the balance sheet date, Desmond has agreed that it will not seek repayment of outstanding balances in respect of both facilities unless the Company is in a position to make the repayment. Of the initial amount drawn down, £526,000 remained outstanding at the year end. The Directors also aim to generate cash from yield-based investments; and full / partial exits of the Company's more liquid investments (if required). Further to the successful private placing; the ongoing working capital facility provided by Desmond; and income generated by investments, the Board is pleased to report that the Company can continue to trade as a going concern.

2. SEGMENTAL REPORTING

The operating segment has been determined and reviewed by the directors to be used to make strategic decisions. The directors consider there to be a single business segment being that of investing activities, therefore only one reportable segment.

3. EMPLOYEES AND DIRECTORS

	2012	2011
	£'000	£'000
Wages and salaries	**72**	52

continued…

3. EMPLOYEES AND DIRECTORS - continued

The average monthly number of employees during the year was as follows:

	2012	2011
Directors	**4**	4

	2012	2011
	£	£
Directors' remuneration	**71,686**	51,500

Directors' remuneration was split as follows:

	2012	**2011**
	£'000	**£'000**
Fees	43	52
Share based payments	29	
TOTAL	**72**	**52**

The highest paid director received emoluments and benefits as follows

	2012	**2011**
	£'000	**£'000**
Fees	**30**	24

The directors are the key management of the Company.

There were no directors (2011: none) to whom retirement benefits were accruing under money purchase schemes.

4. NET FINANCE INCOME

	2012	2011
	£'000	£'000
Finance income:		
Interest receivable	**57**	-
	57	-
Finance costs:		
Loan	**6**	2
Loan arrangement fee	**-**	120
	6	122
Net finance income	**57**	-

continued…

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	2012	2011
	£'000	£'000
Rental charges	**16**	-
Depreciation - owned assets	**1**	-
Fees payable to the Company's auditors	**10**	9
Foreign exchange (gains) / losses	**(15)**	14

6. INCOME TAX

Analysis of charge in the year

	2012	**2011**
	£'000	**£'000**
Current tax:		
UK corporation tax on profit of the year	**-**	-
Deferred tax	**-**	-
Tax on profit on ordinary activities	**-**	**-**

	2012	**2011**
	£'000	**£'000**
Loss on ordinary activities before tax	(477)	(328)

Analysis of charge in the year

	2012	**2011**
	£'000	**£'000**
Profit on ordinary activities multiplied by small companies Rate of corporation tax in the UK of 20% (2011:21%)	(95)	(69)
Effects of: Loss carried forward	**95**	69
Current tax charge for the year as above	_	_

continued…

7. EARNINGS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share has not been disclosed as the inclusion of unexercised warrants would be anti-dilutive.

		2012	
	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	(477)	276,296,013	-0.17

		2011	
	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	(328)	161,988,742	-0.20

8. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000
COST	
Additions	**2**
At 31 May 2012	**2**
DEPRECIATION	
Charge for year	**1**
At 31 May 2012	**1**
NET BOOK VALUE	
At 31 May 2012	**1**

continued…

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Quoted investments £'000	**Unquoted investments £'000**	**Totals £'000**
At 1 June 2010	-	-	-
Additions	-	500	500
Effect of foreign exchange	-	(14)	(14)
At 31 May 2011	-	486	486
Additions	1,208	1,528	2,736
Disposals	-	(61)	(61)
Revaluations	(375)	70	(305)
Effect of foreign exchange	-	30	30
At 31 May 2012	**833**	**2,053**	**2,886**

10. TRADE AND OTHER RECEIVABLES

	2012 £'000	2011 £'000
Current:		
Trade debtors	**16**	-
Other debtors	**3**	13
Prepayments and accrued income	**58**	29
	77	42

11. CASH AND CASH EQUIVALENTS

	2012 £'000	2011 £'000
Bank accounts	**31**	106

continued…

12. CALLED UP SHARE CAPITAL

Authorised
Equity shares

Number:	Class:	Nominal value:	2012 £'000	2011 £'000
2,280,038,212	Ordinary	0.001	**2,280**	2,280
77,979,412	Ordinary	0.09	**7,018**	7,018
77,979,412	Ordinary	0.009	**702**	702
			10,000	10,000

Allotted, called up and fully paid
Equity shares

Number:	Class:	Nominal value:	2012 £'000	2011 £'000
435,145,211 (2011: 194,999,400)	Ordinary	0.001	**296**	195
77,979,412	Ordinary	0.09	**7,018**	7,018
77,979,412	Ordinary	0.009	**702**	702
			8,016	7,915

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.

On 28 June 2011, the Company announced it had raised £721,578 from the subscription of 57,726,266 new ordinary shares at 1.25p per share, and 57,726,266 fully transferable warrants, exercisable and 1.5p per share at any time before 30 June 2014.

On 17 August 2011, the Company allotted 24,500,000 new ordinary shares and 24,500,000 fully transferable warrants (exercisable and 1.5p per share at any time before 30 June 2014), to Farm Lands of Guinea Inc. (subsequently renamed Farm Lands of Africa Inc.) for a consideration of $500,000 (£306,250).

On 7 September 2011, the Company issued 1,900,000 new ordinary shares to new incoming director, Balbir Bindra, as an advance payment for the first year of service as Non-Executive Director of the Company. The Company also issued 1,000,000 new ordinary shares to departing Chairman, Sir Bernard Zissman, in lieu of serving a notice period.

On 5 January 2012, the Company allotted 10,961,305 new ordinary shares to an existing shareholder of Pressfit Holdings Plc for a consideration of £137,016.

On 17 May 2012, the Company allotted 40,094,624 new ordinary shares to certain existing shareholders of Farm Lands of Africa Inc. for a consideration of $801,893 (£501,183).

On 31 May 2012, the Company allotted 103,963,626 new ordinary shares to various existing shareholders of Pressfit Holdings Plc for a consideration of £1,299,545.

continued…

13. TRADE AND OTHER PAYABLES

	2012	2011
	£'000	£'000
Current:		
Trade creditors	**15**	123
Other creditors	**-**	106
Accruals and deferred income	**65**	16
VAT	**2**	-
	82	245

14. FINANCIAL LIABILITIES - BORROWINGS

	2012	2011
	£'000	£'000
Current:		
Other loans	**593**	587

Terms and debt repayment schedule

	1 year or less
	£'000
Other loans	**593**

Other loans of £593,000 comprise advances made by Desmond totalling £526,000 and loans made by Wise Star Capital Investment Limited, both being Hong Kong investment companies. The loans were provided to enable the Company to make qualifying investments under its Investing Policy and to provide working capital for the Company.

The terms of the loans provided by Desmond are as follows:
a) Investment facility
Non-interest bearing loan facility of up to £700,000. The Company may only make drawdowns in order to enter into investment agreements companies introduced by Desmond should they comply with the Company's Investing Policy.

The Company paid Desmond a fee of £120,000 for providing the facility, such fee being satisfied by the issue on 13 December 2010 of 58,480,300 ordinary shares in the Company for a total consideration of £120,000. Amounts drawn down under the facility are repayable within 12 months of the date of drawdown, subject to periodic extension by Desmond.

b) Working capital loans
Interest-bearing loans to provide financial support to enable the Company to meet its reasonable working capital requirements. The facility will remain in place for at least 12 months from the date of approval of the financial statements. Desmond has agreed that it will not seek repayment of outstanding balances in respect of both facilities unless the Company is in a position to make the repayment. See note 3 on page 18.

The loan provided by Wise Star Capital Investment Limited includes interest payable at a rate of 6% per annum. The loan was provided for 12 months dated 1st September 2011; however this loan has since been extended by a further 12 months.

continued…

15. **FINANCIAL INSTRUMENTS**

Financial risk management objectives and policies

Management has adopted certain policies on financial risk management with the objective of:
i. ensuring that appropriate funding strategies are adopted to meet the Company's short-term and long-term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections;

ii. ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding; and

iii. ensuring that credit risks on receivables are properly managed.

Financial instrument by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets at fair value through profit or loss

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements for those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

At the balance sheet date all of the Company's financial assets fell into both Level 1 and Level 2.

Carrying values of all financial assets and liabilities approximate to fair values.

Credit risk

The Company's credit risk is primarily attributable to other receivables. Management has a credit policy in place and the exposure to credit risks is monitored on an ongoing basis. In respect of other receivables, individual credit evaluations are performed whenever necessary. The Company's maximum exposure to credit risk is represented by the total financial assets held by the Company.

Interest rate risk

The Company currently operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. As the Company has no borrowings from the bank and the amount of deposits in the bank are not significant, the exposure to interest rate risk is not significant to the company. The effect of a 10% increase or fall in interest rates obtainable on cash and on short-term deposits would be to increase or decrease the Company's profit by less than £1,000 (2011: Less than £1,000).

Liquidity risk

The Company manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Company's policy to ensure facilities are available as required is to issue equity share capital in accordance with agreed settlement terms with vendors or professional firms, and all are due within one year.

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Price risks

The Company's securities are susceptible to price risk arising from uncertainties about future value of its investments. This price risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual investment or financial instrument or its holder or factors affecting all similar financial instruments or investment traded in the market.

During the year under review, the Company did not hedge against movements in the value of its investments. A 10% increase/decrease in the fair value of investments would result in an £80,000 (2011: £50,000) increase/decrease in the net asset value.

While investments in companies whose business operations are based in emerging markets may offer the opportunity for significant capital gains, such investments also involve a degree of business and financial risk, in particular for quoted investments.

Generally, the Company is prepared to hold unquoted investments for a middle to long time frame, in particular if an admission to trading on a stock exchange has not yet been planned. Sale of securities in unquoted investments may result in discount to the book value.

Currency risks

As investments may be made in foreign currencies (primarily US$), the Company is exposed to the risk of unrealised losses on retranslation into the reporting currency at reporting dates and to realised losses on realisations of investments denominated in foreign currencies. There is no systematic hedging in foreign currencies against such possible losses on translation/realisation.

Otherwise the Company operates primarily within its local currency.

Capital management

The Company's financial strategy is to utilise its resources to further grow its portfolio. The Company keeps investors and the market informed of its progress with its portfolio through regular announcements and raises additional equity finance at appropriate times.

The Company regularly reviews and manages its capital structure for the portfolio companies to maintain a balance between the higher shareholder returns that might be possible with certain levels of borrowing for the portfolio and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure of the portfolio in the light of changes in economic conditions. Although the Company has utilised loans from shareholders to acquire investments, it is the Company's policy as far as possible to finance its investing activities with equity and not to have gearing in its portfolio.

At the balance sheet date the capital structure of the Company consisted of borrowings disclosed in note 14, cash and cash equivalents and equity comprising issued capital and reserves.

continued…

16. RELATED PARTY DISCLOSURES

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

Loans from Desmond Holdings
At the year end the Company owed £526,000 to Desmond, shareholder in the Company. Details are set out in note 14.

Management fees payable to Desmond Holdings
At the year end, included in accruals, is an amount of £52,500 payable to Desmond in respect of management services provided in the year.

Directors and key management
Amounts payable in the year to directors (who also comprise key management) are set out in the Directors' Remuneration section of the Chairman's Report. At 31 May 2012 the following amounts were payable to directors:

Mark Pajak	-
Alexandra Eavis	-
Balbir Bindra	-
Sir Bernard Zissman	-
Andrew Fletcher	-

All key management personnel are directors and appropriate disclosure with respect to them is made in note 3 of the financial statements. There are no other contracts of significance in which any director has or had during the year a material interest.

17. EVENTS AFTER THE REPORTING PERIOD

On 24 September 2012, the Company acquired 49% of Ceniako Ltd ("Ceniako") for €1,000,000. Ceniako is a Cypriot holding company whose sole asset, held indirectly through a wholly owned Brazilian subsidiary, is just under 2000 hectares of beachfront productive arable land with development potential. Ceniako also subscribed for 62,891,520 new ordinary shares of 0.1p each in the Company for 1.25p per share.

On 2 October 2012, Mark Pajak, Acting Chairman of Craven House Capital, became Non-Executive Chairman of investee company, Pressfit Holdings Plc.

INCOME STATEMENT SUMMARIES
FOR THE YEAR ENDED 31 MAY 2012

	2012 £'000	2011 £'000
REVENUE		
Sales	**34**	1
	34	1
OTHER OPERATING INCOME		
Sundry receipts	**4**	2
	4	2
ADMINISTRATIVE EXPENSES		
Establishment costs		
Rental charges	**16**	-
Insurance	**4**	-
Administrative expenses		
Directors' salaries	**72**	52
Telephone	**2**	-
Post and stationery	**1**	-
Advertising	**1**	2
Travelling	**12**	5
Sundry expenses	**16**	24
Accountancy	**3**	7
Company Secretarial fees	**3**	8
Professional fees	**133**	83
Entertainment	**1**	-
Bad debts	**-**	5
Auditors' remuneration	**10**	9
Foreign exchange losses	**(15)**	14
Depreciation of tangible fixed assets		
Computer equipment	**1**	-
Finance costs		
Bank charges	**1**	-
	261	209
FINANCE COSTS		
Loan	**6**	2
Loan arrangement fee	**-**	120
	6	122
FINANCE INCOME		
Interest receivable	**57**	-
Gross portfolio return	**(305)**	-
	(248)	-