

27 February 2015

Craven House Capital Plc ("Craven House" or "the Company")

Interim Report for the period ended 30 November 2014

Highlights

- NAV of holdings decreased from £5.5m to £5.0m in the six-month period. This was primarily the result of a mark to market adjustment of our shareholding in Pressfit Holdings Plc.
- The period was relatively quiet as management focused on improving operations at existing portfolio companies and evaluating larger transactions.

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Overview

During the 6 months to 30 November 2014, Craven House focused on improving the operational aspects of its portfolio companies as well as the evaluation of several new opportunities.

We are disappointed to report a decrease in our NAV. This adjustment is primarily as a result of the mark to market effects of Pressfit Holdings Plc, which was listed on the AIM Market during the period. While we do not believe the market value represents the intrinsic value of Pressfit, we do believe it was appropriate and prudent to write down the holding on our books.

During the period, the Company evaluated several potential investments and we continue to look at several transformational acquisitions. We spent significant time and considerable effort on one particular transaction, which did not materialise, as we simply could not get comfortable with the margin of safety we require to commit capital. We are especially conservative when issuing new shares that have a dilutive effect on existing shareholders. We remain firm in our stated policy of using our shares as consideration in the acquisition only at 1.25p or higher. If an acquisition does not increase the NAV on a per share basis, except in very exceptional circumstances, we will not invest. While it is frustrating for the board and shareholders alike that management time and resource is expended without tangible result, we would rather err on the side of conservatism and caution. In the period several of our holdings have undergone significant restructuring. We believe this will result in enhanced earnings and increased valuations in future periods.

Investment Activity

There were no new investments in the period.

Selected Performance Updates

Pressfit Holdings Plc ('Pressfit') is a UK holding company with subsidiaries manufacturing specialist

stainless steel pipe fittings in China. Craven House's shareholding at the period end represented 25.3% ownership of Pressfit, through investments totalling £516,648 with a further 2.1% of the shares in Pressfit being available to the Company in the event that an outstanding convertible loan is exercised. The company listed on the AIM market during the period and suffered from both a lack of operational performance, mismanagement and market apathy. Subsequent to the period, Pressfit was de-listed from the AIM market after its Nominated Adviser ("NOMAD"), Daniel Stewart & Company, lost its NOMAD authorisation and Pressfit was unable to secure a new NOMAD in the specified time period. We were very frustrated with these events. We have voiced our frustration and displeasure to the company and are presently working with the other large shareholders, one of which is an industry leader, to restructure the management and move the company forward.

Farm Lands of Africa. Farm Lands of Africa Ltd is a private farming company with access to large-scale farmland in Guinea. We remain intensely optimistic about African farmland operations in general and believe that Africa will become self sufficient in food production. However, the outbreak of Ebola in the area where our leases were located made operations impossible. As our leases were contingent on continuous operations we found it prudent to write off our investment to zero at the prior year-end in May 2014. We do believe once the country begins to recover from the Ebola outbreak there will be opportunity to renegotiate the leases and resume operations. We cannot be certain any developments will materialize but we are optimistic.

Working Capital

Operating and overhead costs continue to be managed very prudently. On-going monthly operating costs were c.£15,000 (inclusive of all management fees), during the period.

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 Holdings Ltd. Desmond Holdings has confirmed it will continue to evaluate the extension of existing loan facilities and to provide additional working capital loans if and when required.

Interest and capital repayments of the mortgage over the Green Isle Hotel, and cash generated by other existing investments, are expected to significantly reduce the Company's requirement for additional working capital facilities going forward.

Outlook

We are patient and opportunistic investors. We continue to be of the view that our continuing focus on real assets in emerging markets and special situations in developed markets will offer the best returns over the medium to longer term particularly in the current global economic environment. We do not believe that the Company's current stock market valuation accurately reflects the inherent value of the investment portfolio nor the potential of our investment strategy. We believe in creating long-term value for our shareholders and will not be diverted by seeking short-term share price accretion with continual newsflow.

Our firm view is that risk is presently mispriced in the capital markets. Both Bonds and Equities are overvalued and a reversal of capital flows will provide a substantial opportunity for patient investors such as ourselves.

We are constantly seeking transformational acquisitions that would materially enhance the valuation of your company and welcome introductions to new opportunities. In particular we target businesses that balance high growth potential with the risk mitigation that arises from being cash flow positive and having strong management. We are particularly interested in generational transitions in family businesses.

Conclusion

The board believes that Craven House Capital is an attractive acquisition vehicle with increasing potential. When and where capital is scarce we will find the best opportunities. Where capital is abundant and inexpensive, we will struggle to find good value. Until such time as we find deep value we shall remain patient.

Our investment manager, Desmond Holdings, remains the largest shareholder of Craven House Capital and has never sold a share. We are appreciative of the support received from our shareholders to date and are committed to creating value for the enterprise, and wealth for shareholders.

CRAVEN HOUSE CAPITAL PLC

**INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014**

		Six months ended		Year Ended
		30 Nov 2014	30 Nov 2013	31 May 2014
		(Unaudited)	(Unaudited)	(Audited)
		£'000	£'000	£'000
CONTINUING OPERATIONS				
Revenue		-	249	249
Gross Portfolio return		(469)	374	(845)
Other operating income		-	-	-
Administrative expenses		(96)	(101)	(307)
		<u>(565)</u>	<u>522</u>	<u>(903)</u>
OPERATING PROFIT/(LOSS)				
Finance costs	2	(8)	(10)	(16)
Finance income		28	6	39
		<u>(545)</u>	<u>518</u>	<u>(880)</u>
PROFIT/(LOSS) BEFORE INCOME TAX				
Income tax		-	-	-
		<u>(545)</u>	<u>518</u>	<u>(880)</u>
PROFIT/(LOSS) FOR THE PERIOD				
 Earnings per share expressed				
In pence per share:				
Basic	6	<u>(0.07)</u>	<u>0.09</u>	<u>(0.13)</u>
Diluted	6	<u>(0.06)</u>	<u>0.08</u>	<u>(0.13)</u>

CRAVEN HOUSE CAPITAL PLC

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014**

	Six months ended		Year Ended
	30 Nov 2014	30 Nov 2013	31 May 2014
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
PROFIT/(LOSS) FOR THE PERIOD	(545)	518	(880)
OTHER COMPREHENSIVE INCOME	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(545)	518	(880)
	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the company	(545)	518	(880)
	<hr/>	<hr/>	<hr/>

CRAVEN HOUSE CAPITAL PLC

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2014**

		Six months ended		Year Ended
		30 Nov 2014	30 Nov 2013	31 May 2014
		(Unaudited)	(Unaudited)	(Audited)
		£'000	£'000	£'000
ASSETS				
NON-CURRENT ASSETS				
Investments at fair value through profit or loss	4	5,626	6,114	6,095
		<u>5,626</u>	<u>6,114</u>	<u>6,095</u>
CURRENT ASSETS				
Trade and other receivables		116	76	114
Cash and cash equivalents		296	6	-
		<u>412</u>	<u>82</u>	<u>114</u>
TOTAL ASSETS		<u><u>6,038</u></u>	<u><u>6,196</u></u>	<u><u>6,209</u></u>
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital	5	8,519	8,423	8,519
Share premium		7,310	6,206	7,310
Retained earnings		(10,844)	(8,901)	(10,299)
TOTAL EQUITY		<u><u>4,985</u></u>	<u><u>5,728</u></u>	<u><u>5,530</u></u>
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		678	192	339
Financial liabilities-borrowings interest bearing loans and borrowings	7	375	276	340
		<u>1,053</u>	<u>468</u>	<u>679</u>
TOTAL LIABILITIES		<u><u>1,053</u></u>	<u><u>468</u></u>	<u><u>679</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,038</u></u>	<u><u>6,196</u></u>	<u><u>6,209</u></u>

CRAVEN HOUSE CAPITAL PLC**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Total equity £'000
Balance at 1 June 2013	8,313	(9,419)	4,948	3,842
Changes in equity				
Issue of share capital	110	-	1,258	1,368
Total comprehensive income	-	518	-	518
Balance at 30 November 2013	8,423	(8,901)	6,206	5,728
Changes in equity				
Issue of share capital	96	-	1,104	1,200
Total comprehensive income	-	(1,398)	-	(1,398)
Balance at 31st May 2014	8,519	(10,299)	7,310	5,530
Changes in equity				
Issue of share capital	-	-	-	-
Total comprehensive income	-	(545)	-	(545)
Balance at 30 November 2014	8,519	(10,844)	7,310	4,985

CRAVEN HOUSE CAPITAL PLC

**STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014**

	Six months ended		Year Ended
	30 Nov 2014	30 Nov 2013	31 May 2014
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	257	10	(103)
Interest paid	(8)	(10)	(16)
Net cash used in operating activities	249	-	(119)
Cash used in investing activities			
Purchase of fixed asset investments	-	(1,182)	(2,382)
Sale of fixed asset investments	-	-	-
Other loans	35	(187)	(123)
Exchange variance re investments	-	-	-
Interest received	28	6	39
Net cash used in investing activities	63	(1,363)	(2,466)
Cash from financing activities			
Share issue	-	1,368	2,568
Net cash from financing activities	-	1,368	2,568
Increase/(Decrease) in cash and cash equivalents	312	5	(17)
Cash and cash equivalents at the beginning of period	(16)	1	1
Cash and cash equivalents at the end of the period	296	6	(16)
Cash and cash equivalents consist of:	296	6	(16)
Cash and cash equivalents included in current assets/(Trade and other payables)			

1. ACCOUNTING POLICIES

General Information

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 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 31st May 2015.

Changes in accounting standards

IFRS 10, 11 and 12 are effective for the year ended 31 May 2015, therefore these standards have been adopted as part of the preparation of the results for the period ended 30 November 2014. The principal changes as a result of these standards arise from IFRS 10, as well as “Investment Entities”(Amendments to IFRS 10, IFRS 12 and IAS 27).

Under IFRS 10, companies are able to consider whether they are classed as an investment entity. An investment entity is an entity that:

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

In assessing whether a company meets the definition of an investment entity, the following characteristics must be considered:

- (a) it has more than one investment;
- (b) it has more than one investor;
- (c) it has investors that are not related parties of the entity; and
- (d) it has ownership interests in the form of equity or similar interests.

The directors have considered the definition of an investment entity in IFRS 10 as well as the associated application guidance. The directors considered that Craven House Capital met the definition of an investment entity.

Previously, the financial information presented included that of Craven House Capital plc and its subsidiary undertaking, Craven House Industries Limited (‘CHI’). With effect from the current accounting period ending 30 November 2014, the investment in CHI will be accounted for at fair value through profit and loss and CRV will present information for them as an individual entity and not as a group. This has had no impact on the net assets reported in prior periods.

CRAVEN HOUSE CAPITAL PLC

NOTES TO THE FINANCIAL INFORMATION - continued FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014

1. ACCOUNTING POLICIES (continued)

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 2014, 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 pounds sterling, rounded to the nearest £'000. Pounds sterling is the currency of the primary economic environment in which the company operates.

The directors do not propose the issuance of a dividend.

The interim financial information for the six months ended 30 November 2014 was approved by the directors on 27 February 2015.

Going concern

At the balance sheet date, the Company had drawn down non-interest bearing loans 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, £299,000 remained outstanding at the period 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 prepare accounts on the going concern basis.

2. Finance expense

	Six months ended		Year Ended
	30 Nov 2014	30 Nov 2013	31 May 2014
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Loan interest	8	10	16
	<u>8</u>	<u>10</u>	<u>16</u>

CRAVEN HOUSE CAPITAL PLC

NOTES TO THE FINANCIAL INFORMATION - continued FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014

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

	Quoted Investments £'000	Unquoted Investment £'000	Total £'000
At 1 June 2014 (audited)	11	6,084	6,095
Additions	-	-	-
Revaluations	(573)	104	(469)
Reclassification	1,182	(1,182)	-
At 30 th November 2014 (unaudited)	<u>620</u>	<u>5,006</u>	<u>5,626</u>

Quoted investments at 30 November 2014 are as follows;

Shares held in Farm Lands of Africa Inc, a company listed on the OTC markets in New York are valued at £12,407. The shares in Farm Lands of Africa Inc have been measured on a Level 3 basis due to these not being traded in an active market.

Shares held in Pressfit Holdings Plc, a company listed on the AIM Market of the London Stock Exchange, are valued at £516,648. These have been measured on a Level 1 basis due to these being traded in an active market.

A convertible loan to Pressfit Holdings Plc valued at £91,376. This has been valued based on the number of shares that Craven House Capital would receive on conversion at the market price of the shares at the date of its IPO as the Directors believe this is the best indication of the fair value of the loan at the reporting date.

Unquoted investments at 30 November 2014 have been measured on a Level 3 basis as no observable market data was available. These investments are as follows:

Shares in Ceniako Limited valued at £796,061, representing a 49% holding. These have been valued at the price paid by Craven House Capital as the Directors believe that the price of recent investment continues to represent the best indication of the fair value at the period end.

Shares in Finishtec Acabamento Tecnicos em Matais Ltda valued at £639,551. This is held through a 95% subsidiary Craven House Industries Limited giving the group a 50.1% stake. These have been valued at the price paid by Craven House Capital, as the Directors believe that the price of recent investment continues to represent the best indication of the fair value at the period end.

CRAVEN HOUSE CAPITAL PLC

NOTES TO THE FINANCIAL INFORMATION - continued FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014

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

Shares in EmVest Barvale (Pty) Ltd valued at £438,735, representing a 49% holding. These have been valued at the price paid by Craven House Capital, as the Directors believe that this is the best indication of the value at the period end.

Shares in EmVest Evergreen (Pty) Ltd valued at £0, representing a 49% holding. These have not been attributed a value as the Directors believe that this is the best indication of the value at the period end.

Shares in EmVest Evergreen Properties (Pty) Ltd valued at £493,514, representing a 49% holding. These have been valued at the price paid by Craven House Capital as the Directors believe that this is the best indication of the value at the period end.

Shares in EmVest Foods (Pty) Ltd valued at £164,505, representing a 49% holding. These have been valued at the price paid by Craven House Capital, as the Directors believe that this is the best indication of the value at the period end.

Shares in Royalty Sports Brands Ltd valued at £1,279,019, representing a 49% holding. These have been valued at the price paid by Craven House Capital, as the Directors believe that this is the best indication of the value at the period end.

Shares in Farm Lands of Africa Ltd valued at £311,966, representing a 50% holding. The value of the shares have been written down to zero as the Directors believe that this is the best indication of the value at the period end considering the recent Ebola outbreak in Guinea.

A loan with Greentel Limited valued at £1,194,090. The period end valuation is based on the agreed conversion of the loan into a facility of €1,500,000 on 28 November 2013, which the Directors believe is the most appropriate indicator of the period end valuation based on the information available to them.

5. CALLED UP SHARE CAPITAL

The Company's authorised share capital is as follows:

Number	Class:	Nominal Value	30 Nov 2014 (Unaudited) £'000	31 May 2014 (Audited) £'000
2,280,038,212	Ordinary	0.001	2,280	2,280
77,979,412	Deferred	0.09	7,018	7,018
77,979,412	Deferred	0.009	702	702
			10,000	10,000

CRAVEN HOUSE CAPITAL PLC

NOTES TO THE FINANCIAL INFORMATION - continued FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2014

5. CALLED UP SHARE CAPITAL (continued)

Issued and fully paid share capital as at 30 November 2014 are as follows:

Number	Class:	Nominal Value	30 Nov 2014 (Unaudited) £'000	31 May 2014 (Audited) £'000
798,466,557 (2013: 702,466,557)	Ordinary	0.001	799	799
77,979,412	Deferred	0.09	7,018	7,018
77,979,412	Deferred	0.009	702	702
			8,519	8,519

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.

There was no movement in share capital in the six months ended 30 November 2014.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the loss attributable to the equity holders for the period of £545,000 and on weighted average number of shares in issue of 798,466,557 (Six months ended 30 November 2013: profit of £518,000 and 606,865,654 shares; Year ended 31 May 2014 loss of £880,000 and 673,998,159 shares) being the weighted average number of shares, in issue during the period.

The calculation of diluted earnings per share is based on the loss attributable to the equity holders for the period of £545,000 and on weighted average number of shares and warrants in issue of 880,692,823 (Six months ended 30 November 2013: profit of £518,000 and 689,091,920 shares; Year ended 31 May 2014 loss of £880,000 and 710,752,399 shares) being the weighted average number of shares and warrants, in issue during the period.

7. LOANS

Other loans of £375,000 comprise advances made by Desmond Holdings Ltd ("Desmond") totalling £299,000 and loans made by Wise Star Capital Investment Limited totalling £76,000, 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.

7. LOANS (continued)

The terms of the loans provided by Desmond are as follows:

a) Investment facility

Non-interest bearing loan facility of up to £700,000, originally provided in December 2010. The majority of this has now been repaid and as at 30 November 2014, the Company's borrowings under this facility totalled £47,000.

b) Working capital loans

Interest-bearing loans 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.

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. The amount owed to Wise Star Capital Investment Limited at the balance sheet date was £76,000.

7. RELATED PARTY DISCLOSURES

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

Loans from Desmond Holdings Limited

At the period end the Company owed £299,000 to Desmond Holdings Limited, the Company's Investment Manager and major shareholder in the Company.

Management fees payable to Desmond Holdings Limited

At the period end, included in trade creditors, is an amount of £35,000 payable to Desmond Holdings Limited, in respect of management services provided. The total amount owed to Desmond in respect of unpaid invoices at the balance sheet date was £227,500.

Investment in Pressfit Holdings Plc

At the period end the Company held shares in Pressfit Holdings Plc and a convertible loan was owed to the Company, both of which were included in quoted investments. During the period Mark Pajak was Chairman of Pressfit Holdings Plc.

8. EVENTS AFTER THE REPORTING PERIOD

No reportable events occurred after the reporting period.