

**INTERIM FINANCIAL INFORMATION**  
**FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**  
**FOR**  
**CRAVEN HOUSE CAPITAL PLC**

**CRAVEN HOUSE CAPITAL PLC**

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FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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**CRAVEN HOUSE CAPITAL PLC**

**COMPANY INFORMATION  
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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

## **CRAVEN HOUSE CAPITAL PLC**

### **CHAIRMAN'S REPORT FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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During the 6 months to 30 November 2012, Craven House Capital Plc ("Craven House") continued to make very encouraging progress. As stated previously, we measure Craven House's success on one simple metric; the Net Asset Value of our holdings. We have demonstrated considerable headway in this regard over the past 18 months with net assets having increased from -£198,000 to almost £2.5million. This improved net asset position enables Craven House to consider increasingly sizable and ambitious investment targets moving forward.

As stated at the time of our full year results, a key area of focus in the period has been the identification and acquisition of assets / businesses capable of positive short-term cash generation. It is therefore very pleasing that the Company was able to make a significant investment during the period meeting this criterion, and a subsequent similar investment after the period end.

In September 2012, Craven House completed the acquisition of a 49% shareholding in 'Ceniako Ltd'; a company owning approximately 2,000Ha of agricultural land and over 2km of continuous Atlantic beachfront in Brazil. This asset offers significant potential for cash generation through farming activities as well as property development.

#### **Investment Activity & Performance**

During the period, Craven House made an investment in the following company:

- 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 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. The land has recently been independently valued at circa EUR€4.5m. We intend to utilize the agricultural potential of the site in order to cover management costs and generate some cash whilst pursuing its development potential and seeking a buyer for the site.

Craven House provides updates on its positions in the following companies:

- Pressfit Holdings Plc ('Pressfit') is a UK private holding company with subsidiaries manufacturing specialist stainless steel pipe fittings in China. Craven House's shareholding 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 continued to perform well during the period as it expanded its global network of clients and distributors. A number of trial orders have now been shipped to destinations in Europe and Asia. Pressfit has also relocated its manufacturing facilities to Guangdong province, significantly improving its transport and logistical links. The sale of its old facility generated sufficient cash for Pressfit to pay off a number of historic shareholder loans and secure a long-term lease on its new site, meaning it is now very well placed for rapid expansion. Following the relocation, and with Pressfit's product offering now well established, management are able to focus on sales generation. It is anticipated that substantial orders will begin to be generated in 2013.

Mark Pajak, Director of Craven House and Director of the Company's Investment Manager, Desmond Holdings Ltd ("Desmond"), accepted a position as Chairman of Pressfit during the period.

- Farm Lands of Africa Inc. (FLAF:OTC US) is 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.

## **CRAVEN HOUSE CAPITAL PLC**

### **CHAIRMAN'S REPORT (Continued) FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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FLAF executed a merger with an Indian-owned Guinean agricultural company, Buddhavarapu Farms SA, in September 2012. This transaction diluted Craven House's shareholding from 7.8% to 2.6% of the total issued share capital of FLAF. However, the shareholder rights afforded to Craven House at the time of our investment in the form of anti-dilution mechanisms protect our holdings. These mechanisms have been triggered by this transaction and dialogue with FLAF is ongoing as to the number of shares that will be issued to Craven House following this merger. Craven House's investment in FLAF therefore continues to be held at book value of \$1.55 per share, the value of the most recent significant investment in FLAF.

Alexandra Eavis, Director of Craven House, became CEO of FLAF in December 2012 in order to assist the Company temporarily with its fundraising efforts and compliance with regulatory filing requirements.

#### **Management and Performance Fee**

On 2 August 2011, the Company announced the terms of its Management Services Agreement with Desmond. Under this agreement, the Company agreed to pay Desmond, as Investment Manager, an annual Performance Fee equal to 20% of the increase in the Net Asset Value of the Company, subject to a hurdle rate of at least 5%. In accordance with this agreement, Desmond has been awarded a performance fee of £552,368 for the financial year ending May 2012, representing 20% of the increase in the Net Asset Value per share in the Company during the year.

Desmond has confirmed that this fee will be paid in shares of the Company, priced at 1.25p per share; the price at which the company's most recent financing was completed and at which all transactions have been completed over the course of the past 18 months. This emphasises Desmond's on-going belief in the underlying value of the Company's holdings and its desire to ensure that its interest remain aligned with all other shareholders. Furthermore, Desmond has voluntarily instructed that the sale of these shares will be restricted for a period of one year.

#### **Post Balance Sheet Events**

In January 2013, the Company purchased 17,502 shares in Finishtec - Acabamentos Técnicos em Metais Ltda. - ME ("Finishtec") representing 50.1% of Finishtec's issued share capital. The shares were purchased at a price of approximately \$57 per share, amounting to a total consideration of \$1,000,000, from the founding partners of Finishtec (the "Shareholders"). Simultaneously, the Shareholders agreed to subscribe for 49,739,760 new ordinary shares of 0.1 pence each in the Company for 1.25p per share, amounting to an aggregate subscription of £621,747 (approximately equivalent to \$1,000,000).

Finishtec is a Brazilian manufacturing company, based in Curitiba, with net assets of over \$1,000,000. Founded in 1998, Finishtec specialises in the manufacture of industrial electrical switching, distribution and insulating equipment for the domestic power sector in Brazil. It has a strong track record in the development of new technological practices, and has recently launched a new product line targeting the renewable energy sector. Finishtec benefits from an impressive list of blue-chip clients, which include ABB, Siemens, Alstom, Toshiba and Odebrecht. Its turnover has averaged circa \$680,000 annually over the past three years, although this is expected to more than double with sales from the new renewable energy product line.

Post period end, certain non-core investments were exited. Outstanding convertible loans made to Minera Mapsa SA ("Mapsa") and Planteman SA ("Planteman") in 2010 were repaid plus accrued interest (accrued at a rate of 8 per cent. per annum). The Company received \$116,667 from Mapsa and \$700,000 from Planteman. All cash received was used to pay down debt.

#### **Outlook**

The investment made during the period and subsequent activity further demonstrate our ability to execute our strategy of acquiring attractive assets and businesses in our target markets, principally using Craven House's shares as acquisition currency. The Company's balance sheet continues to expand at a rapid pace and the most recent investments offer the potential for short-term cash generation.

**CRAVEN HOUSE CAPITAL PLC**

**CHAIRMAN'S REPORT (Continued)  
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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As Craven House's asset base grows, we are able to target larger acquisition targets, and we look forward to updating our shareholders on our progress in due course. Our primary goal continues to be to enhance our shareholders' net asset value per share, and we are making significant progress in this regard. We are very confident that in continuing to pursue this strategy, the current discount at which our shares trade to the net asset value will be rapidly reduced.

**Mark Pajak**  
**Chairman**  
28 February 2013

**CRAVEN HOUSE CAPITAL PLC**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

|  | Notes | Six months ended                       |  | Year Ended                           |
|--|-------|--|--|--------------------------------------|
|  |       | 30 Nov<br>2012<br>(Unaudited)<br>£'000 | 30 Nov<br>2011<br>(Unaudited)<br>£'000 | 31 May<br>2012<br>(Audited)<br>£'000 |
| <b>Continuing operations</b>                   |       |  |  |                                      |
| Revenue  |       | -                                      | -                                      | 34                                   |
| Gross portfolio return                         |       | (26)                                   | 206                                    | (305)                                |
| Other operating income                         |       | 6                                      | -                                      | 4                                    |
| Operating expenses                             |       | (689)                                  | (204)                                  | (261)                                |
| <b>Operating (loss)/profit</b>                 |       | (709)                                  | 2                                      | (528)                                |
| Finance costs                                  | 2     | (3)                                    | (17)                                   | (6)                                  |
| Finance Income                                 |       | 21                                     | -                                      | 57                                   |
| <b>Loss for the period</b>                     |       | (691)                                  | (15)                                   | (477)                                |
| Other comprehensive income                     |       | -                                      | -                                      | -                                    |
| <b>Total comprehensive loss for the period</b> |       | (691)                                  | (15)                                   | (477)                                |
| <b>Loss per share (pence)</b>                  |       |  |  |                                      |
| Basic and diluted                              | 5     | (0.15)                                 | (0.005)                                | (0.17)                               |

**CRAVEN HOUSE CAPITAL PLC**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2012**

|  | Notes | Six months ended                       |  | Year Ended                           |
|--|-------|--|--|--------------------------------------|
|  |       | 30 Nov<br>2012<br>(Unaudited)<br>£'000 | 30 Nov<br>2011<br>(Unaudited)<br>£'000 | 31 May<br>2012<br>(Audited)<br>£'000 |
| <b>Assets</b>                                    |       |  |  |                                      |
| <b>Non-current assets</b>                        |       |  |  |                                      |
| Property, plant & equipment                      |       | 1                                      | -                                      | 1                                    |
| Investments at fair value through profit or loss | 4     | 3,640                                  | 1,438                                  | 2,886                                |
|  |       | <u>3,641</u>                           | <u>1,438</u>                           | <u>2,887</u>                         |
| <b>Current assets</b>                            |       |  |  |                                      |
| Trade and other receivables                      |       | 92                                     | 8                                      | 77                                   |
| Cash and cash equivalents                        |       | -                                      | 78                                     | 31                                   |
|  |       | <u>92</u>                              | <u>86</u>                              | <u>108</u>                           |
| <b>Total assets</b>                              |       | <u><u>3,733</u></u>                    | <u><u>1,524</u></u>                    | <u><u>2,995</u></u>                  |
| <b>Equity and liabilities</b>                    |       |  |  |                                      |
| <b>Shareholders' equity</b>                      |       |  |  |                                      |
| Share capital                                    | 5     | 8,219                                  | 8,000                                  | 8,156                                |
| Share premium                                    |       | 3,860                                  | 1,335                                  | 3,137                                |
| Retained earnings                                |       | (9,664)                                | (8,511)                                | (8,973)                              |
|  |       | <u>2,415</u>                           | <u>824</u>                             | <u>2,320</u>                         |
| <b>Current liabilities</b>                       |       |  |  |                                      |
| Trade and other payables                         |       | 1,318                                  | 700                                    | 675                                  |
| <b>Total equity and liabilities</b>              |       | <u><u>3,733</u></u>                    | <u><u>1,524</u></u>                    | <u><u>2,995</u></u>                  |

**CRAVEN HOUSE CAPITAL PLC**

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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|  | <b>Share<br/>Capital<br/>£'000</b> | <b>Share<br/>Premium<br/>£'000</b> | <b>Retained<br/>Earnings<br/>£'000</b> | <b>Total<br/>Equity<br/>£'000</b> |
|--|------------------------------------|------------------------------------|--|-----------------------------------|
| <b>Balance at 1 June 2012</b>  | 8,156                              | 3,137                              | (8,973)                                | 2,320                             |
| Loss for the period  | -                                  | -                                  | (691)                                  | (691)                             |
| <b>Total comprehensive income for<br/>the year attributable to equity<br/>shareholders</b> | -                                  | -                                  | (691)                                  | (691)                             |
| Issue of shares  | 63                                 | 723                                | -                                      | 786                               |
| <b>Balance at 30 November 2012</b>   | <b>8,219</b>                       | <b>3,860</b>                       | <b>(9,664)</b>                         | <b>2,415</b>                      |

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Share capital represents the aggregate nominal value of shares issued to date.

Share premium represents the aggregate amount by which subscription price exceeds nominal value of shares issued to date net of the costs of shares issued and any permissible utilisation of share premium account.

Retained earnings represent accumulated net retained losses to date.

**CRAVEN HOUSE CAPITAL PLC**

**STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

|   | 30 Nov<br>2012<br>(Unaudited)<br>£'000 | 30 Nov<br>2011<br>(Unaudited)<br>£'000 | 31 May<br>2012<br>(Audited)<br>£'000 |
|---|--|--|--------------------------------------|
| <b>(Loss)/profit arising from operating activities</b>      | (683)                                  | 2                                      | (222)                                |
| <b>Adjustment for:</b>                                      |  |  |                                      |
| Change in investments on foreign exchange translation       | 18                                     | (37)                                   | (30)                                 |
| Decrease/(increase) in trade and other receivables          | 537                                    | 34                                     | (35)                                 |
| (Decrease)/increase in trade and other payables             | 86                                     | (139)                                  | (163)                                |
| Change in value of investment                               | -                                      | (169)                                  | -                                    |
| <b>Net cash (used)/generated in operating activities</b>    | (42)                                   | (309)                                  | (450)                                |
| <b>Cash from financing activities</b>                       |  |  |                                      |
| Share issues  | 786                                    | 1,037                                  | 2,995                                |
| Interest paid   | (3)                                    | -                                      | (6)                                  |
| Repayment of borrowings                                     | -                                      | (72)                                   | -                                    |
| <b>Net cash from financing activities</b>                   | 783                                    | 965                                    | 2,989                                |
| <b>Cash from investing activities</b>                       |  |  |                                      |
| Proceeds from realisation of investments                    | -                                      | 61                                     | 61                                   |
| Purchase of tangible fixed assets                           | -                                      | -                                      | (2)                                  |
| Interest received   | 21                                     | -                                      | 57                                   |
| Other loans   | -                                      | 62                                     | 6                                    |
| Investments acquired  | (798)                                  | (807)                                  | (2,736)                              |
| <b>Net cash from investing activities</b>                   | (777)                                  | (684)                                  | (2,614)                              |
| <b>Net increase in cash and cash equivalents</b>            | (36)                                   | (28)                                   | (75)                                 |
| <b>Cash and cash equivalents at the beginning of period</b> | 31                                     | 106                                    | 106                                  |
| <b>Cash and cash equivalents at the end of the period</b>   | (5)                                    | 78                                     | 31                                   |
| <b>Cash and cash equivalents consist of:</b>                |  |  |                                      |
| Cash and cash equivalents included in current assets        | (5)                                    | 78                                     | 31                                   |

The Company has adopted the policy of determining that cash and cash equivalents shall comprise cash in hand and demand deposits, together with short-term liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. At the end of the reporting period cash and cash equivalents consisted of cash at bank.

**1. ACCOUNTING POLICIES**

**Basis of preparation**

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 information has 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 the principles of International Financial Reporting Standards (IFRS) as adopted for use by the European Union.

The principal accounting policies used in the preparation of the interim financial information do not differ significantly from those set out in the Company's report and financial statements for the year ended 31 May 2012 except for the clarifications set out below.

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 2012, 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 financial information represents the company only financial information as investments that are held as part of the Company's investment portfolio are carried in the balance sheet at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 – Investment in Associates, which requires investment held by venture organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of change. The Company has no interests in associates through which it carries on its business.

The Company considers that the equity or proportionate consolidation methods for investments held by the Company produce information that is not relevant to the management and shareholders. The business of our respective investee companies is different in nature to that of ours and it is not our strategy to hold the interest of these investments on a perpetual basis. Therefore, the Company considers that the fair value measurement produces more relevant information to us. Moreover, the level of ownership in our investments will have frequent changes. So the financial information of the portfolio companies are less useful than the fair value from the point of view of the management, shareholders and investors.

**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.

1. ACCOUNTING POLICIES (continued)

**Going concern**

At the balance sheet date, the Company had drawn down non-interest bearing loans of £605,193 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, £545,296 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 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. Finance expense

|               | Six months ended<br>30 Nov<br>2012<br>(Unaudited)<br>£'000 | 30 Nov<br>2011<br>(Unaudited)<br>£'000 | Year Ended<br>31 May<br>2012<br>Audited<br>£'000 |
|---------------|--|--|--|
| Loan interest | 3  | 17                                     | 6  |
|               | <b>3</b>   | <b>17</b>                              | <b>6</b>   |

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

|                            | Listed<br>Investments<br>£'000 | Unlisted<br>Investments<br>£'000 | Totals<br>£'000 |
|----------------------------|--------------------------------|----------------------------------|-----------------|
| At 1 June 2012             | 833                            | 2,053                            | 2,886           |
| Additions                  | -                              | 798                              | 798             |
| Revaluations               | (40)                           | 14                               | (26)            |
| Effect of foreign exchange | -                              | (18)                             | (18)            |
| At 30 November 2012        | <b>793</b>                     | <b>2,847</b>                     | <b>3,640</b>    |

**CRAVEN HOUSE CAPITAL PLC**

**NOTES TO THE FINANCIAL INFORMATION - continued  
FOR THE SIX MONTH PERIOD ENDED 30 NOVEMBER 2012**

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

**Increase in the Value of Listed Investments**

The Company has a holding of 42,500 shares in Mongolian Growth Group Ltd which were acquired at a cost of CAD\$3.51 each and were listed on the relevant exchange at the close of business on 30/11/12 at CAD\$3.75. This represents an increase of CAD\$10,200 in total investment value.

The Company has a holding of 200,000 shares in Farm Lands of Africa which were acquired at a cost of USD\$5.00 each (together with warrants) and were listed on the relevant exchange at the close of business on 30/11/12 at USD\$0.60. However, given the illiquid nature of these OTC Market shares, Craven House's investment in FLAF is currently held at book value of \$1.55 per share; the value of the most recent significant investment in FLAF. This represents a decrease of USD\$690,000 in total investment value.

The Company has a further holding of 517,350 shares in Farm Lands of Africa which were acquired at a cost of USD\$1.55 each. Accordingly no adjustment in value has been recognised.

**Non-Listed Investments**

In January 2012, the Company made its original acquisition of 1,387,507 shares in Pressfit at 9.88p per ordinary share. In June 2012, it acquired 10,093,556 additional shares in Pressfit at 12.84p per ordinary share. Due to the progress made by Pressfit and its according increase in valuation, the Company's entire holding has been revalued at 12.84p per ordinary share.

As the directors are not aware of any adverse elements that would materially affect the value of any of the other non-listed investments held by the Company, they consider the original cost is an appropriate valuation as at 30 November 2012.

**5. CALLED UP SHARE CAPITAL**

**Authorised  
Equity shares**

| Number:        | Class:   | Nominal Value | 30 Nov<br>2012<br>(Unaudited)<br>£'000 | 31 May<br>2012<br>Audited<br>£'000 |
|----------------|----------|---------------|--|------------------------------------|
| 2,280,038,2012 | 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                                |
|                |          |               | <b>10,000</b>                          | <b>10,000</b>                      |

**Allotted, called up and fully paid  
Equity shares**

| Number<br>Nominal: | Class: | Nominal Value | 30 Nov<br>2012<br>(Unaudited)<br>£'000 | 31 May<br>2012<br>Audited<br>£'000 |
|--------------------|--------|---------------|--|------------------------------------|
|--------------------|--------|---------------|--|------------------------------------|

|                                    |          |       |              |              |
|------------------------------------|----------|-------|--------------|--------------|
| 498,036,741<br>(2012: 435,145,211) | Ordinary | 0.001 | 499          | 436          |
| 77,979,412                         | Ordinary | 0.09  | 7,018        | 7,018        |
| 77,979,412                         | Ordinary | 0.009 | 702          | 702          |
|                                    |          |       | <hr/>        | <hr/>        |
|                                    |          |       | <b>8,219</b> | <b>8,156</b> |
|                                    |          |       | <hr/>        | <hr/>        |

**5. CALLED UP SHARE CAPITAL (continued)**

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 24 September 2012, the Company allotted 62,891,520 new ordinary shares to Ceniako Limited for a consideration of €1,000,000.

The calculation of earnings per share is based on the loss attributable to the equity holders for the period of £691,000 and on weighted average number of shares in issue of 458,514,748 (Six months ended 30 November 2011: loss of £15,000 and 256,250,205 shares; Year ended 31 May 2012 loss of £477,000 and 276,296,013 shares) being the weighted average number of shares, both basic and diluted, in issue during the period.

**6. LOANS**

Included within Trade and other payables are loans of £612,000 comprising of advances made by Desmond totalling £545,000 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.

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 24 months.

**7. RELATED PARTY DISCLOSURES**

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

**Loans from Desmond Holdings**

At the period end, the Company owed £545,000 to Desmond, shareholder in the Company. Details are set out in note 6.

**Management fees payable to Desmond Holdings**

At the period end, included in Trade and other payables, is an amount of £87,500 payable to Desmond in respect of management services provided in the prior year and current period. In addition there is also an accrual of £552,368, included in Trade and other payables in respect of the performance fee due for the prior year.

**8. EVENTS AFTER THE REPORTING PERIOD**

On 21 December 2012, a \$100,000 convertible loan made to Minera Mapsa SA. ("Mapsa") was repaid in full plus interest (accrued at a rate of 8 per cent. per annum) amounting to a total of \$116,667. On the same date, a \$600,000 loan made to Planteman SA ("Planteman") was also repaid in full plus interest (accrued at a rate of 8 per cent. per annum) amounting to a total of \$700,000. Both Mapsa and Planteman opted to repay the loans plus interest as market conditions continued to remain unsuitable in both the US and UK for their intended IPOs. The Company used the cash received from the repayment of these loans to pay down debt.

On 8 January 2013, Craven House purchased 17,502 shares in Finishtec - Acabamentos Técnicos em Metais Ltda. - ME ("Finishtec") representing 50.1% of Finishtec's issued share capital. The shares were purchased at a price of approximately \$57 per share, amounting to a total consideration of \$1,000,000, from the founding partners of Finishtec (the "Shareholders"). Simultaneously, the Shareholders agreed to subscribe for 49,739,760 new ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") for 1.25p per share, amounting to an aggregate subscription of £621,747 (approximately equivalent to \$1,000,000).

Finishtec is a Brazilian manufacturing company, based in Curitiba, with net assets of over \$1,000,000. Founded in 1998, Finishtec specialises in the manufacture of industrial electrical switching, distribution and insulating equipment for the domestic power sector in Brazil. It has a strong track record in the development of new technological practices, and has recently launched a new product line targeting the renewable energy sector. Finishtec benefits from an impressive list of blue-chip clients, which include ABB, Siemens, Alstom, Toshiba and Odebrecht. Its turnover has averaged circa \$680,000 annually over the past three years, although this is expected to more than double with sales from the new renewable energy product line.

Whilst Craven House will be the major shareholder, it will remain a passive investor with no involvement in the management of the operation. Craven House will assist Finishtec with the funding of additional inventory, enabling Finishtec to secure larger orders