Company Number 05123368

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

FOR

CRAVEN HOUSE CAPITAL PLC

CRAVEN HOUSE CAPITAL PLC

CONTENTS OF THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MAY 2014

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2014

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)
AUDITOR:	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

Highlights

- Strong performance in the period with NAV of holdings increased by 44% from £3.84 to £5.53m
- New investments secured utilising Craven House shares, valued at 1.25p as acquisition currency

Overview

During the 12 months to 31 May 2014, Craven House Capital Plc ("Craven House" or the "Company") has demonstrated continued success in our partnership with our investment manager, Desmond Holdings Ltd ("Desmond").

We measure Craven House's success on one simple metric: the Net Asset Value of our holdings on a per share basis. We are therefore delighted to report a significant improvement in our NAV as a result of our investment activities over the course of the year, with net assets increased from £3.84million to £5.53 million; a 44% year-on-year increase and NAV per share rising by 9% from 0.65 to 0.7 pence per share. This has been achieved entirely through the acquisition of new assets and reduction of debt, with no increases made in the carried value of existing assets on the balance sheet. The period's increase in NAV was achieved despite a pre-emptory write down of our investment in Farm Lands of Africa ("FLA") as a result of the Ebola epidemic.

In addition to the significant increase in NAV, I am very pleased that our core strategy continues to yield results for long-term shareholders.

- We continue to target acquisitions of asset rich companies where the seller is either distressed or in need of immediate liquidity
- We continue to issue shares as acquisition currency at a significant premium to the market price
- We seek to acquire assets at below intrinsic value

Because we often target opportunities with distressed sellers, our strategy takes time to unfold. In most cases the businesses need more capital and patience than available under previous shareholders. In most cases we work with management to unlock value by finding strategic partners, buyers for part of the business or new capital from international investors. In a smaller number of cases the management is the underlying problem and in these situations we initiate change. In all cases we buy assets only when we believe the margin of safety allows for us to efficiently allocate capital and patiently allow for the opportunity to mature.

We also realise we are issuing new shares to distressed sellers. These individuals and companies more often than not will be forced sellers of Craven House shares. When we conduct the transaction the vendors almost always indicate they are not planning to sell shares immediately. We explain that if they do decide to sell shares it will depress the share price. Yet because they are often distressed and due to external pressures they may be facing, they can rapidly become aggressive sellers of Craven House shares. We accept and expect this outcome despite assurances to the contrary. Distressed sellers often must sell despite their best intentions. This, in turn, depresses the share price.

No amount of self-promotion will change this situation. However, patient long term value investors will recognise this as an opportunity. As the old adage opines, "In the short term the stock market is a voting machine. In the long term it is a weighing machine." We continue to be reassured by the "weight" as measured by NAV per share. We are less concerned by the popularity in the open market. At this stage in our development, the shares of Craven House are entirely unsuitable for the short term trader or those looking for a quick return on short-term share price appreciation. We believe we shall continue to find exceptional value in acquiring assets and issuing new shares at above market price.

Investment Activity & Performance

Highlights from the period's investing activity include:

- Craven House made two sizeable investments in South African agribusinesses, acquiring significant stakes in companies which own large parcels of agricultural land and carry out agri-procesing and distribution. The companies were acquired from a distressed private equity fund who ran the business poorly. The fund itself was only days away from forced liquidation when we acquired our position. We have subsequently replaced the management and are working to attract international partners from the food industry to re-establish and revitalise the companies.
- The loan secured by the Green Isle Hotel in Dublin was restructured. Craven House was approached by an investment group with experience managing hotels in Ireland. We restructured the loan in a manner which allowed this new group to purchase the hotel. We have fully recouped our initial investment and we now hold the senior secured mortgage against the property. The new owners are paying in accordance with the restructured agreement and we expect the note to be repaid in full ahead of schedule.
- Craven House acquired 49% of Royalty Sports Brands (Pty) Ltd ("RSB"); a distribution company in South Africa which distributes sporting goods, clothing and equipment. Once again the vendors were in financial distress but the underlying business holds great promise. We replaced the management and restructured the business by aggressively paying down debt and shedding unprofitable business lines. Where once directors received significant cash compensation we replaced the board with individuals who receive no compensation until such time as the business is generating surplus funds and capable of paying a dividend.

When using our shares as consideration in acquisitions, this year we once again issued shares at a price of 1.25p per Craven House share, a price significantly above our average share price during this period.

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

Farm Lands of Africa

Craven House now owns 50% of Farm Lands of Africa Ltd (BVI) which in turn owns 90% of Land and Resources (Guinea) SA ("LRG"). LRG has the opportunity to control various agricultural assets and operations in the Republic of Guinea, including leases of up to 110,000 hectares of arable land. Unfortunately, the Ebola outbreak caused FLA to halt operations in Guinea. The risk to human life and the reduced access to the interior of the country made this the only feasible outcome. Unfortunately, the terms of the lease agreement required continuous occupation and cultivation. From a purely legal standpoint FLA is no longer entitled to any rights under the original agreements. Whilst we are hopeful we can reinitiate operations and secure long term land tenure once the Ebola crisis has passed, we are writing our investment down to zero as a matter of financial prudence, a write down of $1.1million.

Royalty Sports Brands (Pty) Ltd

CRV acquired a 49% shareholding in RSB (a South African import and distribution business, specialising in sporting goods) in March 2014, for a consideration of USD$2,000,000 - satisfied through the issuance of CRV shares to RSB.

RSB is at an early stage of growth however sales are increasing rapidly. Since the time of our acquisition, the operations of the business have been restructured; the company's focus has been shifted to the higher margin, less-capital intensive "Craft" clothing brand and away from high-end bicycles. The company has also been negotiating the distribution agreements for further higher margin brands focused on the cycling and outdoor sporting industry.

As well as increasing margins, this shift has significantly strengthened the balance sheet of the company, which will now be debt free by the end of 2014. Under new management, forecast EBITDA earnings for 2015 have risen to c.$900k (an increase from $700k at the time of our original investment). RSB has also recently extended its distribution agreement with Craft and signed two new agreements with other cycle-related brands; further expansion is planned over the course of 2015.

Our initial valuation at the time of investment, was based on a 6x forward EBITDA multiple. Given the progress the company has made in recent months and enhanced earning projections, the business is creating value. However, our policy remains to hold investments on our books at our initial entry price unless there is a reason to mark the investment down. As Craven House's unquoted investments are generally categorised as Level 3, with valuation inputs which are not based on observable market data, our approach is generally very cautious in recognising valuation uplifts prior to an exit or other realisation event.

Mortgage over the Green Isle Hotel, Dublin

In November 2013 Craven House completed the re-negotiation of the mortgage over the Green Isle Hotel, Dublin. The mortgage has a face value of €1,500,000 and bears an interest rate of 4%, payable monthly until the loan is due to be repaid in November 2016. Our investment in Green Isle was originally acquired for €700,000.

The mortgage is the only senior, secured debt of the business and is secured by the assets of the 270 room hotel, conference and leisure centre. The loan is significantly over collateralised; hotel revenues in the Dublin area have grown strongly in the past two years, the businesses operations are performing well and the hotel is conservatively valued in excess of €3.5million.

South African Agricultural Assets

In November 2013, Craven House completed the acquisition of a portfolio of agricultural assets from the regulated emerging market asset management firm 'EmVest'. These assets, all located in South Africa, included;

- "Barvale" - a 1,017 hectare freehold vegetable and cattle farm
- "Evergreen" a large, industrial, vegetable dehydration business
- "Foods" – a freehold warehousing and distribution facility based close to Johannesburg International Airport

Craven House acquired a 49% shareholding in each of these entities for a total consideration of $1,960,000 – thus valuing the combined portfolio at a total value of $4million. As mentioned above we are actively seeking international investors with experience in the industry to invest in or acquire these assets.

Finishtec – Acabamentos Tecnicos em Metais Ltda ("Finishtec")

Through its 95% owned subsidiary, Craven House acquired a 50.1% shareholding in Finishtec in December 2012 for a consideration of $1,000,000.

Based in Curitiba, Brazil and 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. 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 four years.

We have been disappointed that Finishtec has not been able to deliver the expected growth in revenues from its recently expanded product line, which focused on the renewable energy sector. A combination of higher working capital costs and some delayed payments from large customers restricted the company's sales growth in 2013.

In early 2014, Finishtec refocused its production line to concentrate on specialised electrical components and connectors, in which it has significant experience. Demand for these products has increased over the course of 2014 and their production is less capital intensive.

Ceniako Limited

Ceniako is a Cypriot holding company, whose sole asset 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.

Craven House owns 49% of Ceniako, which it acquired for €1,000,000 in September 2012. The Investment Manager is currently marketing the property, which has been independently valued at c.€4.5m. In addition, an investigation is currently being undertaken to evaluate the suitability of the property for macadamia nut production.

Pressfit Holdings Plc ("Pressfit")

Craven House made two investments in shares of Pressfit (a Chinese-based specialist manufacturer and distributor of stainless and carbon steel press fittings) during the calendar year 2012

- In January 2012 - 1,387,507 shares were acquired at a value of 9.875p per share
- In June 2012 – 10,093,556 shares were acquired at a value of 12.84p per share

Pressfit has made encouraging progress during 2014, which has included significant growth in its revenues and the formation of a new strategic partnership with an international distributor of press fittings, who have undertaken to place orders representing at least £1.5m in 2015.

In addition, the company successfully completed its IPO on the London Stock Exchange in August 2014. Pressfit's share price has declined since the IPO, but based on extremely limited trading volumes. We are very confident that Pressfit's share price will increase in the near future as trading updates are provided to the market, however ongoing share price weakness may effect the valuation of this holding on our balance sheet in the future.

Management and Performance Fee

Under the terms of Craven House's Management Services Agreement with its Investment Manager, Desmond is entitled to receive an annual Performance Fee equal to 20% of the increase in the Net Asset Value per share of the Company during the period, subject to a hurdle rate of at least 5%. In accordance with this agreement, Desmond has been awarded a performance fee of £88,400 for the financial year ending May 2014.

Desmond Holdings has once again opted to receive this fee in shares of Craven House valued at 1.25p per share. We believe this aligns all interests as the management company receives compensation at the same level as investors in the last private placement who subscribed for new shares at 1.25p and portfolio companies, which are acquired using Craven House shares also valued at 1.25p per share.

It is noteworthy that Desmond Holdings has purchased additional shares in the market and has never sold a single share of the Company. Additionally, the majority of the board receive any director's fees due in shares issued at a premium to both the current share price and the NAV.

Working Capital

Operating and overhead costs continue to be managed very prudently. On-going monthly operating costs were circa £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, in the form of both extension of existing loan facilities and new working capital loans where required.

The successful acquisition of a cash generative asset during the period and similar acquisitions targeted in the future are expected to significantly reduce the Company's requirement for these working capital facilities going forward. The Company may also seek to execute an additional capital raise when market conditions are suitable for such fundraising activity.

Post Balance Sheet Events

As noted above, Pressfit Plc listed on the London AIM market in August 2014.

Outlook

The investments 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 on excellent terms, in particular through the use of Craven House's shares as acquisition currency. We continue to be of the view that our focus on real assets in emerging markets and special situations in developed markets will offer the best returns in the current global economic environment. 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. As Craven House's asset base grows, we are able to target larger acquisition targets with the primary goal of enhancing our shareholders' net asset value per share. We are very confident that in continuing to pursue this strategy, we will be able to secure our shareholders above market returns.

Conclusion

We remain committed to building long term value for shareholders. We are contrarian by nature, seeking undervalued opportunities where the seller is distressed but the underlying assets are attractive. This can be a time consuming process and we look at ten opportunities for every one that merits investment. Craven House continues to value its share capital as a precious asset only to be utilised when the returns justify the dilution.

Our strategy requires patience and the willingness to do nothing until such time as an opportunity arises with the appropriate margin of safety and potential for acceptable returns. However, time is on our side and over the next couple of years, we expect to deliver a number of meaningful exits from the portfolio. The value of the shares and the value of the assets owned by the Company may continue to diverge until such time as we reach the size and scale to attract the attention of institutions and other long term oriented shareholders. In the meantime we will continue to build value for all shareholders as measured by the net asset value per share. In time the share price will reflect that value. Until such time we believe Craven House shares will continue to sell at a steep discount to intrinsic value providing a spectacular opportunity for patient investors.

Mark Pajak

Acting Chairman

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2014

The directors present the Strategic Report of Craven House Capital for the year ended 31 May 2014.

Review of the Business in the year

Craven House continued to acquire businesses in emerging and developed markets utilising its AIM quoted shares as acquisition currency. We continue to target businesses with distressed shareholders in need of rapid liquidity. While this has a negative impact on the share price as new shareholders sell into the market, it creates long-term value for our shareholders. The primary KPI used to determine the success of the strategy continues to be Net Asset Value on a per share basis. Despite writing off a significant investment entirely the Company managed to increase its NAV per share from 0.65 to 0.70 pence per share.

Highlights from the year include the acquisition of four South African businesses hampered by the fluctuation of the local currency and poor management. Also during the year we restructured a mortgage against the Green Isle Hotel in Dublin resulting in the repayment of our initial investment and a new senior secured mortgage against the hotel in the sum of €1,500,000.

Unfortunately, during the year we were forced to shutter operations in Guinea due to the outbreak of Ebola. Under the terms of agricultural leases in Guinea the lack of occupation and cultivation is construed as abandonment of land rights. Thus we have chosen to write the investment down to zero.

All other investments continue to perform within reasonable bounds and we continue to monitor their progress.

Position of the Company's business at the end of the year

The Company increased its NAV from £3.84million to £5.53 million during the year. We remain a debt free business with the exception of loans made to the Company by its investment manager and largest shareholder, Desmond Holdings and related entities. Desmond has continued to support the business and has entered into agreements, which ensure this continued support. We expect the business to continue to grow and we keep a sharp eye out for a transformational acquisition.

Principal risks and uncertainties facing the business

The principal risks to the business continue to be the inherent instability in the markets in which we operate. Our strategy is directly exposed to swings in currencies, political and economic instability. Our continued focus on distressed sellers in emerging markets and distressed developed markets such as Ireland will expose the Company to these type of risks. These are risks that the Company actively seek as they provide the opportunity to acquire assets at a discount to their intrinsic value utilising our share capital at a premium to market prices.

ON BEHALF OF THE BOARD:

....
Miss A N Eavis - Secretary

Date: ....

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2014

The directors present their report with the financial statements of the Group for the year ended 31 May 2014.

PRINCIPAL ACTIVITY

Craven House Capital plc is a frontier and emerging market investment company adopting a traditional merchant banking approach, whereby 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. In addition, the Company may also invest in special situations and seek to acquire distressed assets in any geographical jurisdiction, particularly in economies undergoing or recovering from some form of crisis.

Central to the Company's 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.

KEY PERFORMANCE INDICATORS CONSIDERED BY THE COMPANY

The Group focuses on the key performance areas as outlined in its Investing Policy and concentrates on the Net Asset Value of investments, calculated on a per share basis. The Company's Investment Manager, Desmond, submits regular management reports to the board of directors which includes a calculation of the Group's Net Asset Value.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2014.

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.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2013 to the date of this report.

Miss A N Eavis
Mr M J Pajak
Mr B S Bindra

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the policy of the Group to agree terms of payment when goods or services are ordered and to pay in accordance with these terms. The Group's creditor payment period at 31 May 2014 was 210 days (2013: 82 days) after the date of purchase.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No charitable or political donations were made 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	£9,000**

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

Directors' emoluments for the year ended 31st May 2014

Mark Pajak	-
Alexandra Eavis	£30,000
Balbir Bindra	£18,000
Total directors' remuneration	**£48,000**

The share based payment made to Balbir Bindra in the year was in respect of the two years ended 31 May 2015.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2014

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 Group, and of the profit or loss of the Group 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.

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.

AUDITOR
The auditor, 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: ....

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CRAVEN HOUSE CAPITAL PLC

We have audited the financial statements of Craven House Capital plc for the year ended 31 May 2014 on pages thirteen to thirty five. 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 Auditor 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 page eight, 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, Report of the Directors and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 affairs of the Company and of the Group as at 31 May 2014 and of the Group’s 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company 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 STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

		Group	Group
		2014	2013
		£'000	£'000
CONTINUING OPERATIONS			
Revenue		**249**	348
Gross Portfolio return		**(845)**	246
Administrative expenses		**(307)**	(989)
OPERATING LOSS		**(903)**	(395)
Finance costs	4	**(16)**	(79)
Finance income	4	**39**	28
LOSS BEFORE INCOME TAX	5	**(880)**	(446)
Income tax	6	**-**	-
LOSS FOR THE PERIOD		**(880)**	(446)
Earnings per share expressed			
In pence per share:			
Basic and Diluted	7	**(0.13)**	(0.09)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2014

	Group 2014 £'000	Group 2013 £'000
LOSS FOR THE PERIOD	**(880)**	(446)
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(880)**	(446)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Owners of the company	**(880)**	(446)
Non-controlling interests	**-**	-
	(880)	(446)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2014

	Notes	**Group 2014 £'000**	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	**-**	**-**	-	-
Investment in Subsidiary		**-**	**596**	-	656
Investments at fair value through profit or loss	9	**6,095**	**5,499**	4,597	3,941
		6,095	**6,095**	4,597	4,597
CURRENT ASSETS					
Trade and other receivables	10	**114**	**114**	79	79
Cash and cash equivalents	11	**-**	**-**	1	1
		114	**114**	80	80
TOTAL ASSETS		**6,209**	**6,209**	4,677	4,677
EQUITY					
SHAREHOLDERS' EQUITY					
Called up share capital	12	**8,519**	**8,519**	8,313	8,313
Share premium		**7,310**	**7,310**	4,948	4,948
Retained earnings		**(10,299)**	**(10,299)**	(9,419)	(9,419)
TOTAL EQUITY		**5,530**	**5,530**	3,842	3,842
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	13	**339**	**339**	372	372
Financial liabilities-borrowings interest bearing loans and borrowings	14	**340**	**340**	463	463
		679	**679**	835	835
TOTAL LIABILITIES		**679**	**679**	835	835
TOTAL EQUITY AND LIABILITIES		**6,209**	**6,209**	4,677	4,677

Approved and authorised for issue by the Board on 26th November 2014 and signed on its behalf by:

....
M Pajak - Director

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2014

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Total equity £'000
Balance at 1 June 2012 - Company	8,156	(8,973)	3,137	2,320
Changes in equity				
Issue of share capital	157	-	1,811	1,968
Total comprehensive income	-	(446)	-	(446)
Balance at 31 May 2013 – Group & Company	8,313	(9,419)	4,948	3,842
Changes in equity				
Issue of share capital	206	-	2,362	2,568
Total comprehensive income	-	(880)	-	(880)
Balance at 31st May 2014 – Group & Company	8,519	(10,299)	7,310	5,530

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2014

	Notes	**Group & Company 2014 £'000**	Group & Company 2013 £'000
Cash flows from operating activities			
Cash generated from operations	1	**(103)**	(354)
Interest paid		**(16)**	(79)
Net cash used in operating activities		**(119)**	(433)
Cash flows used in investing activities			
Purchase of fixed asset investments		**(2,382)**	(2,018)
Sale of fixed asset investments		**-**	537
Other loans		**(123)**	(130)
Exchange variance re investments		**-**	18
Interest received		**39**	28
Net cash used in investing activities		**(2,466)**	(1,565)
Cash flows from financing activities			
Share issue		**2,568**	1,968
Net cash from financing activities		**2,568**	1,968
(Decrease) in cash and cash equivalents		**(17)**	**(30)**
Cash and cash equivalents at the beginning of the year	2	**1**	31
Cash and cash equivalents at the end of the year	2	**(16)**	1
Cash and cash equivalents consist of: Cash and cash equivalents included in current assets/(Trade and other payables)		**(16)**	1

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2014

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

	Group & Company 2014 £'000	Group & Company 2013 £'000
Loss before income tax	**(880)**	(446)
Depreciation charges	-	1
Finance costs	**16**	79
Finance income	**(39)**	(28)
Decrease/(increase) in value in investments	**884**	(248)
	(19)	(642)
Increase in trade and other receivables	**(35)**	(2)
(Decrease)/increase in trade and other payables	**(49)**	290
Cash generated from operations	**(103)**	(354)

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 2014

	31.5.14 £'000	1.6.13 £'000
Cash and cash equivalents	**(16)**	1

Year ended 31 May 2013

	31.5.13 £'000	1.6.12 £'000
Cash and cash equivalents	**1**	31

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 interpretation were in issue but not yet effective. The directors expect that the main impact following the adoption of those standards and interpretations in future accounting periods will be in relation to IFRS 10 "Consolidated Financial Statements". The directors have considered the definition of an investment entity as set out in IFRS 10 and believe that CRV meet the definition. IFRS 10 states that an investment entity shall not consolidate its subsidiaries when it obtains control of another entity. Instead an entity shall measure an investment at fair value through profit or loss. CRV will therefore revert to preparing single entity accounts for the year commencing 1 June 2014.

Basis of consolidation
The group financial information includes the financial information of Craven House Capital plc ('CRV') and its subsidiary undertaking, Craven House Industries Limited ('CHI'). CHI was incorporated during the year ended 31 May 2013 under the laws of the Republic of Ireland. CHI acts as an intermediate holding company for the Group's investment in Finishtec – Acabamentos Tecnicos em Metais Ltda – ME. CRV owns 95% of the issued share capital of CHI.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating activities. Investments that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value even though the Group 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 Group has no interests in associates through which it carries on its business.

1. ACCOUNTING POLICIES - continued

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.

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed through the profit or loss. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value in accordance with International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as the Group’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the period in which they arise.

Valuation of investments

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 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.

Level 3 fair value measurements are those derived from inputs that are not based on observable market data.

At the balance sheet date all of the Company's financial assets fell into Level 2 and Level 3.

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 £11,575.

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 an 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 £6,083,844.

1. ACCOUNTING POLICIES - continued

Financial liabilities and equity
Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

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 as finance income.
- Investments are revalued periodically and any change in value recognised on the revaluation date as gross portfolio return.

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.

1. ACCOUNTING POLICIES - continued

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.

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 instruments 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 these investee companies will be successfully executed.

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, £56,000 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 prepare accounts on the going concern basis.

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 there is only one reportable segment.

3. EMPLOYEES AND DIRECTORS

	Group 2014 £'000	Group 2013 £'000
Wages and salaries – Directors' remuneration	**48**	34

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

	2014	2013
Directors	**3**	3

Directors' remuneration was split as follows;

	2014 £'000	2013 £'000
Fees	**30**	34
Share based payments	**18**	-
Total	**48**	34

Further details of directors' remuneration is included in the Director's Report.

The highest paid director received emoluments and benefits as follows:

	2014 £'000	2013 £'000
Fees	**30**	34

Desmond Holdings Ltd is the Company's Investment Manager. The directors are the key management of the Group. There were no directors (2013: none) to whom retirement benefits were accruing under money purchase schemes.

4. NET FINANCE INCOME

	Group 2014 £'000	Group 2013 £'000
Finance income:		
Interest receivable	**39**	28
	39	28
Finance costs:		
Loan	**16**	79
	16	79
Net finance income	**23**	(51)

5. LOSS BEFORE INCOME TAX

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

	2014 £'000	2013 £'000
Rental charges	**2**	2
Depreciation –owned assets	**1**	1
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**13**	13
Fees payable to the Company's auditor for other services - tax services	**3**	5
- other services	**2**	2
Foreign exchange (gains)/losses	**(12)**	23

6. INCOME TAX

Analysis of charge in the year

	2014 £'000	2013 £'000
Current tax:	**-**	-
Deferred tax	**-**	-
Tax on profit on ordinary activities	**-**	-

	2014 £'000	2013 £'000
Loss on ordinary activities before tax	**(880)**	(446)

6. INCOME TAX - continued

Analysis of charge in the year

	2014	2013
	£'000	£'000
Profit on ordinary activities multiplied by small companies rate of corporation tax in the UK of 20% (2013: 20%)	**(176)**	(89)
Effects of:		
Loss carried forward	**176**	89
Current tax charge for the year as above	**-**	-

At 31 May 2014 the Company had UK tax losses of approximately £1,980,000 (2013: £1,100,000) available to be carried forward and utilised against future taxable profits. A deferred tax asset has not been recognised due to uncertainties over when profits will arise.

7. EARNINGS PER SHARE

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

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

Reconciliations are set out below.

		2014	
	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earning attributable to ordinary shareholders	(880)	673,998,159	-0.13

		2013	
	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earning attributable to ordinary shareholders	(446)	510,107,834	-0.09

8. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £'000
COST	
At 1 June 2013 – Group & Company	**2**
Additions	**-**
At 31 May 2014 – Group & Company	**2**
DEPRECIATION	
At 1 June 2013 – Group & Company	**2**
Charge for the year	**-**
At 31 May 2014 – Group & Company	**2**
NET BOOK VALUE	
At 31 May 2014 – Group & Company	**-**
At 31 May 2013 – Group & Company	**-**

9. INVESTMENTS

Investment in subsidiaries

In the prior year, the Company acquired 95% of the issued share capital of Craven House Industries Limited. The investment has been recognised at cost.

Investments at fair value through profit or loss

The Group adopted the recent investment methodology prescribed in the IPEVCV guidelines to value its investments at fair value through profit and loss.

The company has the following holdings at 31 May 2014:

Pressfit Holdings PLC	22.60%
Ceniako Limited	49.00%
Finishtec - Acabamentoss Tecnios em Metais Ltda.	50.10%
EmVest Barvale (Pty) Ltd	49.00%
EmVest Evergreen (Pty) Ltd	49.00%
EmVest Evergreen Properties (Pty) Ltd	49.00%
EmVest Foods (Pty) Ltd	49.00%
Royalty Sports Brands Ltd	49.00%
Farm Lands of Africa Ltd	50.00%

Investments that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value even though the Group 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 Group has no interests in associates through which it carries on its business.

9. INVESTMENTS - continued

Investments at fair value through profit or loss

GROUP

	Quoted Investments £'000	Unquoted Investments £'000	Total £'000
At 1 June 2012	833	2,053	2,886
Additions	-	2,018	2,018
Disposals	(100)	(437)	(537)
Revaluations	154	94	248
Effect of foreign exchange	-	(18)	(18)
At 31 May 2013	887	3,710	4,597
Additions	-	2,382	2,382
Disposals	-	-	-
Revaluations	(190)	(694)	(884)
Effect of foreign exchange	-	-	-
Reclassification	(686)	686	-
At 31 May 2014	11	6,084	6,095

COMPANY

	Quoted Investments £'000	Unquoted Investments £'000	Total £'000
At 1 June 2012	833	2,053	2,886
Additions	-	1,362	1,362
Disposals	(100)	(437)	(537)
Revaluations	154	94	248
Effect of foreign exchange	-	(18)	(18)
At 31 May 2013	887	3,054	3941
Additions	-	2,382	2,382
Disposals	-	-	-
Revaluations	(190)	(634)	(824)
Effect of foreign exchange	-	-	-
Reclassification	(686)	686	-
At 31 May 2014	11	5,488	5,499

9. INVESTMENTS - continued

Unquoted investments – Group

	Equity £'000	Convertible loans £'000	Loan £'000	Total £'000
At 1 June 2012	1,474	579	-	2,053
Additions	1,419	-	599	2,018
Disposals	-	(437)	-	(437)
Revaluations	94	-	-	94
Effect of foreign exchange	-	(18)	-	(18)
At 31 May 2013	2,987	124	599	3,710
Additions	2,382	-	-	2,382
Disposals	-	-	-	-
Revaluations	(1,282)	(33)	621	(694)
Effect of foreign exchange	-	-	-	-
Reclassification	686	-		686
At 31 May 2014	4,773	91	1,220	6,084

Unquoted investments – Company

	Equity £'000	Convertible loans £'000	Loan £'000	Total £'000
At 1 June 2012	1,474	579	-	2,053
Additions	763	-	599	1,362
Disposals	-	(437)	-	(437)
Revaluations	94	-	-	94
Effect of foreign exchange	-	(18)	-	(18)
At 31 May 2013	2,331	124	599	3,054
Additions	2,382	-	-	2,382
Disposals	-	-	-	-
Revaluations	(1,222)	(33)	621	(634)
Effect of foreign exchange	-	-	-	-
Reclassification	686	-		686
At 31 May 2014	4,177	91	1,220	5,488

9. INVESTMENTS - continued

Quoted investments at 31 May 2014 relate to shares held in Farm Lands of Africa Inc, a company listed on the OTC markets in New York. These shares have been measured on a Level 3 basis due to these not being traded in an active market.

Unquoted investments at 31 May 2014 have been measured on a Level 3 basis as no observable market data was available. These investments are as follows:

Shares in Pressfit Holdings Plc are valued at £1,090,700, representing a 22.6% holding. These have been valued at the share price of Pressfit at the date of its IPO as the Directors believe this is the best indication of the fair value of the investment at the reporting date. They are not aware of any circumstances to indicate an impairment of this investment.

Shares in Ceniako Limited valued at £813,401, 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 year end.

Shares in Finishtec Acabamento Tecnicos em Matais Ltda valued at £596,658. 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 year end.

Shares in EmVest Barvale (Pty) Ltd valued at £431,380, representing a 49% holding. These have been valued at the price paid by Craven House Capital, during the year, as the Directors believe that this is the best indication of the value at the year 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 year end.

Shares in EmVest Evergreen Properties (Pty) Ltd valued at £485,241, representing a 49% holding. These have been valued at the price paid by Craven House Capital, during the year, as the Directors believe that this is the best indication of the value at the year end.

Shares in EmVest Foods (Pty) Ltd valued at £161,747, representing a 49% holding. These have been valued at the price paid by Craven House Capital, during the year, as the Directors believe that this is the best indication of the value at the year end.

Shares in Royalty Sports Brands Ltd valued at £1,193,239, representing a 49% holding. These have been valued at the price paid by Craven House Capital, during the year, as the Directors believe that this is the best indication of the value at the year 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 year end considering the recent Ebola outbreak in Guinea.

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 same market price as the shares held above as these can be converted at any time at Craven House's option.

9. INVESTMENTS - continued

A loan with Greentel Limited valued at £1,220,100. The year 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 year end valuation based on the information available to them.

Further details on the investments are contained in the Chairman's report on pages 3 to 5.

10. TRADE AND OTHER RECEIVABLES

	Group & Company 2014 £'000	Group & Company 2013 £'000
Current:		
Trade receivables	**-**	6
Other receivables	**56**	54
Prepayments and accrued income	**58**	19
	114	79

11. CASH AND CASH EQUIVALENTS

	2014 £'000	2013 £'000
Bank accounts	**-**	1

12. CALLED UP SHARE CAPITAL

Authorised

Equity shares Number:	Class:	Nominal Value:	**2014 £'000**	2013 £'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

Allotted, called up and fully paid

Equity shares Number:	Class:	Nominal Value:	**2014 £'000**	2013 £'000
798,466,557 (2013: 592,695,949)	Ordinary	0.001	**799**	593
77,979,412	Deferred	0.09	**7018**	7018
77,979,412	Deferred	0.009	**702**	702
			8,519	8,313

12. 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 4 November 2013, the Company allotted 94,322,598 new ordinary shares to EmVest Asset Management for a consideration of CAD$1,960,000 (£1,177,000).

On 28 November 2013, the Company allotted 13,648,000 new ordinary shares to Desmond Holdings Ltd in lieu of the performance fee due for the year ended 31st May 2013. The value of the performance being £170,600.

On 28 November 2013, the Company allotted 1,800,000 new ordinary shares to Mr Balbir Bindra in lieu of remuneration totalling £18,000.

On 19 March 2014, the Company allotted 96,000,000 new ordinary shares to Depston 1 (Pty) Ltd now known as Royalty Sports Brands Ltd for a consideration of $2,000,000 (£1,200,000).

13. TRADE AND OTHER PAYABLES

	Group & Company 2014 £'000	Group & Company 2013 £'000
Current:		
Bank overdraft	**16**	-
Trade payables	**212**	184
Accruals and deferred income	**111**	188
	339	372

14. FINANCIAL LIABILITIES - BORROWINGS

	2014 £'000	2013 £'000
Current:		
Other loans	**340**	463

Term and debt repayment schedule	**1 year or less £'000**
Other loans	**340**

14. FINANCIAL LIABILITIES - BORROWINGS - continued

Other loans of £340,000 comprise advances made by Desmond Holdings Ltd ("Desmond") totalling £270,000 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, originally provided in December 2010. The majority of this has now been repaid and as at 31 May 2014, the Company's borrowings under this facility totalled £56,000.

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 £70,000.

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 are grouped into Levels 1 to 3 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.

Level 3 fair value measurements are those derived from inputs that are not based on observable market data.

15. FINANCIAL INSTRUMENTS - continued

At the balance sheet date all of the Company's financial assets fell into Level 2 and Level 3.

Carrying values of all financial assets and liabilities approximate to fair values. They are neither past due nor impaired.

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. At 31 May 2014 no financial assets were past due.

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 (2013: 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.

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 investments 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 a £1,000 (2013: £89,000) 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 a 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.

15. FINANCIAL INSTRUMENTS - continued

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 periodic 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.

16. RELATED PARTY DISCLOSURES

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

Loans from Wise Star Capital Investment Limited
At the year end the Company owed £70,000 to Wise Star Capital Investment Limited, Mark Pajak was Director of Wise Star Capital Investment Limited during the year. Details of the loan are set out in note 14.

Loans from Desmond Holdings Limited
At the year end the Company owed £270,000 to Desmond Holdings Limited, the Company’s Investment Manager and major shareholder in the Company. Details of the loan are set out in note 14.

Management fees payable to Desmond Holdings Limited
At the year end, included in trade creditors, is an amount of £70,000 payable to Desmond Holdings Limited, in respect of management services provided in the year. The total amount owed to Desmond in respect of unpaid invoices at the balance sheet date was £192,500.

Performance fee payable to Desmond Holdings Limited
At the year end, included in accruals and deferred income is an amount of £88,400 payable to Desmond Holdings Limited in respect of the performance fee due for the year. The performance fee calculation is based on the increase in net asset value per share in the year. Payment of the performance fee will be by way of shares issued in the Company. These shares had not yet been issued at 31st May 2014.

Investment in Pressfit Holdings Plc
At the year end the Company held shares in Pressfit Holdings Plc and a convertible loan was owed to the Company, both of which were included in unquoted investments as detailed in note 9. Mark Pajak was Chairman of Pressfit Holdings Plc during 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 report. At 31 May 2014 no amounts were payable to directors.

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

Pressfit Holdings Plc, a company in which CRV had a 22.6% holding at 31 May 2014, successfully completed its IPO on the London Stock Exchange in August 2014.