BETTER CAPITAL

Interim Financial Report

2014

For the six months ended
30 September 2014

BETTER CAPITAL PCC LIMITED

Better Capital PCC Limited

Better Capital PCC Limited, is a company incorporated in and controlled from Guernsey as a Protected Cell Company. There are currently two cells, being the 2009 Cell and the 2012 Cell. The ordinary shares of each cell are admitted to the Main Market operated by the London Stock Exchange plc.

The principal activity of the Company is to act as a feeder fund, through each cell, and pursue an investment objective which aims to generate attractive total returns by investing (2009 Cell through Fund I and 2012 Cell through Fund II) in a portfolio of distressed businesses, such returns being expected to accrue largely through capital growth.

Following the investment by the Cells into the Funds, the Funds invest in distressed businesses, though special purpose vehicles. The Fund GPs are the investment managers to each respective Fund and have overall responsibility for the management and administration of the business and affairs of the Funds, including the management of its investments and as such the Cells have no control over the investments made by the Funds.

The Company is a limited liability, Closed-ended Investment Company, which was incorporated on 24 November 2009 in Guernsey and which, by special resolution of its members, converted to a protected cell company on 12 January 2012 and on that same day changed its name from Better Capital Limited to Better Capital PCC Limited. The Company has an unlimited life and is registered with the GFSC as a Registered Closed-ended Collective Investment Scheme.

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** Inside Back Cover.*

The Company
2009 Cell
2012 Cell

Chairman's Statement

Over the recent months the Board has had a number of opportunities to communicate with the Company's shareholders and to listen to their feedback. We share shareholders' frustration at the disappointing underperformance by the Company, made worse by some underperformance in Better Capital LLP, the Consultant to the Fund GPs. Whilst we believe that these issues are now under control, investor confidence in the Better Capital brand has been damaged and this has manifested itself in the erosion of the significant premia previously enjoyed by both the 2009 and 2012 Shares.

I hope that this statement, together with the accompanying reports from the Fund GPs, will go some way towards providing insight into the considerable efforts made on shareholders' behalf to address the issues that the Company has faced.

Allow me to open by recording the Board's continued support and belief in the Better Capital brand, people and portfolio companies. Better Capital went through a period of growing pains some of which, with hindsight, were avoidable. However, we have observed the determination of Better Capital to: identify the problems encountered; implement a number of management improvements; and take corrective measures and more to drive performance forward.

The Board has been given comprehensive updates on the portfolios from the Fund GPs, whose views are set out in their reports that follow. The operating performance of both portfolios has clearly been disappointing and in some regards has been simply bad. The Board is encouraged by the incremental progress across the portfolios as a whole as well as by Better Capital's resolve to address the challenges ahead.

The Consultant has reacted to this situation with improved monitoring. The loss of two Operating Partners in 2014 has been more than countered by the addition of three very capable new Partners. Thierry Bouzac has significant pan-European turnaround experience. Peter Mottershead is an engineer with multiple CEO and Chair positions. Simon Pilling was formerly the COO of the Capita Group. Further details on the new team members can be found on the Consultant's website www.bettercapital.co.uk. In addition there have been several important non executive appointments to the investee company boards.

One of the principal challenges faced by the Board is to govern the Company, with its underlying exposures to the world of distressed investing, within the regulatory environment for listed companies. Problems within the Funds' portfolios, which are often short term and transitory in nature, potentially translate into discloseable events by the Company, the implications of which we have to weigh against the potentially disruptive/destructive commercial impact of such disclosures on the affected portfolio companies. It is this reason that communications with shareholders have been somewhat constrained and lacking in the detail which we otherwise wish to share with our investors. The Board is also cognisant that, occasionally, investors have been able to access significantly more unverified information through media channels.

Going forward, the Board aims to incorporate more detail in the Company's announcements and to make more information available through its website, www.bettercapital.gg, including company updates to replace the now obsolete Interim Management Statements. The aim is to provide newsworthy updates in the context of portfolio performance, to the extent that this is not significantly detrimental to the portfolio companies.

Another challenge in the world of distressed investing is the valuation methodology for portfolio companies. There are inherent difficulties in determining the fair value of this type of investment and the Fund GPs' approach is necessarily tailored to each portfolio company's circumstances. We understand shareholders' wish for greater transparency on this issue and, where possible, we intend to provide appropriate information.

The Company's structure is such that distributions are intended to be made to shareholders through the lives of the underlying Funds. Further distributions out of the 2012 cell will be made as exits or redemptions of capital occur. The Board requested the Fund II GP to report on its deployment strategy for Fund II and, following its review, the Fund II GP reaffirmed that it believes it is feasible to deploy the balance of Fund II into attractive investment opportunities. As for the 2009 Cell, distributions will generally only recommence following further realisations in the Fund I portfolio as the Fund I GP believes it essential to retain sufficient capital to protect and enhance the value of the portfolio companies.

The Board has sought and received assurances that the rigour and endeavour of the Better Capital team since the start of the calendar year will continue. Despite the short term valuation fluctuations, our expectations have remained unchanged and we are confident that the long term outcome for shareholders will be significantly better than recent experience. The Directors intend to demonstrate their continued support to the Better Capital brand, people and portfolios by recording their intentions to purchase more of the 2009 and 2012 Shares.

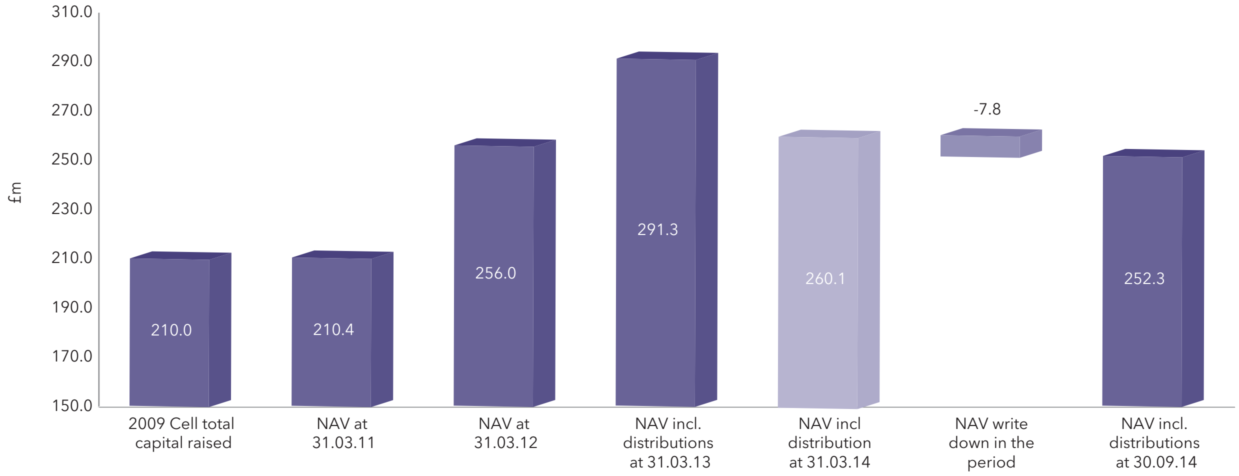
Richard Crowder
Chairman

28 November 2014

Board Report

2009 Cell

Overview



The 2009 Cell NAV, including accumulated distributions of £26.5 million (12.6 per cent. of funds raised), fell by £7.8 million (3.0 per cent.) in the period. The Fund I portfolio carrying value increased by £1.6 million (0.7 per cent.), as a result of net additions at cost of £8.0 million offset by £6.4 million of net write-downs.

The 2009 Cell NAV per share was 109.19p as at 30 September 2014, which compares to 112.96p as at 31 March 2014. The 2009 Cell Adjusted NAV per share, which includes accumulated distributions, was 121.99p as at 30 September 2014, which compares to 125.76p as at 31 March 2014.

In April 2014, Fund I repaid £0.5 million of its loan from the 2009 Cell to provide working capital for the Company for a period of at least 18 months. Net cash in the 2009 Cell closed at £0.5 million at the end of the period.

Investment activities

Two portfolio companies received further investments totalling £10.6 million in the period.

In May 2014, Spicers received a £5.0 million investment to fund its working capital. The Fund II GP (whose main Limited Partners are Jon Moulton, Mark Aldridge and Nick Sanders) provided Fund I with a £2.5 million loan to support the transaction. Over the summer Fund I disposed of its remaining interest in Spicers to SPOT in exchange for a 9.9 per cent. stake in SPOT.

In August 2014, Fund I acquired the remaining Fairline debt and equity instruments from the Royal Bank of Scotland plc for £3.1 million as a signal of its continued commitment to and belief in this business's long term value. Fund I also injected £2.5 million to fund on-going losses.

In line with the stated intent, Gardner repaid £3.0 million to Fund I during the period. This repayment was funded from operational cash flows.

Events since 30 September 2014

In October 2014, Fairline received the remaining £1.5 million cash injection committed earlier in the year. Including the investments made during the period, the business has received investments totalling £7.1 million in the current financial year.

In November 2014, Gardner repaid a further £4.0 million funded through a refinancing activity, taking the total repaid to £11.2 million or 27.6 per cent. of the total investment. Most of these funds have gone towards settling the deferred consideration to the Royal Bank of Scotland plc in respect of Fairline.

Portfolio

The Board of the Company has been given a comprehensive update from the Fund I GP, whose views are set out further in the Fund I GP report on pages 21 to 22.

Headway on the Airbus A350 platform has had a positive impact on Gardner. The business is expected to perform ahead of its Q1 budget for the year ending 31 August 2015. Performance in its French division has improved considerably; however, there is still much to be done to make the French division as profitable and as cash generative as the UK division.

m-hance Group and Calyx Managed Services, together the Calyx Group, are also both performing ahead of expectations and considerably better than prior year. Both businesses are expected to generate EBITDA profitability in the year to 31 December 2014, albeit at modest levels.

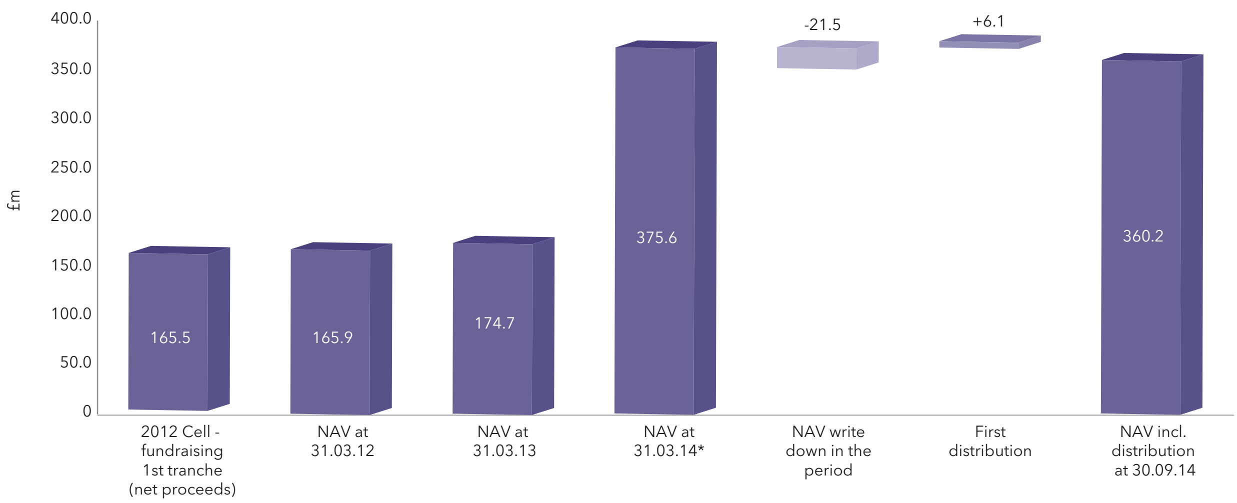
Santia faced a temporary setback in recent months having failed to renew a key Food contract which will expire at the end of this calendar year. Lost profitability from this contract is not particularly material (£0.3 million in the year to 31 January 2014). As a result, the business undertook an overarching strategic review, with particular emphasis on Santia's highly profitable Safecontractor business. Santia is on course to return some cash in the near future.

Omnico has had a busy few months whilst it completed the remaining restructuring of non-profitable overseas subsidiaries. Omnico closed its financial year to 30 September 2014 with a substantial improvement in profitability over the prior year. The hardware product range has been strengthened and consequently the business has seen robust year-on-year growth in its sales pipeline. This is a major reversal of previously negative trends. The software division continues to grow from strength to strength with credible customer acquisitions. Changes to the Europay, Mastercard and Visa (EMV) regulation in the US as well as the opportunities afforded by Oracle Corporation's acquisition of MICROS Systems, Inc. – a significant competitor, should have favourable consequences for Omnico.

As reported earlier, the acquisition of Fairline's debt and equity facilities from the Royal Bank of Scotland plc underlined Fund I's continued commitment to and belief in this business's long term value. The restructuring initiatives which commenced earlier in the year have not yet translated into sustainable profitable earnings. Its CEO recently departed and Peter Mottershead, one of the new Operating Partners in the Consultant, has taken over primary responsibility for working with Fairline. The Fund I General Partner remains encouraged by the improvements in key metrics which were absent before but has nevertheless written down to a carrying value of £10.0 million, reflecting the slow progress. There is room for optimism given a stronger order book and clear operating improvement.

2012 Cell

Overview



* includes £181.9m net proceeds from the second fundraising

The 2012 Cell NAV, including distributions of £6.1 million (1.7 per cent. of funds raised), fell by £15.4 million (4.1 per cent.) in the period. The Fund II portfolio had net additions at cost of £103.5 million, offset by net write downs of £15.1 million predominately in Jaeger and City Link.

The 2012 Cell NAV per share was 102.16p as at 30 September 2014, which compares to 108.37p as at 31 March 2014. The 2012 Cell Adjusted NAV per share, which includes accumulated distributions, was 103.91p as at 30 September 2014, which compares to 108.37p as at 31 March 2014.

Acquisitions and other investment activity

The Board was pleased to be informed of the progress made by Fund II in deploying £120.0 million in two platform acquisitions within a space of four months.

During the summer, Fund II through one of its UK special purpose vehicles, The Spicers-OfficeTeam Group Limited (SPOT), acquired a majority equity stake in Project Oliver Topco Limited which, together with its subsidiaries, trade as OfficeTeam a leading office products and business services supplier. SPOT also acquired Fund I's remaining interest in Spicers in exchange for a minority stake in SPOT. The total invested by Fund II to fund the OfficeTeam acquisition and its restructuring was £100.0 million. Due to market shifts towards digitalisation and increasing adoption of a paperless environment, the view is that the office products sector is ready for consolidation. The SPOT deal provides a stable platform to participate in this consolidation. SPOT is producing monthly profits and the integration is going well.

In line with the intent stated in the previous report, Jaeger received £8.5 million of further investment during the period. The investment was to support the business's capital expenditure across its properties, improvement to its website and on-going operations.

Events since 30 September 2014

On 7 November 2014, Fund II acquired the debt facilities of iNTERTAIN from a syndicate of lenders. iNTERTAIN operates 26 Walkabouts (Australian-themed sports and late night party venues) and six further unbranded bars. £20.0 million has been invested to acquire the debt facilities and to provide some further capital.

Following the iNTERTAIN transaction and as at 24 November 2014, Fund II held £89.3 million of cash, circa 25.7 per cent. of total funds raised.

Portfolio

The Board of the Company has also received a detailed briefing on the Fund II portfolio from the Fund II GP.

Everest continues to progress well and is expected to close its financial year to 31 December 2014 with EBITDA profitability substantially better than prior year (31 December 2013 audited underlying EBITDA profitability: £6.9 million). The business is cash generative and had returned £6.1 million to Fund II in August 2014 which facilitated the 2012 Cell's first distribution. Further repayments from Everest are expected in FY15. The timing of an exit is under consideration.

Jaeger's 'Autumn/Winter 2014' collection was unveiled to very positive feedback from industry critics. The collection has continued to receive strong press coverage through the season, which is pleasing. Like-for-like sales for the 37 weeks to 15 November 2014 were 7 per cent. higher than prior year, to be compared with the 3.4 per cent. average decline across the sector (source: BDO High Street Sales Tracker). Rather disappointingly the sales performance has not resulted in stronger margins. The warm September and October months had driven a large number of retailers into early discounting and Jaeger had to respond accordingly. A further £8.5 million has been invested into the business to fund a number of initiatives, notably improvements to its online offering as well as store refurbishments. Jaeger has recently appointed Peter Williams to the post of non-executive Chairman. Peter was formerly the CEO of Selfridges and also currently sits on the board of Rightmove and boohoo.com. The £6.0 million write down reflects the failure, thus far, to break into material profitability.

City Link has been written down by 50 per cent. from £40.0 million to £20.0 million. This is despite the company having no external debt funding but it reflects the continued lack of profitability in a fiercely competitive market. Various options to maximise the value of the investment are currently being considered.

SPOT has had an encouraging start. The management team has hit the ground running and gained good traction on achieving the planned synergies (e.g. purchasing optimisation) and harmonising the back office functions (such as finance, procurement, IT and HR). The management vigour and improvement to the overall processes and controls have benefitted Spicers hugely. Customer service levels in Spicers have returned to expected levels. All of the above initiatives have had a beneficial impact on SPOT's current earnings and more is expected next year. In October 2014, OfficeTeam participated in further sector consolidation and acquired Buro Business Supplies on a deferred basis.

Although it is still early days, trading in iNTERTAIN is broadly in line with the positive investment case. Fund II is committed to supporting the management team's restructuring plan to drive the business forward through a number of initiatives.

Statement of Responsibility and Other Information

Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and
- the Interim Financial Report meets the requirements of an interim management report (as defined below), and includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first period of the financial year; and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties of the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first period of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the audited financial statements that could do so.

Interim management report

- *Important events of the interim period*

The important events that have occurred during the interim period and the key factors influencing the financial statements are all set out in this report, comprising: the Chairman's Statement, Board Report, Fund I General Partner's Report, Investment Report of Fund I, Fund II General Partner's Report, Investment Report of Fund II and the Financial Statement sections.

- *Principal risk*

There are a number of risks that could have a material impact on the performance of the Company over the remaining six months of the financial year, thereby causing actual performance to differ materially from expectations.

The Board considers that the principal risks and uncertainties have not materially altered from those published in the Annual Report for the year ended 31 March 2014. The Company's principal risk relates to the financial and operational performance of the Fund I and Fund II portfolios.

The Company's principal risk factors are fully discussed in the Company's prospectuses, available on the Company's website (www.bettercapital.gg).

The Directors of the Company are listed on page 61 and have been directors throughout the period.

By order of the Board

Richard Crowder
Chairman

28 November 2014

Company's Independent Review Report to Better Capital PCC Limited

Introduction

We have been engaged by the Company to review the condensed set of financial statements of the Company in the interim financial report for the period ended 30 September 2014 which comprises the Company Condensed Statement of Financial Position, Company Condensed Statement of Comprehensive Income, Company Condensed Statement of Changes in Equity, Company Condensed Statement of Cash Flows and Company related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The Company's condensed set of financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Company's condensed set of financial statements in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Company's condensed set of financial statements in the interim financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO Limited

Chartered Accountants

Place du Pré, Rue du Pré, St Peter Port, Guernsey

28 November 2014

Condensed Statement of Financial Position

As at 30 September 2014

	Notes	As at 30 September 2014 £'000 (unaudited)	As at 30 September 2013 £'000 (unaudited)	As at 31 March 2014 £'000 (audited)
ASSETS:				
Non-current assets				
Investment in Limited Partnerships	4	576,227	631,893	607,415
Total non-current assets		**576,227**	**631,893**	**607,415**
Current assets				
Trade and other receivables		2,652	1,605	862
Cash and cash equivalents		1,249	803	1,179
Total current assets		**3,901**	**2,408**	**2,041**
TOTAL ASSETS		**580,128**	**634,301**	**609,456**
Current liabilities				
Trade and other payables		(250)	(246)	(265)
Total current liabilities		**(250)**	**(246)**	**(265)**
TOTAL LIABILITIES		**(250)**	**(246)**	**(265)**
NET ASSETS		**579,878**	**634,055**	**609,191**
EQUITY				
Share capital	6	520,387	526,453	526,453
Retained earnings		59,491	107,602	82,738
TOTAL EQUITY		**579,878**	**634,055**	**609,191**
Number of 2009 Shares in issue at period/year end	6	**206,780,952**	**206,780,952**	**206,780,952**
Number of 2012 Shares in issue at period/year end	6	**346,600,520**	**346,600,520**	**346,600,520**
Net asset value per 2009 Share (pence)	8	**109.19**	**128.62**	**112.96**
Adjusted net asset value per 2009 Share (pence)	8	**121.99**	**141.42**	**125.76**
Net asset value per 2012 Share (pence)	8	**102.16**	**106.20**	**108.37**
Adjusted net asset value per 2012 Share (pence)	8	**103.91**	**106.20**	**108.37**

The unaudited condensed interim financial statements of the Company were approved and authorised for issue by the Board of Directors on 28 November 2014 and signed on their behalf by:

Richard Crowder
Chairman

Jon Moulton
Director

The notes on pages 13 to 18 form an integral part of the Company's condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2014

	Notes	Six months to 30 September 2014 £'000 (unaudited)	Six months to 30 September 2013 £'000 (unaudited)	Year ended 31 March 2014 £'000 (audited)
Income				
Change in fair value of Investments in Limited Partnerships	4	(24,630)	12,303	(12,175)
Income distribution	4	1,800	800	800
Interest income		4	4	6
Total income		**(22,826)**	**13,107**	**(11,369)**
Expenses				
Administration fees		135	130	265
Directors' fees and expenses	7	105	92	187
Legal and professional fees		72	120	192
Other fees and expenses		48	78	88
Audit fees		45	32	67
Insurance premiums		-	6	38
Registrar fees		16	25	34
Total expenses		**421**	**483**	**871**
(Loss)/profit for the financial period/year		**(23,247)**	**12,624**	**(12,240)**
Other comprehensive income		–	–	–
Total comprehensive (expense)/income for the period/year		**(23,247)**	**12,624**	**(12,240)**
Basic and diluted earnings per 2009 Share (pence)	8	**(3.77)**	**0.56**	**(15.10)**
Basic and diluted earnings per 2012 Share (pence)	8	**(4.46)**	**5.28**	**6.74**

All activities derive from continuing operations.

The notes on pages 13 to 18 form an integral part of the Company's condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 September 2014

Period	Share capital £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2014	**526,453**	**82,738**	**609,191**
Loss for the financial period	–	(23,247)	(23,247)
Other comprehensive income	–	–	–
Total comprehensive expense for the period	**–**	**(23,247)**	**(23,247)**
Transactions with owners			
Capital distribution	(6,066)	–	(6,066)
Total transactions with owners	**(6,066)**	**–**	**(6,066)**
As at 30 September 2014 (unaudited)	**520,387**	**59,491**	**579,878**

Period	Share capital £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2013	**356,950**	**94,978**	**451,928**
Profit for the financial period	–	12,624	12,624
Other comprehensive income	–	–	–
Total comprehensive income for the period	**–**	**12,624**	**12,624**
Transactions with owners			
Capital distribution	(12,407)	–	(12,407)
Proceeds from issue of shares	185,576	–	185,576
Share issue costs	(3,666)	–	(3,666)
Total transactions with owners	**169,503**	**–**	**169,503**
As at 30 September 2013 (unaudited)	**526,453**	**107,602**	**634,055**

The notes on pages 13 to 18 form an integral part of the Company's condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2014

	Six months to 30 September 2014 £'000 (unaudited)	Six months to 30 September 2013 £'000 (unaudited)	Year ended 31 March 2014 £'000 (audited)
Cash flows used in operating activities			
(Loss)/profit for the financial period/year	(23,247)	12,624	(12,240)
Adjustments for:			
Change in fair value on financial assets at fair value through profit or loss	24,630	(12,303)	12,175
Movement in trade and other receivables	(1,790)	(783)	(40)
Movement in trade and other payables	(15)	10	29
Net cash used in operating activities	**(422)**	**(452)**	**(76)**
Cash flows from investing activities			
Investment in Limited Partnerships	–	(181,900)	(181,900)
Repayment of loan investment in Limited Partnerships	6,558	12,400	12,400
Net cash generated from/(used in) investing activities	**6,558**	**(169,500)**	**(169,500)**
Cash flow used in financing activities			
Capital distribution	(6,066)	(12,407)	(12,407)
Proceeds from issue of shares		185,576	185,576
Issue costs paid	–	(3,666)	(3,666)
Net cash (used in)/generated from financing activities	**(6,066)**	**169,503**	**169,503**
Net movement in cash and cash equivalents during the period/year	70	(449)	(73)
Cash and cash equivalents at the beginning of the period/year	1,179	1,252	1,252
Cash and cash equivalents at the end of the period/year	**1,249**	**803**	**1,179**

The notes on pages 13 to 18 form an integral part of the Company's condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2014

1. General information

Better Capital PCC Limited is a Closed-ended Investment Company, incorporated in, and controlled from Guernsey as a Protected Cell Company. It has an unlimited life and is registered with the GFSC as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law.

The Company maintains a separate cell account for each class of shares, to which the capital proceeds of issue and the income arising from the investment of these proceeds in the respective Fund are credited, and against which the expenses allocated are charged. In any redemption, shareholders are only entitled to their proportion of the net assets held in the cell relating to the particular shares.

The Company currently has two cells: 2009 Cell and 2012 Cell. The financial results for each cell can be found on pages 19 to 37 and on pages 38 to 56 respectively.

2. Accounting policies

Basis of preparation

The unaudited company condensed financial information included in the interim financial report for the six months ended 30 September 2014 have been prepared in accordance with the DTRs and Listing Rules of the UK's FCA and IAS 34, 'Interim Financial Reporting' as adopted by the EU.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year to 31 March 2014, which are available on the Company's website www.bettercapital.gg. The annual financial statements have been prepared in accordance with EU adopted IFRS.

The Company does not operate in an industry where significant or cyclical variations, as a result of seasonal activity, are experienced during the financial period.

The same accounting policies and methods of computation are followed in the interim financial statements as in the annual financial statements for the year to 31 March 2014.

Standards, interpretations and amendments to published standards adopted in the period

The following standards, which have no impact on the interim financial statements, are mandatory for accounting periods beginning on or after 1 January 2014 and have been adopted in the interim financial statements:

– IFRS 10 Consolidated financial statements

– IFRS 12 Disclosure of Interest in Other Entities

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company, and in turn Funds I and II, have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing these interim financial statements.

Critical accounting judgement and estimation uncertainty

Use of estimates and judgements

The preparation of financial statements 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 critical accounting judgements and estimation uncertainties for the 2009 Cell and 2012 Cell are stated on pages 32 and 51 respectively.

Taxation

The Company and Cells are exempt from taxation in Guernsey and the Company is charged an annual exemption fee of £600.

3. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the interim financial statements.

For management purposes, the Company is organised into two main operating segments, being the 2009 Cell and the 2012 Cell. Full details of the 2009 Cell's and 2012 Cell's results are shown on pages 28 to 37 and 47 to 56 respectively.

4. Investment in Limited Partnerships

Total Investment:

	Loans £'000	Capital £'000	Total £'000
Cost			
Brought forward at 1 April 2014	525,963	37	526,000
Repayment of loan investment in Limited Partnerships	(6,558)	–	(6,558)
Carried forward	519,405	37	519,442
Fair value adjustment through profit or loss			
Brought forward	81,415	–	81,415
Fair value movement during period	(24,630)	–	(24,630)
Carried forward	56,785	–	56,785
Fair value as at 30 September 2014 (unaudited)	**576,190**	**37**	**576,227**

	Loans £'000	Capital £'000	Total £'000
Cost			
Brought forward at 1 April 2013	356,463	37	356,500
Investment in Limited Partnership	181,900	–	181,900
Repayment of loan investment in Limited Partnerships	(12,400)	–	(12,400)
Carried forward	525,963	37	526,000
Fair value adjustment through profit or loss			
Brought forward	93,590	–	93,590
Fair value movement during year	(12,175)	–	(12,175)
Carried forward	81,415	–	81,415
Fair value as at 31 March 2014 (audited)	**607,378**	**37**	**607,415**

The movement in fair value is derived from the fair value movements in the underlying investments held by Fund I and Fund II, net of income and expenses of Fund I and Fund II and their related special purpose vehicles.

The outstanding loans do not incur interest. The loans are expected to be repaid by way of distributions from the Funds. The Company is not entitled to demand repayment of the outstanding loans, however, the General Partner may, upon request by the Company, repay to the Company any amount of the outstanding loan. During the period £0.5 million was repaid to the Company by Fund I (Year to 31 March 2014: £12.4 million, Six months to 30 September 2013: £12.4 million) and £6.1 million by Fund II (Year to 31 March 2014: £nil, Six months to 30 September 2013: £nil).

4. Investment in Limited Partnerships (continued)

Income distributions receivable from the Funds in relation to the period amounted to £1.8 million (Year to 31 March 2014: £0.8 million, Six months to 30 September 2013: £0.8 million), with an aggregate £2.6 million (Year to 31 March 2014: £0.8 million, Six months to 30 September 2013: £1.6 million) remains outstanding at the period end, which have been allocated as income based on discretionary allocation powers of the respective General Partners of the Funds as set out in the respective Limited Partnership Agreements.

In the financial statements of the Company, the fair value of the investments in Limited Partnerships are adjusted to reflect the fair value of the Cell's attributable valuation of net assets within Fund I and Fund II, as seen in more detail in Note 5.

No amounts are yet liable to be paid or accrued in respect of Carried Interest.

5. Fair value

The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The only financial instruments carried at fair value are the investments which are fair valued at each reporting date.

The Company's investments have been classified within Level 3 as they have unobservable inputs and are not traded. Amounts classified under Level 3 for the period are, £225,304,000 for Fund I (31 March 2014: £233,442,000, 30 September 2013: £265,663,000) and £350,923,000 for Fund II (31 March 2014: £373,973,000, 30 September 2013: £366,230,000).

Transfers during the period

There have been no transfers between levels. Due to the nature of the investments, they are always expected to be classified under Level 3.

Valuation techniques

The value of the Cells' investments in the Funds is based on the value of each Cell's limited partner capital and loan accounts within each Fund. This is based on the components within the Funds, principally the value of the underlying investee companies. Any fluctuation in the value of the underlying investee companies will directly impact on the value of the Company's investment in the Funds.

When valuing the underlying investee companies, the GPs of each Fund review information provided by the underlying investee companies and other business partners and apply IPEV methodologies to estimate a fair value that is in adherence with the requirements of IFRS 13 'Fair Value Measurement' as at the date of the statement of financial position.

5. Fair value (continued)

Initially acquisitions are valued at price of recent investment. Once maintainable earnings can be identified the preferred method of valuation is the earnings multiple valuation technique, where a multiple that is an appropriate and reasonable indicator of value (given the size, risk profile and earnings growth prospects of the underlying company) is applied to the maintainable earnings of the company. Occasionally other methods, as deemed suitable by the GPs, may be used, such as revenue or gross profit multiples, net assets, break-up value or discounted cash flows. The techniques used in determining the fair value of the Cells' investments are selected on an investment by investment basis so as to maximise the use of market based observable inputs.

The Board reviews and considers the fair value arrived at by the GPs before incorporating into the fair value of the investment adopted by the Company. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments that cannot be eliminated. Therefore the amounts realised on the disposal of investments may differ from the fair values reflected in these interim financial statements and the differences may be significant.

Where the price of recent investment is determined to be the most appropriate methodology the transactional price will be that of the investment by Fund I or Fund II. The Omnico and SPOT investments are carried at the price of recent investment. Due to the position in the turnaround cycle of these investee companies, interest receivable on loans advanced by the Funds will only be recognised when it is deemed more likely than not that the interest will be paid. As at 30 September 2014 such unrecognised interest receivable amounted to £11.2 million (31 March 2014: £16.6 million, 30 September 2013: £9.0 million)

The significant unobservable inputs in the 2009 Cell and in the 2012 Cell are shown on pages 35 and 54.

6. Share Capital

Core Shares

Period ended 30 September 2014

	£
Core Shares as at 1 April 2014 and as at 30 September 2014	**100**

Year ended 31 March 2014

	£
Core Shares as at 1 April 2013 and as at 31 March 2014	**100**

Cell Shares

Authorised:

The Cells are each authorised to issue ordinary unlimited shares at £1 par value.

Period ended 30 September 2014

	2009 Cell No.	2012 Cell No.	Total No.
Issued and fully paid:			
Unlimited shares of £1 par value			
Shares as at 1 April 2014	206,780,952	346,600,520	553,381,472
Shares as at 30 September 2014	**206,780,952**	**346,600,520**	**553,381,472**

	£'000	£'000	£'000
Share capital			
Share capital as at 1 April 2014	178,539	347,914	526,453
Movements for the period:			
2012 Cell Distribution	–	(6,066)	(6,066)
Share capital as at 30 September 2014	**178,539**	**341,848**	**520,387**

The Company
2009 Cell
2012 Cell

6. Share Capital (continued)

Year ended 31 March 2014

	2009 Cell No.	2012 Cell No.	Total No.
Issued and fully paid:			
Unlimited shares of £1 par value			
Shares as at 1 April 2013	206,780,952	169,861,895	376,642,847
Movement for the year	–	176,738,625	176,738,625
Shares as at 31 March 2014	**206,780,952**	**346,600,520**	**553,381,472**

	£'000	£'000	£'000
Share capital			
Share capital as at 1 April 2013	190,946	166,004	356,950
Movements for the year:			
Proceeds from issue of shares	–	185,576	185,576
Issue costs paid	–	(3,666)	(3,666)
Capital distribution	(12,407)	–	(12,407)
Share capital as at 31 March 2014	**178,539**	**347,914**	**526,453**

The two capital distributions (reductions of share capital) announced to date for the 2009 Cell total £26.5 million, 12.6 per cent. of funds raised.

During the period the 2012 Cell made a distribution of capital of 1.75 pence per ordinary share to Shareholders of the 2012 Cell as at the ex-date of 10 September 2014. The distribution of £6.1 million was treated by the Company as a reduction of share capital. The distribution was paid on 19 September 2014.

Principal members of Better Capital LLP, the appointed Consultant to BECAP GP LP and BECAP12 GP LP, which act as General Partners to Fund I and Fund II, respectively, hold investments in the Company in accordance with the terms of the Prospectus. At the period end, those members held the following proportions of shares:

	2009 Cell		2012 Cell	
	Number of Shares	Per cent. of Share Capital	Number of Shares	Per cent. of Share Capital
Mark Aldridge	157,572	0.1	926,190	0.3
Nick Sanders*	200,000	0.1	926,190	0.3

* Shareholding is held through a discretionary trust in favour of Nick Sanders' children

7. Related party transactions

The Company has four non-executive Directors. Mr Jon Moulton is a Director and the sole shareholder of BECAP GP Limited, the general partner of the Fund I GP and BECAP12 GP Limited, the General Partner of the Fund II GP.

Annual remuneration for each Director is as follows: the Chairman receives £60,000, the Chairman of the audit committee receives £52,500, the Chairman of the management engagement, nomination and remuneration committee receives £50,000 and the other non-executive Director receives £45,000.

Directors' fees and expenses for the period to 30 September 2014 amounted to £105,000 (31 March 2014: £187,000, 30 September 2013: £92,000), of which £52,000 (31 March 2014: £52,000, 30 September 2013: £41,000) remained outstanding at the period end.

8. Earnings per share and net asset value per share

The earnings per share, net asset value per share and adjusted net asset value per share for the 2009 Cell and 2012 Cell are shown on page 37 and 56 respectively.

9. Subsequent events

On 2 October 2014, Fund II extended a £0.2 million short term loan to BECAP12 Everest Limited. The purpose of the loan was to enable BECAP12 Everest Limited to repurchase 2 per cent. of management equity in Hillary Bidco Limited.

On 9 October 2014, the Fund II GP extended a loan to Fund I of £1.5 million. Subsequently, Fund I subscribed for £1.5 million of secured C Loan Notes in Macsco 30 Limited, a Fairline company.

On 7 November 2014, Fund II committed and invested £20.0 million to fund the debt acquisition and future financing requirements of iNTERTAIN Limited and its subsidiary companies.

On 24 November 2014, BECAP Gardner 1 Limited returned £4.0 million to Fund I by way of a repayment of its revolving loan facility.

On 27 November 2014, Fund I settled the outstanding consideration of £3.1 million in respect of its acquisition of the debt and equity facilities in Macsco 30 Limited, a Fairline company.

Other than the above, there have been no significant subsequent events since 30 September 2014.

Better Capital 2009 Cell

Investment policy summary

Better Capital 2009 Cell has invested in a portfolio of businesses which, when purchased, had significant operating issues and associated financial distress.

Uninvested or surplus capital may be invested on a temporary basis in cash, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any reputable rating agency selected by the General Partner and any "government and public securities" as defined for the purposes of the FCA Rules.

The 2009 Cell Investment policy is in the Company's prospectuses, available on the Company's website www.bettercapital.gg.

Highlights

£210.0 MILLION total capital raised

£26.5 MILLION/12.6 PER CENT. cumulative distributions to date

23.1 PER CENT. return from NAV growth and distributions since inception

6 platform acquisitions

10 bolt-on acquisitions since inception

Key Financials	
NAV	£225.8m
NAV (including distributions)	£252.3m
NAV per share	109.19 pence
NAV per share (including distributions)	121.99 pence
NAV total return *	10.14 per cent.
NAV total return (including distributions)*	23.05 per cent.
Share price at 30 September 2014	97.5 pence
Market capitalisation at 30 September 2014	£201.6m

* Based on the weighted average issue price of ordinary shares and net of share issue costs.

General Partner's Report

I concluded my last report by stating my hope and expectation of being able to communicate a more encouraging picture this time round and I am pleased to report more optimism than gloom. Looking across the Fund I portfolio on a like-for-like basis, sales were 3.9 per cent. lower in the six months to October 2014 over a similar period in the year before. However, EBITDA profitability improved by over 250 per cent. in a similar period.

One business continues to grow strongly with a further two firmly on exit trajectories. The rest are in generally sound condition. Portfolio cash flows continue to improve. Gardner has returned a further £7.0 million since my last report (taking total repayments to £11.2 million, or 27.6 per cent. of total investment) and Santia is expected to repay a significant amount imminently.

It has been an incredibly busy period at Better Capital and in the Fund I portfolio companies but I believe we have seen the worst. The ultimate outcome is a matter of professional pride as well as realising maximum value.

Investment activities from 1 April to 24 November 2014

During the period, Gardner repaid a combination of capital and interest totalling £3.0 million. These were funded out of internal cash resources. A further £4.0 million of interest was repaid on 24 November 2014 facilitated by a recent refinancing exercise in the business. As above, the total repaid to date by Gardner is £11.2 million.

As reported in the Company's Annual Report as at 31 March 2014, Fund I injected £5.0 million into Spicers to fund its losses in May 2014. In order to support the transaction, the Fund II GP (whose main limited partners are Mark Aldridge, Nick Sanders and Jon Moulton) had extended a £2.5 million loan to Fund I on commercial terms. Over the summer Fund I disposed its interest in Spicers to a special purpose vehicle, SPOT, controlled by Fund II. Following a capital restructure, Fund I now effectively owns 9.9 per cent. of SPOT, a company 76.0 per cent. controlled by Fund II. The allocation between Funds I and II was derived from the realisable value of Fund I's interest in Spicers and the cash invested by Fund II in OfficeTeam.

In August 2014, Fund I committed an additional £7.1 million to Fairline. A total of £4.0 million has been invested to date (£2.5 million was drawn during the period and £1.5 million in October 2014) to fund the business's on-going losses. The balance of £3.1 million will be drawn imminently and is in relation to the deferred consideration on Fund I's acquisition of the remaining debt and equity instruments in Fairline.

During the period, Calyx Managed Services extended a loan of £0.5 million to Fund I from surplus cash to fund short term working capital requirements in Fund I.

Portfolio update

Gardner reported flat unaudited revenues of £112.3 million and underlying EBITDA of £11.8 million (with no exceptional costs) in the year to 31 August 2014 (prior year audited revenues £114.1 million and underlying EBITDA £11.6 million before exceptional costs of £6.1 million) despite delays in a key customer programme. Cash conversion was strong with returns to Fund I as noted above. Gardner's UK business continues to grow from strength to strength, with the performance in the French arm continuing to improve through a combination of cost reductions, increased volumes on the Airbus A350 platform and increased pricing. Gardner has made a strong start in the FY15 financial year and is expected to perform ahead of its Q1 budget. I remain confident that this business will continue to deliver considerable improvement in profitability.

Having significantly underperformed in FY13, m-hance Group (which is evaluated together with Calyx Managed Services and reported as Calyx) continues to build on the momentum achieved in the first half of its financial year to 31 December 2014. Monthly order intakes and sales pipeline in H2 FY14 continue to grow, reversing the declining trend of the previous year. It has, nevertheless, proved rather challenging to fill the permanent CEO vacancy; however, the business is more than adequately managed by Gordon Matthews, Interim CEO, and is expected to outperform its budgeted EBITDA profitability in FY14, albeit at a modest level. This is a significant improvement on prior year (FY13 audited underlying EBITDA loss: (£0.7) million) with further improvement firmly expected.

Also building on the momentum achieved in FY13, Calyx Managed Services is delivering modest profitability since the completion of an aggressive cost-reduction exercise and rightsizing its product offerings in the year to 31 December 2013. Cash management has been strong and it had extended loans of £1.0 million to related parties during FY14. Like m-hance Group, Calyx Managed Services is also expected to outperform its modest FY14 budgeted underlying EBITDA profitability. Strategic options are being evaluated for this (relatively small) investment.

Santia has had a mixed bag of news over the past two months. Disappointingly the business has failed to re-secure a key Food contract which expires in December 2014 following the client's decision to expand the scope to provide global coverage. In the year ended 31 January 2014, this contract contributed £0.3 million to EBITDA. As a result of this development, a strategic review has been completed which has seen the business reorganised to optimise value in preparation for exit. There is significant value in Santia, particularly in its Safecontractor business. A significant repayment is expected from the business in the near future.

Omnico closed its 30 September 2014 financial year with moderate improvement in underlying EBITDA profitability over the prior year (prior year audited underlying EBITDA profitability: £0.5 million after £1.4 million of capitalised internal development costs) albeit this was below its FY14 budget. Omnico continues to trade as a business of two halves, with software performing very well and hardware having a weaker year. Omnico has very recently parted company with its CEO and has also added a number of new senior hires to the business. The recruitment of a senior manager with responsibility for global hardware sales, together with a strengthened product range, have produced good year-on-year growth in the hardware sales pipeline. The sales pipeline for the business as a whole ("Omni-Basket") remains encouraging particularly given the recent market destabilisation following the acquisition of MICROS Systems, Inc by Oracle. The business intends to capitalise on the situation and is in the process of ramping up its sales and management team. The medium term prospects are looking more favourable.

It has been a particularly busy six months for Fairline from an operations and corporate perspective. The business has seen the departure of its CEO and there will continue to be heavy involvement from the Consultant team in the foreseeable future as they drive further operational efficiency in the business. The business has continued to record mixed trading in recent months, with weak trading in August and September but then recording strong orders in October. Revenues for the year ending 31 December 2014 will be materially lower than budget as the business now operates a strict build to order policy which is margin enhancing. Most of Q1 FY2015's anticipated sales are covered by firm orders. In August 2014, Fund I acquired the debt and equity instruments held by Royal Bank of Scotland plc at a significant discount to book value. This provides Fund I with greater flexibility over the strategic direction of the business and also demonstrates our continued support and belief in the long term future of Fairline. The near term objective is to return the business to generating consistent profitability. Fairline's carrying value has been written down to £10.0 million to reflect the current lack of profitability. Rather disappointingly there remains further opportunity to reduce factory cost which is being energetically pursued.

Over the summer Fund I disposed of its remaining interest in Spicers to a Fund II controlled entity, SPOT, which also controls OfficeTeam in exchange for a 9.9 per cent. holding in SPOT. Although it is still early days, the combined business has gained good traction across the various restructuring initiatives. Further context has been provided in the Fund II General Partner's Report on page 40.

Valuation

The Fund I portfolio carrying value has increased by £1.6 million (or 0.7 per cent.) from 1 April 2014 to 30 September 2014 due largely to the Gardner repayments and slight upward revaluation offsetting the Fairline write down.

Uninvested cash

On 24 November 2014, Fund I had uninvested cash of £4.3 million which may only be applied to follow-on investments in the portfolio companies (none are currently contemplated), the payment of expenses and the Fund I GP fee, or for distribution to shareholders. This balance will reduce by £3.1 million following full settlement of the deferred consideration for the Fairline debt and equity instruments but will be boosted following the imminent repayment from Santia.

In closing

The intensity of portfolio monitoring and intervention has risen greatly during the year. This has resulted in fewer errors and the determined implementation of changed plans for several portfolio companies. There is good reason to believe that the next few months will see improvement in the portfolio's metrics and prospects.

Jon Moulton
Director

BECAP GP Limited

24 November 2014

Investment Report of Fund I

Gardner

Business description

- A Tier-1 supplier of medium and high complexity machined metallic components to the aerospace industry (www.gardner-aerospace.com)

Fund I Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	33.9	36.4	40.6
Total committed	*33.9*	*36.4*	*40.6*
Fund I fair value (earnings based)	118.0	115.0	90.7

Calyx

Business description

- m-hance – implements, deploys and manages enterprise wide business management software solutions (www.m-hance.com)
- Calyx Managed Services – supplier of managed IT and cloud services, connectivity, technology infrastructure management, hardware maintenance and support (www.calyxms.com)

Fund I Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	33.0	33.0	32.0
Total committed	*33.0*	*33.0*	*32.0*
Fund I fair value (earnings based)	20.0	20.0	22.6

Santia

Business description

- Provider of consultancy and advisory health, safety and environmental services (www.santia.co.uk)

Fund I Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	14.5	14.5	15.5
Total committed	*14.5*	*14.5*	*15.5*
Fund I fair value (earnings based)	36.2	36.2	32.0

Investment Report of Fund I continued

Omnico Group

Business description

- Provider of omni-channel hardware, software and services to the retail, entertainment, hospitality and leisure sectors (www.omnicogroup.com)

Fund I Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	34.3	34.3	33.0
Total committed	*34.3*	*34.3*	*33.0*
Fund I fair value (price of recent investment)	34.3	34.3	33.0

Fairline

Business description

- A leading global brand specialising in the design, engineering, manufacture and distribution of luxury boats in the range of 38 to 80 feet (www.fairline.com)

Fund I Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	30.5	25.0	23.1
Total committed	*32.0*	*25.0*	*23.1*
Fund I fair value (assets basis)	10.0	16.8	16.8

SPOT

Business description

- Spicers is a leading office products and stationery wholesaler. It supplies a vast product range – with over 16,000 stock lines across 300 vendors (www.spicers.co.uk)
- OfficeTeam is a leading office products and services supplier (www.officeteam.co.uk)

Fund I Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	11.5	4.4	5.0
Total committed	*11.5*	*4.4*	*5.0*
Fund I fair value (price of recent investment)	11.5	6.1	74.7

Investment Report of Fund I continued

Portfolio summary and reconciliation

	Sector	Fund Project cost* £m	Fund fair value investment in SPV's** £m	Valuation percentage of NAV	Valuation methodology
Gardner	Aerospace	33.9	118.0	52.3%	Earnings
Calyx	Information Systems	33.0	20.0	8.9%	Earnings
Santia	Professional Services	14.5	36.2	16.0%	Earnings
Omnico Group	Information Systems	34.3	34.3	15.2%	Price of Recent Investment
Fairline	Marine Leisure Manufacturing	30.5	10.0	4.4%	Asset Basis
SPOT	Office Products	11.5	11.5	5.1%	Price of Recent Investment
		157.7	**230.0**	**101.9%**	
Fund cash on deposit			0.8	0.3%	
Fund & SPV combined other net liabilities			(5.5)	(2.4)%	
2009 Cell fair value of investment in Fund I			**225.3**	**99.8%**	
2009 Cell cash on deposit			0.5	0.2%	
2009 Cell other current assets less liabilities			0.0	0.0%	
2009 Cell NAV			**225.8**	**100.0%**	
Cumulative capital distributions			26.5		
2009 Cell Adjusted NAV			**252.3**		

* *Fund I holds its investments at cost in accordance with the terms of the Limited Partnership Agreement.*

** *2009 Cell fair values its investment in Fund I in accordance with the accounting policies as set out in Note 2.*

Summary income statement for Fund I

	1 April 2014 to 30 September 2014 £'000
Total income	85
Net loss on Fund I investment portfolio	(6,423)
General Partner's Share expense	(987)
Other operating expenses	(313)
Partnership's operating loss for the period	(7,638)
Portion of the operating loss for the period for 2009 Cell's investment in the Partnership (Note 4)	**(7,638)**

Cash management

As at 30 September 2014, Fund I had placed a total of £0.8 million (31 March 2014: £5.0 million, 30 September 2013: £3.0 million) of cash on instant access deposit with one bank. Fund I has in place a strict cash management policy that limits counterparty credit risk whilst simultaneously seeking to maximise returns.

Counterparty	Location	Rating	Term	30 September 2014 £'000	31 March 2014 £'000	30 September 2013 £'000
Royal Bank of Scotland International Limited	Guernsey	A	Instant access	800	5,005	3,002

Independent Review Report to Better Capital PCC Limited in respect of the 2009 Cell

Introduction

We have been engaged by the Company to review the condensed set of financial statements of the 2009 Cell, a cell of Better Capital PCC Limited, for the period ended 30 September 2014 which comprises the 2009 Cell Condensed Statement of Financial Position, the 2009 Cell Condensed Statement of Comprehensive Income, the 2009 Cell Condensed Statement of Changes in Equity, the 2009 Cell Condensed Statement of Cash Flows, and the 2009 Cell related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Company's Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the 2009 Cell are prepared in accordance with IFRS as adopted by the European Union. The 2009 Cell's condensed set of financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the 2009 Cell's condensed set of financial statements in the interim financial report based on our review.

Our report, including the conclusion, has been prepared in accordance with the terms of our engagement to assist the 2009 Cell in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the 2009 Cell's condensed set of financial statements in the interim financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO Limited
Chartered Accountants
Place du Pré, Rue du Pré, St Peter Port, Guernsey

28 November 2014

Condensed Statement of Financial Position

As at 30 September 2014

	Notes	As at 30 September 2014 £'000 (unaudited)	As at 30 September 2013 £'000 (unaudited)	As at 31 March 2014 £'000 (audited)
ASSETS:				
Non-current assets				
Investment in Limited Partnership	4	225,304	265,663	233,442
Total non-current assets		**225,304**	**265,663**	**233,442**
Current assets				
Trade and other receivables		20	1	27
Cash and cash equivalents		530	394	202
Total current assets		**550**	**395**	**229**
TOTAL ASSETS		**225,854**	**266,058**	**233,671**
Current liabilities				
Trade and other payables		(76)	(98)	(90)
Total current liabilities		**(76)**	**(98)**	**(90)**
TOTAL LIABILITIES		**(76)**	**(98)**	**(90)**
NET ASSETS		**225,778**	**265,960**	**233,581**
EQUITY				
Share capital	6	178,539	178,539	178,539
Retained earnings		47,239	87,421	55,042
TOTAL EQUITY		**225,778**	**265,960**	**233,581**
Number of 2009 Shares in issue at period/year end	6	**206,780,952**	**206,780,952**	**206,780,952**
Net asset value per 2009 Share (pence)	8	**109.19**	**128.62**	**112.96**
Adjusted net asset value per 2009 Share (pence)	8	**121.99**	**141.42**	**125.76**

The unaudited condensed interim financial statements of the 2009 Cell were approved and authorised for issue by the Company's Board of Directors on 28 November 2014 and signed on its behalf by:

Richard Crowder
Chairman

Jon Moulton
Director

The notes on pages 32 to 37 form an integral part of the 2009 Cell condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2014

	Notes	Six months to 30 September 2014 £'000 (unaudited)	Six months to 30 September 2013 £'000 (unaudited)	Year ended 31 March 2014 £'000 (audited)
Income				
Change in fair value investment in Limited Partnership	4	(7,638)	1,396	(30,825)
Interest income		1	1	2
Total income		**(7,637)**	**1,397**	**(30,823)**
Expenses				
Administration fees		52	69	124
Directors' fees and expenses	7	42	46	86
Legal and professional fees		29	58	86
Other fees and expenses		20	34	41
Audit fees		17	16	28
Insurance premiums		–	–	12
Registrar fees		6	15	20
Total expenses		**166**	**238**	**397**
(Loss)/profit for the financial period/year		**(7,803)**	**1,159**	**(31,220)**
Other comprehensive income		–	–	-
Total comprehensive (expense)/income for the period/year		**(7,803)**	**1,159**	**(31,220)**
Basic and diluted earnings per 2009 Share (pence)	**8**	**(3.77)**	**0.56**	**(15.10)**

All activities derive from continuing operations.

The notes on pages 32 to 37 form an integral part of the 2009 Cell condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 September 2014

	Share capital £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2014	**178,539**	**55,042**	**233,581**
Loss for the financial period	–	(7,803)	(7,803)
Other comprehensive income	–	–	–
Total comprehensive expense for the period	**–**	**(7,803)**	**(7,803)**
As at 30 September 2014 (unaudited)	**178,539**	**47,239**	**225,778**

	Share capital £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2013	**190,946**	**86,262**	**277,208**
Profit for the financial period	–	1,159	1,159
Other comprehensive income	–	–	–
Total comprehensive income for the period	**–**	**1,159**	**1,159**
Transactions with owners			
Capital distribution	(12,407)	–	(12,407)
Total transactions with owners	**(12,407)**	**–**	**(12,407)**
As at 30 September 2013 (unaudited)	**178,539**	**87,421**	**265,960**

The notes on pages 32 to 37 form an integral part of the 2009 Cell condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2014

	Six months to 30 September 2014 £'000 (unaudited)	Six months to 30 September 2013 £'000 (unaudited)	Year ended 31 March 2014 £'000 (audited)
Cash flows used in operating activities			
(Loss)/profit for the financial period/year	(7,803)	1,159	(31,220)
Adjustments for:			
Change in fair value on financial assets at fair value through profit or loss	7,638	(1,396)	30,825
Movement in trade and other receivables	7	5	(21)
Movement in trade and other payables	(14)	(27)	(35)
Net cash used in operating activities	**(172)**	**(259)**	**(451)**
Cash flows from investing activities			
Repayment of loan investment in Limited Partnership	500	12,400	12,400
Net cash generated from investing activities	**500**	**12,400**	**12,400**
Cash flow used in financing activities			
Capital distribution	–	(12,407)	(12,407)
Net cash used in financing activities	**–**	**(12,407)**	**(12,407)**
Net movement in cash and cash equivalents during the period/year	328	(266)	(458)
Cash and cash equivalents at the beginning of the period/year	202	660	660
Cash and cash equivalents at the end of the period/year	**530**	**394**	**202**

The notes on pages 32 to 37 form an integral part of the 2009 Cell condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2014

1. General information

The 2009 Cell is a cell of Better Capital PCC limited and has the investment objective of generating attractive total returns from investing (through Fund I) in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on businesses which have significant activities within the United Kingdom and Ireland. Such returns are expected to be largely derived from capital growth.

Fund I is managed by its general partner, BECAP GP LP, which is in turn managed by its general partner BECAP GP Limited. Such arrangements are governed under the respective Limited Partnership Agreements, as amended.

The 2009 Cell is listed on the London Stock Exchange Main Market.

2. Accounting policies

Basis of preparation

The unaudited 2009 Cell condensed financial information included in the interim financial report for the six months ended 30 September 2014 have been prepared in accordance with the DTRs and Listing Rules of the UK's FCA and IAS 34, 'Interim Financial Reporting' as adopted by the EU.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year to 31 March 2014, which are available on the Company's website www.bettercapital.gg. The annual financial statements have been prepared in accordance with EU adopted IFRS.

The principal accounting policies adopted are set out in the Company's accounting policies on page 13.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the 2009 Cell, and in turn Fund I, have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the 2009 Cell. For this reason, they continue to adopt the going concern basis in preparing these interim financial statements.

Critical accounting judgement and estimation uncertainty

Use of estimates and judgements

The preparation of financial statements 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.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the interim financial statements are disclosed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

2. Accounting policies (continued)

Investment in Fund I

The value of the 2009 Cell's investment in Fund I is based on the value of the 2009 Cell's limited partner capital and loan accounts within Fund I. This is based on the components within the Fund, principally the value of the underlying investee companies. Any fluctuation in the value of the underlying investee companies will directly impact on the value of the 2009 Cell's investment in Fund I.

When valuing the underlying investee companies, the General Partner of Fund I reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies, as noted on pages 15 to 16, to estimate a fair value as at the date of the statement of financial position. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments that cannot be eliminated. Therefore the amounts realised on the sale of investments will differ from the fair values reflected in these financial statements and the differences may be significant.

Where price of recent investment is determined to be the most appropriate methodology the transactional price will be that of the investment by Fund I. Interest receivable on loans advanced by Fund I to investee companies will only be recognised when it is deemed more likely than not that the interest will be paid, recognising the immaturity of the turnaround position of investee companies.

Further information in relation to the valuation of the investment in Fund I is disclosed in Notes 4 and 5.

3. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors, as a whole. The key measure of performance used by the Board to assess the 2009 Cell's performance and to allocate resources is the total return on the 2009 Cell's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the interim financial statements.

For management purposes, the 2009 Cell is organised into one main operating segment, which invests in one limited partnership.

4. Investment in Limited Partnership

	Loans £'000	Capital £'000	Total £'000
Cost			
Brought forward at 1 April 2014	178,580	20	178,600
Repayment of loan investment in Limited Partnerships	(500)	–	(500)
Carried forward	178,080	20	178,100
Fair value adjustment through profit or loss			
Brought forward	54,842	–	54,842
Fair value movement during period	(7,638)	–	(7,638)
Carried forward	47,204	–	47,204
Fair value as at 30 September 2014 (unaudited)	**225,284**	**20**	**225,304**

4. Investment in Limited Partnership (continued)

	Loans £'000	Capital £'000	Total £'000
Cost			
Brought forward at 1 April 2013	190,980	20	191,000
Repayment of loan investment in Limited Partnership	(12,400)	–	(12,400)
Carried forward	178,580	20	178,600
Fair value adjustment through profit or loss			
Brought forward	85,667	–	85,667
Fair value movement during year	(30,825)	–	(30,825)
Carried forward	54,842	–	54,842
Fair value as at 31 March 2014 (audited)	**233,422**	**20**	**233,442**

The movement in fair value of the Fund I investment is derived from the fair value increase in Gardner, fair value decrease in Fairline and expenses of Fund I and its related special purpose vehicles.

The outstanding loans do not incur interest. The loans are expected to be repaid by way of distributions from Fund I. The 2009 Cell is not entitled to demand repayment of the outstanding loans, however, the General Partner may, upon request by the Company, repay to the 2009 Cell any amount of the Cell's outstanding loan. During the period £0.5 million was repaid to the 2009 Cell by Fund I (Year to 31 March 2014: £12.4 million, Six months to 30 September 2013: £12.4 million).

In the financial statements of the 2009 Cell the fair value of the investment in the Limited Partnership is adjusted to reflect the fair value of the 2009 Cell's attributable valuation of net assets within Fund I, as seen in more detail in Note 5.

No amounts are yet liable to be paid or accrued in respect of Carried Interest.

5. Fair Value

The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. The fair value hierarchy and further information on valuation techniques can be found in Note 5 in the Company financial statements.

The Omnico and SPOT investments are carried at the price of recent investment. Due to the position in the turnaround cycle of the investee companies, interest receivable on loans advanced by Fund I will only be recognised when it is deemed more likely than not that the interest will be paid. As at 30 September 2014 such unrecognised interest receivable amounted to £9.8 million (31 March 2014: £7.1 million, 30 September 2013: £4.8 million).

5. Fair Value (continued)

The following table summarises the valuation methodologies and inputs used for the 2009 Cell's Level 3 investments as at the period end:

Valuation Methodology	Description	Input	Adjustments	Discount Rate Applied to Multiples	Discounted Multiples	Value of portfolio valued on this basis (£'m) 30 Sept 2014	31 Mar 2014
Multiple **30 Sept 2014** – Gardner – Calyx – m-hance – Santia **31 March 2014** – Gardner – Calyx – m-hance – Santia – Fairline	Most commonly used Private Equity valuation methodology. Used for investments which are profitable and for which a set of listed companies and precedent transactions with similar characteristics can be determined Discounts to the valuation generated by applying multiples to reflect the time and costs of reaching sustainable profitability and the inevitable accompanying uncertainties	Multiples are applied to the earnings of the investee company to determine the enterprise value **Earnings** Reported earnings adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, run-rate adjustments to arrive at maintainable earnings. Most common measure is EBITDA (Gardner, Santia). Other earnings such as revenue (Calyx – m-hance) may also be used where relevant. Earnings used are uually the forecast for the investee company's current financial year, unless data from the latest audited accounts provides a more reliable picture of maintainable earnings **Multiples** The earnings multiple is derived from comparable listed companies (Gardner, Calyx – m-hance) or relevant market transaction multiples (Santia). The Fund I GP selects businesses in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus and adjust for changes in the relative performance in the set of comparables	Surplus assets available for imminent sale are added to the multiple valuation	A discount is applied to earnings multiples, ranging from 20 per cent. to 36 per cent.	EBITDA multiples ranging from 7 times to 9 times The revenue multiple is 1 times	169.3	183.1
Price of recent investment **30 Sept 2014** – Omnico Group – SPOT **31 March 2014** – Omnico Group	Where there has been a recent Investment in the Investee Company, the price of that Investment will provide a basis of the valuation	Book cost	Addition of costs since initial purchase and the subtraction of monies returned to Fund I	n/a	n/a	45.8	34.3
Other **30 Sept 2014** – Calyx – CMS – Fairline **31 March 2014** – Calyx – CMS – Spicers	Values of separate elements prepared under other methods, as deemed suitable by the Fund I GP, such as revenue or gross profit multiples (Calyx – CMS) and net assets (Fairline)	Gross profit, revenue, net assets	As determined on a case by case basis	n/a	– Revenue multiples ranging from 0.5 to 0.7 times – Gross profit multiple is 1.5 times	14.9	11.0
					Portfolio valuation	230.0	228.4
					Other net (liabilities)/assets	(4.7)	5.0
					2009 Cell fair value of investments in Fund I	225.3	233.4

5. Fair Value (continued)

During the period the basis of valuation for Fairline changed from an earnings multiple basis to an assets basis as the Fund I GP and the Company's board consider this to be a more appropriate basis due to underperformance. This resulted in a write down. Further information on this write down can be found in the Board Report on pages 4 to 6 and the Fund I GP Report on pages 21 to 22.

During the period, the interest in Spicers was disposed of and interest in SPOT acquired.

This approach requires the use of assumptions about certain unobservable inputs. Significant unobservable inputs as at 30 September 2014 are:

- Multiples used to derive enterprise value
- Discount factors

A reasonably possible change in the multiples used +/- 10.0 per cent. would result in:

- An increase in carrying value of £18.0 million or 7.8 per cent. (+10.0 per cent.)
- A decrease in the carrying value of £19.3 million or 8.4 per cent. (-10.0 per cent.)

A reasonably possible change in the discount factors used would be to completely remove the discount factor or to double the discount factor. This would result in:

- A decrease in carrying value of £66.2 million or 28.8 per cent. (+100.0 per cent.)
- An increase in the carrying value of £59.7 million or 26.0 per cent. (-100.0 per cent.)

The Fund I GP approves the valuations performed with input from the Consultant and monitors the range of reasonably possible changes in significant observable inputs on a regular basis.

6. Share Capital

Share capital for the 2009 Cell is detailed in the relevant column in Note 6 of the Company's financial statements on pages 16 to 17.

The two capital distributions (reductions of share capital) announced to date for the 2009 Cell total £26.5 million, 12.6 per cent. of funds raised.

Principal members of Better Capital LLP, the appointed Consultant to BECAP GP LP, which acts as General Partner to Fund I, hold investments in the 2009 Cell which are detailed on page 17.

7. Related party transactions

Further information on related party transactions can be found in Note 7 in the Company financial statements.

Directors' fees and expenses, incurred by the 2009 Cell, for the period to 30 September 2014 amounted to £42,000 (31 March 2014: £86,000, 30 September 2013: £46,000) apportioned on an NAV basis between the cells. £20,000 (31 March 2014: £22,000, 30 September 2013: £20,500) remained outstanding at the period end.

8. Earnings per share and net asset value per share

Earnings per share

2009 Cell	Six months to 30 September 2014 (unaudited)	Six months to 30 September 2013 (unaudited)	Year ended 31 March 2014 (audited)
(Loss)/profit for the period/year	£(7,802,456)	£1,158,773	£(31,219,887)
Weighted average number of 2009 Shares in issue	206,780,952	206,780,952	206,780,952
EPS (pence)	**(3.77)**	**0.56**	**(15.10)**

The earnings per share is based on the profit or loss of the 2009 Cell for the period/year and on the weighted average number of shares of the 2009 Cell in issue for the period/year.

The 2009 Cell does not have any instruments which could potentially dilute basic earnings per share in the future.

Net Asset Value per share

	As at 30 September 2014 (unaudited)	As at 30 September 2013 (unaudited)	As at 31 March 2014 (audited)
Net assets attributable to 2009 Cell shareholders	£225,778,301	£265,959,417	£233,580,757
Capital distributions	£26,467,962	£26,467,962	£26,467,962
Adjusted Net Asset Value	**£252,246,263**	£292,427,379	£260,048,719
2009 Shares in issue	206,780,952	206,780,952	206,780,952
NAV per share (IFRS) (pence)	**109.19**	128.62	112.96
Adjusted NAV per share (pence)	**121.99**	141.42	125.76

The Net Asset Value per share for the 2009 Cell is arrived at by dividing the total net assets of the 2009 Cell at the period/year end by the number of shares in issue at the period/year end.

The Adjusted Net Asset Value adds back capital distributions made to the 2009 Share investors to date.

The Adjusted Net Asset Value per share for the 2009 Cell is arrived at by dividing the Adjusted Net Asset Value of the 2009 Cell at the period/year end by the number of 2009 Shares in issue at the period/year end.

9. Subsequent events

On 9 October 2014, the Fund II GP extended a loan to Fund I of £1.5 million. Subsequently, Fund I subscribed for £1.5 million of secured C Loan Notes in Macsco 30 Limited, a Fairline company.

On 24 November 2014, BECAP Gardner 1 Limited returned £4.0 million to Fund I by way of a repayment of its revolving loan facility.

On 27 November 2014, Fund I settled the outstanding consideration of £3.1 million in respect of its acquisition of the debt and equity facilities in Macsco 30 Limited, a Fairline company.

Other than the above, there have been no significant subsequent events since 30 September 2014.

Better Capital 2012 Cell

Investment policy summary

Better Capital 2012 Cell seeks to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress.

Uninvested or surplus capital may be invested on a temporary basis in cash, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any reputable rating agency selected by the General Partner and any "government and public securities" as defined for the purposes of the FCA Rules.

The 2012 Cell Investment policy is in the Company's prospectuses, available on the Company's website www.bettercapital.gg.

Highlights – 2012 Cell

£355.5 MILLION	total capital raised
£6.1 MILLION/1.7 PER CENT.	cumulative distributions to date
£347.4 MILLION	net proceeds invested in Fund II
£241.0 MILLION/69.4 PER CENT.	committed to date
£89.3 MILLION	remaining cash in Fund II as at 24 November 2014
4	platform acquisitions at 30 September 2014
1	further platform acquisition completed post 30 September 2014
3.52 PER CENT.	return from NAV growth and distributions since inception

Key Financials	
NAV	£354.1m
NAV (including distributions)	£360.2m
NAV per share	102.16 pence
NAV per share (including distributions)	103.91 pence
NAV total return*	1.77 per cent.
NAV total return (including distributions)*	3.52 per cent.
Share price at 30 September 2014	89.0 pence
Market capitalisation at 30 September 2014	£308.5m

* Based on the weighted average issue price of ordinary shares and net of share issue costs.

General Partner's Report

Fund II has had a busy period since my last report, having successfully deployed a further £120.0 million or 34.5 per cent. of funds across two investments.

Performance across the existing Fund II portfolio companies is mixed, with City Link a significant concern.

Acquisitions and other investment activities between 1 April and 24 November 2014

Over the summer, Fund II through its special purpose vehicle, SPOT, acquired OfficeTeam, a leading UK supplier of office products and business services for £80.0 million and invested a further £10.0 million to fund restructuring initiatives. Shortly following this acquisition, Fund I rolled through its interest in Spicers, a leading wholesale office products distributor, into SPOT. The result of the combination and capital restructure was to produce the ratio of Fund I, Fund II and management ownership of 9.9 per cent., 76.0 per cent. and 14.1 per cent. respectively. The allocation between Funds I and II was derived from the realisable value of Fund I's remaining interest in Spicers and the cash invested by Fund II in OfficeTeam.

In September 2014, Fund II injected a further £10.0 million into SPOT, to improve further the stockholding depth in the business, giving the total invested in SPOT at £100.0 million. As Fund I was not in a position to contribute without itself borrowing the funds required, its investment in SPOT remained unchanged at £11.5 million (point of acquisition).

In August 2014 Everest repaid a short term loan plus interest totalling £6.1 million to Fund II. This enabled Fund II to distribute onwards an equivalent amount to the 2012 Cell which provided the 2012 Cell's first distribution to its investors of 1.75 pence per ordinary share.

In line with the intent stated earlier in the year, Jaeger drew down the remaining £8.5 million commitment in September 2014. The investment was to fund working capital, continuing IT and website improvements as well as routine store refurbishments.

On 7 November 2014, Fund II acquired the debt facilities in iNTERTAIN Limited and its subsidiary companies from a syndicate of debt providers. iNTERTAIN operates 26 Walkabout bars (Australian-themed sports and late night party venues) and six unbranded bars. All the venues are in the UK, predominately in the Midlands and the North. Fund II has invested £20.0 million for the acquisition and provision of further finance, whilst strategic options are being considered.

Portfolio update

City Link has progressively deviated from its monthly profit budget during its current year to 31 December 2014 driving the conclusion that its current structure is unsustainable in the long term. This is largely a result of excess (and increasing) capacity in the sector, made worse by customers developing their own delivery capabilities. There are several routes to a better position that are being pursued with a greatly expanded Better Capital team working to support City Link. A 50 per cent. write-down, calculated based on net realisable value, reflects the issues.

Apart from a short period of soft trading in late spring triggered by aggressive online and television advertising by its peers, Everest has continued to perform to expectation and is cash generative. This had facilitated the repayment of a short term loan plus interest totalling £6.1 million in August 2014. Major effort is being expended into new product launches in January 2015 to coincide with Everest's 50th anniversary. The business remains confident of delivering substantial growth in EBITDA profitability for the year to 31 December 2014 (31 December 2013 underlying EBITDA profitability: £6.9 million) albeit this will be slightly below budget due to the weakness in trading in late spring. Significant further cash distributions to Fund II are expected in FY15.

Jaeger launched its 'Autumn/Winter 2014' collection to positive feedback from industry critics. Sales to week 37 (week ended 15 November 2014) were 2 per cent. below budget but 8 per cent. ahead of prior year. On a like-for-like basis, YTD sales were 7 per cent. ahead. Sales held up well between September and November despite the weather being unseasonably warm. During this period, sales were 2 per cent. below budget but 10 per cent. higher than prior year and 7 per cent. ahead on a like-for-like basis. This compares favourably to the 3.4 per cent. like-for-like average decline in the sector (source: BDO High Street Sales Tracker). Despite the decent sales performance, margins during this period were well below budget.

The warm weather had led to widespread discounting on the high street early on in the season and Jaeger followed suit to prevent a glut of stock. Carrying value has been written-down by £6.0 million to £50.0 million to reflect its current earnings weakness. Jaeger has ample potential; however, profit growth needs to be accelerated.

It has been almost four months since Fund II's (and Fund I's) ownership in SPOT, the combination resulted from the acquisition of OfficeTeam in July 2014 by Fund II and the disposal by Fund I of its interest in Spicers to SPOT. The front office of both these businesses continue to be operated on a standalone basis while considerable progress has been achieved in realising purchasing synergies and integrating the back office and distribution functions. At the time of writing, several million pounds of synergies have been realised with substantially more expected in the next financial year. As previously communicated the principal motivation for the Spicers-OfficeTeam combination is that the office supplies industry is ripe for consolidation. In October 2014, SPOT, through its subsidiary OfficeTeam, acquired Buro Business Supplies on a deferred basis. Buro generated audited revenues of £11.8 million in the year to 31 March 2014. There is a good prospect of some cash distribution from SPOT in FY15.

Valuation

The portfolio carrying value has on the whole risen by £88.4 million in the period, driven by £108.5 million of additions at cost for SPOT and Jaeger, net of the £5.0 million Everest repayment, offset by the write down in Jaeger and City Link of £26.0 million and the write-up in Everest of £10.9 million.

Uninvested cash and deal flow in Fund II

Fund II held cash balances of £89.3 million on 24 November 2014. The market has been relatively quiet with Fund II completing the only viable transaction (iNTERTAIN) seen in recent months.

The team in Better Capital GmbH, our German representation, is also now complete. Active pursuit of a handful of attractive opportunities has yet to lead to a successful transaction.

Local representation in Dublin will cease at the end of 2014 due to an inadequate deal flow. Nevertheless, Better Capital has retained a strong relationship with the Ireland Strategic Investment Fund (formerly the National Pensions Reserve Fund of Ireland) with both parties remaining receptive to joint acquisitions of distressed opportunities in the Republic of Ireland.

On balance, deal flow remains adequate for full deployment of the remaining cash during the investment phase.

Jon Moulton
Director

BECAP12 GP Limited

24 November 2014

Investment Report of Fund II

Everest

Business description

- A leading consumer brand in the manufacture, installation and supply of uPVC and aluminium windows and doors, conservatories, roofline products, garage doors, security systems, driveways and other home improvement products (www.everest.co.uk).

Fund II Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	**25.0**	**30.0**	**30.0**
Total committed	*25.0*	*30.0*	*30.0*
Fund II fair value (earnings based)	**69.4**	**63.5**	**52.3**

Jaeger

Business description

- Ladies and men's wear retailer, operating in the premium segment of the market (www.jaeger.co.uk)

Fund II Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	**56.0**	**47.5**	**40.0**
Total committed	*56.0*	*47.5*	*40.0*
Fund II fair value (adjusted cost)	**50.0**	**47.5**	**40.0**

City Link

Business description

- A leading premium express parcel delivery business (www.city-link.co.uk)

Fund II Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	40.0	40.0	40.0
Total committed	*40.0*	*40.0*	*40.0*
Fund II fair value (net realisable value)	20.0	40.0	40.0

SPOT

Business description

- Spicers is a leading office products and stationery wholesaler. It supplies a vast product range – with over 16,000 stock lines across 300 vendors (www.spicers.co.uk)
- OfficeTeam is a leading office products and services supplier (www.officeteam.co.uk

Fund II Investment details

£'m	30 September 2014	31 March 2014	30 September 2013
Total invested	100.0	–	–
Total committed	*100.0*	–	–
Fund II fair value (price of recent investment)	100.0	–	–

Portfolio summary and reconciliation

	Sector	Fund Project cost* £m	Fund fair value investment in SPV's** £m	Valuation percentage of NAV	Valuation methodology
Everest	Building Products	25.0	69.4	19.6%	Earnings
Jaeger	Retail	56.0	50.0	14.1%	Adjusted Cost
BECAP (Ireland) LP	Investment Vehicle	–	–	0.0%	Fair Value
City Link	Parcel Delivery	40.0	20.0	5.7%	Net Realisable Value
SPOT	Office Products	100.0	100.0	28.2%	Price of Recent Investment
		221.0	**239.4**	**67.6%**	
Fund cash on deposit			111.3	31.4%	
Fund & SPV combined other net assets			0.2	0.1%	
2012 Cell fair value of investment in Fund II			**350.9**	**99.1%**	
2012 Cell cash on deposit			0.7	0.2%	
2012 Cell other current assets less liabilities			2.5	0.7%	
2012 Cell NAV			**354.1**	**100.0%**	
Cumulative capital distributions			6.1		
2012 Cell Adjusted NAV			**360.2**		

* *Fund II holds its investments at cost in accordance with the terms of the Limited Partnership Agreement.*

** *2012 Cell fair values its investment in Fund II in accordance with the accounting policies as set out in Note 2.*

Summary income statement for Fund II

	1 April 2014 to 30 September 2014 £'000
Total income	2,501
Net loss on Fund II investment portfolio	(14,084)
General Partner's Share expense	(2,673)
Income distribution to Cell	(1,800)
Other operating expenses	(936)
Partnership's operating loss for the period	(16,992)
Portion of the operating loss for the period for 2012 Cell's investment in the Partnership (Note 4)	**(16,992)**

Cash management

As at 30 September 2014, Fund II had placed a total of £111.3 million (31 March 2014: £222.9 million, 30 September 2013: £232.5 million) of cash on deposit with six banks subject to maturity dates ranging from instant access to one month. Fund II has in place a strict cash management policy that limits counterparty risks whilst simultaneously seeking to maximise returns.

Counterparty	Location	Rating	Term	30 September 2014 £'000	31 March 2014 £'000	30 September 2013 £'000
Royal Bank of Scotland International Limited*	Guernsey	A	Instant access	8,717	37,316	47,493
Lloyds Bank International Limited	Jersey	A	Instant access	49,908	49,810	49,564
Standard Chartered (Jersey) Limited	Jersey	AA-	Three month	–	39,424	39,343
HSBC Bank plc	Guernsey	AA-	One month	49,398	49,252	44,100
Barclays Bank plc	Guernsey	A	One month	3,263	47,077	7,003
BNP Paribas	Jersey	A+	One month	–	–	45,017
				111,286	222,879	232,520

* *These balances include amounts held in euros, which resulted in a foreign exchange loss of £0.5 million during the period.*

Independent Review Report to Better Capital PCC Limited in respect of 2012 Cell

Introduction

We have been engaged by the Company to review the condensed set of financial statements of the 2012 Cell, a cell of Better Capital PCC Limited, for the period ended 30 September 2014 which comprises the 2012 Cell Condensed Statement of Financial Position, the 2012 Cell Condensed Statement of Comprehensive Income, the 2012 Cell Condensed Statement of Changes in Equity, the 2012 Cell Condensed Statement of Cash Flows and the 2012 Cell related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Company's Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the 2012 Cell are prepared in accordance with IFRS as adopted by the European Union. The 2012 Cell's condensed set of financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the 2012 Cell's condensed set of financial statements in the interim financial report based on our review.

This report, including the conclusion, has been prepared in accordance with the terms of our engagement to assist the 2012 Cell in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the 2012 Cell's condensed set of financial statements in the interim financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO Limited
Chartered Accountants
Place du Pré, Rue du Pré, St Peter Port, Guernsey

28 November 2014

Condensed Statement of Financial Position
As at 30 September 2014

	Notes	As at 30 September 2014 £'000 (unaudited)	As at 30 September 2013 £'000 (unaudited)	As at 31 March 2014 £'000 (audited)
ASSETS:				
Non-current assets				
Investment in Limited Partnership	4	350,923	366,230	373,973
Total non-current assets		**350,923**	**366,230**	**373,973**
Current assets				
Trade and other receivables		2,632	1,604	835
Cash and cash equivalents		667	409	925
Total current assets		**3,299**	**2,013**	**1,760**
TOTAL ASSETS		**354,222**	**368,243**	**375,733**
Current liabilities				
Trade and other payables		(122)	(148)	(123)
Total current liabilities		**(122)**	**(148)**	**(123)**
TOTAL LIABILITIES		**(122)**	**(148)**	**(123)**
NET ASSETS		**354,100**	**368,095**	**375,610**
EQUITY				
Share capital	6	341,848	347,914	347,914
Retained earnings		12,252	20,181	27,696
TOTAL EQUITY		**354,100**	**368,095**	**375,610**
Number of 2012 Shares in issue at period/year end	6	**346,600,520**	**346,600,520**	**346,600,520**
Net asset value per 2012 Share (pence)	8	**102.16**	**106.20**	**108.37**
Adjusted net asset value per 2012 Share (pence)	8	**103.91**	**106.20**	**108.37**

The unaudited condensed interim financial statements of the 2012 Cell were approved and authorised for issue by the Company's Board of Directors on 28 November 2014 and signed on its behalf by:

Richard Crowder
Chairman

Jon Moulton
Director

The notes on pages 51 to 56 form an integral part of the 2012 Cell condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2014

	Notes	Six months to 30 September 2014 £'000 (unaudited)	Six months to 30 September 2013 £'000 (unaudited)	Year ended 31 March 2014 £'000 (audited)
Income				
Change in fair value investment in Limited Partnership	4	(16,992)	10,907	18,650
Income distribution	4	1,800	800	800
Interest income		3	3	4
Total income		**(15,189)**	**11,710**	**19,454**
Expenses				
Administration fees		83	61	141
Directors' fees and expenses	7	63	46	101
Legal and professional fees		43	62	106
Other fees and expenses		28	44	47
Audit fees		28	16	39
Insurance premiums		–	6	26
Registrar fees		10	10	14
Total expenses		**255**	**245**	**474**
(Loss)/profit for the financial period/year		**(15,444)**	**11,465**	**18,980**
Other comprehensive income		–	–	-
Total comprehensive (expense)/income for the period/year		**(15,444)**	**11,465**	**18,980**
Basic and diluted earnings per 2012 Share (pence)	8	**(4.46)**	**5.28**	**6.74**

All activities derive from continuing operations.

The notes on pages 51 to 56 form an integral part of the 2012 Cell condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 September 2014

	Share capital £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2014	**347,914**	**27,696**	**375,610**
Loss for the financial period	–	(15,444)	(15,444)
Other comprehensive income	–	–	–
Total comprehensive expense for the period	**–**	**(15,444)**	**(15,444)**
Transactions with owners			
Capital distribution	(6,066)	–	(6,066)
	(6,066)	**–**	**(6,066)**
As at 30 September 2014 (unaudited)	**341,848**	**12,252**	**354,100**

	Share capital £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2013	**166,004**	**8,716**	**174,720**
Profit for the financial period	–	11,465	11,465
Other comprehensive income	–	–	–
Total comprehensive income for the period	**–**	**11,465**	**11,465**
Transactions with owners			
Proceeds from issue of shares	185,576	–	185,576
Share issue costs	(3,666)	–	(3,666)
	181,910	**–**	**181,910**
As at 30 September 2013 (unaudited)	**347,914**	**20,181**	**368,095**

The notes on pages 51 to 56 form an integral part of the 2012 Cell condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2014

	Six months to 30 September 2014 £'000 (unaudited)	Six months to 30 September 2013 £'000 (unaudited)	Year ended 31 March 2014 £'000 (audited)
Cash flows used in operating activities			
(Loss)/profit for the financial period/year	(15,444)	11,465	18,980
Adjustments for:			
Change in fair value on financial assets at fair value through profit or loss	16,992	(10,907)	(18,650)
Movement in trade and other receivables	(1,797)	(788)	(19)
Movement in trade and other payables	(1)	37	12
Net cash (used in)/generated from operating activities	**(250)**	**(193)**	**323**
Cash flows from investing activities			
Investment in Limited Partnerships	–	(181,900)	(181,900)
Repayment on loan investment in Limited Partnership	6,058	–	–
Net cash generated from/(used in) investing activities	**6,058**	**(181,900)**	**(181,900)**
Cash flow used in financing activities			
Proceeds from issue of shares	–	185,576	185,576
Share issue costs	–	(3,666)	(3,666)
Capital distributions	(6,066)	–	–
Net cash (used in)/generated from financing activities	**(6,066)**	**181,910**	**181,910**
Net movement in cash and cash equivalents during the period/year	(258)	(183)	333
Cash and cash equivalents at the beginning of the period/year	925	592	592
Cash and cash equivalents at the end of the period/year	**667**	**409**	**925**

The notes on pages 51 to 56 form an integral part of the 2012 Cell condensed interim financial statements.

Notes to the Condensed Interim Financial Statements
For the six months ended 30 September 2014

1. General information

The 2012 Cell is a cell of Better Capital PCC Limited and has the investment objective of generating attractive total returns from investing (through Fund II) in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on businesses which have significant activities within the United Kingdom and Ireland. Such returns are expected to be largely derived from capital growth.

Fund II is managed by its general partner, BECAP12 GP LP, which is in turn managed by its general partner BECAP12 GP Limited. Such arrangements are governed under the respective Limited Partnership Agreements, as amended.

The 2012 Cell is listed on the London Stock Exchange Main Market.

2. Accounting policies

Basis of preparation

The unaudited 2012 Cell condensed financial information included in the interim financial report for the six months ended 30 September 2014 have been prepared in accordance with the DTRs and Listing Rules of the UK's FCA and IAS 34, 'Interim Financial Reporting' as adopted by the EU.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year to 31 March 2014, which are available on the Company's website (www.bettercapital.gg). The annual financial statements have been prepared in accordance with EU adopted IFRS.

The principal accounting policies adopted are set out in the Company's accounting policies on page 13.

Going concern

After making appropriate enquiries, the Company's Directors have a reasonable expectation that the 2012 Cell, and in turn Fund II, have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the 2012 Cell. For this reason, they continue to adopt the going concern basis in preparing these interim financial statements.

Critical accounting judgement and estimation uncertainty

Use of estimates and judgements

The preparation of financial statements 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.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the interim financial statements are disclosed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

2. Accounting policies (continued)

Investment in Fund II

The value of the 2012 Cell's investment in Fund II is based on the value of the 2012 Cell's limited partner capital and loan accounts within Fund II. This is based on the components within Fund II, principally the value of the underlying investee companies. Any fluctuation in the value of the underlying investee companies will directly impact on the value of the 2012 Cell's investment in Fund II.

When valuing the underlying investee companies, the General Partner of Fund II reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies, as noted on pages 15 to 16, to estimate a fair value as at the date of the statement of financial position. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments that cannot be eliminated. Therefore the amounts realised on the sale of investments will differ from the fair values reflected in these financial statements and the differences may be significant.

Where price of recent investment is determined to be the most appropriate methodology the transactional price will be that of the investment by Fund II. Interest receivable on loans advanced by Fund II to investee companies will only be recognised when it is deemed more likely than not that the interest will be paid due to the immaturity of the turnaround position of the investee companies.

Further information in relation to the valuation of the investment in Fund II is disclosed in Note 4 and Note 5.

3. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors, as a whole. The key measure of performance used by the Board to assess the 2012 Cell's performance and to allocate resources is the total return on the 2012 Cell's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the interim financial statements.

For management purposes, the 2012 Cell is organised into one main operating segment, which invests in one limited partnership.

4. Investment in Limited Partnership

	Loans £'000	Capital £'000	Total £'000
Cost			
Brought forward at 1 April 2013	347,383	17	347,400
Repayment of loan investment in Limited Partnership	(6,058)	–	(6,058)
Carried forward	**341,325**	**17**	**341,342**
Fair value adjustment through profit or loss			
Brought forward	26,573	–	26,573
Fair value movement during period	(16,992)	–	(16,992)
Carried forward	9,581	–	9,581
Fair value as at 30 September 2014 (unaudited)	**350,906**	**17**	**350,923**

4. Investment in Limited Partnership (continued)

	Loans £'000	Capital £'000	Total £'000
Cost			
Brought forward at 1 April 2013	165,483	17	165,500
Purchase of investment in Limited Partnership	181,900	–	181,900
Carried forward	347,383	17	347,400
Fair value adjustment through profit or loss			
Brought forward	7,923	–	7,923
Fair value movement during year	18,650	–	18,650
Carried forward	26,573	–	26,573
Fair value as at 31 March 2014 (audited)	**373,956**	**17**	**373,973**

The movement in fair value of the Fund II investment is derived from the fair value uplift in Everest and the write downs in Jaeger and City Link net of income and expenses of Fund II and its related special purpose vehicles.

The outstanding loans do not incur interest. The loans are expected to be repaid by way of distributions from Fund II. The 2012 Cell is not entitled to demand repayment of the outstanding loans, however, the General Partner may, upon request by the Company, repay to the 2012 Cell any amount of the outstanding loan. During the period £6.1 million was repaid to the 2012 Cell by Fund II.

Income distributions receivable from Fund II in the period amounted to £1.8 million (Year to 31 March 2014: £0.8 million, Six months to 30 September 2013: £0.8 million), with an aggregate £2.6 million (Year to 31 March 2014: £0.8 million, Six months to 30 September 2013: 1.6 million) remains outstanding at the period end, which have been allocated as income based on the discretionary allocation powers of the General Partner of Fund II as set out in the Limited Partnership Agreement.

In the interim financial statements of the 2012 Cell the fair value of the investment in the Limited Partnership is adjusted to reflect the fair value of the 2012 Cell's attributable valuation of net assets within Fund II.

No amounts are yet liable to be paid or accrued in respect of Carried Interest.

5. Fair Value

The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. The fair value hierarchy and further information on valuation techniques can be found in Note 5 in the Company financial statements.

SPOT is carried at the price of recent investment. Due to the position in the turnaround cycle of the investee company, interest receivable on loans advanced by Fund II to the investee company will only be recognised when it is deemed more likely than not that the interest will be paid. As at 30 September 2014 such unrecognised interest receivable amounted to £1.4 million (31 March 2014: £9.5 million, 30 September 2013: £4.2 million).

5. Fair Value (continued)

The following table summarises the valuation methodologies and inputs used for the 2012 Cell's Level 3 investments as at the period end:

Valuation Methodology	Description	Input	Adjustments	Discount Rate Applied to Multiples	Discounted Multiples	Value of portfolio valued on this basis (£'m) 30 Sept 2014	31 Mar 2014
Multiple **30 Sept 2014** – Everest **31 March 2014** – Everest	Most commonly used Private Equity valuation methodology. Used for investments which are profitable and for which a set of listed companies and precedent transactions with similar characteristics can be determined Discounts to the valuation generated by applying multiples to reflect the time and costs of reaching sustainable profitability and the inevitable accompanying uncertainties	Multiples are applied to the earnings of the investee company to determine the enterprise value **Earnings** Reported earnings adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, run-rate adjustments to arrive at maintainable earnings. Most common measure is EBITDA. Earnings used are usually the forecast for the investee company's current financial year, unless data from the latest audited accounts provides a more reliable picture of maintainable earnings **Multiples** The earnings multiple is derived from comparable listed companies. The Fund II GP selects businesses in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus and adjust for changes in the relative performance in the set of comparables	Surplus assets available for imminent sale may be added to the multiple valuation	A discount is applied to earnings multiples, ranging from 10 per cent. to 20 per cent.	Multiple of 6.1 times was used	69.4	63.5
Price of recent investment **30 Sept 2014** – SPOT **31 March 2014** – Jaeger – City Link	Where there has been a recent Investment in the Investee Company, the price of that Investment will provide a basis of the valuation	Book cost	Addition of costs since initial purchase and the subtraction of monies returned to Fund II	n/a	n/a	100.0	87.5
Other **30 Sept 2014** – Jaeger – City Link **31 March 2014** – N/A	Values of separate elements prepared under other methods, as deemed suitable by the Fund II GP, such as adjusted cost and net realisable value	Book cost as adjusted to reflect turnaround performance against expectation	As determined on a case by case basis	n/a	n/a	70.0	0.0
					Portfolio valuation	239.4	151.0
					Other net assets	111.5	223.0
					2012 Cell fair value of investments in Fund II	350.9	374.0

During the period the basis of valuation for Jaeger and City Link changed from price of recent investment to adjusted cost and net realisable value respectively as the Fund II GP and the Company's board consider this to be a more appropriate basis due to underperformance. This resulted in a write down. Further information on this write down can be found in the Board Report on pages 4 to 6 and the Fund II GP Report on pages 40 to 41.

This approach requires the use of assumptions about certain unobservable inputs. Significant unobservable inputs as at 30 September 2014 are:

– Multiples used to derive enterprise value

– Discount factors

A reasonably possible change in the multiples used +/- 10.0 per cent. would result in:

– An increase in carrying value of £6.0 million or 2.5 per cent. (+10.0 per cent.)

– A decrease in the carrying value of £5.8 million or 2.4 per cent. (-10.0 per cent.)

A reasonably possible change in the discount factors used would be to completely remove the discount factor or to double the discount factor. This would result in:

– A decrease in carrying value of £10.4 million or 4.3 per cent. (+100.0 per cent.)

– An increase in the carrying value of £10.6 million or 4.4 per cent. (-100.0 per cent.)

The Fund II GP approves the valuations performed with input from the Consultant and monitors the range of reasonably possible changes in significant observable inputs on a regular basis.

6. Share Capital

Share capital for the 2012 Cell is detailed in the relevant column in Note 6 of the Company's financial statements on pages 16 to 17.

The one capital distribution (reduction of share capital) announced to date for the 2012 Cell totalled £6.1 million, 1.7 per cent. of funds raised.

Principal members of Better Capital LLP, the appointed Consultant to BECAP GP LP, which acts as General Partner to Fund I, hold investments in the 2012 Cell which are detailed on page 17.

7. Related party transactions

Further information on related party transactions can be found in Note 7 in the Company financial statements.

Directors' fees and expenses, incurred by the 2012 Cell, for the period to 30 September 2014 amounted to £63,000 (31 March 2014: £101,000, 30 September 2013: £46,000) apportioned on a NAV basis between the Cells. £32,000 (31 March 2014: £30,000, 30 September 2013: £20,500) remained outstanding at the period end.

8. Earnings per share and net asset value per share

Earnings per share

2012 Cell	Six months to 30 September 2014 (unaudited)	Six months to 30 September 2013 (unaudited)	Year ended 31 March 2014 (audited)
(Loss)/profit for the period/year	£(15,445,529)	£11,464,300	£18,980,477
Weighted average number of 2012 Shares in issue	346,600,520	217,185,352	281,715,655
EPS (pence)	**(4.46)**	**5.28**	**6.74**

The earnings per share is based on the profit or loss of the 2012 Cell for the period/year and on the weighted average number of shares of the 2012 Cell in issue for the period/year.

The 2012 Cell does not have any instruments which could potentially dilute basic earnings per share in the future.

Net Asset Value per share

	As at 30 September 2014 (unaudited)	As at 30 September 2013 (unaudited)	As at 31 March 2014 (audited)
Net assets attributable to 2012 Cell shareholders	£354,099,373	£368,094,234	£375,610,411
Capital distributions	£6,065,509	–	–
Adjusted Net Asset Value	**£360,164,882**	**£368,094,234**	**£375,610,411**
2012 Shares in issue	346,600,520	346,600,520	346,600,520
NAV per share (IFRS) (pence)	**102.16**	**106.20**	**108.37**
Adjusted NAV per share (pence)	**103.91**	**106.20**	**108.37**

The Net Asset Value per share for the 2012 Cell is arrived at by dividing the total net assets of the 2012 Cell at the period/year end by the number of shares in issue at the period/year end.

The Adjusted Net Asset Value adds back capital distributions made to the 2012 Share investors to date.

The Adjusted Net Asset Value per share for the 2012 Cell is arrived at by dividing the Adjusted Net Asset Value of the 2012 Cell at the period/year end by the number of 2012 Shares in issue at the period/year end.

9. Subsequent events

On 2 October 2014, Fund II extended a £0.2 million short term loan to BECAP12 Everest Limited. The purpose of the loan was to enable BECAP12 Everest Limited to repurchase 2 per cent. of management equity in Hillary Bidco Limited.

On 7 November 2014, Fund II committed and invested £20.0 million to fund the debt acquisition and future financing requirements of iNTERTAIN Limited and its subsidiary companies.

Other than the above, there have been no significant subsequent events since 30 September 2014.

Defined Terms

"2009 Cell" or **"Better Capital 2009 Cell"**	the Cell in the Company established following the Conversion which holds partnership interests in Fund I, and is interpreted as the Company acting in its capacity as a protected cell company transacting its business in the name of the 2009 Cell;
"2009 Shares"	the ordinary shares of £1 par value in the 2009 Cell being, prior to Conversion;
"2012 Cell" or **"Better Capital 2012 Cell"**	the Cell in the Company established following the Conversion which holds partnership interests in Fund II, and is interpreted as the Company acting in its capacity as a protected cell company transacting its business in the name of the 2012 Cell;
"2012 Shares"	the ordinary shares of £1 par value in the 2012 Cell issued by the Company pursuant to the Firm Placing and Placing and Open Offer;
"Administrator" or **"Heritage"**	means Heritage International Fund Managers Limited;
"Calyx"	means Calyx Holdings Limited;
"Carried Interest"	the Special Limited Partner's entitlement to participate in the gains and profits of Fund I or Fund II, as set out in the relevant partnership agreement;
"Cells"	the 2009 Cell and 2012 Cell together;
"Cell Shares"	the 2009 Shares and 2012 Shares together;
"City Link"	means City Link Limited;
"Companies Law"	the Companies (Guernsey) Law, 2008 as amended;
"Company" or **"Better Capital PCC Limited"**	Better Capital Limited, being prior to the Conversion, a non-cellular company limited by shares and being upon and after the Conversion a protected cell company, in each case incorporated in Guernsey with registered number 51194 whose registered office is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY;
"Consultant"	means Better Capital LLP;
"Conversion"	the conversion of the Company from a non-cellular company into a protected cell company pursuant to the Resolutions in accordance with section 46 of the Companies Law;
"Core"	the Company excluding its Cells;
"Core Shares"	the shares in the Core;
"Directors" or **"Board"**	the directors of the Company as at the date of this document and "Director" means any one of them;
"DTR"	Disclosure and Transparency Rules of the UK's FCA;
"EBITDA"	being earnings before interest, tax, depreciation and amortisation;
"EU" or **"European Union"**	the European Union first established by the treaty made at Maastricht on 7 February 1992;

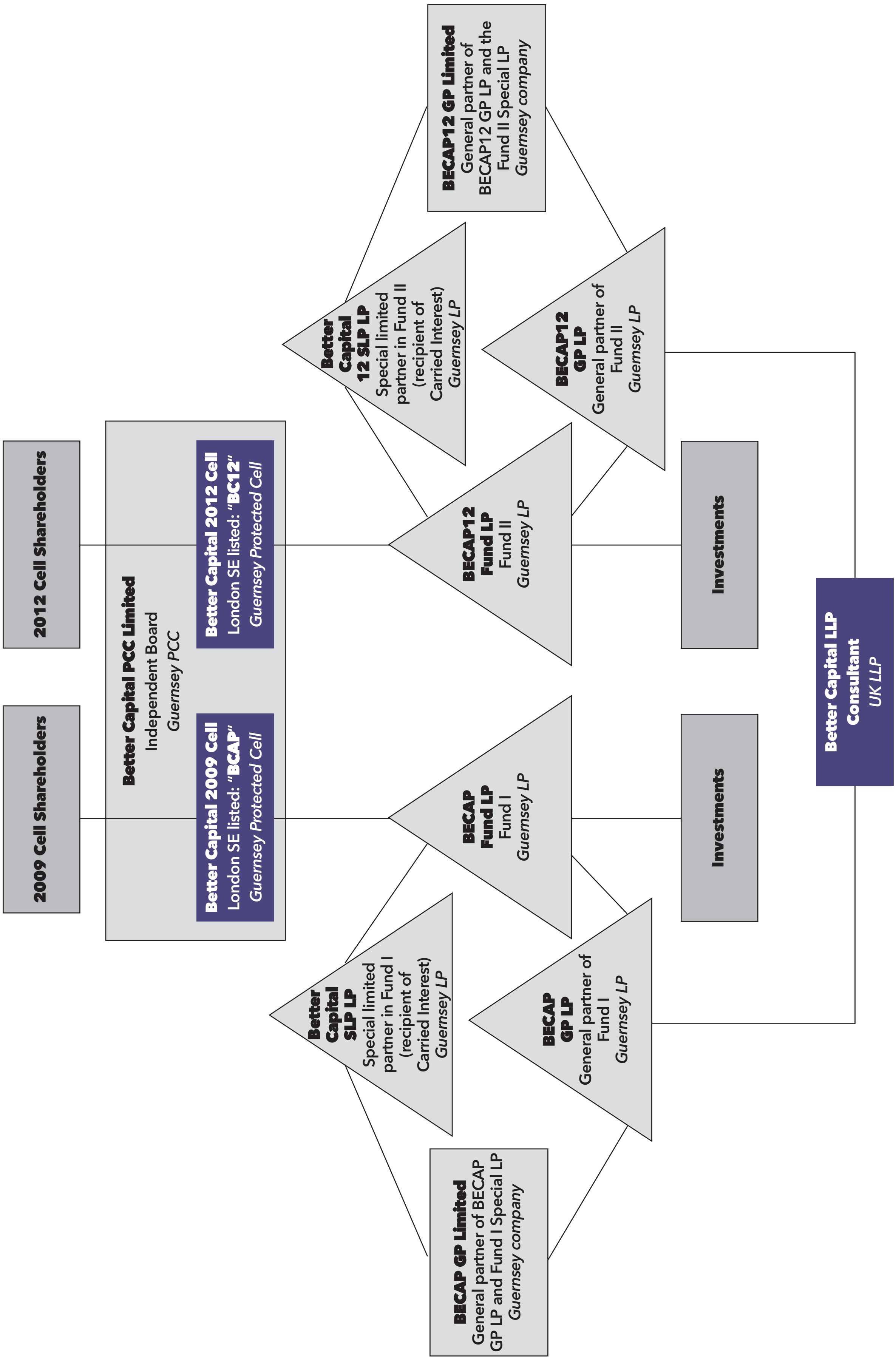
Defined Terms continued

"EU Adopted IFRS"	International Financial Reporting Standards as adopted in the EU;
"Fairline"	means the Fairline group of companies;
"FCA"	the Financial Conduct Authority;
"FCA Rules"	the rules or regulations issued or promulgated by the FCA from time to time and for the time being in force (as varied by any waiver or modification granted, or guidance given, by the FCA);
"Funds"	both Fund I and Fund II together;
"Fund GPs"	being both Fund I GP and Fund II GP;
"Fund I"	BECAP Fund LP, a Guernsey limited partnership established on 23 November 2009 and registered in Guernsey as a limited partnership on 25 November 2009 (registration number 1242);
"Fund I GP"	means BECAP GP LP acting as general partner of Fund I and by its general partner, BECAP GP Limited;
"Fund II"	BECAP12 Fund LP, a Guernsey limited partnership established and registered in Guernsey as a limited partnership on 17 November 2011 (registration number 1558);
"Fund II GP"	means BECAP12 GP LP acting as general partner of Fund II and by its general partner, BECAP12 GP Limited;
"Gardner"	Gardner Group Limited;
"General Partners" or **"GPs"**	both Fund I GP and Fund II GP together;
"General Partner's Share"	the priority profit share payable to the General Partner pursuant to the Partnership Agreement;
"IFRS"	International Financial Reporting Standards;
"iNTERTAIN"	means the iNTERTAIN group of companies;
"IPEV"	International Private Equity and Venture Capital Valuation Guidelines;
"Jaeger"	means the Jaeger group of companies;
"Listing Rules"	the listing rules made under section 73A of the FSMA (as set out in the FCA Handbook), as amended;
"London Stock Exchange"	London Stock Exchange plc;
"Main Market"	the main market of the London Stock Exchange;
"Net Asset Value"	the value of the assets of the Company less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board;
"OfficeTeam"	means Project Oliver Topco Limited and its subsidiaries, which together trade as OfficeTeam;
"Omnico Group"	means the Omnico Group of companies;
"PCC"	Protected Cell Company;

Defined Terms continued

"POI Law"	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;
"Prospectus"	The prospectus of the Company, most recently updated on 29 July 2013 and available on the Company's website (www.bettercapital.gg);
"Registrar"	Capita Registrars (Guernsey) Limited;
"Santia"	means the Santia group of companies;
"Spicers"	means the Spicers group of companies;
"SPOT"	means the Spicers OfficeTeam group of companies;
"UK"	United Kingdom;

Better Capital Structure Diagram



General Information

Board of Directors
Richard Crowder (Chairman)
Richard Battey
Philip Bowman
Jon Moulton (appointed 28 June 2013)

All of the above are non-executive, including the Chairman, and were appointed on 24 November 2009 unless otherwise stated.

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