BETTER CAPITAL

Interim Financial Report

2019

For the six months ended
30 September 2019

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 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, through special purpose vehicles. The Fund GPs are the investment managers in each respective Fund and have overall responsibility for the management and administration of the businesses 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.

Fund I will terminate on 17 June 2021. The Board is confident, that within the timeframe, the Fund I GP will continue to work towards generating the best possible returns through the realisation of the residual assets in the portfolio. With Fund I being the 2009 Cell's sole investment, following its termination, the Board will begin the orderly wind-up of the 2009 Cell which has sufficient resources to continue as a going concern. For this reason, the accounts of the 2009 Cell are therefore prepared on a going concern basis.

Fund II is scheduled to terminate on 30 June 2021 unless the General Partner of Fund II exercises its discretion to extend Fund II's term for up to two additional one year periods, subject to the consent of the Company. The 2012 Cell has sufficient resources to continue in existence until termination. For this reason, the Board continues to adopt the going concern basis in preparing the accounts of the 2012 Cell.

The Company is a limited liability, Closed-ended Investment Company. The Company has an unlimited life and is registered with the GFSC as a Registered Closed-ended Collective Investment Scheme. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

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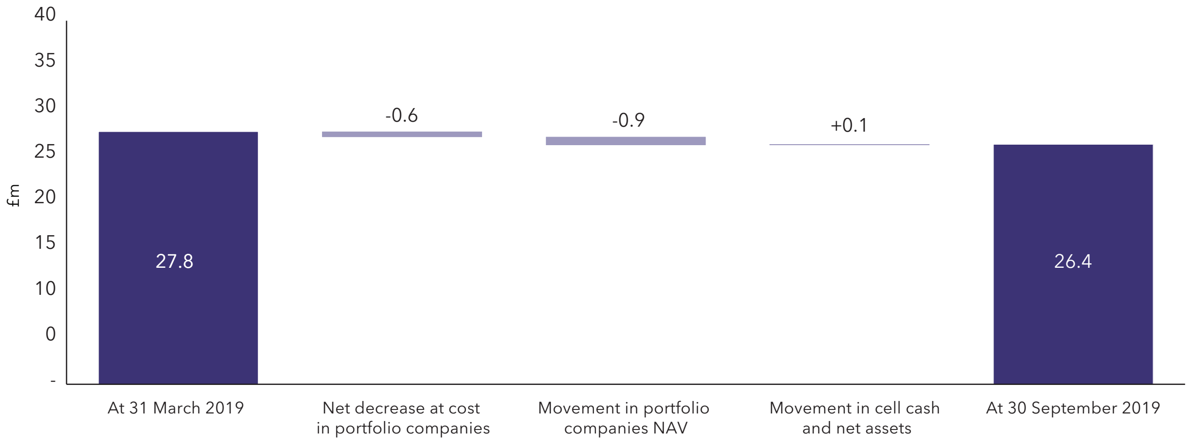
All capitalised terms are defined within the list of definitions on page 56 unless separately defined.

Chairman's Statement

Better Capital PCC Limited, including its two cells, the 2009 Cell and the 2012 Cell, today issues its Interim Report for the six month period ended 30 September 2019.

Better Capital 2009 Cell

The 2009 Cell NAV summary is set out below.



2009 Cell

The table below summarises the movement of cost and fair value at Fund level and so does not reflect the movement of the primary statements. The total composition of the 2009 Cell NAV has been analysed as below:

All in £million	Value at March 2019	Movement at cost[1]	Movement in value	Value at September 2019
m-hance	10.8	(0.3)	0.3	10.8
Omnico	14.0	(0.3)	(1.2)	12.5
	24.8	**(0.6)**	**(0.9)**	**23.3**
Fund cash on deposit	2.9			3.0
Fund & SPV combined other net assets attributable to 2009 Cell	0.1			–
Provision for carried interest	–			–
2009 Cell fair value of investment in Fund I	**27.8**			**26.3**
2009 Cell cash on deposit	0.1			0.1
2009 Cell current assets less liabilities	(0.1)			–
2009 Cell NAV	**27.8**			**26.4**

[1] *The movements at cost are at Fund level.*

The Fund I portfolio value declined by £1.5 million in the six months to 30 September 2019. Omnico suffered a £1.5 million value reduction, being a £1.2 million of value decline compounded by a shareholder loan repayment of £0.3 million. Overall there was a 5 per cent. decline in the 2009 Cell NAV during the review period.

m-hance is on track to achieve its FY19 budget at both the revenue and EBITDA level. Over the course of the past year, the business has fundamentally found product market fit, improved its focus on delivery and sales conversion. External validation from Microsoft has been beneficial, with m-hance recognised as the market leader in legislative compliant CRM software for the Not-for-Profit sector.

The focus in the coming year is to leverage on its solid current year performance and drive revenue and profit growth further.

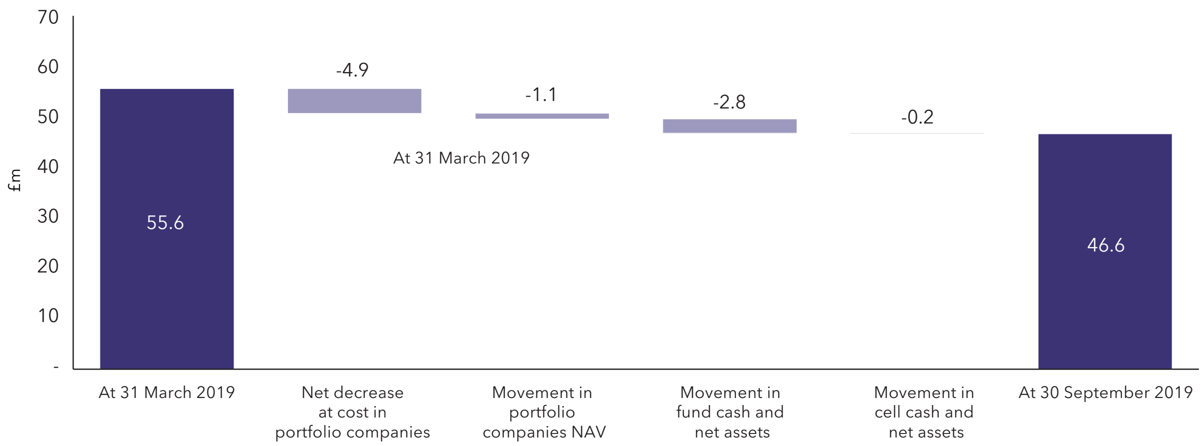
Whilst it is encouraging that **Omnico** continues to add net new customers specifically to its new V6 product, profitability has been impacted due to early issues with implementation, now overcome, and further development work required to meet the requirements of its US customers. Alan Moody, the incumbent CEO at m-hance has been appointed Chair at Omnico.

Comprehensive details on Fund I's investment activities, portfolio companies and valuation are set out in the Fund I GP's report on pages 19 to 20.

Chairman's Statement continued

Better Capital 2012 Cell

The 2012 Cell NAV summary is set out below.



2012 Cell

The table below summarises the movement of cost and fair value at Fund level and so does not reflect the movement of the primary statements. The total composition of the 2012 Cell NAV has been analysed as below:

All in £million	Value at March 2019	Movement at cost[1]	Movement in value	Value at September 2019
Everest	20.0	4.0	(9.0)	15.0
SPOT	25.2	(2.5)	2.5	25.2
2012 Shares	1.0	(6.4)	5.4[2]	–
	46.2	**(4.9)**	**(1.1)**	**40.2**
Fund II cash on deposit	4.1			3.8[4]
Fund II & SPV combined other net assets attributable to 2012 Cell	5.0[3]			2.5[5]
2012 Cell fair value of investment in Fund II	**55.3**			**46.5**
2012 Cell cash on deposit	0.4			0.1
2012 Cell current assets less liabilities	(0.1)			-
2012 Cell NAV	**55.6**			**46.6**

[1] *The movements at cost are at Fund level.*

[2] *Net movements based on the disposal of 12,677,471 2012 Shares at the volume weighted average price on 2 July 2019, of 9.96 pps*

[3] *Included the remaining estimated net receivable from the City Link administration, the iNTERTAIN proceeds in escrow and the remainder of the proceeds from the warranty claim of CAV Aerospace Limited.*

[4] *Includes partial proceeds from the iNTERTAIN escrow*

[5] *The net remaining iNTERTAIN proceeds in escrow which are expected to be payable after the resolution of legacy matters*

The 2012 Cell NAV declined by £9.0 million (16.2 per cent.) to £46.6 million during the review period, principally due to the further write down in Everest.

During the period, Fund II disposed of 12,677,471 **2012 Shares** to the Company's 2012 Cell at 9.96 pence per share, totalling £1.3 million. The shares were immediately cancelled on acquisition by the Company reducing the total 2012 Shares in issue from 302,181,436 to 289,503,965. The overall effect of this transaction was to reduce the 2012 NAV per share decline in the period from -16.2 per cent. to -12.5 per cent.

Separately to this, during the period the 2012 Shareholders received distributions totalling £2.9 million (equivalent to 1.0 pps), following the disposal of subsidiaries in SPOT. This distribution has been treated by the Company as a reduction of share capital paid out of monies attributed to the "share capital account".

Performance in **Everest** remains mixed, but generally unsatisfactory since the issuance of the Annual Report. Improvements have been seen in areas such as pipeline management and the average timeframe taken to install. Cost of poor quality remains an issue, offsetting the profit improvement initiatives. The net effect has resulted in a reduction in the valuation by £5 million to £15 million. There has been changes in the executive team. John Bostock, a seasoned interim turnaround operator has been appointed Chairman. John was previously CFO at Gardner Aerospace. In addition, a manufacturing director and two quality managers have also been recently appointed.

SPOT has experienced a high level of activity during the review period. This included the completion of the consolidation of its footprint from four to two distribution centres and introducing initiatives to target new sales. However, the market in which SPOT operates continue to be largely contracting. Sales in OfficeTeam have deteriorated stemming from purchasing cut-backs in its customer base. Tightening of credit insurance availability has had an adverse impact, particularly for Spicers customers. The effect is that the market is seeing a higher level than normal of corporate failures and considerable efforts at consolidation. SPOT is well-positioned to take advantage of the changing market dynamics due to the relative strength of its balance sheet.

Further details on Fund II's activities, portfolio companies and valuation are set out in the Fund II GP's report on pages 38 to 40.

Overall clearly not a good period despite very considerable efforts by the Fund GPs and by management. All of the businesses have clear potential for improvement and it remains frustrating that it is taking so long to achieve.

Richard Crowder
Chairman

20 December 2019

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 Guidance 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 Guidance 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, 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 risks*

There are a number of risks that could have a material impact on the future performance of the Company.

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 2019. The Company's principal risk relates to the financial and operational performance of the Fund I and Fund II portfolios. The Board has considered the impact of Brexit and the recent electoral results and political climate in light of each portfolio company valuation.

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 60 and have been directors throughout the period.

By order of the Board

Richard Crowder
Chairman

20 December 2019

Independent Review Report to Better Capital PCC Limited

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2019 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 Guidance 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has 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 condensed set of financial statements in the interim financial report based on our review.

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 Financial Reporting Council 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 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 condensed set of financial statements in the interim financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person 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.

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

20 December 2019

Condensed Statement of Financial Position

As at 30 September 2019

	Notes	As at 30 September 2019 £'000 (unaudited)	As at 30 September 2018 £'000 (unaudited)	As at 31 March 2019 £'000 (audited)
ASSETS:				
Non-current assets				
Investment in Limited Partnerships	4	72,859	85,596	83,072
Total non-current assets		**72,859**	**85,596**	**83,072**
Current assets				
Trade and other receivables		3	–	7
Cash and cash equivalents		314	904	512
Total current assets		**317**	**904**	**519**
TOTAL ASSETS		**73,176**	**86,500**	**83,591**
Current liabilities				
Trade and other payables		(147)	(168)	(185)
Total current liabilities		**(147)**	**(168)**	**(185)**
TOTAL LIABILITIES		**(147)**	**(168)**	**(185)**
NET ASSETS		**73,029**	**86,332**	**83,406**
EQUITY				
Share capital	6	231,731	235,889	235,889
Accumulated losses		(158,702)	(149,557)	(152,483)
TOTAL EQUITY		**73,029**	**86,332**	**83,406**
Number of 2009 Shares in issue at period/year end	6	**35,262,505**	**35,262,505**	**35,262,505**
Number of 2012 Shares in issue at period/year end	6	**289,503,965**	**302,181,436**	**302,181,436**
Net asset value per 2009 Share (pence)	8	**74.87**	**80.28**	**78.85**
Net asset value per 2012 Share (pence)	8	**16.11**	**19.20**	**18.40**

The unaudited condensed interim financial statements of the Company were approved and authorised for issue by the Board of Directors on 20 December 2019 and signed on their behalf by:

Richard Crowder
Chairman

Richard Battey
Director

The notes on pages 11 to 16 form an integral part of the Company's condensed interim financial statements.

The Company

2009 Cell

2012 Cell

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2019

	Notes	Six months to 30 September 2019 £'000 (unaudited)	Six months to 30 September 2018 £'000 (unaudited)	Year ended 31 March 2019 £'000 (audited)
Income				
Change in fair value of Investments in Limited Partnerships	4	(6,042)	(38,682)	(41,206)
Distributions		150	–	–
Total income		**(5,892)**	**(38,682)**	**(41,206)**
Expenses				
Administration fees		88	110	202
Directors' fees and expenses	7	108	119	238
Legal and professional fees		53	70	161
Other fees and expenses		25	29	53
Audit fees		24	33	67
Insurance premiums		–	–	27
Registrar fees		29	39	54
Total expenses		**327**	**400**	**802**
Loss and total comprehensive expense for the period/year		**(6,219)**	**(39,082)**	**(42,008)**
Basic and diluted earnings per 2009 Share (pence)	8	**(3.97)**	**(34.33)**	**(35.77)**
Basic and diluted earnings per 2012 Share (pence)	8	**(1.63)**	**(8.73)**	**(9.62)**

The notes on pages 11 to 16 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 2019

Period	Share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2019	**235,889**	**(152,483)**	**83,406**
Loss and total comprehensive expense for the financial period	–	(6,219)	(6,219)
Total comprehensive expense for the period	**–**	**(6,219)**	**(6,219)**
Transactions with owners			
Distributions	(2,895)	–	(2,895)
Share buyback and cancellation	(1,263)	–	(1,263)
Total transactions with owners	**(4,158)**	**–**	**(4,158)**
As at 30 September 2019 (unaudited)	**231,731**	**(158,702)**	**73,029**

Period	Share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2018	**288,950**	**(110,475)**	**178,475**
Loss and total comprehensive expense for the financial period	–	(39,082)	(39,082)
Total comprehensive expense for the period	**–**	**(39,082)**	**(39,082)**
Transactions with owners			
Distributions	(48,348)	–	(48,348)
Share buyback and cancellation	(4,713)	–	(4,713)
Total transactions with owners	**(53,061)**	**–**	**(53,061)**
As at 30 September 2018 (unaudited)	**235,889**	**(149,557)**	**86,332**

Year	Share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2018	**288,950**	**(110,475)**	**178,475**
Loss and total comprehensive expense for the financial year	–	(42,008)	(42,008)
Total comprehensive expense for the year	**–**	**(42,008)**	**(42,008)**
Transactions with owners			
Distributions	(48,348)	–	(48,348)
Share buyback and cancellation	(4,713)	–	(4,713)
Total transactions with owners	**(53,061)**	**–**	**(53,061)**
As at 31 March 2019 (audited)	**235,889**	**(152,483)**	**83,406**

The notes on pages 11 to 16 form an integral part of the Company's condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2019

	Six months to 30 September 2019 £'000 (unaudited)	Six months to 30 September 2018 £'000 (unaudited)	Year ended 31 March 2019 £'000 (audited)
Cash flows from operating activities			
Loss for the financial period/year	(6,219)	(39,082)	(42,008)
Adjustments for:			
Change in fair value of investments in Limited Partnerships	6,042	38,682	41,206
Movement in debtors and prepayments	4	855	811
Movement in creditors and accruals	(38)	(66)	(12)
Repayment of loan investment in Limited Partnerships	2,908	48,361	48,361
Net cash generated from operating activities	**2,697**	**48,750**	**48,358**
Cash flow used in financing activities			
Distributions	(2,895)	(48,348)	(48,348)
Net cash used in financing activities	**(2,895)**	**(48,348)**	**(48,348)**
Net movement in cash and cash equivalents during the period/year	(198)	402	10
Cash and cash equivalents at the beginning of the period/year	512	502	502
Cash and cash equivalents at the end of the period/year	**314**	**904**	**512**

The notes on pages 11 to 16 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 2019

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 final redemption, shareholders are only entitled to their proportion of the net assets held in the cell relating to the particular shares.

The Company has two cells: 2009 Cell and 2012 Cell. The unaudited financial results for each cell can be found on pages 25 to 35 and on pages 45 to 55 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 2019 has 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 2019, 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 2019.

There was one new standard applied during the period ended 30 September 2019.

IFRS 16: Leases was adopted for the accounting period beginning on 1 April 2019. As the Company has no leases, there was no impact from the adoption of IFRS 16.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company, and in turn Funds I and II and the Cells, 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 29 to 30 and 49 to 50 respectively.

Taxation

The Company and Cells are exempt from taxation in Guernsey.

3. Segmental reporting

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 17 to 35 and 36 to 55 respectively.

4. Investment in Limited Partnerships

Total Investment:

	Total £'000
Fair value	
Brought forward	83,072
Fair value movement during period	(6,042)
Repayment of loan investment in Fund 1[1]	(4,171)
Fair value as at 30 September 2019 (unaudited)	**72,859**

	Total £'000
Fair value	
Brought forward	177,352
Fair value movement during period	(38,682)
Repayment of loan investment in Fund 1	(53,074)
Fair value as at 30 September 2018 (unaudited)	**85,596**

	Total £'000
Fair value	
Brought forward	177,352
Fair value movement during year	(41,206)
Repayment of loan investment in Fund 1	(53,074)
Fair value as at 31 March 2019 (audited)	**83,072**

[1] *Of the £4.2 million repayment, £1.3 million was a non-cash repayment by way of a share buyback and cancellation of 12,677,471 2012 Shares at the volume weighted average price on 2 July 2019.*

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, which form part of the overall investment in the Limited Partnership do not incur interest. The fair value of the loans is 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 Partners may, upon request by the Company, repay to the Company any amount of the outstanding loan. During the period £4.2 million was repaid by the Company by Fund II (Six months to 30 September 2018: £53.1 million, Year to 31 March 2019: £53.1 million).

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 Cells' attributable valuation of net assets within Fund I and Fund II, as seen in more detail in Note 5.

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 of input that is significant to the fair value measurement.

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 in Fund I and Fund II which are fair valued at each reporting date.

The Company's investments in Fund I and Fund II have been classified within Level 3 as they have unobservable inputs and are not traded. Amounts classified as Level 3 for the period are £26.3 million for Fund I (30 September 2018: £28.1 million, 31 March 2019: £27.8 million) and £46.5 million for Fund II (30 September 2018: £57.5 million, 31 March 2019: £55.3 million).

Transfers during the period

There have been no transfers between levels during the period.

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 to the requirements of IFRS 13 'Fair Value Measurement' as at the reporting date.

The primary 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. Other methods, as deemed suitable by the GPs, may be used, such as revenue multiple, 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.

Fund II's investment in the shares of the 2012 Cell were valued at the quoted price.

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.

The significant unobservable inputs in the 2009 Cell and in the 2012 Cell are shown on pages 32 and 52.

6. Share capital

Core shares

Authorised:

The Company is authorised to issue an unlimited amount of ordinary shares at £1 par value.

Issued and fully paid:

Period ended 30 September 2019

	£
Core shares as at 1 April 2019 and as at 30 September 2019	**100**

Period ended 30 September 2018

	£
Core shares as at 1 April 2018 and as at 30 September 2018	**100**

Year ended 31 March 2019

	£
Core shares as at 1 April 2018 and as at 31 March 2019	**100**

Cell shares

Authorised:

The Cells are authorised to issue an unlimited amount of ordinary shares at £1 par value.

Period ended 30 September 2019

	2009 Cell No.	2012 Cell No.	Total No.
Issued and fully paid:			
Unlimited shares of £1 par value			
Shares as at 1 April 2019	35,262,505	302,181,436	337,443,941
Movements for the period	–	(12,677,471)	(12,677,471)
Shares as at 30 September 2019	**35,262,505**	**289,503,965**	**324,766,470**

	£'000	£'000	£'000
Share capital			
Share capital as at 1 April 2019	–	235,889	235,889
Movements for the period:			
Distributions	–	(2,895)	(2,895)
Buyback and cancellation	–	(1,263)	(1,263)
Share capital as at 30 September 2019	**–**	**231,731**	**231,731**

6. Share capital (continued)

Period ended 30 September 2018

	2009 Cell No.	2012 Cell No.	Total No.
Issued and fully paid:			
Unlimited shares of £1 par value			
Shares as at 1 April 2018	35,262,505	318,052,242	353,314,747
Movements for the period	–	(15,870,806)	(15,870,806)
Shares as at 30 September 2018	**35,262,505**	**302,181,436**	**337,443,941**

	£'000	£'000	£'000
Share capital			
Share capital as at 1 April 2018	–	288,950	288,950
Movements for the period:			
Distributions	–	(48,348)	(48,348)
Buyback and cancellation	–	(4,713)	(4,713)
Share capital as at 30 September 2018	**–**	**235,889**	**235,889**

Year ended 31 March 2019

	2009 Cell No.	2012 Cell No.	Total No.
Issued and fully paid:			
Unlimited shares of £1 par value			
Shares as at 1 April 2018	35,262,505	318,052,242	353,314,747
Movements for the year	–	(15,870,806)	(15,870,806)
Shares as at 31 March 2019	**35,262,505**	**302,181,436**	**337,443,941**

	£'000	£'000	£'000
Share capital			
Share capital as at 1 April 2018	–	288,950	288,950
Movements for the year:			
Distributions	–	(48,348)	(48,348)
Buyback and cancellation	–	(4,713)	(4,713)
Share capital as at 31 March 2019	**–**	**235,889**	**235,889**

The five cumulative distributions (reductions of share capital) to date for the 2009 Cell total £288.8 million, being 137.5 per cent. of funds raised.

The five cumulative distributions (reductions of share capital) to date for the 2012 Cell total £99.6 million, being 28.0 per cent. of funds raised.

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 and a substantial shareholder of the Company.

Annual remuneration for each Director is as follows: the Chairman receives £70,000, the Chairman of the audit committee receives £62,500, the Chairman of the management engagement, nomination and remuneration committee receives £60,000 and the other non-executive Director receives £45,000. From 1 July 2019, Mr Jon Moulton has waived his Directors' fees.

Directors' fees and expenses for the period to 30 September 2019 amounted to £108,000 (31 March 2019: £238,000, 30 September 2018: £119,000), of which £48,000 (31 March 2019: £59,000, 30 September 2018: £59,000) remained outstanding at the period end.

8. Earnings per share and net asset value per share

The earnings per share and net asset value per share for the 2009 Cell and 2012 Cell are shown on pages 34 to 35 and pages 54 to 55 respectively.

9. Subsequent events

Subsequent events for 2009 Cell and 2012 Cell are detailed on page 35 and 55 respectively.

Better Capital 2009 Cell

Investment policy summary

Better Capital 2009 Cell has invested in a portfolio of businesses which, when acquired, had significant operating issues and associated financial distress, and which have significant activities within the United Kingdom.

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

Key Points – 2009 Cell

£210.0 MILLION total capital raised

£203.8 MILLION net proceeds invested in Fund I

£288.8 MILLION/137.5 PER CENT. cumulative distributions and redemption to date

Key Financials	
NAV	£26.4m
NAV per share	74.87 pence
Annualised NAV total return (including distributions)[1]	6.4 per cent.
Share price at 30 September 2019	48.50 pence
Market capitalisation at 30 September 2019	£17.1m

9 total platform investments

10 follow-on investments

7 realisations – Gardner, Santia, ATH Coal, Reader's Digest, Fairline, Calyx Managed Services, SPOT[2]

2 remaining assets – m-hance, Omnico

8.7 YEARS average holding period of remaining portfolio companies

£0.3 MILLION net debt across Fund I portfolio companies

[1] *Internal rate of return since inception, based on the net proceeds of share issues and distributions to shareholders*

[2] *SPOT, a minority holding in Fund I*

General Partner's Report

Portfolio update

m-hance maintained its momentum from the early part of the year and closed its third quarter for the FY19 financial year ending 31 December 2019 with an unaudited EBITDA of £0.7 million driven by on budget gross margin performance and overhead cost management. Cash management and strong financial processes remain major strengths at m-hance. The business is on-track to achieve its FY19 revenue and EBITDA budget.

Since my last report, the business has seen several key wins within the Not-for-Profit sector with major projects for The Children's Society and Concern Worldwide being the key orders. These orders were placed during Q2 FY19 providing a new record of sales achieved in the business. As at 30 September new sales orders were 22 per cent. higher year-on-year and are also ahead of budget. The success of the new nfp365 product offerings and subsequent order conversions within the Not-for-Profit sector has seen the professional services order book increase significantly over recent months. The operational focus is to ensure that the delivery of these projects is efficient, effective and timely. The management team under Alan Moody recognises resource utilisation, accurate project management and high-quality delivery as the key indicators to the success of projects.

During 2019 m-hance invested heavily in marketing with a range of on-line and off-line activities designed to position the business as a credible, knowledge business partner for both new and existing clients with the benefits beginning to be felt in a growing sales pipeline in both new names and existing clients. Continued investment in Microsoft technologies is borne out through achieving multiple Gold Certifications which is awarded through a co-ordinated and sustained training programme across the business. In addition to Gold Certifications, m-hance has now achieved the status of being a global managed partner within Microsoft's Technology for Social Impact division.

The Enterprise Resource Planning sector has had a successful period with strong order intake and delivery of its Making Tax Digital for VAT products together with successful migrations of customers from on premise solutions to cloud-based platforms within the Microsoft Azure product set. In addition to investing in existing technologies, during FY19, m-hance has invested in training employees in Microsoft's new Enterprise Resource Planning product, Business Central, whilst also developing new intellectual property.

The focus on improving both the consistency as well as the level of customer support has seen case backlog management continuing to improve. This has resulted in quarter ended June and September 2019 backlogs being at the lowest level with daily planning, cross-training and communication routines being the key drivers behind the success.

Company-wide communications have continued throughout the period with the implementation of a new company wide SharePoint solution as well as the deployment of Microsoft's Teams. Both are being utilised to facilitate and encourage effective and consistent communication. Additionally, regular CEO updates and senior management team attendance and presentation at departmental team meetings has encouraged greater collaboration and a common set of behaviours and values throughout the business. The success of these initiatives can be seen from the latest employee survey results. These showed positive progress with Net Promoter Score moving from -13 to +31 in 12 months, "leadership communication" moving from 6.1 to 8.5 and "believing that the business is heading in the right direction" increasing from 7.1 to 8.2.

The valuation for m-hance is unchanged at £10.8 million. This has been derived using an earnings approach on the business's maintainable earnings. At 30 September 2019, the business had net debt of £0.1 million.

Omnico closed its FY19 financial year ended 30 September 2019 with unaudited revenue of £19.2 million and EBITDA of £1.7 million. At the half year, Omnico was performing in line with budget and reported revenue and EBITDA of £11.0 million and £1.9 million respectively. These unaudited figures are stated in line with IFRS15 (revenue recognition) and IFRS16 (lease accounting) standards which the business adopted in FY19.

Omnico's weaker performance in the second half of FY19 resulted directly from difficulties in implementing the new V6 product into new name US customers. During the second half of the year it became apparent that the product was overly configurable, lacked some sector specific functionality and that the implementation processes were not sufficiently robust. As a result, Omnico commenced a project to resolve the issues, diverting 600 resource days to remedying these issues but at the cost of being unable to pursue billable activities.

Subsequent new customers have deployed without the aforementioned issues leaving Omnico confident in its strategy to drive the business from a professional service led development company to a product led software as a service organisation. This journey is underpinned by a clear customer funded product work and continued development of managed service offerings. To support this transition, Omnico have augmented its leadership team through the recruitment of Cloud Services and Professional Services directors who bring experience of operating in a software as a service environment to Omnico.

Omnico's customers continue to support the business and particularly its new products and the pipeline remains strong. Second half wins include a £1.2 million 6-year contract with a UK local authority to deliver digital commerce and ticketing solutions to its estate of leisure parks. In addition, Omnico has secured and is delivering a contract to upgrade a major US theme park group to the latest V6 software paving the way for opportunities to expand Omnico's digital services into this key market.

Omnico is benefiting from the expansion of its theme park and casino markets in Asia and is working with key US entertainment groups to offer solutions into destinations in China and Hong Kong. The business recognises the need to work with a local partner in this geography and has recently announced a partnership agreement with JOS, a local systems integrator and member of the Jardine Matheson Group.

The Omnico board has been boosted with the appointment of Alan Moody, the incumbent CEO at m-hance as Chair.

The V6 setback impacted on the business's FY19 profitability and momentum resulting in a downgrade of its valuation from £14.0 million to £12.5 million. Omnico's valuation has been derived using an earnings approach on its maintainable earnings. At 30 September 2019 Omnico had net debt of £0.2 million.

Closing remarks

The KPIs in m-hance are encouraging – the business is now well positioned to drive profitable growth. Omnico should follow suit as the V6 issues are fully resolved. The extension to the life of Fund I by a further 18 months should help enhance value for all stakeholders and at present exits look practicable in that timeframe.

Jon Moulton
Chairman

BECAP GP Limited

20 December 2019

Investment Report of Fund I

m-hance

Business description

Implements, deploys and manages enterprise wide business management software solutions (www.m-hance.com) (www.highcloudsolutions.co.uk)

Investment details

£'m	30 September 2019	31 March 2019	30 September 2018
Fund I fair value (earnings based)	10.8	10.8	10.5

Omnico Group

Business description

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

Investment details

£'m	30 September 2019	31 March 2019	30 September 2018
Fund I fair value (earnings based)	12.5	14.0	14.0

Portfolio summary

30 September 2019	Sector	Fund project cost[1] £'m	Fund fair value investment in SPVs[2] £'m	Valuation percentage of NAV	Valuation methodology
m-hance	Information Systems	14.1	10.8	40.9%	Earnings
Omnico Group	Information Systems	42.2	12.5	47.3%	Earnings
		56.3	**23.3**	**88.2%**	
Fund cash on deposit			3.0	11.4%	
2009 Cell fair value of investment in Fund I			**26.3**	**99.6%**	
2009 Cell cash on deposit			0.1	0.4%	
2009 Cell NAV			**26.4**	**100.0%**	

Summary income statement for the Partnership

	1 April 2019 to 30 September 2019 £'000	1 April 2018 to 30 September 2018 £'000	1 April 2018 to 31 March 2019 £'000
Total income	15	15	30
Net loss on Fund I investment portfolio	(925)	(11,700)	(11,707)
Fund I GP's Share	(245)	(375)	(691)
Other operating expenses	(128)	(91)	(175)
Carried interest movement	–	151	151
Distributions	(150)	–	–
Partnership's operating loss for the period/year	(1,433)	(12,000)	(12,392)
Portion of the operating loss for the period/year for 2009 Cell's investment in the Partnership (Note 4)	**(1,433)**	**(12,000)**	**(12,392)**

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

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

Cash management

As at 30 September 2019, Fund I had placed a total of £3.0 million (31 March 2019: £2.9 million, 30 September 2018: £1.1 million) of cash on instant access deposit with one bank. Fund I has in place a strict cash management policy that seeks to avoid credit risk.

Counterparty	Location	Standard & Poor's Rating	Term	30 September 2019 £'000	31 March 2019 £'000	30 September 2018 £'000
Barclays Bank PLC	Guernsey	A-1	Instant access	2,986	2,921	1,130

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 in the interim financial report for the six months ended 30 September 2019 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 directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The 2009 Cell's condensed set of financial statements included in this interim financial report has 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.

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 Financial Reporting Council 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 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person 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.

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

20 December 2019

Condensed Statement of Financial Position

As at 30 September 2019

	Notes	As at 30 September 2019 £'000 (unaudited)	As at 30 September 2018 £'000 (unaudited)	As at 31 March 2019 £'000 (audited)
ASSETS:				
Non-current assets				
Investment in Limited Partnership	4	26,321	28,146	27,754
Total non-current assets		**26,321**	**28,146**	**27,754**
Current assets				
Trade and other receivables		1	–	2
Cash and cash equivalents		120	213	102
Total current assets		**121**	**213**	**104**
TOTAL ASSETS		**26,442**	**28,359**	**27,858**
Current liabilities				
Trade and other payables		(40)	(49)	(54)
Total current liabilities		**(40)**	**(49)**	**(54)**
TOTAL LIABILITIES		**(40)**	**(49)**	**(54)**
NET ASSETS		**26,402**	**28,310**	**27,804**
EQUITY				
Share capital	6	–	–	–
Retained earnings		26,402	28,310	27,804
TOTAL EQUITY		**26,402**	**28,310**	**27,804**
Number of 2009 Shares in issue at period/year end	6	**35,262,505**	**35,262,505**	**35,262,505**
Net asset value per 2009 Share (pence)	8	**74.87**	**80.28**	**78.85**

The unaudited condensed interim financial statements of the 2009 Cell were approved and authorised for issue by the Company's Board of Directors on 20 December 2019 and signed on its behalf by:

Richard Crowder
Chairman

Richard Battey
Director

The notes on pages 29 to 35 form an integral part of the 2009 Cell condensed interim financial statements.

The Company

2009 Cell

2012 Cell

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2019

	Notes	Six months to 30 September 2019 £'000 (unaudited)	Six months to 30 September 2018 £'000 (unaudited)	Year ended 31 March 2019 £'000 (audited)
Income				
Change in fair value of investment in Limited Partnership	4	(1,433)	(12,000)	(12,392)
Distributions	4	150	–	–
Total income		**(1,283)**	**(12,000)**	**(12,392)**
Expenses				
Administration fees		42	40	82
Directors' fees and expenses	7	36	27	54
Legal and professional fees		17	16	34
Other fees and expenses		7	5	9
Audit fees		9	6	15
Insurance premiums		–	–	6
Registrar fees		8	13	21
Total expenses		**119**	**107**	**221**
Loss and total comprehensive expense for the period/year		**(1,402)**	**(12,107)**	**(12,613)**
Basic and diluted earnings per 2009 Share (pence)	8	**(3.97)**	**(34.33)**	**(35.77)**

All activities derive from continuing operations.

The notes on pages 29 to 35 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 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2019	**–**	**27,804**	**27,804**
Loss and total comprehensive expense for the financial period	–	(1,402)	(1,402)
Total comprehensive expense for the period	**–**	**(1,402)**	**(1,402)**
As at 30 September 2019 (unaudited)	**–**	**26,402**	**26,402**

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2018	**–**	**40,417**	**40,417**
Loss and total comprehensive expense for the financial period	–	(12,107)	(12,107)
Total comprehensive expense for the period	**–**	**(12,107)**	**(12,107)**
As at 30 September 2018 (unaudited)	**–**	**28,310**	**28,310**

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2018	**–**	**40,417**	**40,417**
Loss and total comprehensive expense for the financial year	–	(12,613)	(12,613)
Total comprehensive expense for the year	**–**	**(12,613)**	**(12,613)**
As at 31 March 2019 (audited)	**–**	**27,804**	**27,804**

The notes on pages 29 to 35 form an integral part of the 2009 Cell condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2019

	Six months to 30 September 2019 £'000 (unaudited)	Six months to 30 September 2018 £'000 (unaudited)	Year ended 31 March 2019 £'000 (audited)
Cash flows used in operating activities			
Loss for the financial period/year	(1,402)	(12,107)	(12,613)
Adjustments for:			
Change in fair value of investment in limited partnership	1,433	12,000	12,392
Movement in trade and other receivables	1	2	–
Movement in trade and other payables	(14)	(13)	(8)
Repayment of loan investment in limited partnership	–	–	–
Net cash generated from/(used in) operating activities	**18**	**(118)**	**(229)**
Net movement in cash and cash equivalents during the period/year	18	(118)	(229)
Cash and cash equivalents at the beginning of the period/year	102	331	331
Cash and cash equivalents at the end of the period/year	**120**	**213**	**102**

The notes on pages 29 to 35 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 2019

1. General information

The 2009 Cell is a cell of Better Capital PCC Limited.

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.

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 2019 has 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 2019, 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 pages 11 to 12.

Going concern

After making appropriate enquiries and considering the extension to the life of Fund I to 17 June 2021, 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 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 for 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 Fund I, principally the value of the underlying investee companies. Any fluctuation in the value of the underlying investee companies directly impacts 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 32 to 33, 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 likely differ from the fair values reflected in these financial statements and the differences may be significant.

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

3. Segmental reporting

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

4. Investment in Limited Partnership

	Total £'000
Fair value	
Brought forward	27,754
Fair value movement during period	(1,433)
Fair value as at 30 September 2019 (unaudited)	**26,321**

	Total £'000
Fair value	
Brought forward	40,146
Fair value movement during period	(12,000)
Fair value as at 30 September 2018 (unaudited)	**28,146**

4. Investment in Limited Partnership (continued)

	Total £'000
Fair value	
Brought forward	40,146
Unrealised fair value movement during the year	(12,392)
Fair value as at 31 March 2019 (audited)	**27,754**

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

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.

During the period, Fund I returned £0.2 million to the 2009 Cell by way of distribution (Six months to 30 September 2018: £nil, Year to 31 March 2019: £nil).

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 of 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.

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
Multiple **30 September 2019** m-hance Omnico **30 September 2018** m-hance Omnico **31 March 2019** m-hance Omnico	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. Where there is evidence that a division of an investee could be sold as an independent business, the multiple applied to that division's earnings may be different to that applied to the earnings of the rest of the group **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 (m-hance, Omnico). Further information in relation to the application of earnings can be found in the Fund I GP report above **Multiples** The earnings multiple is derived from market transaction multiples (m-hance, Omnico) or recent offers for the investee. Where market transactions are used, the Fund I GP typically 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
Other **30 September 2019** None **30 September 2018** SPOT **31 March 2019** None	Values of separate elements prepared under other methods, as deemed suitable by the Fund I GP, such as net realisable value and earnings and assets basis	Earnings and assets

Adjustments	Discount Rate applied to multiples	Discounted multiples	Value of portfolio valued on this basis (£'m) 30 September 2019	30 September 2018	31 March 2019
Relevant provisions may be deducted from the multiple valuation	A discount is applied to earnings multiples derived from market transaction multiples at 20 per cent. to 30 per cent. (30 September 2018: 48 per cent., 31 March 2019: 20 per cent.) No discount is applied to earnings multiples derived from recent offers for the investee.	EBITDA multiples ranging from 10.3 times to 10.6 times at the investee level (30 September 2018: 9.0 times to 10.2 times, 31 March 2019: 8.9 times to 9.4 times).	23.3	24.5	24.8
As determined on a case by case basis	There were no elements valued using earnings multiples derived from market transactions (30 September 2018: no discount was applied, 31 March 2019: N/A).	There were no elements valued based on their earnings (30 September 2018: 6.3 times to 8.0 times, 31 March 2019: N/A).	–	2.5	–
		Level 3 Portfolio valuation	23.3	27.0	24.8
		Other net assets/(liabilities)	3.0	1.1	3.0
		Provision for Better Capital SLP interest in Fund I	0.0	0.0	0.0
		2009 Cell fair value of investments in Fund I	26.3	28.1	27.8

5. Fair value (continued)

This approach requires the use of assumptions about certain unobservable inputs. Significant unobservable inputs as at 30 September 2019 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 £2.3 million or 9.7 per cent. (+10.0 per cent.)
- A decrease in the carrying value of £2.3 million or 9.7 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 £7.9 million or 34.1 per cent. (+100.0 per cent.)
- An increase in the carrying value of £7.9 million or 34.1 per cent. (-100.0 per cent.)

The Fund I GP approves the valuations performed with input from any external consultant as appointed by the GPs 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 14 and 15.

The five cumulative distributions to date for the 2009 Cell total £288.8 million, being 137.5 per cent. of fund raised.

7. Related party transactions

Further information on related party transactions can be found in Note 7 of the Company financial statements on page 16.

Directors' fees and expenses, incurred by the 2009 Cell, for the period to 30 September 2019 amounted to £36,000 (year to 31 March 2019: £54,000, period to 30 September 2018: £27,000) apportioned on a NAV basis between the cells. At the period end, £nil (31 March 2019: £13,000, 30 September 2018: £13,000) remained outstanding.

8. Earnings per share and net asset value per share

Earnings per share

2009 Cell	Six months to 30 September 2019 (unaudited)	Six months to 30 September 2018 (unaudited)	Year ended 31 March 2019 (audited)
Loss for the period/year	£(1,401,512)	£(12,106,814)	£(12,613,334)
Weighted average number of 2009 Shares in issue	35,262,505	35,262,505	35,262,505
EPS (pence)	**(3.97)**	**(34.33)**	**(35.77)**

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.

Notes to the Condensed Interim Financial Statements continued

For the six months ended 30 September 2019

8. Earnings per share and net asset value per share (continued)

Net asset value per share

	As at 30 September 2019 (unaudited)	As at 30 September 2018 (unaudited)	As at 31 March 2019 (audited)
Net assets attributable to 2009 Cell shareholders	£26,401,843	£28,309,375	£27,802,855
2009 Shares in issue	35,262,505	35,262,505	35,262,505
NAV per share (IFRS) (pence)	**74.87**	**80.28**	**78.85**

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.

9. Subsequent events

Other than the above, there were no significant events occurring after 30 September 2019.

Better Capital 2012 Cell

Investment policy summary

Better Capital 2012 Cell has invested in a portfolio of businesses which, when acquired, had significant operating issues and associated financial distress, and which have significant activities within the United Kingdom.

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

Key Points – 2012 Cell

£355.5 MILLION total capital raised

£347.4 MILLION net proceeds invested in Fund II

£99.6 MILLION/28.0 PER CENT. cumulative distributions to date

Key Financials	
NAV	£46.6m
NAV per share	16.11 pence
Annualised NAV total decline (including distributions)[1]	12.9 per cent.
Share price at 30 September 2019	7.85 pence
Market capitalisation at 30 September 2019	£22.7m

6 total platform investments

1 follow-on investment

4 realisations – iNTERTAIN, City Link, Jaeger, Northern Aerospace

2 remaining assets – Everest, SPOT

6.4 YEARS average holding period of remaining portfolio companies

£25.6 MILLION net debt across Fund II portfolio companies

[1] *Internal rate of return since inception, based on the net proceeds of share issues and distributions to shareholders*

General Partner's Report

At **Everest**, the management of total order backlog has been a priority and continues to be important. Total order backlog was £35 million at March 2019 which reduced to £25 million by September 2019 (September 2018: £47 million).

Everest failed to consistently achieve its installation revenue objectives during the Spring and Summer of 2019. As a result, revised installer manpower was established at the end of the summer – at September 2019, this was 297 compared with 371 at March 2019. The efficiency of installations has since improved, helped by greater mobility of personnel. Order processing has also improved markedly with average core business being processed in fewer days in September 2019 compared with March 2019.

The cost of failure continues to plague the business and its reduction is the top priority at Everest. Legacy failure of sealed units from suppliers that are no longer in business is of particular concern as the cost of buying replacement units and their installation represents a continuing cash cost. Revised quality inspection regimes have been re-established at Everest's manufacturing plants to intensify scrutiny and rejection of substandard glass deliveries. Close cooperation with Everest's principal glass supplier has been established and a second supplier is being trialled. Nonetheless, the total cost of failure in all areas of the business is completely unacceptable and much work is underway to reduce it substantially including staff training, supply chain management and a 'Right First Time' approach across all elements of Everest's activities.

Close cost control and stringent project management have continued to drive the improvements seen in Everest's conservatory business over the past six months and this business continues to make a positive contribution to Everest's profitability.

The marketing team has continued to manage marketing efficiency well at Everest and costs per lead have remained low by historical standards during the six months to September 2019. Self-generated business continues to perform well, representing £10 million of sales in the same period.

Towards the end of the period under review senior management changes were made at Everest. An Executive Chairman, John Bostock was appointed in August 2019. This change precipitated a reorganisation of the executive team aimed at streamlining communications, teamwork and focus on profitability and cash generation.

In August a redundancy programme was announced in the company affecting under 10 per cent. of Everest's workforce, generating annualised savings of £1.8 million per annum. Other non-people cost reductions and controls were deployed and other commercial adjustments were made aimed at restoring the business to a consistently profitable run rate.

Everest continues to operate in an uncertain economic environment. Targeted promotions and innovative product offers are being deployed to stimulate order flow.

A major culture change programme centred around delivering quality and putting customers at the heart of everything the business does has begun across the company and will continue to be delivered at pace into 2020.

However, consistent monthly profitability has still not been achieved and is clearly achievable.

Everest's valuation has been written down by a net £5.0 million to £15.0 million (£9.0 milllion reduction less £4.0 million cash injection). The valuation has been prepared using an earnings-based approach, supported by an assets-based approach. Everest still operates without any external debt and had cash of £4.0 million at the end of September 2019.

Spicers Office Team (SPOT) continues to face extremely challenging market conditions, particularly since the second quarter of 2019. The pre-election period was very weak. Whilst management action in the Spicers wholesale business to restructure has provided an improved platform from which to compete generating a result broadly in line with budget, the Office Team performance has deteriorated from a positive start to the year, with sales continuing to be depressed in recent months.

Spicers has undertaken a significant reshaping of its distribution network to improve efficiency, increase stock availability, improve the customer experience and reduce costs. As a result, both Glasgow and Bristol regional distribution centres have closed, reducing the Spicers operation proportionally. This operational transformation has been completed whilst maintaining service levels to customers, and will enable Spicers to continue to be competitive for the future, offering a flexible and cost-effective wholesale model for its customers and partners in a challenging market environment. The resulting two distribution centres will deliver improved productivity and efficiency, which will generate a broadly breakeven position for Spicers by the end of the year.

This operational stability is a requirement for future sales growth, where the strategic focus is to underpin sustainable sales volumes by building on the trading activity with existing customers and aggressively winning new customers. Management focus on widening the Spicers proposition to add new product categories will be showcased in the new Spicers catalogue launch for 2020 and will extend further into adjacent product areas in the future. This is supported through investment in the Spicers digital platform to improve customer service levels and increase the efficiency of the customer transaction.

Having historically been more adept at offsetting market conditions through new business acquisition, underlying sales in Office Team have deteriorated, generating a profit performance below expectations driven by depressed spend and weak margins from existing customers. In response to these trends and continuing market uncertainty, management action to reduce operating costs has been implemented, and continues. Conversely new business generation has continued to be strong, reflecting the ongoing relevance of the consolidated proposition, and as a result, increased investment has been redirected into this area. Similarly, strategic investment has continued in the digital platform, Smartpad which is now stable and being progressively introduced to all customers. This is both an efficient ordering platform for existing customers and a marketing platform for presenting the width of the Office Team proposition in new categories. Continuing to build market leading propositions in adjacent categories is a key strategic focus and a new Commercial Director has recently joined SPOT to drive this development.

SPOT's acquisition of ZenOffice Limited in 2018 continues to experience rapid growth in the managed print services sector, particularly following investment in scaling both its national sales resource and infrastructure. This growth is being driven against a background of positive market dynamics as customers switch from traditional purchasing to a managed service. Sales in this division for 2019 are forecast to be in excess of £10 million which generates a strong future contracted service revenue and profit stream.

The prevailing headwinds for all industry participants have led to a tightening and effective removal of most of the available credit insurance. This has had a significant impact on cash flow for both SPOT and its customers, leading to increased bad debt at Spicers in particular. However, SPOT remains in a relatively strong position given the disposals in March 2019 of its two subsidiaries, Waterlow Business Supplies and Oyez Professional Services for an enterprise value of £22 million. Of the total net proceeds, £3.0 million has been returned to Fund II with the balance applied to strengthen the business's balance sheet. Similarly, the Spicers network change programme has enabled a significant stock reduction by consolidating into two warehouses which has improved the underlying cash generation, partially offsetting the restructuring costs.

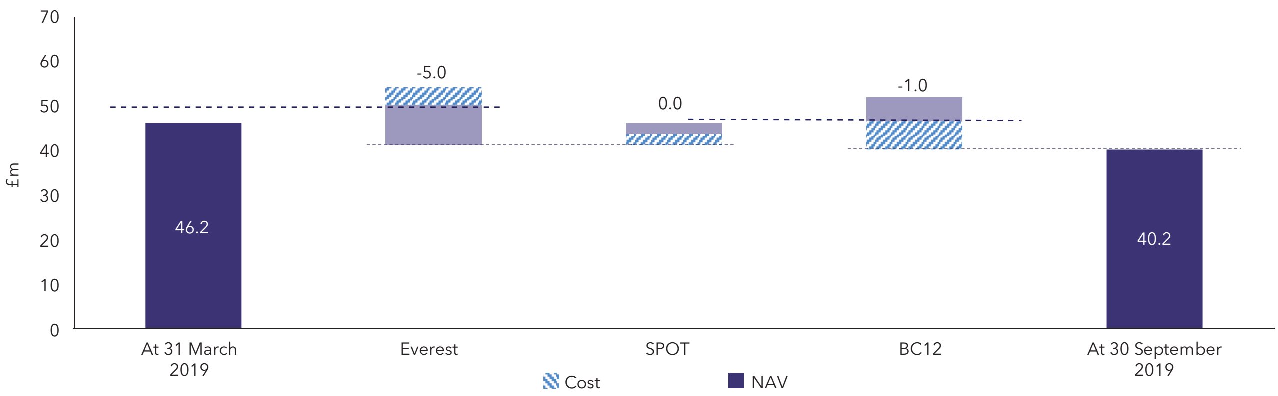
Whilst the market background continues to be difficult, industry consolidation is expected to significantly accelerate, with a higher rate of both corporate failure and acquisition activity. This presents SPOT, with its strengthened capital position, a number of different and interesting market opportunities that may be relevant in creating future value.

The valuation for SPOT is unchanged at £25.2 million. The strong asset base of Spicers, the earnings potential of OfficeTeam and Zen, together with the initiatives being put in place combine to underpin its value. Net debt at 30 September 2019 was £29.6 million.

On 2 July 2019, Fund II disposed of its remaining holding of 2012 Shares totalling 12,677,471 2012 Shares under the terms of the Buyback Contract entered into in December 2016 to the Company. The shares were transacted at a consideration of 9.96 pps (totalling £1.3 million) reflecting the volume weighted average price of the 2012 Shares on the preceding business day. The newly acquired shares were immediately cancelled by the Company, reducing the 2012 Shares in issue from 302,181,436 to 289,503,965.

In August 2019, Fund II received £1.3 million partial payment from the iNTERTAIN escrow following the satisfaction of certain conditions. There remains a final matter with a long stop date of 6 December 2019. The carrying value of the remaining iNTERTAIN escrow which has been recognised as a fund receivable has been re-estimated up by £1.3 million reflecting the improving prospect of receiving the remaining funds.

Portfolio carrying value



The investment portfolio value declined by £6.0 million in the six-month period to 30 September 2019.

	£'m
Portfolio value at 1 April 2019	46.2
Increase funding in Everest	4.0
Repayment by SPOT	(2.5)
NAV movement in Everest	(9.0)
NAV movement in SPOT	2.5
2012 Share repurchase and cancellation (July 2019)	(1.0)
Portfolio value at 30 September 2019	**40.2**

Closing remarks

There are no distributions currently envisaged out of Fund II at the present. Cash currently stands at £3.6 million boosted by the recent partial release of the iNTERTAIN escrow of £1.3 million. Realisations will hopefully follow improved trading in both businesses.

Jon Moulton
Chairman

BECAP12 GP Limited

20 December 2019

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).

Investment details

£'m	30 September 2019	31 March 2019	30 September 2018
Fund II fair value (earnings based)	15.0	20.0	15.0

SPOT

Business description

Spicers is a leading office products and stationery wholesaler (www.spicers.co.uk)

OfficeTeam is a leading office products and services supplier (www.officeteam.co.uk)

Investment details

£'m	30 September 2019	31 March 2019	30 September 2018
Fund II fair value (earnings based)	25.2	25.2	22.6

Portfolio summary

30 September 2019	Sector	Fund project cost[1] £'m	Fund fair value investment in SPVs[2] £'m	Valuation percentage of NAV	Valuation methodology
Everest	Home Improvement Products	40.9	15.0	32.2%	Earnings
SPOT	Office Products	91.7	25.2	54.1%	Earnings
		132.6	**40.2**	**86.3%**	
Fund cash on deposit			3.8	8.1%	
Fund & SPV combined other net assets			2.5	5.4%	
2012 Cell fair value of investment in Fund II			**46.5**	**99.8%**	
2012 Cell cash on deposit			0.1	0.2%	
2012 Cell NAV			**46.6**	**100.0%**	

Summary income statement for the Partnership

	1 April 2019 to 30 September 2019 £'000	1 April 2018 to 30 September 2018 £'000	1 April 2018 to 31 March 2019 £'000
Total income	32	31	63
Net loss on Fund II investment portfolio	(4,120)	(24,825)	(26,340)
Fund II GP's Share	(359)	(964)	(1,468)
Other operating expenses	(162)	(924)	(1,069)
Partnership's operating loss for the period/year	(4,609)	(26,682)	(28,814)
Portion of the operating loss for the period/year for 2012 Cell's investment in the Partnership (Note 4)	**(4,609)**	**(26,682)**	**(28,814)**

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

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

Cash management

As at 30 September 2019, Fund II had placed a total of £3.8 million (31 March 2019: £4.1 million, 30 September 2018: £13.6 million) of cash on instant access deposit with one bank. Fund II has in place a strict cash management policy that limits counterparty risks whilst simultaneously seeking to maximise returns.

Counterparty	Location	Standard & Poor's Rating	Term	30 September 2019 £'000	31 March 2019 £'000	30 September 2018 £'000
Barclays Bank PLC	Guernsey	A-1	Instant access	3,831	4,066	13,617
				3,831	**4,066**	**13,617**

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 in the interim financial report for the six months ended 30 September 2019 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 directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The 2012 Cell's condensed set of financial statements included in this interim financial report has 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.

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 Financial Reporting Council 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 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person 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.

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

20 December 2019

Condensed Statement of Financial Position

As at 30 September 2019

	Notes	As at 30 September 2019 £'000 (unaudited)	As at 30 September 2018 £'000 (unaudited)	As at 31 March 2019 £'000 (audited)
ASSETS:				
Non-current assets				
Investment in Limited Partnership	4	46,538	57,450	55,318
Total non-current assets		**46,538**	**57,450**	**55,318**
Current assets				
Trade and other receivables		2	–	5
Cash and cash equivalents		146	691	410
Total current assets		**148**	**691**	**415**
TOTAL ASSETS		**46,686**	**58,141**	**55,733**
Current liabilities				
Trade and other payables		(59)	(119)	(131)
Total current liabilities		**(59)**	**(119)**	**(131)**
TOTAL LIABILITIES		**(59)**	**(119)**	**(131)**
NET ASSETS		**46,627**	**58,022**	**55,602**
EQUITY				
Share capital	6	231,731	235,889	235,889
Accumulated losses		(185,104)	(177,867)	(180,287)
TOTAL EQUITY		**46,627**	**58,022**	**55,602**
Number of 2012 Shares in issue at period/year end	6	**289,503,965**	**302,181,436**	**302,181,436**
Net asset value per 2012 Share (pence)	8	**16.11**	**19.20**	**18.40**

The unaudited condensed interim financial statements of the 2012 Cell were approved and authorised for issue by the Company's Board of Directors on 20 December 2019 and signed on its behalf by:

Richard Crowder
Chairman

Richard Battey
Director

The notes on pages 49 to 55 form an integral part of the 2012 Cell condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2019

	Notes	Six months to 30 September 2019 £'000 (unaudited)	Six months to 30 September 2018 £'000 (unaudited)	Year ended 31 March 2019 £'000 (audited)
Income				
Change in fair value of investment in Limited Partnership	4	(4,609)	(26,682)	(28,814)
Total income		**(4,609)**	**(26,682)**	**(28,814)**
Expenses				
Administration fees		46	70	120
Directors' fees and expenses	7	72	92	184
Legal and professional fees		36	54	127
Other fees and expenses		18	24	44
Audit fees		15	27	52
Insurance premiums		–	–	21
Registrar fees		21	26	33
Total expenses		**208**	**293**	**581**
Loss and total comprehensive expense for the financial period/year		**(4,817)**	**(26,975)**	**(29,395)**
Basic and diluted earnings per 2012 Share (pence)	8	**(1.63)**	**(8.73)**	**(9.62)**

All activities derive from continuing operations.

The notes on pages 49 to 55 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 2019

	Share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2019	**235,889**	**(180,287)**	**55,602**
Loss and total comprehensive expense for the financial period	–	(4,817)	(4,817)
Total comprehensive expense for the period	**–**	**(4,817)**	**(4,817)**
Transactions with owners			
Distributions	(2,895)	–	(2,895)
Share buyback and cancellation	(1,263)	–	(1,263)
Total transactions with owners	(4,158)	–	(4,158)
As at 30 September 2019 (unaudited)	**231,731**	**(185,104)**	**46,627**

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2018	**288,950**	**(150,892)**	**138,058**
Loss and total comprehensive expense for the financial period	–	(26,975)	(26,975)
Total comprehensive expense for the period	**–**	**(26,975)**	**(26,975)**
Transactions with owners			
Distributions	(48,348)	–	(48,348)
Share buyback and cancellation	(4,713)	–	(4,713)
Total transactions with owners	(53,061)	–	(53,061)
As at 30 September 2018 (unaudited)	**235,889**	**(177,867)**	**58,022**

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2018	**288,950**	**(150,892)**	**138,058**
Loss and total comprehensive expense for the financial year	–	(29,395)	(29,395)
Total comprehensive expense for the year	**–**	**(29,395)**	**(29,395)**
Transactions with owners			
Distributions	(48,348)	–	(48,348)
Share buyback and cancellation	(4,713)	–	(4,713)
Total transactions with owners	(53,061)	–	(53,061)
As at 31 March 2019 (audited)	**235,889**	**(180,287)**	**55,602**

The notes on pages 49 to 55 form an integral part of the 2012 Cell condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2019

	Six months to 30 September 2019 £'000 (unaudited)	Six months to 30 September 2018 £'000 (unaudited)	Year ended 31 March 2019 £'000 (audited)
Cash flows from operating activities			
Loss for the financial period/year	(4,817)	(26,975)	(29,395)
Adjustments for:			
Change in fair value of investment in limited partnership	4,609	26,682	28,814
Movement in trade and other receivables	3	853	848
Movement in trade and other payables	(72)	6	18
Repayment of loan investment in limited partnership	2,908	48,361	48,361
Net cash generated from operating activities	**2,631**	**48,927**	**48,646**
Cash flows used in financing activities			
Distributions	(2,895)	(48,348)	(48,348)
Net cash used in financing activities	**(2,895)**	**(48,348)**	**(48,348)**
Net movement in cash and cash equivalents during the period/year	(264)	579	298
Cash and cash equivalents at the beginning of the period/year	410	112	112
Cash and cash equivalents at the end of the period/year	**146**	**691**	**410**

The notes on pages 49 to 55 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 2019

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. 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 2019 has 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 2019, 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 pages 11 to 12.

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 52 to 53, 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 likely differ from the fair values reflected in these financial statements and the differences may be significant.

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

3. Segmental reporting

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

4. Investment in Limited Partnership

	Total £'000
Fair value	
Brought forward	55,318
Fair value movement during period	(4,609)
Repayment of loan investment in Limited Partnership[1]	(4,171)
Fair value as at 30 September 2019 (unaudited)	**46,538**

	Total £'000
Fair value	
Brought forward	(137,206)
Fair value movement during period	(26,682)
Repayment of loan investment in Limited Partnership	(53,074)
Fair value as at 30 September 2018 (unaudited)	**57,450**

4. Investment in Limited Partnership (continued)

	Total £'000
Fair value	
Brought forward	137,206
Fair value movement during the year	(28,814)
Repayment of loan investment in Limited Partnership	(53,074)
Fair value as at 31 March 2019 (audited)	**55,318**

[1] *Of the £4.2 million repayment, £1.3 million was a non-cash payment by way of a share buyback and cancellation of 12,677,471 2012 Shares at the volume weighted average price on 2 July 2019.*

The movement in fair value of the Fund II investment is derived from the write down in Everest and the sale of 2012 Cell Shares, net of income and expenses of Fund II and its related special purpose vehicles.

The outstanding loans, which form part of the overall investment in the Limited Partnership do not incur interest. The fair value of the loans is 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 £4.2 million (Year to 31 March 2019: £53.1 million, Six months to 30 September 2018: £53.1 million) was repaid to the 2012 Cell by Fund II.

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, as seen in more detail in Note 5.

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 of 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.

Fund II's Level 1 investment consisted of nil (31 March 2019: 12.7 million, 30 September 2018: 12.7 million) shares in the 2012 Cell, which are valued at £nil based on their 30 September 2019 (31 March 2019: £1.0 million, 30 September 2018: £1.4 million) quoted price.

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
Multiple **30 September 2019** Everest SPOT **30 September 2018** Everest **31 March 2019** Everest SPOT	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 (Everest, SPOT). Other earnings such as revenue may also be used where relevant. Further information in relation to the application of earnings can be found in the Fund II GP report above **Multiples** The earnings multiple is derived from comparable listed companies (Everest, SPOT). The Fund II GP typically 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
Other **30 September 2019** None **30 September 2018** SPOT **31 March 2019** None	Values of separate elements prepared under other methods, as deemed suitable by the Fund II GP, such as net realisable value and earnings and assets basis	Earnings and assets

Adjustments	Discount Rate applied to multiples	Discounted multiples	Value of portfolio valued on this basis (£'m) 30 September 2019	30 September 2018	31 March 2019
Relevant provisions may be deducted from the multiple valuation	A discount is applied to earnings multiples at 20 per cent. to 30 per cent. (30 September 2018: 61 per cent., 31 March 2019: 20 per cent.)	EBITDA Multiples 4.3 times to 8.0 times EBITDA (30 September 2018: 2.8 times EBITDA, 31 March 2019: 3.8 times to 7.9 times EBITDA)	40.2	15.0	45.2
As determined on a case by case basis	There were no elements valued using earnings multiples derived from market transactions (30 September 2018: no discount was applied, 31 March 2019: N/A).	There were no elements valued based on their earnings (30 September 2018: 6.3 times to 8.0 times, 31 March 2019: N/A).	0.0	22.6	0.0
		Level 3 Portfolio valuation	40.2	37.6	45.2
		Level 1 Portfolio valuation	0.0	1.4	1.0
		Other net assets	6.3	18.4	9.1
		2012 Cell fair value of investments in Fund II	46.5	57.4	55.3

5. Fair value (continued)

This approach requires the use of assumptions about certain unobservable inputs. Significant unobservable inputs as at 30 September 2019 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 £5.8 million or 14.6 per cent. (+10.0 per cent.)
- A decrease in the carrying value of £5.8 million or 14.6 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 £16.3 million or 41.1 per cent. (+100.0 per cent.)
- An increase in the carrying value of £16.3 million or 41.1 per cent. (-100.0 per cent.)

The Fund II GP approves the valuations performed with input from any external consultant as appointed by the GPs 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 14 and 15.

The five cumulative distributions to date for the 2012 Cell total £99.6 million, being 28.0 per cent. of funds raised.

7. Related party transactions

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

Directors' fees and expenses, incurred by the 2012 Cell, for the period to 30 September 2019 amounted to £72,000 (year to 31 March 2019: £184,000, period to 30 September 2018: £92,000) apportioned on a NAV basis between the Cells. At the period end, £nil (31 March 2019: £46,000, 30 September 2018: £46,000) remained outstanding.

8. Earnings per share and net asset value per share

Earnings per share

2009 Cell	Six months to 30 September 2019 (unaudited)	Six months to 30 September 2018 (unaudited)	Year ended 31 March 2019 (audited)
Loss for the period/year	£(4,817,735)	£(26,974,919)	£(29,395,195)
Weighted average number of 2012 Shares in issue	295,946,614	309,119,493	305,659,968
EPS (pence)	**(1.63)**	**(8.73)**	**(9.62)**

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.

8. Earnings per share and net asset value per share (continued)

Net asset value per share

	As at 30 September 2019 (unaudited)	As at 30 September 2018 (unaudited)	As at 31 March 2019 (audited)
Net assets attributable to 2012 Cell shareholders	£46,626,673	£58,021,400	£55,602,124
2012 Shares in issue	289,503,965	302,181,436	302,181,436
NAV per share (IFRS) (pence)	**16.11**	**19.20**	**18.40**

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.

9. Subsequent events

Other than the above, there were no significant events occurring after 30 September 2019.

Defined Terms

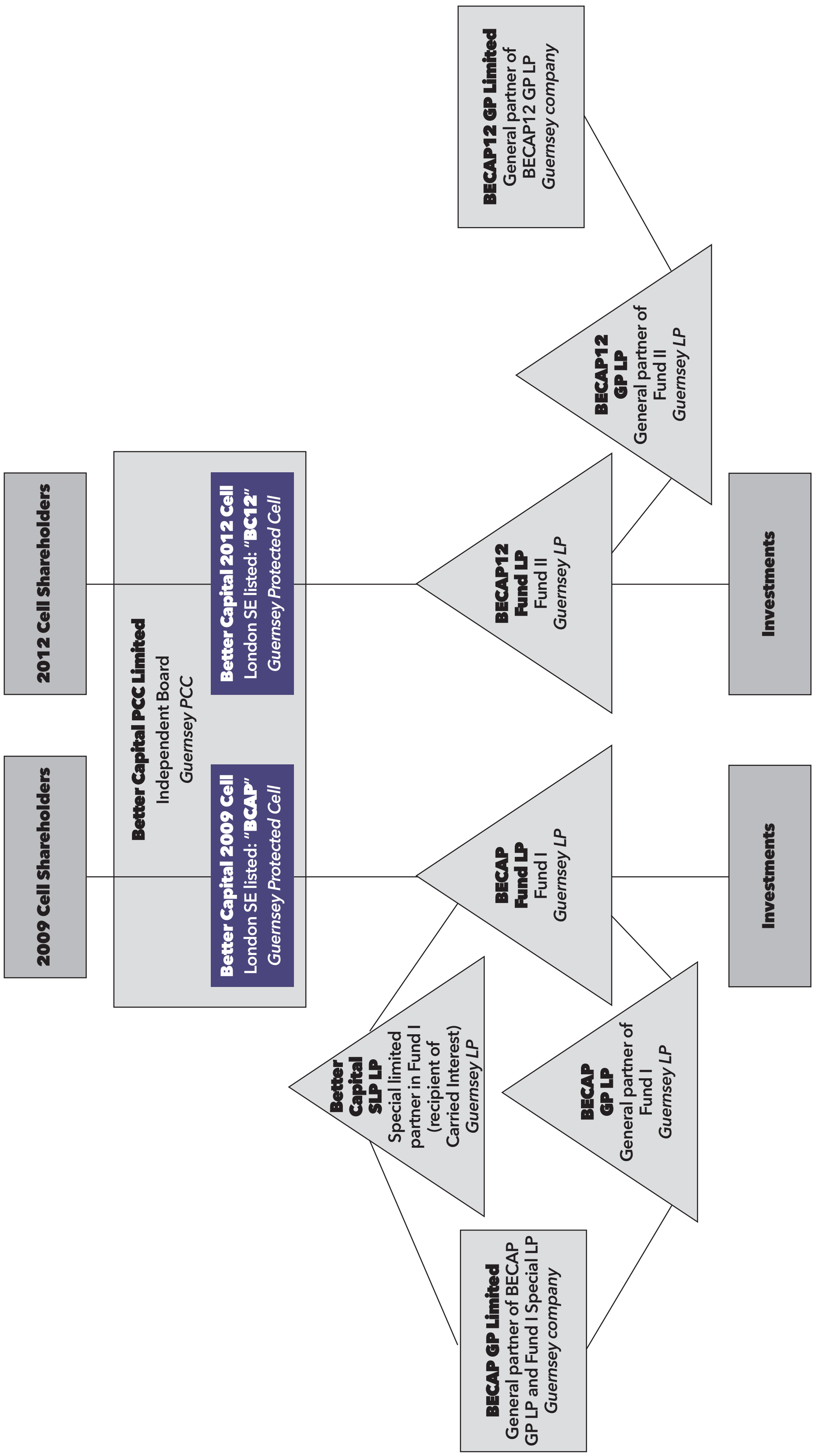
"2009 Cell" or **"Better Capital 2009 Cell"**	the Cell in the Company established following the Conversion which holds partnership interests in Fund I, and is interpreted as the Company acting in its capacity as a protected cell company transacting its business in the name of the 2009 Cell;
"2009 Shares"	the ordinary shares of £1 par value in the 2009 Cell;
"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 **"Estera"** or **"EIFG"**	means Estera International Fund Managers (Guernsey) Limited (formerly known as Heritage International Fund Managers 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 Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY;
"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 Guidance 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;
"EU Adopted IFRS"	International Financial Reporting Standards as adopted in the EU;

"Everest"	means the Everest group of companies;
"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"	means Gardner Group Limited;
"GDPR"	means the General Data Protection Regulation;
"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;
"GFSC"	the Guernsey Financial Services Commission;
"IFRS"	International Financial Reporting Standards;
"iNTERTAIN"	means the iNTERTAIN group of companies;
"IPEV"	International Private Equity and Venture Capital Valuation Guidelines;
"Listing Rules"	the listing rules made under section 73A of the Financial Services and Markets Act 2000 (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" or **"NAV"**	the value of the assets of the Company less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board;
"Northern Aerospace"	means Northern Aerospace Limited;
"OfficeTeam"	means Project Oliver Topco Limited and its subsidiaries, which together trade as OfficeTeam;

Defined Terms continued

"Omnico"	means the Omnico Group of companies;
"PCC"	Protected Cell Company;
"POI Law"	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;
"PPS"	means pence per share;
"Prospectus"	The prospectus of the Company, most recently updated on 29 July 2013 and available on the Company's website (www.bettercapital.gg);
"Redemption"	means a compulsory pro rata redemption of the 2009 Shares;
"Registrar"	Link Market Services (Guernsey) Limited;
"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

Company secretary
Estera International Fund Managers (Guernsey) Limited
PO Box 286
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Registered office
PO Box 286
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Guernsey administrator
Estera International Fund Managers (Guernsey) Limited
PO Box 286
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Registrar
Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Guernsey advocates to the Company
Carey Olsen
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

English solicitors to the Company
DLA Piper UK LLP
160 Aldersgate Street
London
EC1A 4HT

Corporate broker and financial adviser
Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

Independent auditor
BDO Limited
PO Box 180
Place du Pré
Rue du Pré
St Peter Port
Guernsey
GY1 3LL

Public relations adviser (until 16 October 2019)
Powerscourt
1 Tudor Street
London
EC4Y 0AH

Website
www.bettercapital.gg

Tickers
2009 Cell: BCAP.L
2012 Cell: BC12.L

Registered office
PO Box 286
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 4LY

Company Number: 51194