GRAPHITE ENTERPRISE TRUST PLC

Interim Report

31 July 2010

GRAPHITE CAPITAL

The objective of Graphite Enterprise is to provide shareholders with long term capital growth through investment in unquoted companies, mainly through specialist funds but also directly.

Graphite Enterprise has been investing in private equity for over 25 years. It applies the skills, disciplines and experience of direct investment in unquoted companies to the selection and management of its portfolio of funds. By investing in Graphite Enterprise, shareholders gain exposure to a diversified portfolio of mature unquoted companies.

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Summary of the period

Net asset value per share .... +1.2%

The FTSE All-Share Index, the Company's benchmark, fell by 1.7%

Movement in underlying portfolio valuation .... +6.5%

Sales and profits of the 30 largest companies grew strongly

Level of investment 77.2%

Investments increased as a percentage of total assets from 67.1%

Closing cash and cash equivalents £79.2m

Cash and cash equivalents accounted for 22.7% of total assets at the period end

Undrawn commitments £201.4m

The level of undrawn commitments fell by £41.8 million

Financial summary

	31 July 2010	31 Dec 2009	Change
Net asset value per share	**469.6p**	464.1p	+1.2%
Share price	**278.5p**	305.0p	-8.7%
FTSE All-Share Index	**2,715**	2,761	-1.7%

Chairman's Statement

Overview

During a period of continued volatility in financial markets, Graphite Enterprise's net asset value per share rose by 1.2% to 469.6p in the seven months to 31 July 2010, while its benchmark, the FTSE All-Share Index fell by 1.7%. As the discount of the share price to the net asset value per share widened from 34.3% to 40.7% during the period, the share price fell by 8.7% to 278.5p. Discounts in the listed private equity sector remained at high levels throughout the period and the Company's discount was in line with its peer group at 31 July 2010. At the end of the period shareholders' funds totalled £342.4 million.

The portfolio made good progress during the period, with the performance of the largest 30 underlying investments, which account for almost half of the portfolio, being particularly encouraging. Over the last twelve months the great majority of these companies have increased profitability and in many cases the increases have been material. Reflecting this performance, the valuation of the portfolio increased by 6.5% in local currency. This was higher than the rise in the net asset value as adverse currency movements reduced the sterling value of euro denominated investments and a third of the opening net assets was in cash. By the end of the period, we had increased the Company's level of investment to 77.2% of total assets and this has increased further since the period end.

In May we announced that the year end would be changing from 31 December to 31 January. This change allows us to collect more up to date valuation information before releasing the interim accounts. This is the first set of interim results issued to the new reporting date of 31 July and covers the first seven months of the year. As a result of this change, 99.5% of June valuations were available to be included in these results. Future interim results will cover six month periods from 1 February to 31 July.

As required by the Listing Rules, the Company has already released results covering the six months to 30 June 2010. When these results were issued in mid-July, no June valuation reports had been received from the managers of the Company's fund portfolio and the figures were therefore based primarily on March valuations. The reported net asset value per share at 30 June 2010 was 447.9p.

The net asset value at 31 July of 469.6p was 4.8% higher than the 30 June figure as certain of the June valuations were materially higher than the March valuations used previously.

Economic environment

As 49.7% of the portfolio is in the UK and a further 39.2% is in continental Europe, the performance of these economies has much the greatest impact on the Company's overall performance.

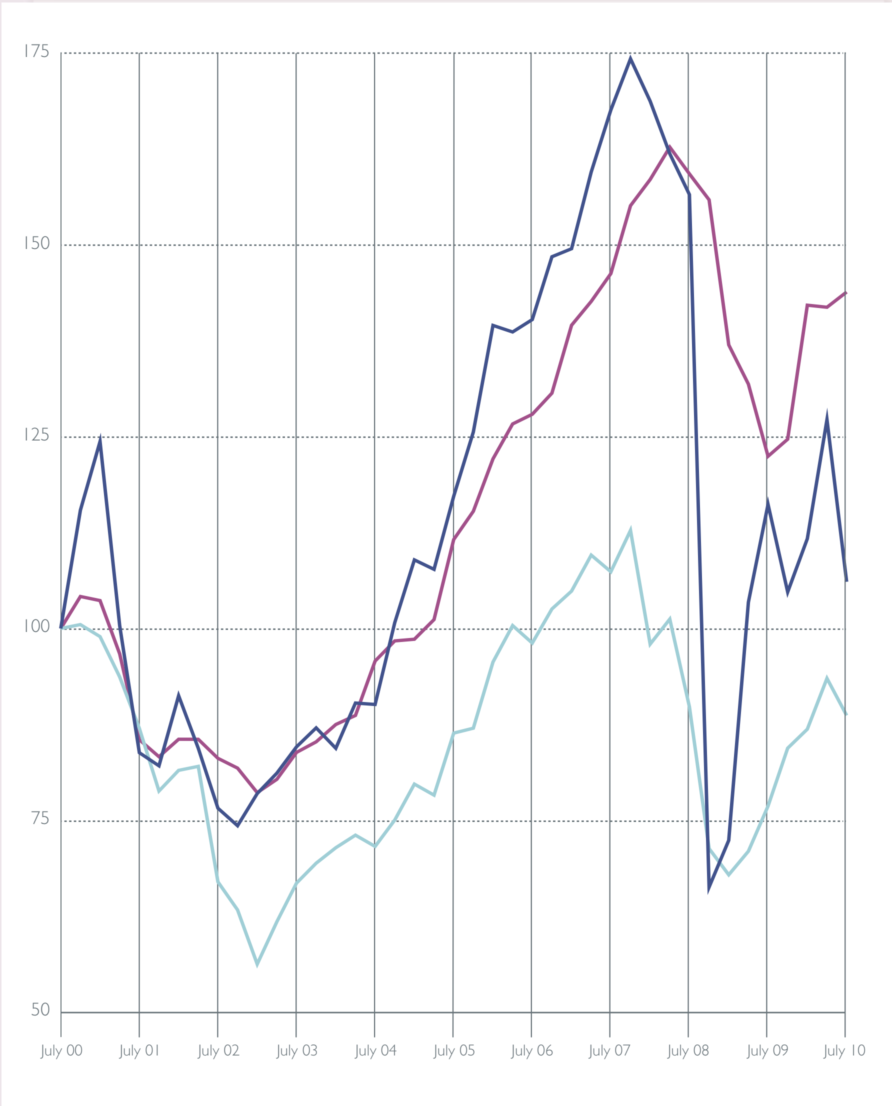
After six quarters of recession in 2008 and 2009, the UK has now seen three consecutive quarters of weak growth. Although there are concerns that the government's announced public spending cuts may slow the recovery, most analysts are predicting an extended period of low growth rather than a further decline.

The eurozone economies contracted in aggregate by less than the UK during the downturn and came out of recession slightly earlier. However these economies are also forecast to recover very slowly. Within the eurozone, the performance of individual countries is likely to vary significantly, with France, which represents 12.5% of the Company's portfolio, growing more slowly than Germany, which represents 7.0%.

The private equity market

New investment activity in the private equity market continued to show signs of a recovery in the first half of 2010. A total of 167 buy-outs were completed in the first half of the year which represents almost two thirds of the number

Ten Year Performance 2000-2010



Graphite Enterprise share price

Graphite Enterprise net asset value per share

FTSE All-Share Index

All amounts rebased to 100 at 31 July 2010

Chairman's Statement (continued)

completed in the whole of 2009 and compares with only 107 completed in the first half of 2009. By value the increase was more pronounced, with €20.7 billion of buy-outs completed in the first half of 2010 representing almost four times the value completed in the same period in 2009 and only 12% less than in the full year 2009.

While the rise is encouraging, it should be stressed that this recovery was from a relatively low base, as activity levels fell very sharply in the second half of 2008, falling even further in the first half of 2009. By comparison, activity levels remain low compared with those at the height of the market in 2007 when 819 buy-outs were completed with a total value of €187 billion.

Early indications suggest that the prices paid for new investments have been reasonably full. This is despite debt finance continuing to be relatively scarce, with the average level of buy-out debt falling to 32% of total transaction value compared with 67% in the year before the banking crisis. Sales from one private equity group to another appear to be a significant driver of the growth in activity, accounting for more than half of the value of completed transactions.

In contrast to the increase in investment activity, private equity fund raising remains depressed. A total of €8.9 billion was raised for 16 funds in the first half of 2010 compared with €27.8 billion raised in all of 2009 which in turn was the lowest level since 2004. European fund raising peaked in 2008 when €96 billion was raised for 156 funds.

The low level of new funds raised primarily reflects the fact that most private equity managers still have substantial uninvested cash from previous funds as investment activity has been low since the start of the financial crisis. Cash distributions have also been low over this period and this has reduced investor appetite for new funds.

In contrast, the market for secondary fund interests improved markedly in the first half of 2010 with discounts narrowing substantially. High quality funds are trading at prices close to reported net asset values. This reflects a rise in confidence in both earnings growth and valuations.

Performance

Net asset value per share

The investment portfolio continued to perform well in the period, rising in value by 6.5% in local currency. However as 53.5% of investments were denominated in euros at the start of the period, the fall in the value of the euro against sterling partially offset this increase. As a result, the rise in the sterling value of the portfolio was materially lower at 3.1%, or £7.1 million.

As the portfolio accounted for only two thirds of the Company's net assets at the start of the year, the rise in value of the portfolio had the effect of increasing the net asset value per share by 2.1%.

After taking account of the 2009 dividend which reduced the net asset value per share by 0.5%, and other items, the overall increase in the net asset value per share was limited to 1.2%.

Share price and discount

In the first seven months of the year the share price has been volatile, reflecting changes in sentiment towards the private equity sector. After starting the year at 305p, the share price reached a high of 358p in April before falling to a low of 258.5p in early July. It ended the period down by 8.7% at 278.5p.

Since the start of the financial crisis, the discount has generally been above 30%. At 31 July 2010 the discount of 40.7% was in line with the peer group of listed private equity funds of funds, having been at a premium to the sector at the start of the period. The Company's discount is materially higher than its long term average. In the ten years prior to the financial crisis, the average discount was 14.1%.

Discounts in the listed private equity sector widened very significantly in the last quarter of 2008. This was driven by concerns that listed vehicles might not be able to fund their outstanding commitments and that private equity backed companies were overvalued and had high levels of gearing. Although discounts have narrowed since then we believe they do not reflect fully the relatively robust performance of private equity portfolios through the downturn.

Investment activity

In line with the increase in activity levels in the private equity market as a whole, Graphite Enterprise's rate of investment increased materially in the first seven months of the year. However, the level of realisations remained low. We invested £37.6 million in the period and realised £6.7 million. Net investment therefore totalled £30.9 million which compares with only £10.9 million in the whole of 2009.

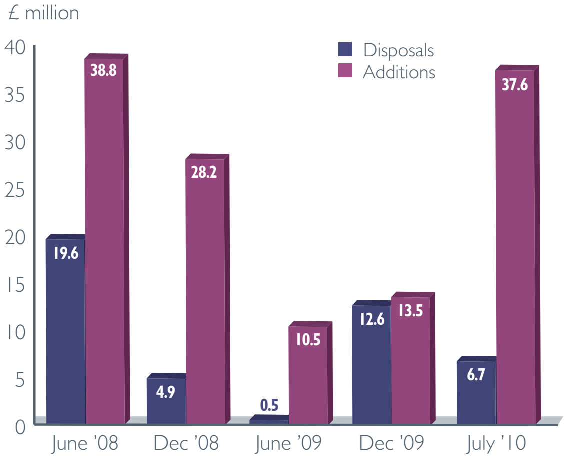
New investments

At £37.6 million, new investment was more than 50% higher in the first seven months of 2010 than in the twelve months to December 2009. Drawdowns of fund commitments accounted for 71.8% or £26.9 million of the total invested. The acquisition of a secondary interest in CVC European Equity Partners IV and three direct investments accounted for the balance.

Drawdowns in the seven months increased to 11.1% of opening commitments, compared with 3.7% in the first half of 2009 and 6.8% in the whole of 2009. Despite this rise in activity, the rate of drawdown remains relatively low compared with the levels experienced prior to the start of the financial crisis.

Over 80% of the total drawn down by funds for investment was used to finance the acquisition of new portfolio companies. Our funds completed 22 new investments of which eleven were made by

Additions and disposals



mid-market buy-out funds, nine by large buy-out funds and two by mezzanine funds. Follow-on investments into existing portfolio companies accounted for less than 20% of the amount drawn down for investment. These were primarily for balance sheet restructurings but also included an element of funding for growth or acquisitions.

Realisations

The level of realisations remained low in the first seven months of 2010. The portfolio generated £5.4 million of proceeds in addition to which we sold one fund investment for £1.3 million, taking the total amount realised to £6.7 million, or 2.9% of the opening portfolio value. The current rate of realisations is clearly abnormally low. As an indication, in the ten years to 2007 the average annual level of realisations was 39.2% of the opening portfolio value.

In last year's annual report we predicted that the level of realisations would start to increase in the second half of 2010. As a number of portfolio companies are currently being marketed for sale, we continue to expect the level of realisations to be materially higher in the remainder of the financial year than in the first seven months. Any increase in realisations should also lead to an increase in the net asset value. However, sale processes are by their nature unpredictable.

Chairman's Statement (continued)

Closing portfolio

At 31 July, Graphite Enterprise had holdings in 40 funds and in 19 direct investments. Third party private equity firms were responsible for managing 35 of these funds, and these 24 firms collectively managed over three-quarters of the portfolio by value. Graphite Capital directly managed 22.5% of the portfolio. In total the Company had holdings in 263 underlying companies.

The composition of the portfolio did not change materially in the period and remains well diversified by type of investment, sector, geography and vintage, while also being sufficiently concentrated for individual investments to have an impact on future performance. The top ten underlying companies represent 25.8% of the total portfolio while the top 30 account for 46.9%. It is encouraging to note that these larger investments have continued to perform well in the first half of 2010, growing sales and profits strongly.

Balance sheet and commitments

At 31 July 2010 the Company had total assets of £348.7 million of which the investment portfolio of £269.2 million accounted for 77%.

The level of cash fell by £34.8 million in the period from £114.0 million to £79.2 million, and as a percentage of total assets from 33% to 23%. Net investment in the portfolio of £30.9 million accounted for the great majority of the fall, with other cash outflows including income, expenses, the dividend and currency movements accounting for the balance.

In last year's Chairman's statement we anticipated that cash balances would fall as commitments were drawn down. The reduction in the first seven months was broadly in line with our expectations and is consistent with our strategy of being more fully invested at this point in the economic cycle.

Outstanding commitments to funds fell by £41.8 million or 17.2% from £243.2 million to £201.4 million. The increase in investment activity discussed earlier was the largest factor in this fall, with drawdowns of £26.9 million accounting for almost two thirds of the reduction. Commitment releases of £14.9 million and exchange rate movements of £8.7 million were the two other major contributors. These reductions were offset by £8.7 million of new commitments of which £6.0 million was to new funds.

Over 90% of outstanding commitments are to funds that are still in their investment periods. At 31 July, these funds had an average of 2.4 years in which to complete their investment programmes.

Movements in commitments

	£m
Opening commitments at 1 January 2010	243.2
Drawdowns	(26.9)
Commitments released	(14.9)
Currency movements	(8.7)
New fund commitments	6.0
Other commitment increases	2.7
Closing commitments at 31 July 2010	201.4

At 31 July 2010 Graphite Enterprise had cash of £79.2 million and outstanding commitments of £201.4 million. The level of overcommitment, defined as the amount by which commitments exceed cash balances, was therefore £122.2 million. A standard measure of liquidity in the listed private equity sector is the overcommitment percentage which expresses overcommitment as a percentage of total assets. At 31 July the Company was 35.0% overcommitted, down slightly from 37.7% at the end of 2009, primarily because outstanding commitments fell by more than cash.

In comparison with most other listed private equity funds of funds, many of which had net debt at the period end, the Company had materially higher levels of cash and a significantly lower percentage level of overcommitment. This higher level of liquidity gives the Company greater flexibility to take advantage of opportunities as they arise.

Currency

At the end of 2009, £158.7 million or 46.1% of the Company's net asset value was denominated in foreign currencies of which £140.9 million was in euros and £17.0 million in US dollars. Most of this exposure related to the investment portfolio as only a small proportion of cash was held in foreign currency. Two thirds of outstanding commitments were denominated in euros and less than 5% in US dollars.

In the seven months to 31 July 2010, the euro fell against sterling by 6.4% and the US dollar rose against sterling by 2.9%. As the Company's exposure to the euro is much greater than the exposure to the US dollar, the net effect of these movements was to reduce the value of the portfolio by £7.5 million, to reduce the value of foreign currency denominated cash by £0.7 million and to reduce outstanding commitments by £8.7 million.

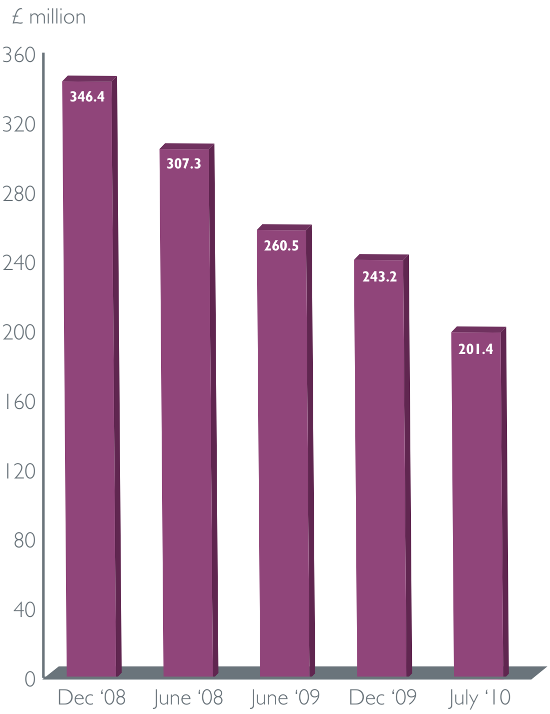
As a result of these changes, at 31 July 2010, £167.8 million or 48.1% of the Company's net asset value was denominated in foreign currencies of which £148.9 million was in euros and £17.8 million in US dollars. Approximately 65% of outstanding commitments were denominated in euros and less than 5% in US dollars.

Income statement

The total profit attributable to shareholders for the period was £5.7 million or 7.8p per share. Of this amount, £5.2 million or 7.1p per share was capital gain and the remaining £0.5 million or 0.7p per share was net revenue.

The net revenue figure of £0.5 million for the period compares with the revenue loss in the first half of 2009 of £0.1 million. This is primarily because income from the portfolio rose to £1.0 million in the seven months, having been £0.2 million in the first half of 2009. As we noted in the 2009 Annual Report, portfolio income is

Outstanding commitments



particularly hard to predict and tends to be linked to realisation activity. More than half of the income from the portfolio in the period was received following the disposal of one underlying company.

Income from cash and cash equivalents has remained very low at £0.2 million, reflecting prevailing interest rates and the fall in cash balances during the period.

Net revenue for the financial year will primarily be determined by the level of realisations in the remainder of the period, as any proceeds are likely to include a substantial element of income.

Outlook

The increase in activity levels in the private equity market in the first half of the year suggests that, despite the continued economic uncertainty, confidence levels in the sector are recovering. Reflecting this increased activity, drawdowns from the Company's fund portfolio have been materially

Chairman's Statement (continued)

higher in 2010 than in 2009 and most indications suggest that this higher rate of investment will be maintained for the remainder of the year.

At the start of the year the Company was 67% invested. As realisations have been slower to recover than new investment, the Company has become steadily more invested as the year has progressed and if recent drawdowns are taken into account, the Company will be approximately 83% invested at the end of September.

Over the last two years we have continually adapted our strategy in response to changes in economic and market conditions. As conditions are likely to remain uncertain for some time we will continue to modify our investment approach to take account of changes in the relative value of different assets and to ensure that the balance of investments, cash and commitments is appropriate for the conditions at the time.

Mark Fane

September 2010

Portfolio Analysis

Fund portfolio commitments

31 July 2010	Original commitment* £m	Outstanding commitment £m	Average drawn down percentage	Percentage of commitments
Funds in investment period	323.8	184.2	43.1%	91.5%
Funds post-investment period	276.4	17.2	93.8%	8.5%
Total	600.2	201.4	66.4%	100.0%

* Original commitments have been translated at 31 July 2010 exchange rates

Investment portfolio – funds and direct investments

31 July 2010 £m	Third party investments	Graphite investments	Total
Fund investments	177.7	37.6	215.3
Direct investments*	30.8	23.1	53.9
Total	208.5	60.7	269.2

Summary of changes to the portfolio

2010 £m	Opening value	Additions	Disposals	Gains & losses	Closing value
Fund investments	183.9	35.1	(6.2)	2.5	215.3
Direct investments*	47.3	2.5	(0.5)	4.6	53.9
Total investment portfolio	231.2	37.6	(6.7)	7.1	269.2

* Including quoted investment

Additions

2010 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	6.6	3.7	–	10.3
Large buy-outs	0.7	15.3	4.1	20.1
Small buy-outs	3.0	–	–	3.0
Infrastructure	–	–	–	–
Mezzanine	–	4.2	–	4.2
Quoted	–	–	–	–
Total	10.3	23.2	4.1	37.6

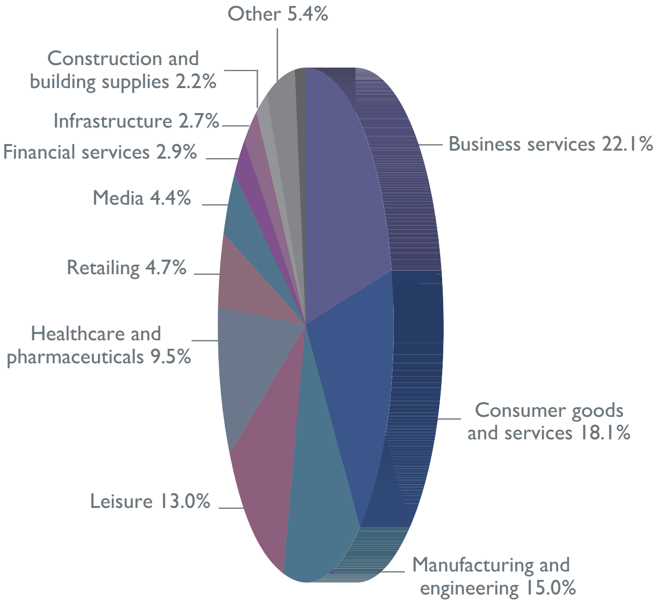
Disposals

2010 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	1.1	2.4	–	3.5
Large buy-outs	–	–	0.1	0.1
Small buy-outs	0.2	–	–	0.2
Infrastructure	–	0.2	–	0.2
Mezzanine	–	2.7	–	2.7
Quoted	–	–	–	–
Total	1.3	5.3	0.1	6.7

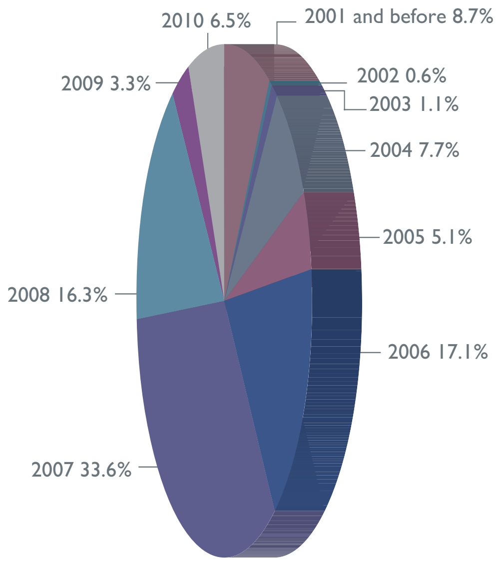
Portfolio Analysis (continued)

The charts below analyse the investment portfolio by value.

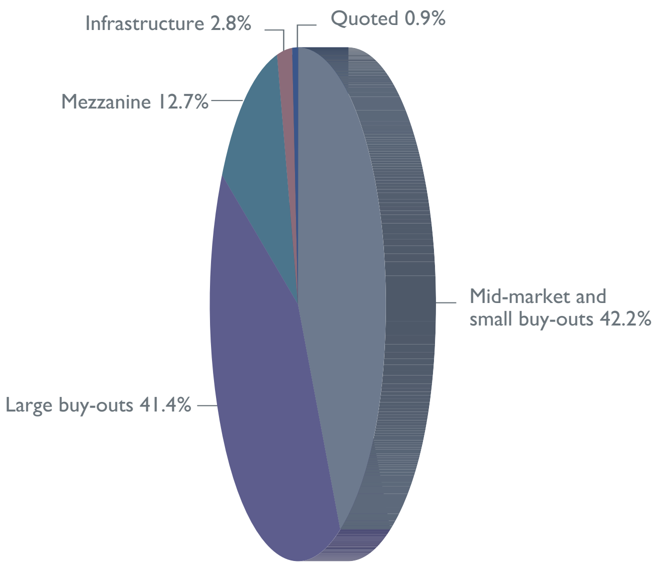
Sector analysis



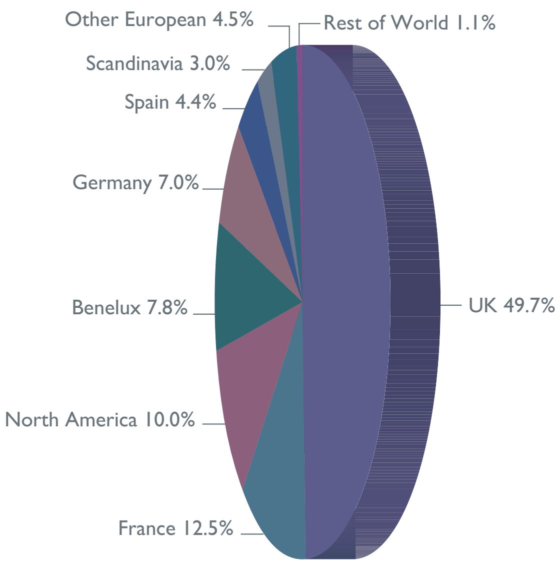
Year of investment



Investment type



Geographic distribution



The 30 Largest Underlying Investments

The table below summarises the 30 largest underlying investments, by value, in the Company's portfolio of funds and direct investments as at 31 July 2010. The valuations are gross and are shown as a percentage of the total investment portfolio.

	Entity	Year of investment	Country/ region	Value as a % of investment portfolio
1	**Micheldever** Distributor and retailer of tyres	2006	UK	5.9%
2	**Wagamama** Operator of Japanese noodle restaurants	1996	UK	4.5%
3	**Park Holidays UK** Operator of caravan parks	2006	UK	2.5%
4	**Kurt Geiger** Retailer and distributor of luxury footwear	2008	UK	2.2%
5	**Standard Brands UK** Manufacturer of domestic fire products	2001	UK	1.9%
6	**NES Group** Recruitment agency for technical contractors	2006	UK	1.9%
7	**Data Explorers Group** Provider of information to the global securities lending industry	2007	UK	1.9%
8	**Ceridian** Provider of human resources and payment processing services	2007	USA	1.7%
9	**Alexander Mann Solutions** Provider of recruitment process outsourcing	2007	UK	1.7%
10	**Norit** Supplier of water purification technologies	2007	Netherlands	1.6%
11	**Evonik Industries** Diversified industrial group	2008	Germany	1.5%
12	**Algeco Scotsman** Supplier and operator of modular buildings	2007	USA	1.4%
13	**Ziggo** Operator of cable TV networks	2006	Netherlands	1.1%
14	**Clyde Bergemann** Supplier of components for the power generation industry	2005	Germany	1.1%
15	**Spire Healthcare** Provider of healthcare	2007	UK	1.1%
	Total of the 15 largest underlying investments			**32.0%**

The 30 Largest Underlying Investments (continued)

	Entity	Year of investment	Country/ region	Value as a % of investment portfolio
16	**Weetabix** Manufacturer of breakfast cereals	2004	UK	1.1%
17	**Phadia** Manufacturer of medical testing equipment	2007	Sweden	1.1%
18	**Segur Iberica** Provider of security services and products	2004	Spain	1.1%
19	**Hellerman Tyton** Manufacturer of high performance cable management products	2006	UK	1.1%
20	**Avanza Group** Operator of buses	2007	Spain	1.0%
21	**Avio** Manufacturer of aerospace engine components	2007	Italy	1.0%
22	**CEVA** Manufacturer and distributor of animal health products	2007	France	1.0%
23	**Balta** Manufacturer of carpets and floor coverings	2004	Belgium	1.0%
24	**Intermediate Capital*** Provider of mezzanine finance	1989	UK	1.0%
25	**Elster** Provider of metering technology	2005	Germany	1.0%
26	**Univar** Distributor of chemicals	2007	USA	0.9%
27	**Kisimul School Group** Provider of specialist education services	2006	UK	0.9%
28	**Stork** Diversified engineering group	2008	Netherlands	0.9%
29	**TMF** Provider of management and accounting outsourcing services	2008	Netherlands	0.9%
30	**InnBrighton** Operator of nightclubs, bars and pubs	2007	UK	0.9%
	Total of the 30 largest underlying investments			**46.9%**

* Quoted

The 15 Largest Fund Investments

The largest funds by value at 31 July 2010 are set out below.

	Fund	Outstanding commitment £m	Year of commitment	Country/ region	Value £m
1	Graphite Capital Partners VI Mid-market buy-outs	5.5	2003	UK	23.4
2	Fourth Cinven Fund Large buy-outs	9.4	2006	Europe	15.5
3	ICG European Fund 2006 Mezzanine loans to buy-outs	8.9	2007	Europe	15.1
4	Apax Europe VII Large buy-outs	7.6	2007	Global	13.2
5	Thomas H Lee Equity Fund VI Large buy-outs	9.6	2007	USA	11.5
6	Doughty Hanson & Co V Mid-market and large buy-outs	10.7	2006	Europe	11.3
7	Doughty Hanson & Co IV Mid-market and large buy-outs	–	2005	Europe	11.3
8	Graphite Capital Partners VII Mid-market buy-outs	28.9	2007	UK	9.7
9	Candover 2005 Fund Large buy-outs	2.2	2005	Europe	9.6
10	CVC European Equity Partners IV Large buy-outs	1.6	2005	Global	9.5
11	CVC European Equity Partners V Large buy-outs	16.1	2008	Global	7.3
12	CVC European Equity Partners Tandem Large buy-outs	2.6	2006	Global	6.8
13	TDR Capital II Fund Mid-market and large buy-outs	10.1	2006	Global	5.9
14	CSP Secondary Opportunities II Secondary fund investments	–	2008	Global	5.9
15	Euromezzanine 5 Mezzanine loans to mid-market buy-outs	1.9	2006	France	5.6
	Total of the 15 largest fund investments	**115.1**			**161.6**
	Percentage of the investment portfolio				**60.0%**

Investment Plans

Graphite Enterprise continues to be a member of the F&C Investment Plans. Investors can hold shares in Graphite Enterprise through one or more of these plans, details of which are set out below.

Private Investor Plan

Investors can invest a lump sum or make regular monthly payments.

Pension Savings Plan

Investors can enjoy tax benefits and save for retirement using this plan. Investors can also invest up to £3,600 per annum on behalf of a non-working spouse or a child.

Individual Savings Account (ISA)

In the tax year 2010/11 tax years, investors can invest up to £10,200 free of capital gains tax or additional income tax in an ISA. Investors can invest a lump sum, make regular monthly payments or transfer existing ISAs (including cash ISAs and ex-PEP ISAs).

Child Trust Fund

Parents can invest the Government voucher issued to all children born since 1 September 2002. Parents, grandparents or other relatives can add contributions totalling £1,200 per year. Gains and income are tax free.

Children's Investment Plan

Parents, grandparents and other relatives can invest on behalf of a child by setting up a designated account or bare trust.

F&C Investor Services Team

The F&C Investor Services Team aims to provide clear answers to investors' questions. The team is trained to deal with all aspects of investment trust plan management and administration. The team provides information on Graphite Enterprise and on investments managed by F&C Management Ltd but can not offer financial advice.

Existing investors can contact the Investor Services Team on:

Telephone: 0845 600 3030
(UK calls charged at local rate)
Email: investor.enquiries@fandc.com
Fax: 020 7410 1035

Address: F&C Plan Administration, Block C, Western House Lynch Wood Business Park, Lynch Wood, Peterborough PE2 6BP

For all other queries about investing in the F&C Investment Plans, please contact the Investor Services Team:
Telephone: 0800 136 420
Email: info@fandc.com Fax: 0131 243 1330

Address: F&C Investments, Clandeboye Business Park West Circular Road, Bangor BT19 1AR

Further information is available on F&C's website at www.fandc.com under Private Investors.

Registrars

The registrars of Graphite Enterprise are Computershare Investor Services plc:

Telephone: 0870 702 0010
Address: Registrars Department, PO Box 82, The Pavilions, Bridgewater Road, Bristol, BS99 7NH.

Potential investors are reminded that the value of investments and the income from them may fall as well as rise and investors may not receive back the full amount invested. Tax benefits may vary as a result of individual circumstances.

The information on this page has been issued by Graphite Capital Management LLP and approved by F&C Management Limited, both of which are authorised and regulated in the UK by the Financial Services Authority (FSA).

Financial Statements

Consolidated Income Statement

	Notes	Period from 1 January to 31 July 2010 (unaudited) Revenue return £'000s	Capital return £'000s	Total £'000s	Half year to 30 June 2009 (unaudited) Revenue return £'000s	Capital return £'000s	Total £'000s	Year ended 31 December 2009 Revenue return £'000s	Capital return £'000s	Total £'000s
Investment returns										
Gains and losses on investments held at fair value		996	7,040	8,036	144	(23,103)	(22,959)	892	28,166	29,058
Income from cash and cash equivalents		221	–	221	775	–	775	1,020	–	1,020
Other income		414	–	414	72	–	72	117	–	117
Foreign exchange losses		–	(750)	(750)	–	(9,753)	(9,753)	–	(9,143)	(9,143)
		1,631	6,290	7,921	991	(32,856)	(31,865)	2,029	19,023	21,052
Expenses										
Investment management charges		(555)	(1,663)	(2,218)	(438)	(1,316)	(1,754)	(887)	(2,662)	(3,549)
VAT reclaim		370	356	726	5	16	21	–	–	–
Other expenses		(658)	–	(658)	(641)	(11)	(652)	(1,170)	(68)	(1,238)
		(843)	(1,307)	(2,150)	(1,074)	(1,311)	(2,385)	(2,057)	(2,730)	(4,787)
Profit/(loss) before tax		788	4,983	5,771	(83)	(34,167)	(34,250)	(28)	16,293	16,265
Taxation		(248)	248	–	(5)	5	–	(54)	–	(54)
Profit/(loss) for the period from continuing operations		540	5,231	5,771	(88)	(34,162)	(34,250)	(82)	16,293	16,211
Attributable to:										
Equity shareholders		540	5,157	5,697	(88)	(32,511)	(32,599)	(82)	14,382	14,300
Non-controlling interests		–	74	74	–	(1,651)	(1,651)	–	1,911	1,911
Basic and diluted earnings per share	5			7.81p			(44.71p)			19.61p

The column headed 'Total' represents the income statement for the relevant period and the columns headed 'Revenue' and 'Capital' are supplementary information.

Consolidated Balance Sheet

	Notes	As at 31 July 2010 (unaudited) £'000s	As at 30 June 2009 (unaudited) £'000s	As at 31 December 2009 £'000s
Non-current assets				
Investments held at fair value				
– Unquoted investments		**266,524**	175,776	228,464
– Quoted investments		**2,672**	4,201	2,757
		269,196	179,977	231,221
Current assets				
Trade and other receivables		**1,465**	1,632	690
Cash and cash equivalents		**79,244**	114,050	113,970
		80,709	115,682	114,660
Current liabilities				
Trade and other payables		**1,252**	1,451	1,284
Net current assets		**79,457**	114,231	113,376
Net assets		**348,653**	294,208	344,597
Capital and reserves				
Called up share capital	6	**7,292**	7,292	7,292
Capital redemption reserve	6	**2,112**	2,112	2,112
Share premium	6	**12,936**	12,936	12,936
Capital reserve	6	**309,605**	257,555	304,448
Revenue reserve	6	**10,475**	11,570	11,576
Equity attributable to equity holders	6	**342,420**	291,465	338,364
Non-controlling interests	6	**6,233**	2,743	6,233
		348,653	294,208	344,597
Net asset value per share (basic and diluted)		**469.6p**	399.7p	464.1p

Consolidated Cash Flow Statement

	Period from 1 January to 31 July 2010 (unaudited) £'000s	Half year to 30 June 2009 (unaudited) £'000s	Year to 31 December 2009 £'000s
Operating activities			
Sale of portfolio investments	**6,652**	520	13,074
Purchase of portfolio investments	**(37,588)**	(11,422)	(23,950)
Cash placed in escrow pending investment	**–**	(1,526)	–
Income received from investments	**1,213**	225	842
Other income received	**221**	1,066	1,137
Investment management charges paid	**(2,048)**	(1,889)	(4,398)
VAT reclaimed on investment management charges	**–**	2,352	2,271
Other expenses paid	**(785)**	(479)	(756)
Taxation paid	**(58)**	(726)	(789)
Net cash inflow from operating activities	**(32,393)**	(11,879)	(12,569)
Financing activities			
Investments by non-controlling interests	**58**	–	–
Equity dividends paid	**(1,641)**	(3,281)	(3,281)
Net cash outflow from financing activities	**(1,583)**	(3,281)	(3,281)
Net decrease in cash and cash equivalents	**(33,976)**	(15,160)	(15,850)
Cash and cash equivalents at beginning of period	**113,970**	138,963	138,963
Net decrease in cash and cash equivalents	**(33,976)**	(15,160)	(15,850)
Effect of changes in foreign exchange rates	**(750)**	(9,753)	(9,143)
Cash and cash equivalents at end of period	**79,244**	114,050	113,970

Consolidated Statement of Changes in Equity

	Notes	Period from 1 January to 31 July 2010 (unaudited) £'000s	Half year to 30 June 2009 (unaudited) £'000s	Year to 31 December 2009 £'000s
Total equity at beginning of period		**344,597**	331,739	331,739
Profit/(loss) attributable to equity holders		**5,697**	(32,599)	14,300
Profit/(loss) attributable to non-controlling interests		**74**	(1,651)	1,911
Total profit/(loss) for the period and total recognised income and expense		**5,771**	(34,250)	16,211
Dividends paid to equity holders	4	**(1,641)**	(3,281)	(3,281)
Net distribution to non-controlling interests		**(74)**	–	(72)
Total equity at end of period		**348,653**	294,208	344,597

Further analysis of the above movements is presented in note 6.

Notes to the Interim Report

1 GENERAL INFORMATION

Graphite Enterprise Trust PLC (the "Company") and its subsidiaries (together "Graphite Enterprise" or the "Group") are registered in England and domiciled in England. The registered office is 4th Floor, Berkeley Square House, Berkeley Square, London W1J 6BQ. The Company's objective is to provide shareholders with long term capital growth through investment in unquoted companies, mostly through specialist funds but also directly. This report has been prepared for the seven month period ended 31 July 2010. This reflects the change in the Company's accounting reference date to 31 January 2011. The Company will prepare its next statutory financial statements for the 13 month period ended 31 January 2011 and will revert thereafter to a six month reporting cycle. This interim report was approved for issue by the Board of Directors on 23 September 2010.

2 UNAUDITED INTERIM REPORT

This financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 were approved by the Board of Directors on 31 March 2010 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements made under section 498 of the Companies Act 2006.

This interim report has neither been reviewed, nor audited.

3 BASIS OF PREPARATION

This interim report for the seven months ended 31 July 2010 has been prepared in accordance with IAS34, 'Interim financial reporting' as adopted by the European Union, except for the requirement to prepare comparative information as at 31 July 2009. This financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Company has considerable financial resources and as a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this financial report.

4 DIVIDENDS

Dividends paid or approved in the period	**Period from 1 January to 31 July 2010 £'000s**	Half year to 30 June 2009 £'000s	Year to 31 December 2009 £'000s
The period from 1 January to 31 July 2010: 2.25p per share (half year to 30 June 2009 and year to 31 December 2009: 4.5p per share)	**1,641**	3,281	3,281

5 EARNINGS PER SHARE

	Period from 1 January to 31 July 2010	Half year to 30 June 2009	Year to 31 December 2009
Revenue return per ordinary share	**0.74p**	(0.12p)	(0.11p)
Capital return per ordinary share	**7.07p**	(44.59p)	19.72p
Earnings per ordinary share (basic and diluted)	**7.81p**	(44.71p)	19.61p
Weighted average number of shares	**72,913,000**	72,913,000	72,913,000

The earnings per share figures are based on the weighted average numbers of shares set out above.

6 CHANGES IN EQUITY

	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
Period from 1 January to 31 July 2010								
Opening balance at 1 January 2010	7,292	2,112	12,936	304,448	11,576	338,364	6,233	344,597
Profit for the period attributable to recognised income and expense	–	–	–	5,157	540	5,697	74	5,771
Dividends paid or approved	–	–	–	–	(1,641)	(1,641)	–	(1,641)
Net distribution to non-controlling interests	–	–	–	–	–	–	(74)	(74)
Closing balance	7,292	2,112	12,936	309,605	10,475	342,420	6,233	348,653

	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
Half year to 30 June 2009								
Opening balance at 1 January 2009	7,292	2,112	12,936	290,066	14,939	327,345	4,394	331,739
Loss for the period attributable to recognised income and expense	–	–	–	(32,511)	(88)	(32,599)	(1,651)	(34,250)
Dividends paid or approved	–	–	–	–	(3,281)	(3,281)	–	(3,281)
Net distribution to non-controlling interests	–	–	–	–	–	–	–	–
Closing balance	7,292	2,112	12,936	257,555	11,570	291,465	2,743	294,208

Notes to the Interim Report (continued)

6 CHANGES IN EQUITY (continued)

	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
Year ended 31 December 2009								
Opening balance at 1 January 2009	7,292	2,112	12,936	290,066	14,939	327,345	4,394	331,739
Profit/(loss) for the period attributable to recognised income and expense	–	–	–	14,382	(82)	14,300	1,911	16,211
Dividends paid or approved	–	–	–	–	(3,281)	(3,281)	–	(3,281)
Net distribution to non-controlling interests	–	–	–	–	–	–	(72)	(72)
Closing balance	7,292	2,112	12,936	304,448	11,576	338,364	6,233	344,597

7 RELATED PARTY TRANSACTIONS

INVESTMENT MANAGEMENT CHARGES

The investment management charges set out in the table below were payable to the Manager, Graphite Capital Management LLP, in the period. The Manager is a related party.

	Period from 1 January to 31 July 2010 £'000s	Half year to 30 June 2009 £'000s	Year to 31 December 2009 £'000s
Investment management fee	**2,246**	1,754	3,489
Irrecoverable VAT	**(28)**	–	81
VAT reclaim accrued	**(726)**	(21)	(21)
	1,492	1,733	3,549

The allocation of the total investment management charges was unchanged in 2010 with 75% of the total allocated to capital and 25% allocated to income.

The management fee charged by the Manager is 1.5% of the value of invested assets and 0.5% of outstanding commitments, in both cases excluding funds managed by Graphite Capital. The amounts payable during the period are set out above. There were no unpaid invoices as at 31 July 2010. The Company has borne management charges in respect of its investments in funds managed by Graphite Capital as set out below:

	Period from 1 January to 31 July 2010 £'000s	Half year to 30 June 2009 £'000s	Year to 31 December 2009 £'000s
Graphite Capital Partners V	**–**	43	–
Graphite Capital Partners VI	**283**	222	438
Graphite Capital Partners VII	**470**	397	795
	753	662	1,233

7 RELATED PARTY TRANSACTIONS (continued)

OTHER RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group.

Significant transactions between the parent company and its subsidiaries are shown below:

Subsidiary	Nature of transaction	**Period from 1 January to 31 July 2010 £'000s**	Half year to 30 June 2009 £'000s	Year to 31 December 2009 £'000s
Graphite Enterprise Trust LP	Increase/(decrease) in loan balance	**919**	(10,100)	(11,385)
	Income allocated	**196**	49	335
Graphite Enterprise Trust (2) LP	Increase/(decrease) in loan balance	**4,526**	(558)	226
	Income allocated	**2**	2	10

Significant balances outstanding between the parent company and its subsidiaries are shown below:

	Amounts owed by subsidiaries			Amounts owed to subsidiaries		
Subsidiary	**Period from 1 January to 31 July 2010 £'000s**	Half year to 30 June 2009 £'000s	Year to 31 December 2009 £'000s	**Period from 1 January to 31 July 2010 £'000s**	Half year to 30 June 2009 £'000s	Year to 31 December 2009 £'000s
Graphite Enterprise Trust LP	**3,579**	3,945	2,660	–	–	–
Graphite Enterprise Trust (2) LP	**8,601**	3,292	4,075	–	–	–

Statement of Directors' Responsibilities

The directors confirm that this interim financial report has been prepared in accordance with IAS34 as adopted by the European Union with the exception of the omission of comparative information as disclosed in note 3 and that the interim management report includes a fair review of the following information:

- an indication of important events that have occurred during the first seven months of the year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the accounting period; and
- material related-party transactions in the first seven months and any changes in the related-party transactions described in the last annual report that have materially affected or could have a material effect on the financial position or performance of the Group.

By order of the Board

M Fane
Chairman
23 September 2010

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GRAPHITE CAPITAL