GraphiteCapital

Graphite Enterprise Trust PLC

Investing in
long term growth

Report and Accounts
31 January 2015

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Highlights of the Year

Overview

Graphite Enterprise made further progress in the year to January 2015, with the net asset value per share, including the dividend, rising by 5%. The portfolio continued to perform well and the net asset value growth would have been higher if the fall in the euro had not reduced the value of our euro-denominated investments.

Both realisations and new investments increased materially over the previous year, with the portfolio generating £142 million of cash of which £125 million was re-invested. As a result cash is higher than anticipated and we are considering a programme of share buy-backs to help reduce the balance.

Our flexible strategy, our investment discipline and the strong underlying performance of the portfolio position Graphite Enterprise well for future growth.

Mark Fane
Chairman

+5.0%

Net asset value per share
The NAV per share increased to 695p, and has outperformed the FTSE All-Share index over the medium and long term. Net assets were £507m.

+4.6%

Share price
The share price increased to 575p in the year and has more than doubled over 5 years, materially outperforming the FTSE All-Share Index over that period.

+12.3%

Underlying value of the portfolio in local currencies
The portfolio grew strongly, driven by underlying earnings growth and realisations.

15.5p

Dividend maintained
The total dividend will remain at the record level of 15.5p. The final dividend will be increased by 33% to 10.0p with the balance payable as a special dividend**.

£142m

Realisation proceeds*
Proceeds were 20% higher than the prior year with 33% of the opening portfolio being realised.

£125m

Investment in the portfolio
This represented a very significant increase of 38% over the prior year.

* Excluding secondary sales of fund interests.
** Subject to approval by shareholders.

Financial summary

	31 January 2015	31 January 2014	Total return
Net asset value per share	695.2p	677.2p	+5.0%
Share price	575.0p	563.5p	+4.6%
Final dividend per share	10.0p	7.5p	+33.3%
FTSE All-Share Index	3,622	3,497	+7.1%

About Graphite Enterprise

Since inception, the Company has generated a return of over 28 times the amount subscribed

Graphite Enterprise ("the Company") aims to provide shareholders with long term capital growth through investment in unquoted companies. To achieve this, the Company invests in private equity funds and also directly in private companies.

The Company was listed in 1981 and has invested exclusively in private equity and been managed by Graphite Capital throughout its life.

Graphite Enterprise provides access to a diverse portfolio of buy-outs of mature, profitable companies in established European private equity markets.

The Company invests in UK mid-market companies through funds managed directly by Graphite Capital. Typically these will make up 20-25% of the portfolio. Investments in other UK companies and in overseas markets are made through funds managed by third parties. The Company does not invest in third party funds that invest in start ups or early stage businesses. Direct investments in companies may be made alongside both Graphite Capital and third party funds.

The Board has a conservative approach to portfolio and balance sheet management. As a result the Company has a strong performance record over its 34 year history.

Graphite Capital's direct investing experience is a significant advantage in assessing primary, co-investment and secondary opportunities

Experienced and cohesive team

Graphite Capital is a long-established and well known UK mid-market buy-out firm. The senior team has worked together for 18 years and has an average of over 21 years of experience in private equity.

In addition to direct buy-out investments, Graphite Capital has been making third party fund investments for more than two decades. Unusually, the team that manages the third party fund portfolio also has extensive direct investing experience, which places them in an ideal position to judge other private equity managers. The insight and market knowledge of Graphite Capital's direct investment team is also a significant advantage in assessing co-investment and secondary opportunities.

Distinctive approach where quality of the manager is key

Graphite Capital's approach to fund investing is rigorous and analytical. The choice of funds in which to invest is driven primarily by the quality of the manager. Factors such as coverage of specific geographic areas or sectors of the economy are given less emphasis.

The main focus in determining whether to invest with a third party fund manager is whether its current team can produce strong, repeatable investment returns. Graphite Capital's direct investment experience helps it to appraise the companies in which a manager has invested, which we believe is key to evaluating performance.

Balanced between diversification and concentration

The Company aims to provide exposure to a portfolio which is diversified but where the success of the larger investments can have a noticeable impact on overall performance. The Company is invested in a portfolio of more than 350 underlying companies managed by 33 private equity firms. The largest 30 companies account for over 45% of the value.

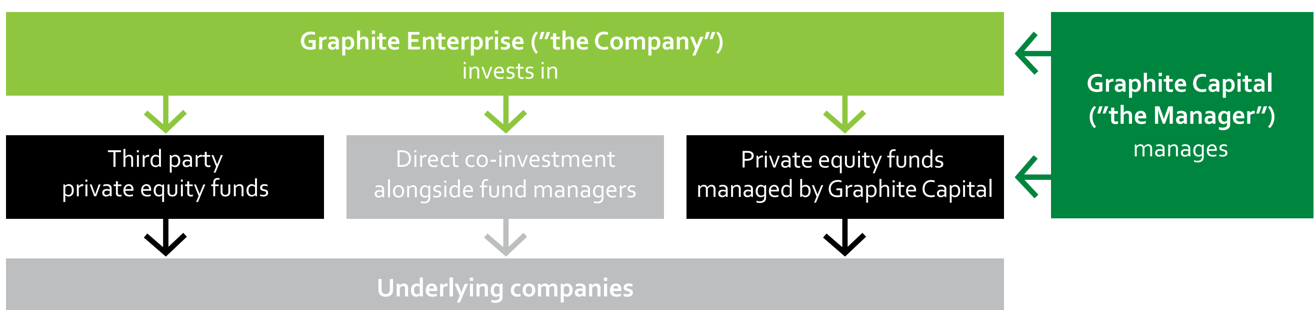
Access to the private equity asset class for the price of a share

Investors can gain exposure to this diversified private equity portfolio for the price of a share. As the shares are listed, there is daily liquidity and the value of the shares is known at any point in time.

For these reasons, purchasing shares in the Company may be an attractive way to gain access to the private equity asset class for many types of investor, and particularly for private shareholders and small institutions.

About Graphite Enterprise

Fig: 1.1



Chairman's Statement

Over three, five and ten years, the share price has comfortably outperformed the FTSE All-Share Index

Summary

Graphite Enterprise made further progress in the year to 31 January 2015. The portfolio performed well once more, advancing by more than 12% in local currencies, with the net asset value per share rising by 5.0% including the dividend. The impact of the portfolio growth on the net asset value would have been greater if the fall in the value of the euro had not reduced the sterling value of our euro-denominated investments. The net asset value per share has nonetheless risen in each of the last five years and over that period has increased by well over 50%.

The share price, inclusive of the dividend, rose by marginally less than the net asset value, increasing by 4.6% in the year and closing at 575p. Reflecting this small differential, the discount to the net asset value per share widened slightly from 16.8% to 17.3%. The rise in the share price compares with a rise of 7.1% in the FTSE All-Share Index over the same period. Over three, five and ten years, the share price has comfortably outperformed the Index.

The portfolio has been performing consistently well for many years. This was the sixth consecutive year in which it has increased strongly in local currencies, with the underlying rate of growth averaging almost 17% annually over this period. As a result of the fall in the euro against sterling, the 12.3% rise in local currencies in the year converted into growth in the portfolio of 8.4% in sterling. The effect of holding relatively high levels of cash and of management costs and expenses limited the overall increase in the net asset value to 5.0%.

At 31 January, total assets had risen to £517 million of which 84% was invested in the portfolio and the balance held in cash. The value of the portfolio remained virtually unchanged at £432 million, with very high levels of realisations balanced by high levels of investment and the growth in value of the assets. Cash balances rose by £22 million in the year to £90 million and we also have undrawn bank facilities of £96 million. As liquidity is now more than sufficient, we are considering a programme of share buy-backs to reduce the cash balance over the next twelve months.

Note:
Throughout the report, all performance figures are stated on a total return basis (i.e. including the effect of re-invested dividends).

Economic and market environment

The Company's investment programme continues to be focused on the more mature private equity markets in Western Europe. At the year end, the largest exposures were to the UK, which accounted for 50% of the portfolio and to continental Europe which accounted for 37%. Over three-quarters of our continental European exposure was to France, Germany, Benelux and Scandinavia.

The UK's economic performance was relatively strong in 2014, with the recovery expected to continue over the next two to three years. The UK is the largest and most developed of the European private equity markets and, although always highly competitive, has continued to perform well, with the environment for realisations remaining highly favourable.

The performance of the major continental European economies has remained weak with the major economies growing at half the rate of the UK, at best. Although the programme of quantitative easing announced in January may increase activity levels in the longer term, in the short term it has contributed to the sharp fall in the sterling value of our euro-denominated portfolio. The timing of a sustained recovery is still uncertain, with aggregate growth expected to remain subdued for some time.

High quality private equity managers should be able to generate returns throughout the economic cycle. As commitments to funds are typically drawn down over three to five years, managers are able to adjust their rate of investment to the underlying conditions in the markets in which they operate. For this reason it is particularly important that the selection of fund investments is based on the quality of the manager rather than on the macro-economic environment in which they operate. The performance of the investment portfolio in recent years, both in the UK and in continental Europe, has demonstrated the ability of the managers we have backed to identify attractive opportunities even when the economic background has been less than favourable.

Performance

Overview

The investment portfolio continued to perform well, increasing in value by 12.3% in the year in local currencies. As discussed earlier, adverse currency movements limited the increase in the sterling value of the portfolio to 8.4%. As 40% of our opening portfolio was in continental Europe, the 8.4% fall in the value of the euro against sterling had the greatest impact during the year. Partially offsetting this, 14% of the opening portfolio was in North America, which benefited from the US dollar rising by 9.4% against sterling.

As the investment portfolio accounted for just over 85% of net assets at the start of the year, the rise in the portfolio increased the net asset value by 7.2%. After deducting the costs of running the Company, the net asset value per share increased by 5.0%. Payment of last year's dividend accounted for slightly under half of this increase, with the result that the net asset value at the end of the year was 2.7% higher.

Portfolio

Valuation uplifts achieved on realisation activity accounted for 56% of the growth in the portfolio, which is consistent with our experience over recent years. Full realisations continue to be achieved at levels well above their most recent carrying values, with the uplift averaging 35% in the year.

Increases in the valuations of the unrealised portfolio accounted for the remaining growth. This was principally driven by continued earnings growth, although valuation multiples also increased slightly.

As the largest 30 underlying companies accounted for 47% of the portfolio at 31 January, their performance will have a substantial impact on that of the Company. These investments performed strongly, with EBITDA[1] growing on average by 8% in the 12 months to December 2014, and were valued at an average of 9.0 times EBITDA. By comparison, the FTSE 250 increased aggregate EBITDA by just 2% in the same period and was valued at an average of 10.6 times EBITDA.

A more detailed analysis of the performance of the investment portfolio is given in the Manager's Review.

1 EBITDA is earnings before interest, tax, depreciation and amortisation.

Chairman's Statement
(continued)

Ten year performance+
Fig: 1.2

+All amounts rebased to 100 at 31 December 2004. Performance to 31 January 2015.
^Year end changed from 31 December to 31 January.

Long term performance[1]
We have always measured performance against the benchmark of the FTSE All-Share Index as we believe that this is the most relevant index for most of our shareholders, over 50% of whom are private individuals. While short term relative performance will always be influenced by the timing of realisations in our portfolio and by fluctuations in exchange rates and in the stock market, we aim to outperform this index over the medium to long term.

Over three, five and ten years the share price has materially outperformed the Index, while the net asset value has outperformed over five years and materially outperformed over ten years. The relative performance over three years reflects the volatility of the Index in 2011, just prior to the start of the three year period, when the Index fell while the Company's net asset value continued to rise steadily.

The Company's performance against the listed private equity sector continues to be strong. The net asset value total return has outperformed the peer group average over three, five and ten years and the share price has outperformed the average over three and ten.

1 As the Company changed its year end in 2010, the five and ten year figures are for the 61 and 121 month periods to 31 January 2015.

Years to 31 January 2015	3	5	10
Net asset value per share	+26.9%	+57.0%	+141.5%
Share price	+69.0%	+100.5%	+136.5%
FTSE All-Share Index	+37.2%	+55.7%	+113.1%
Peer group* average net asset value per share growth	+24.2%	+51.9%	+126.7%

*The peer group comprises: Aberdeen Private Equity, F&C Private Equity, HarbourVest Global Private Equity, JPMorgan Private Equity, Pantheon International Participations, Princess Private Equity, Private Equity Holding, Standard Life European Private Equity (funds-of-funds); 3i, Better Capital 2009 and 2012, Candover Investments, Dunedin Enterprise, Electra Private Equity, HgCapital Trust, NB Private Equity Partners, SVG Capital (direct funds).

Balance sheet, cash flows and commitments

As discussed earlier, cash balances increased by £22 million in the year, closing at £90 million. However the level of cash would have been virtually unchanged had three fund interests not been sold in the secondary market.

Both realisations and new investment continued at historically high levels. Realisations[2] rose by 20% to £142 million, equivalent to 33% of the value of the opening portfolio, while new investment increased at a greater rate, rising by 38% to £125 million. The closing cash balance was higher than we had anticipated, reflecting this continued high level of realisations.

The strong growth in new investment was principally achieved through greater discretionary investment, although drawdowns by funds also increased, reflecting the high level of commitments made last year and a faster pace of investment. The Company has been steadily increasing the rate of discretionary investment, in the form of co-investments and secondary purchases of fund interests, and for the first time these accounted for more than 40% of the total invested. The Manager's Review gives further details.

2 The figures for realisations exclude the impact of sales of fund interests in the secondary market.

Over the last three years, realisations have been at particularly high levels, with almost 90% of the opening portfolio converting into cash. The total proceeds over this period of £335 million compare with £127 million received over the previous three years.

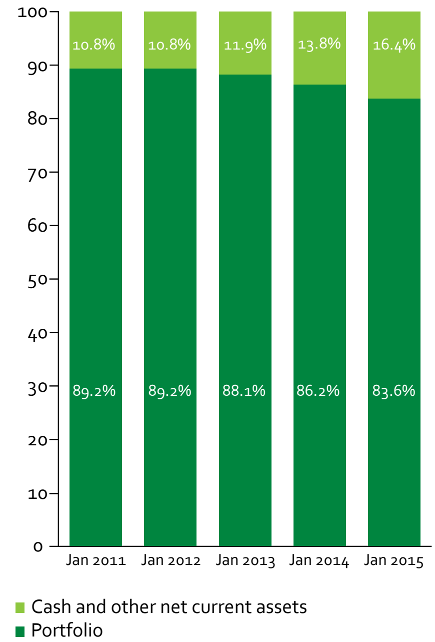
In the medium term we are able to adjust the rate of new investment to take account of a sharp increase in the rate of realisations. It is more difficult to do so in the short term, primarily because new commitments to funds are drawn down over a number of years. Secondary purchases and co-investments are therefore important tools in managing cash in the short term, but must be used selectively if the quality of the portfolio is to be maintained.

In response to the higher level of realisations, we have substantially increased the rate of new investment, with £270 million invested in the last three years, compared with £190 million over the previous three. Discretionary investment accounted for £99 million of this, which was double the level of the previous three years.

After the very high level of the previous year, the level of new commitments made was relatively low. This was primarily because few of our preferred managers were raising funds. As this was combined with the substantial increase in drawdowns discussed earlier, the level of outstanding commitments to funds fell by 16% in the year, closing at £234 million. We estimate that approximately £70-£90 million of these commitments will be drawn down over the next twelve months.

Balance sheet

Fig: 1.3



Chairman's Statement
(continued)

The Board recommends a final dividend of 10.0p, an increase of 33%, and a special dividend of 5.5p

The Company's sterling and euro bank facilities were put in place in 2011 and the first tranche of £58 million had been due to expire in April 2015. We recently took advantage of favourable conditions in credit markets to extend this tranche for a further four years on improved terms. The remaining £38 million currently expires in 2017.

The cash balance is now £89 million and when this is added to the undrawn bank facility we have more than £180 million of liquidity. This would be sufficient to meet commitments for two to three years, even if we were to receive no further realisation proceeds. As realisations are likely to remain strong, we are considering share buy-backs to reduce the cash balance over the next twelve months, as discussed further in the Outlook section below.

Revenue return and dividend

As discussed in previous reports, most of our income is recognised when underlying portfolio companies are sold and the accumulated interest on our yield-bearing instruments is received. It is not easy to predict either the timing of realisations or the amount of income which will be included in these realisations. To illustrate the second point, despite realisation proceeds in the year to January 2015 being 20% higher than in the previous year, net revenue was more than 30% lower at £9.4 million or 13.0p per share.

The exceptionally high level of income generated by the portfolio in the previous year allowed us to pay a record dividend of 15.5p, of which 7.5p was declared as a final dividend and 8.0p as a special dividend.

Despite the fall in net revenues, the Board is recommending that the total dividend should be maintained at 15.5p per share, and that this should again be split between final and special payments. The total would represent a distribution to shareholders of £11.3 million. As this slightly exceeds the net revenue for the year, £1.9 million or 2.5p per share of this will be funded from the brought forward revenue reserve. After this payment, we will continue to have substantial revenue reserves of £9.7 million or 13.3p per share.

In determining the final dividend, we believe that it should be set at a level likely to be covered by net revenues over the short to medium term. After reviewing the level of income likely to be generated by the portfolio over the next few years, we are recommending that the final dividend should be increased by 33% to 10.0p. The balance of 5.5p would be paid as a special dividend. Provided net revenues do not fall substantially and no significant balance sheet risk is involved, we would aim to maintain a similar level of final dividend in the future.

The proposed total dividend represents a yield of 2.7% on the share price at 31 January. If approved by shareholders, both the final and special dividends will be paid on 18 June 2015.

Almost half the portfolio is in investments made between 2009 and 2013 and these are likely to be the main driver of growth over the next few years

Outlook

We have been pleased with the underlying performance of the portfolio in recent years. Against a challenging economic background it has increased in value at an average rate of 13.1% in local currencies over the last four years. Growth in the last two years has been in line with the four year average, but a combination of adverse currency movements and relatively high levels of cash have reduced the impact on the net asset value by an average of 4.5%.

After three years of very high realisations, our cash balance is higher than we anticipated. To address this we have made increased commitments to new funds and have directed significant resources to making co-investments and secondary purchases of fund interests. However, with substantial equity and debt capital available for private equity investment, particularly for secondaries, competition is high and pricing is increasing. In this environment, we believe that it is important to maintain discipline and to invest only if pricing reflects the quality of the opportunity.

We currently have cash balances of £89 million and bank facilities of a further £94 million. Although the facilities are required to cover undrawn commitments, cash is higher than we would like. With realisations expected to continue at high levels, the proceeds are likely to be sufficient to finance our investment programme over the next twelve months. As a result, in the absence of a substantial increase in discretionary investment, cash balances may remain high.

We may therefore use share buy-backs as a means of reducing the cash balance over that period. In 2007/8, when we believed the market to be over-heated, we completed approximately £40 million of share buy-backs in order to reduce cash. Although market conditions are different in many ways, we are currently considering a programme of a similar size.

Two thirds of the portfolio is now in investments made since the financial crisis. While the most recent investments are unlikely to contribute to performance in the short term, almost half the portfolio is in companies acquired from 2009 and 2013. These are likely to be the main driver of growth over the next few years and it is encouraging that they are performing well. If the current favourable conditions persist, we would expect many of these investments to be realised in the next three years. As realisations continue to be achieved at substantial premiums to the previous holding values, we would expect the uplifts on these exits to be an important driver of future performance.

Mark Fane
24 April 2015

Strategic Report

Business model
Graphite Enterprise aims to provide shareholders with long term capital growth through investment in unquoted companies. To achieve this, the Company invests in private equity funds and also directly in private companies. The Company invests in UK mid-market companies through funds managed directly by Graphite Capital. Typically these will make up 20-25% of the portfolio. Investments in overseas markets and in other UK companies are made through funds managed by third parties. The Company does not invest in third party funds that invest in start ups or early stage businesses. Direct investments in companies may be made alongside both Graphite Capital and third party funds.

Further details of the Company's business model and strategy are set out in About Graphite Enterprise on pages 2 and 3.

Performance and outlook
Graphite Enterprise made further progress in the year to 31 January 2015. The portfolio performed well once more, advancing by more than 12% in local currencies, with the net asset value per share rising by 5.0% including the dividend. The impact of the portfolio growth on the net asset value would have been greater if the fall in the value of the euro had not reduced the sterling value of our euro-denominated investments. The net asset value per share has nonetheless risen in each of the last five years and over that period has increased by well over 50%.

The share price, inclusive of the dividend, rose by marginally less than the net asset value, increasing by 4.6% in the year and closing at 575p. Reflecting this small differential, the discount to the net asset value per share widened slightly from 16.8% to 17.3%. The rise in the share price compares with a rise of 7.1% in the FTSE All-Share Index over the same period. Over three, five and ten years, the share price has comfortably outperformed the Index.

After three years of very high realisations, our cash balance is higher than we anticipated. We may therefore use share buy-backs as a means of reducing the cash balance over that period. In 2007/8, when we believed the market to be over-heated, we completed approximately £40 million of share buy-backs in order to reduce cash. Although market conditions are different in many ways, we are currently considering a programme of a similar size.

Two thirds of the portfolio is now in investments made since the financial crisis. While the most recent investments are unlikely to contribute to performance in the short term, almost half the portfolio is in companies acquired from 2009 and 2013. These are likely to be the main driver of growth over the next few years and it is encouraging that they are performing well. If the current favourable conditions persist, we would expect many of these investments to be realised in the next three years. As realisations continue to be achieved at substantial premiums to the previous holding values, we would expect the uplifts on these exits to be an important driver of future performance.

Further details regarding the performance of the Company and its outlook are discussed in the Chairman's Statement on pages 4 to 9 and in the Manager's Review on pages 15 to 25.

The key performance indicators used by the Board and Manager are the net asset value per share returns over the short and long term. These are detailed on pages 1 and 6.

Risk management
The risks and uncertainties facing the Company are regularly reviewed by the Board, the Audit Committee and the Manager. The Board believes that the Company's principal business risks are:

Overcommitment risk
The Company has commitments to funds which may exceed its liquid resources. There is a risk that the Company may not be able to fulfil its commitments when they are drawn down ("overcommitment risk").

The Company is conservative in its approach to overcommitment. The Company uses a range of forecast scenarios to determine the likely rate of drawdowns and the likely rate at which realisations will generate cash from the portfolio. The Manager monitors the Company's liquidity on a frequent basis and provides regular updates to the Board. If necessary the Company can reduce the level of secondary purchases and co-investments, which are discretionary, to preserve liquidity to fund its commitments. The Company also has access to committed stand-by bank facilities totalling £94 million.

Investment risks
The Company's strategy is to invest in established European private equity markets, both through private equity funds and directly. This gives rise to the following risks:

- The Company's underlying investments are exposed to the UK and other European economies. The Company is not globally diversified and its performance could therefore be severely affected by a prolonged economic downturn in the major European economies. The Company seeks to mitigate the risk of underperformance through effective investment allocation and the

selection of high quality managers with strong track records.

- The main foreign currency exposure is to the euro. The net asset value and the level of commitments could rise or fall due to currency movements. The Board regularly reviews the Company's exposure to currency risk and considers possible hedging strategies. At present the Company does not hedge its currency exposures.
- Private equity transactions are to some extent dependent on the availability of debt financing. If the funds in which the Company invests find it hard to obtain debt financing, the Company's performance may suffer. The Company seeks to mitigate this risk through effective investment allocation and the selection of high quality managers with strong track records, who are more likely to be able to access debt financing even in adverse economic conditions.

Investment trust status

The Company operates as an investment trust in accordance with Sections 1158 and 1159 of the Corporation Tax Act 2010. This status exempts the Company from corporation tax on capital gains realised from the sale of its investments.

HM Revenue & Customs has accepted the Company as an investment trust for the accounting period to 31 January 2014. The Company will retain its investment trust status with effect from 1 February 2014 provided it continues to satisfy the conditions of Section 1158 of the Corporation Tax Act 2010.

The Company has directed its affairs with the objective of retaining such approval. However the loss of investment trust status would significantly impact the Company. The Manager monitors adherence to the conditions required to maintain this status. The Manager also uses forecasts to identify risks of breaches in future periods. The results are reported to the Board at each meeting.

Operational risk

All of the Company's management functions are delegated to the Manager. Therefore the Company is exposed to operational risks at the Manager. The Audit Committee formally assesses the internal controls of the Manager every year. The assessment in respect of the current year is discussed in the Report of the Audit Committee on page 95.

Corporate social responsibility

In carrying out its activities and in relationships with suppliers and the community, the Company aims to conduct itself responsibly, ethically and fairly.

Stewardship

The Company seeks to make investments in funds and companies which are well managed with high standards of corporate governance. The directors believe this creates the proper conditions to enhance long term shareholder value. The exercise of voting rights attached to the Company's portfolio has been delegated to the Manager. However, the Board will be informed of any sensitive voting issues involving the Company's investments.

Board diversity

There are currently two female and four male directors on the Board. As discussed in the Report of the Directors on page 88, the Board's tenure and succession policy seeks to ensure that the Board is well balanced by the appointment of directors with a range of skills and experience. The Company has no other employees.

The Strategic Report was approved by the Board of Directors on 24 April 2015 and signed on its behalf by:

Mark Fane
24 April 2015

Case Study: Education Personnel

In May 2014, Graphite Capital sold Education Personnel for £300 million to its management in a buy-out backed by Intermediate Capital Group

5.8x

Multiple of original cost of investment achieved on disposal

Education Personnel ("EP") is the largest provider of supply teachers and educational support staff to schools in England and Wales.

Graphite Capital originally backed the management buy-out of Teaching Personnel in 2010. In a fragmented sector, Graphite Capital, together with the management team, saw the opportunity to develop the business both through organic growth and by acquisition. The following year the business was merged with Protocol Education to form Education Personnel. The two businesses were highly complementary with little overlap between the branch networks. The combination created the clear leader in the teaching supply sector and generated approximately 100 additional jobs at the company after the merger.

The success of the group reflects the range of staffing services it offers to schools, the high quality of service it provides and its access to the best candidates. In the face of increasingly stringent regulations and vetting requirements, and with reduced support from local education authorities, more schools are turning to external providers such as EP. Growth prospects are underpinned by the government's drive to improve education standards, combined with rising pupil numbers.

The disposal of EP generated proceeds of £15 million for Graphite Enterprise. As EP has strong growth prospects, and Intermediate Capital Group is a manager with which Graphite Enterprise has successfully invested for many years, we decided to re-invest two-thirds of our proceeds into the business.

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Case Study: London Square

In July 2014, Graphite Capital sold London Square to Ares Management, generating proceeds of £9.8 million for Graphite Enterprise

2.0x

Multiple of original cost of investment achieved on disposal

In April 2010, Graphite Capital Partners VII committed £50 million of equity to support the development of London Square, a new London-focused house builder.

London Square was established to develop residential housing within Greater London. The company acquires land, obtains planning permission for development, builds and then sells completed housing units.

As the business was formed at the height of the recession, it was well placed to exploit unique opportunities available in London. The company quickly established itself as a high-quality house builder with an exceptional management team and a strong brand.

Under Graphite Capital's ownership, London Square completed and sold three developments which consisted of 116 units and generated £84 million of cash proceeds. The company commenced developments on a further six sites with over 230 units and created a land bank of future developments with over 850 units, which together were expected to generate over £900 million of sales proceeds.

In July 2014, Graphite Capital sold London Square to Ares Management for an equity value of £110 million, generating proceeds of £9.8 million for Graphite Enterprise which resulted in a multiple of 2.0 times cost and an IRR in excess of 20%.

Portfolio Review

The value of the portfolio increased by 12.3% in local currencies

Portfolio performance overview
The portfolio performed well in the year to 31 January 2015, rising in value by 12.3% in local currencies. After adjusting for the impact of foreign currency movements on the value of our overseas investments, the sterling value of the portfolio rose by 8.4%.

Movement in the portfolio	£m
Opening portfolio	433.3
Additions	125.4
Realisation proceeds	(142.2)
Secondary sales of fund interests	(21.1)
Net cash inflow	(37.9)
Gains on realisations	29.8
Unrealised valuation gains*	23.7
Total underlying valuation gains	53.5
Currency	(17.0)
Closing portfolio	**431.9**

* In these accounts 92% of the portfolio is valued using 31 December 2014 valuations.

At the end of the year the portfolio was valued at £431.9 million. This was £1.4 million lower than at the start as valuation gains of £53.5 million were more than offset by net realisations of £37.9 million and adverse currency movements of £17.0 million.

Gains generated by realisations and IPOs accounted for 56% of the underlying valuation increase. Unrealised valuation gains were primarily driven by earnings growth but there was also a slight increase in valuation multiples.

Realisations
The portfolio generated cash of £142.2 million (excluding secondary sales) which is 20% higher than in the previous year. Proceeds were equivalent to 33% of the opening value of the portfolio which is the highest conversion rate since 2007.

Proceeds from full realisations increased by 25% to £98.4 million while partial realisations increased by 10% to £43.8 million.

Full realisations
Investments in 39 portfolio companies were fully realised in the year, compared with 33 in the previous year. These accounted for two thirds of total proceeds and were achieved at average uplifts of 35%. It is reassuring that full realisations continue to be completed at substantial uplifts to their previous holding values and that the average return has remained strong at 2.1 times the original cost.

The vintage year in which realised investments were made was evenly spread, with investments made before and after the financial crisis each generating around half of the proceeds from full realisations. However, the uplifts on the latter were almost twice as high as those on pre-crisis investments. It is encouraging to see more recent investments starting to generate strong returns.

Portfolio Review
(continued)

The portfolio generated cash of £142.2 million which was 20% more than the previous year

The largest realised gains were generated by Graphite Capital Partners VII's disposals of Education Personnel, a provider of supply teachers and support staff to schools, and London Square, a London based housebuilder. These generated proceeds of £14.9 million and £9.8 million respectively. As Education Personnel was acquired by Intermediate Capital Group, a manager we have successfully invested with for many years, we re-invested part of the proceeds in their transaction. The largest cash inflow was the £15.4 million generated by Euromezzanine Fund 5's sale of CEVA, the leading animal health specialist.

CEVA, Education Personnel and London Square were all sold in the first half of the year. The number of realisations completed in the second half was almost 50% higher than in the first but they were on average much smaller. The two largest cash inflows in the second half were of £6.6 million from Doughty Hanson's sale of Quiron, the Spanish hospital operator; and of £4.2 million from Cinven's sale of Sebia, the blood testing equipment provider.

Further details of the ten largest underlying realisations are set out in the Supplementary Information section.

Partial realisations

Refinancings accounted for £16.1 million of the £43.8 million received from partial realisations as a number of portfolio companies took advantage of strong credit markets to recapitalise their balance sheets. This amount was almost 40% higher than was received from refinancings in the prior year.

In a strong IPO market 15 companies achieved flotations, compared with 8 in the previous year. Proceeds of £9.0 million were received from IPOs in the year and a further £5.7 million from sales of listed holdings by underlying funds. At the end of the year the portfolio included holdings in 29 quoted companies valued at £44.7 million. These were in companies which had floated in the year or in previous years. Details of these are set out in the Supplementary Information section.

Secondary sales

An additional £21.1 million was received from the sale in the secondary market of interests in three funds. In a strong secondary market, these were sold at attractive prices which represented a small uplift to their original cost.

New investment

New investment of £125.4 million was 38% higher than in the previous year and the highest ever annual amount.

Fund investments

Funds drew down commitments of £68.0 million in the year, an increase of 25%, with both third-party and Graphite Capital funds investing at a significantly higher rate than in the previous year. However, as we made a large number of commitments to new funds last year, the higher level of drawdowns also reflects the greater number of funds now investing.

Drawdowns of commitments to Graphite Capital funds rose by 30% in the year to £23.0 million. Most of this was to finance two new buy-outs led by our direct investment team. These were of ICR, a provider of maintenance services to the oil and gas industry, and Human Capital Investment Group, a provider of recruitment services. The Company invested £13.0 million in the former, some of which was used to fund a subsequent add-on acquisition, and £8.7 million in the latter.

Third-party funds drew down commitments of £45.0 million. Although this was 22% higher than in the previous year, it represented only 38% of total new investment in the year, reflecting our continuing emphasis on direct co-investments and secondary purchases of fund interests ("secondaries").

New investments of £125.4 million were made in the year, of which nearly half were in secondaries and co-investments

A total of 74 new underlying investments were added to the portfolio in the year compared with 58 in the year to January 2014. Further details of the ten largest underlying new investments are set out in the Supplementary Information section of this report.

Discretionary investments

Discretionary investments are those over which we have control of both the amount and timing of investment and includes both direct co-investments and secondaries. This is in contrast to investments in funds, where we typically commit to fund a five year investment programme but the manager selects the underlying investments and controls the timing of cashflows. We invested a total of £57.4 million in discretionary investments which was 57% higher than in the previous year and represented 46% of the total invested.

We invested £30.8 million directly in seven underlying companies in the year. Of this £20.9 million was in three co-investments alongside managers in our fund portfolio, one of which was the reinvestment in Education Personnel noted above. The other £9.9 million was invested in four companies directly managed by our buy-out team, the largest of which was the £5.5 million investment in The Laine Pub Company.

We completed five secondaries in the year totalling £26.6 million. All were in funds managed by firms with whom the Company had already invested, of which four were in funds already in the portfolio. The largest secondary investment was the £10.3 million acquisition of an interest in Graphite Capital Partners VI, our 2003 fund, from a US investor which was selling a large portfolio of European funds. Secondary investments in our in-house funds can be attractive as we have access to a far greater level of information on the portfolio than would be the case for the purchase of a third-party fund and the risk is therefore commensurately lower.

If investments made by our direct buy-out team are added to co-investments and secondaries, the proportion of new investment in the year over which we had discretion was 64%. This is materially higher than that of a typical investor in private equity funds which will tend to have less control over the selection of the underlying companies in its portfolio. We believe this gives the Company a distinctive position in the listed fund-of-funds sector.

New commitments

Commitments to new funds fell considerably as we made an exceptionally high level of new commitments in the year to January 2014. This was broadly as anticipated and reflected the timing of fundraisings by our preferred managers.

We made three primary commitments to funds in the year totalling £22.0 million. Two of these were raised by managers which are new to the portfolio: Silverfleet Capital Partners II (£11.8 million) and Bain Capital Europe IV (£6.3 million). We also increased the commitment to PAI Europe VI by £3.9 million having committed £12.5 million to the first closing in November 2013. Further details of new fund commitments are set out in the Supplementary Information section.

When we acquire a secondary interest in a fund, we take on the obligation to fund our pro-rata share of any undrawn commitments. The secondaries completed in the year increased commitments by £21.6 million, the most significant of which was £17.6 million committed to fund the acquisition of the ICG European Fund 2006 portfolio alongside Landmark Partners, a specialist secondary fund manager.

Portfolio Review
(continued)

A total of 53% of the portfolio is in investments over which we had full discretion at the time of investment

Closing portfolio

At 31 January, the portfolio was valued at £431.9 million and was broadly diversified with investments in more than 380 underlying companies across a wide range of sectors, geographies and years of investment.

We believe the portfolio strikes an attractive balance between diversification and concentration which is one of our strategic aims. While the level of diversification within the portfolio reduces risk, many individual investments are large enough to have an impact on overall performance, as demonstrated by the sales of Education Personnel and London Square.

The top ten underlying companies accounted for 25% of the value of the portfolio at the year end, while the top 30 accounted for 47%. The performance of these 30 investments is therefore likely to be a key driver of future growth and their performance in 2014 was relatively strong with revenues and EBITDA growing by an average of 5.8% and 8.4% respectively.

The top 30 companies were valued on an average multiple of 9.0 times EBITDA at December 2014. We consider this to be reasonable for the level of growth being achieved. In comparison, the FTSE 250 Index was valued at 10.6 times EBITDA at the period end, while the EBITDA of its component companies increased by only 2% in the last 12 months.

The leverage of the top 30 companies averaged 3.8 times EBITDA. While this has increased slightly in the year, it remains relatively modest and should enhance future equity returns without involving undue financial risk.

We directly manage 25% of the portfolio including six of the top ten underlying investments and ten of the top 30. This gives us a high level of influence over the development of a large part of the portfolio. It also provides valuable insights which help us to make more informed strategic and short term decisions on the management of the portfolio as a whole.

While the third-party portfolio represented 75% of value, 13% of this was acquired through secondary purchases and 15% through co-investments. A total of 53% of the portfolio is therefore in investments over which we had full discretion at the time of investment. This has increased from 43% at the start of the year as a result of the high level of discretionary investments in the year.

Approximately two thirds of the portfolio is in investments made since the financial crisis, compared with half at the start of the year. This reflects a combination of a high level of realisations of earlier vintages and the value of new investments added to the portfolio in recent years. We expect post-crisis investments to generate the most significant uplifts and it is therefore encouraging that the portfolio is now concentrated in these vintages.

At 31 January the portfolio was valued at an average of 140% of original cost in local currencies, of which 40% of cost had already been returned. At these levels, and with a higher proportion of the portfolio in more recent investments, there is potential for considerable further growth as the portfolio matures.

We are encouraged by the performance of the investments made since the financial crisis

Events since the period end

Since the period end, realisations of £25.6 million have slightly exceeded cash invested in the portfolio of £23.8 million. The new investments include a £7.0 million secondary purchase of an interest in BC European Capital IX and a £3.2 million co-investment in PetSmart alongside the same fund.

After taking account of other net outflows of £2.9 million, the cash balance has fallen to £89.0 million while outstanding commitments have fallen to £225.0 million. Cash as a percentage of net assets has therefore increased to 17.6% while overcommitment, after taking account of the undrawn bank facility, currently stands at approximately 8.2% of net assets.

Prospects

With the portfolio continuing to generate high levels of cash, re-investing these proceeds while maintaining pricing discipline remains challenging.

Fund drawdowns are unlikely to be sufficient on their own to absorb expected cash inflows. If outstanding commitments are drawn down at a constant rate between now and the end of each fund's investment period, drawdowns in the next 12 months would be approximately £70 million. In the last 12 months our managers have invested at a faster rate than this which, if sustained, would imply that drawdowns in the current year will be approximately £90 million.

To become more fully invested, we plan to continue making co-investments and secondaries. However, the market for secondary interests has become increasingly competitive and demand for co-investment from investors is high. As a result, sourcing appropriately priced opportunities has become more difficult over the last 12 months.

We believe it is important not to compromise pricing discipline in order to invest cash balances and we are therefore considering returning excess cash to shareholders through share buy-backs if we cannot find attractive re-investment opportunities in the near term. We took a similar approach in 2007 when we returned cash rather than acquire secondaries at a time when the market was pricing these at a premium to already full valuations.

Although cash is higher than we would have liked, it is reassuring that the portfolio continues to perform well. We are encouraged by the performance of the investments made since the financial crisis which are now generating strong realisations. In the last 12 months our managers have continued to realise investments at material uplifts to previous carrying values. There is no reason to believe that these trends will not persist and this should be positive for future growth in the net asset value.

Graphite Capital Management LLP
24 April 2015

Market Review

The Company's portfolio is focused on the mid and large segments of the European buy-out market, where activity increased marginally in 2014

Investment activity
Graphite Enterprise's portfolio is heavily weighted towards mid-market (€50 to €250 million) and large (greater than €250 million) European buy-outs. These two segments accounted for 96% of the total value of transactions in 2014 but only half of the volume[1]. In contrast, small buy-outs (less than €50 million) accounted for a large number of transactions but only 4% of the total market value. Activity levels in the combined mid and large buy-out markets increased marginally in the year with the value of transactions rising by 1% to €78 billion and the volume increasing by 3% to 277. Over the last seven years, transactions of more than €250 million have represented approximately 70% of the total value of European buy-outs.

Large buy-outs account for nearly half of Graphite Enterprise's investment portfolio and almost 40% of outstanding commitments. In 2014 the value of large European buy-outs fell marginally to €56 billion and volumes fell by 6% to 80. The typical level of debt for transactions in this size range remained at around 5 times EBITDA[2].

Mid-market buy-outs represent nearly 40% of the Company's portfolio. The value of European mid-market transactions rose by 12% to €22 billion in 2014, with the number of buy-outs increasing by 8% to197. A relatively significant increase in the leverage available to the mid-market is likely to have contributed to this increase in activity levels. In 2014 the average level of debt for buy-outs of less than €250 million increased to around 5 times EBITDA from less than 4.5 times EBITDA in 2013.

Across the market as a whole, average prices paid for new European investments increased to nearly 10 times EBITDA in 2014[2]. At this level, valuations are slightly higher than at the previous peak in 2007, although average debt of around 5 times EBITDA compares with a little over 6 times in 2007. Although valuations were broadly similar, the number of transactions last year was just over half the level of 2007 and the volume of debt financing was markedly lower. More importantly, the prices in 2007 were paid immediately prior to the global financial crisis.

[1] Unquote Data: all European buy-outs 2014.
[2] Standard & Poors: LCD European Leveraged Buy-out Review 4Q14.

Despite the decline in the total value raised last year, the fundraising environment continues to generate ongoing opportunities for the Company

Fundraising

After rising sharply in 2013 when fundraising activity was close to the peak of 2008, the amount raised for European buy-outs fell by 41% in 2014 to €30 billion[3]. However, this level was still higher than in any of the years between 2009 and 2012 in the aftermath of the global financial crisis.

Fundraising statistics are always dominated by the amounts raised for the largest funds. Despite comprising less than a fifth of the number of funds, funds of more than €1 billion contributed two thirds of the total raised in Europe last year. However, the €20 billion raised was just under half of the €41 billion raised in 2013. This reflected a decrease in the average fund size at the upper end of the market from €3.4 billion to €2.5 billion as well as a fall in the number of funds raised. In 2014, eight funds of more than €1 billion were raised compared with twelve the year before. Graphite Enterprise committed to three of the funds raised in 2014 and five of the funds raised in 2013.

The total amount raised for funds of between €250 million and €1 billion increased by 9% to €8 billion in 2014. The €1 billion increase was primarily due to the 27% growth in the number of funds raised. Nineteen funds in this segment reached final close in 2014, compared with fifteen in 2013. The Company committed to two of the funds raised in 2013 but did not commit to any of those raised last year.

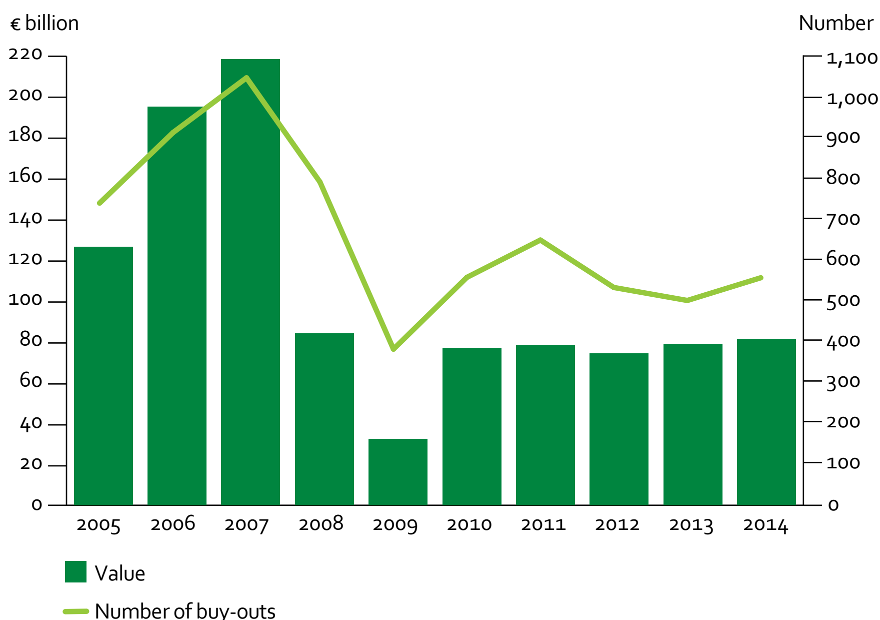
The fundraising market has become more binary in recent years with a number of managers failing to reach their targets and others achieving theirs relatively quickly. This creates opportunities for Graphite Enterprise. Whilst the broader market tends to focus more heavily on historically realised investments, we are comfortable backing managers that do not reach their fundraising targets where we see value in their more recent investments. If a manager fails to achieve their target they are more likely to offer co-investment opportunities as they may not have sufficient funds to finance their larger investments. With our direct investment experience we are well placed to assess these potential investments.

[3] Preqin private equity fundraising database.

Market Review
(continued)

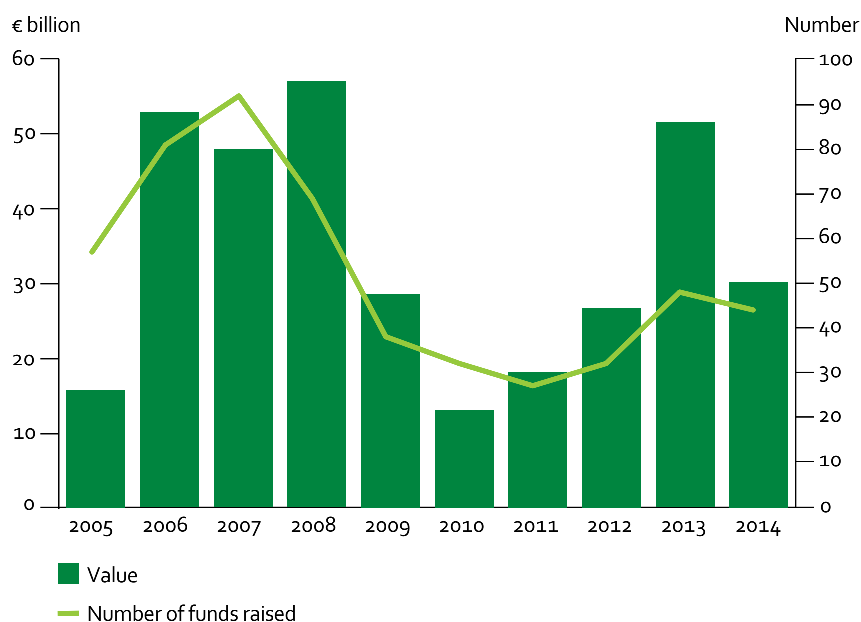
The value of European buy-outs increased by 3% in 2014

New investments: European buy-outs
Fig: 2.1



The value of fundraisings fell significantly in 2014

Fundraising: European buy-out funds
Fig: 2.2



With volumes remaining at record levels, the market for secondary fund interests has become increasingly competitive

Secondary market

Statistics on the market for secondary fund interests are generally published on a global basis as they are heavily influenced by the number of transactions of over $1 billion. These tend to be completed through large portfolio trades. In 2014 the secondary market increased dramatically, with the total value of global transactions growing by more than 50% to $42 billion[4]. This primarily reflected a very substantial increase in the value of transactions over $1 billion which more than trebled to $16 billion. These large transactions represented 39% of the market compared to 19% in 2013. By comparison, smaller transactions increased by 15% to $26 billion.

Overall pricing in the secondary market remains near record highs, despite the pricing of buy-out funds falling from an average of 100% of net asset value in the first half of 2014 to 95% of net asset value in the second. High prices have partly been driven by the increased use of third party financing, with around a quarter of buyers using debt of some description. This higher pricing and increased use of debt reflect the fact that the market for secondary fund interests has become increasingly competitive. The apparent surplus of demand over supply is unlikely to be reversed in the short term.

However, average pricing statistics can mask a wide dispersion in the pricing of individual funds, which varies significantly depending on the fund vintage and strategy and the perceived quality of the manager. As Graphite Enterprise operates in a smaller part of the market, the number of transactions of relevance tends to be influenced by a broad variety of portfolio management objectives across a range of investor types. We believe that the secondary market will continue to generate a number of attractive investment opportunities and that we are well placed to benefit from these given the insights we have gathered from the existing portfolio and our direct investment experience.

[4] Cogent Partners: Secondary Market Trends and Outlook, January 2015.

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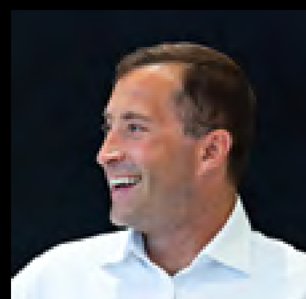
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Graphite Capital

Graphite Enterprise is managed by Graphite Capital Management LLP ("Graphite Capital" or the "Manager"). Graphite Capital is one of the UK's leading mid-market private equity firms with £1.4 billion of funds under management. It has raised and managed funds for 34 years and has been owned by its partners since 2001. The senior management team has worked together for 18 years.

Graphite Capital manages both direct investments in companies and private equity fund investments. Direct investments are predominantly made through institutional limited life funds which have a global investor base. Fund investments are made exclusively by Graphite Enterprise. Both the direct and fund investments focus on the buy-out sector of the private equity market rather than venture capital or other sectors.

Graphite Capital operates from a single office in London with 21 investment professionals and 21 support staff. Separate teams focus on buy-outs and on fund investments and a small number of executives have responsibilities which span both activities. There is a highly collaborative culture which supports the sharing of insights and knowledge between teams.

Direct investments

Direct investments account for almost three-quarters of Graphite Capital's funds under management. The focus of direct investments is on UK mid-market buy-outs of companies valued at between £25 million and £200 million across a range of industry sectors. Most buy-outs are of well established companies, although some are at an earlier stage of development. The focus is primarily on UK headquartered businesses, although many have significant overseas operations.

The investment strategy is to back high quality management teams with strong track records, well formulated strategies and the ambition to grow their companies. The investment approach is open-minded and flexible, centred on building strong partnerships with portfolio companies and providing strategic and operational advice throughout the period of ownership.

Graphite Capital is a highly experienced investor with a strong track record. The team has invested in over 100 portfolio companies since 1991 of which over three-quarters have been realised, generating an annualised rate of return of over 35%. Many of the portfolio companies that Graphite Capital has invested in are now household names such as Wagamama, Paperchase and Kurt Geiger.

Graphite Enterprise focuses mainly on investments managed by third parties but it is also the largest investor in Graphite Capital's buy-out funds. At 31 January 2015, investments managed by Graphite Capital represented 25% of the portfolio value and 32% of undrawn commitments.

Fund investments

Fund investments focus mainly on European buy-out funds, but there is also some exposure to the US and to growth capital and mezzanine funds. The investment strategy is to back private equity managers with strong track records operating in mature markets, with the aim of building long term relationships. Fund investments are made at the inception of a new fund ("primaries") and may also be acquired later in the life of a fund through the secondary market.

As well as investing in third party funds Graphite Capital is an active and experienced co-investor alongside the funds in which it invests. Managers tend to view Graphite Capital favourably when selecting co-investors as it is able to respond quickly to opportunities, with the fund investment team drawing on the experience of Graphite Capital's direct investment team.

Graphite Capital has a long history of investing in both third party funds and co-investments. Since 1989 the team has invested in 85 funds and 37 co-investments. The average net return on realised funds and co-investments is more than twice cost.

As it has long experience both of managing its own funds and of investing in third party funds, Graphite Capital has an unusually broad perspective when assessing fund and co-investment opportunities. The Company benefits from both the expertise of a dedicated fund investment team as well as the insights of the Manager's buy-out team.

Case Study: Card Factory

Card Factory is the UK's leading retailer of value greeting cards which was acquired by Charterhouse Capital Partners in April 2010.

64%

Aggregate valuation uplift after listing and subsequent share sales

Card Factory was founded in 1997 and had 485 stores at the time of acquisition by Charterhouse. Its unique vertically integrated business model, encompassing all stages from greeting card design to printing, logistics and retailing, together with the potential to roll out further stores, made it an attractive investment opportunity for Charterhouse.

Graphite Enterprise invested in Card Factory through its investment in Charterhouse Capital Partners IX ("the Fund") which was acquired in 2011, three and a half years into its life. Charterhouse is a manager with which Graphite Enterprise has a longstanding relationship dating back to 1989.

Since acquisition Card Factory opened a further 250 stores and extended its offering online including through the acquisition of "GettingPersonal.co.uk", the third largest personalised gifts and cards provider in the UK. It has also extended its warehouse facilities and purchased a new freehold site for its print facilities ensuring that it is well positioned for continued growth.

Following several years of strong profit growth, Card Factory listed on the London Stock Exchange in May 2014. At IPO Charterhouse retained a shareholding of approximately 41% of the company which was sold down gradually between listing and March 2015.

The share price performed strongly following the listing, rising by over a third in the ten months between IPO and final realisation. Total proceeds, including those from an earlier refinancing, represented a multiple of original cost for the Fund of 5.2 and an IRR of 47%.

Graphite Enterprise held an investment in Card Factory at the year end valued at £0.4 million. Over its life the investment generated proceeds of £1.6 million. The listing and subsequent share sales were completed at an aggregate valuation uplift of 64%.

Supplementary Information

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The 30 Largest Fund Investments

The table below summarises the 30 largest funds by value at 31 January 2015.

1-15

	Fund	Outstanding commitment £m	Year of commitment	Country/ region	Value £m
1	**Graphite Capital Partners VIII *** Mid-market buy-outs	61.2	2013	UK	36.4
2	**Graphite Capital Partners VI **** Mid-market buy-outs	5.4	2003	UK	26.0
3	**CVC European Equity Partners V **** Large buy-outs	3.0	2008	Europe/ USA	21.5
4	**Graphite Capital Partners VII * / **** Mid-market buy-outs	7.6	2007	UK	20.6
5	**Thomas H Lee Parallel Fund VI** Large buy-outs	1.7	2007	USA	15.6
6	**Candover 2005 Fund **** Large buy-outs	0.1	2005	Europe	14.9
7	**Fourth Cinven Fund **** Large buy-outs	3.7	2006	Europe	14.7
8	**TDR Capital II** Mid-market and large buy-outs	0.7	2006	Europe	14.0
9	**PAI Europe V **** Mid-market and large buy-outs	1.2	2007	Europe	12.9
10	**Doughty Hanson & Co V **** Mid-market and large buy-outs	5.7	2006	Europe	12.2
11	**Activa Capital Fund II** Mid-market buy-outs	0.7	2007	France	11.9
12	**Bowmark Capital Partners IV** Mid-market buy-outs	-	2007	UK	11.2
13	**Deutsche Beteiligungs AG Fund V** Mid-market buy-outs	1.0	2006	Germany	9.9
14	**Fifth Cinven Fund** Large buy-outs	7.8	2012	Europe	7.5
15	**ICG Europe V** Mezzanine	1.2	2012	Europe	6.5
	Total of the 15 largest fund investments	101.0			235.8

16-30

	Fund	Outstanding commitment £m	Year of commitment	Country/ region	Value £m
16	**ICG European Fund 2006** Mezzanine	-	2007	Europe	6.3
17	**Landmark Acquisition Fund VIII** ** Mezzanine	10.8	2014	Europe	6.0
18	**Doughty Hanson & Co IV** Mid-market and large buy-outs	0.3	2005	Europe	5.8
19	**Charterhouse Capital Partners IX** ** Large buy-outs	1.8	2008	Europe	5.2
20	**Advent Central and Eastern Europe IV** Mid-market buy-outs	1.2	2008	Eastern Europe	4.6
21	**BC European Capital IX** + Large buy-outs	3.3	2011	Europe	4.5
22	**Euromezzanine 5** Mezzanine	1.6	2006	France	4.2
23	**TowerBrook III** ** Mid-market and large buy-outs	1.3	2007	USA/ Europe	3.9
24	**Segulah IV** Mid-market buy-outs	1.1	2008	Nordic	3.7
25	**CVC European Equity Partners Tandem** Large buy-outs	0.8	2006	Europe	3.6
26	**Deutsche Beteiligungs AG Fund VI** Mid-market buy-outs	3.8	2012	Germany	3.6
27	**Permira IV** ** Large buy-outs	0.3	2006	Europe	3.4
28	**Trident Private Equity III** Small buy-outs	-	2009	UK	3.3
29	**IK VII** Mid-market buy-outs	3.9	2013	Europe	3.3
30	**PAI Europe VI** Mid-market and large buy-outs	11.5	2013	Europe	3.2
	Total of the 30 largest fund investments	142.7			300.4
	Percentage of total investment portfolio				69.6%

* Includes the associated top up funds (see page 86)
** All or part of interest acquired through a secondary fund purchase
+ A further interest in this fund has been acquired since the period end for consideration of £7.0m.

The 30 Largest Underlying Investments

The tables below present the 30 companies in which Graphite Enterprise had the largest investments by value at 31 January 2015. These investments may be held directly or through funds, or in some cases in both ways. The valuations are gross and are shown as a percentage of the total investment portfolio.

1-15

	Company	Manager	Year of investment	Country	Value as % of investment portfolio
1	**Micheldever** + Distributor and retailer of tyres	Graphite Capital	2006	UK	5.4%
2	**City & County Healthcare Group** Provider of home care services	Graphite Capital	2013	UK	3.2%
3	**ICR Group** Provider of repair and maintenance services to the energy industry	Graphite Capital	2014	UK	3.0%
4	**Education Personnel** + Provider of temporary staff for the education sector	ICG	2014	UK	2.4%
5	**National Fostering Agency** + Provider of foster care services	Graphite Capital	2012	UK	2.3%
6	**Human Capital Investment Group** Provider of recruitment services	Graphite Capital	2014	UK	2.0%
7	**Skillsoft** + Provider of off the shelf e-learning content	Charterhouse	2014	USA	2.0%
8	**Algeco Scotsman** Supplier and operator of modular buildings	TDR Capital	2007	USA	1.9%
9	**U-POL** Manufacturer and distributor of automotive refinishing products	Graphite Capital	2010	UK	1.5%
10	**David Lloyd Leisure** + Operator of premium health clubs	TDR Capital	2013	UK	1.4%
11	**Standard Brands** + Manufacturer of fire lighting products	Graphite Capital	2001	UK	1.4%
12	**Spheros** + Provider of bus climate control systems	Deutsche Beteiligungs	2011	Germany	1.4%
13	**TMF** Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	1.4%
14	**CPA Global** + Provider of patent and legal services	Cinven	2012	UK	1.3%
15	**Parques Reunidos** Operator of attraction parks	Arle	2007	Spain	1.3%
	Total of 15 largest underlying investments				31.9%

16-30

	Company	Manager	Year of investment	Country	Value as % of investment portfolio
16	**The Laine Pub Company** + Operator of pubs and bars	Graphite Capital	2014	UK	1.2%
17	**Frontier Medical** + Manufacturer of medical devices	Kester Capital	2013	UK	1.2%
18	**Intermediate Capital Group** +/ * Provider of mezzanine finance	ICG	1989	UK	1.1%
19	**Co-investment** +/ ** Provider of business services	Large buy-out manager	2014	Europe	1.1%
20	**Eurofiber** Provider of fibre optic network	Doughty Hanson	2012	Netherlands	1.0%
21	**R&R Ice Cream** + Manufacturer and distributor of ice cream products	PAI Partners	2013	UK	1.0%
22	**TMP** Provider of recruitment services	Graphite Capital	2006	UK	1.0%
23	**Stork** Provider of technical engineering services	Arle	2008	Netherlands	1.0%
24	**Guardian Financial Services** Provider of insured life and pension products	Cinven	2011	UK	1.0%
25	**SAFE** Manufacturer of industrial components	Euromezzanine	2006	France	1.0%
26	**Spire Healthcare** Operator of hospitals	Cinven	2007	UK	0.9%
27	**Cognito** + Supplier of communications equipment, software and services	Graphite Capital	2002	UK	0.9%
28	**Abertis** * Provider of private transport and communications	CVC	2010	Spain	0.8%
29	**VWR International** +/ * Distributor of laboratory supplies	Madison Dearborn	2007	USA	0.8%
30	**Acromas** * Provider of financial, motoring, travel and healthcare services	Charterhouse / CVC	2007	UK	0.8%
	Total of 30 largest underlying investments				46.7%

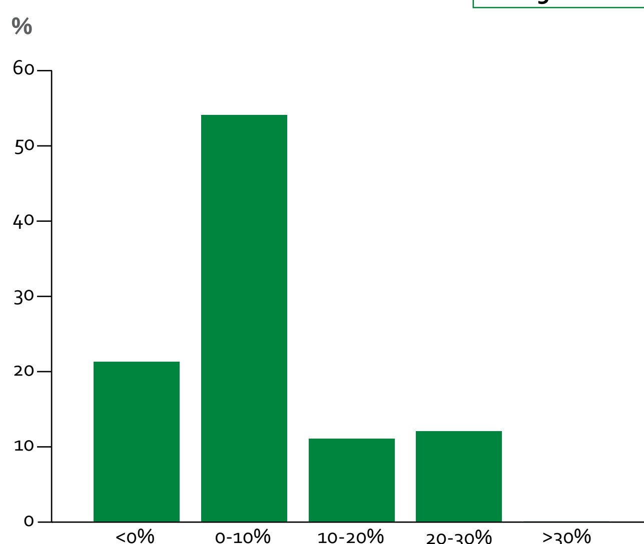
+ All or part of this investment is held directly as a co-investment or other direct investment.
* Quoted company.
** We are not permitted to disclose the details of this co-investment under the terms of a confidentiality agreement.

Analysis of the 30 Largest Underlying Investments

The graphs below analyse the 30 companies in which Graphite Enterprise had the largest investments by value at 31 January 2015. These investments may be held directly or through funds, or in some cases, in both ways.

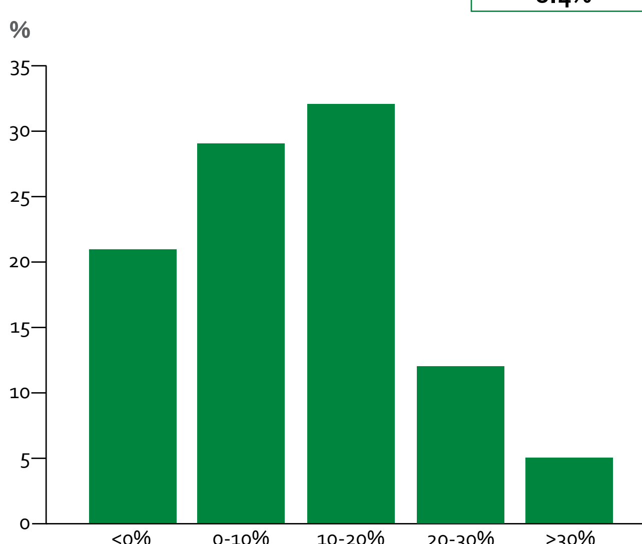
Revenue growth*
Fig: 3.1

Average
5.8%



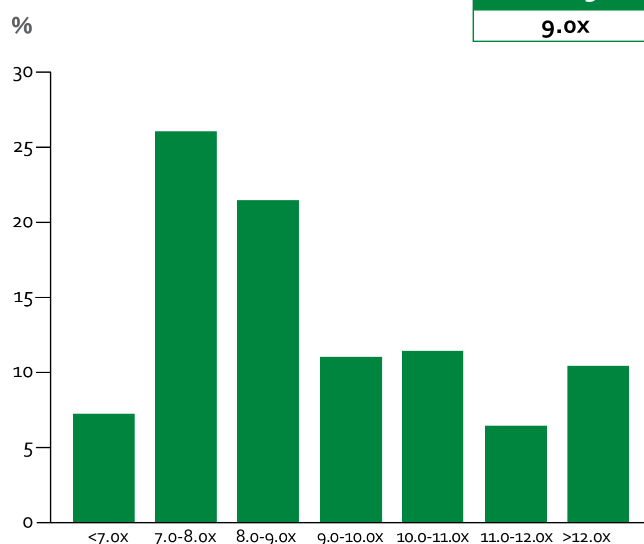
EBITDA growth
Fig: 3.2

Average
8.4%



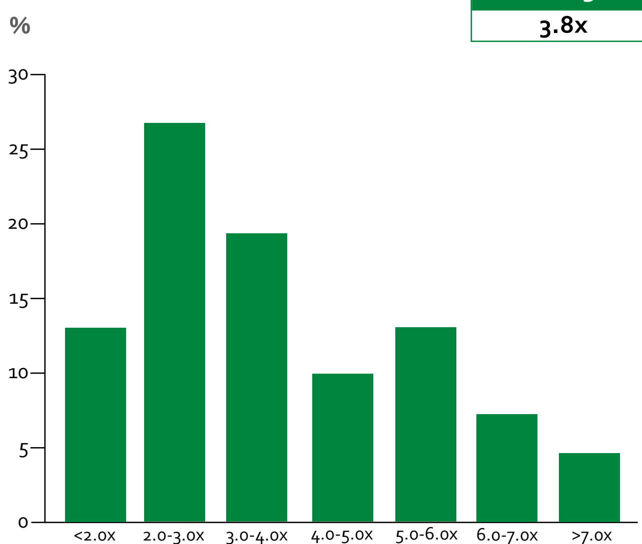
Enterprise value as a multiple of EBITDA**
Fig: 3.3

Average
9.0x



Net debt as a multiple of EBITDA**
Fig: 3.4

Average
3.8x



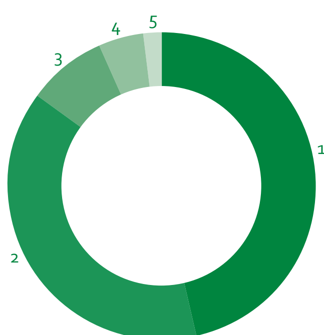
* Excludes Guardian Financial Services where revenue is not a meaningful measure of performance.
** Excludes Intermediate Capital Group and Guardian Financial Services where these metrics are not relevant.

Portfolio Analysis

The following four graphs analyse the closing portfolio by value at 31 January 2015. The analyses presented in Fig: 3.6 to Fig: 3.8 are prepared on an underlying investment basis.

Investment type

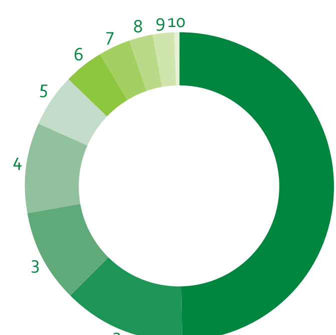
Fig: 3.5



1.	Large buy-out	46.4%
2.	Mid-market buy-out	38.8%
3.	Mezzanine	8.4%
4.	Small buy-out	4.5%
5.	Quoted	1.9%

Geographic distribution*

Fig: 3.6

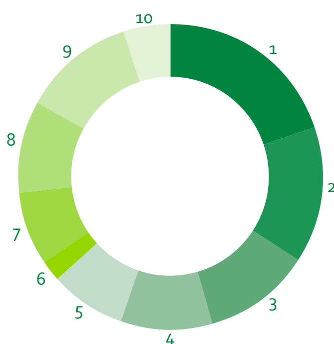


1.	UK	49.9%	6.	Scandinavia	4.3%
2.	North America	12.7%	7.	Spain	3.3%
3.	France	9.7%	8.	Italy	2.4%
4.	Germany	9.4%	9.	Other Europe	2.3%
5.	Benelux	5.6%	10.	Rest of world	0.4%

* Location of headquarters of underlying companies in the portfolio. Does not necessarily reflect countries to which companies have economic exposure.

Investment vintage+

Fig: 3.7

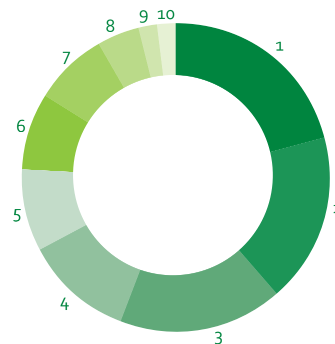


1.	2014 onwards (1.1x)	19.9%	6.	2009 (2.6x)	2.2%
2.	2013 (1.2x)	14.3%	7.	2008 (1.1x)	7.9%
3.	2012 (1.5x)	11.5%	8.	2007 (1.8x)	9.7%
4.	2011 (1.5x)	9.8%	9.	2006 (1.5x)	11.9%
5.	2010 (1.5x)	8.0%	10.	2005 and before (1.6x)	4.8%

+ Figures in parentheses represent the valuation of the investments made in each period as a multiple of original cost.

Investment sector

Fig: 3.8



1.	Business services	21.1%	6.	Financials	8.0%
2.	Industrials	17.7%	7.	Automotive supplies	7.9%
3.	Healthcare and education	17.1%	8.	Technology and telecommunications	4.4%
4.	Consumer goods and services	11.5%	9.	Media	2.1%
5.	Leisure	8.5%	10.	Chemicals	1.7%

Supplementary Information

Portfolio Analysis
(continued)

The following table analyses the closing portfolio by value.

Graphite and third party investments at 31 January 2015

Portfolio	Third party £m	Graphite Capital £m	Total £m	% of investment portfolio
Primary investments in funds	201.4	69.4	270.8	62.7%
Secondary investments in funds	56.9	13.9	70.8	16.4%
Direct investments	64.2	26.1	90.3	20.9%
Total portfolio	**322.5**	**109.4**	**431.9**	**100.0%**
*Discretionary investments**	*121.1*	*109.4*	*230.5*	*53.4%*

* Includes Graphite Capital funds, all secondary fund interests and all direct investments.

Quoted equity holdings at 31 January 2015

All quoted holdings, other than Intermediate Capital Group, are held indirectly through third party funds and may have restrictions on their sale. The timing of any disposal of these indirect interests is determined by the managers of those funds.

Underlying investment	Ticker	£m	% of investment portfolio
Intermediate Capital Group	ICP	5.0	1.1%
Spire Healthcare	SPI	3.8	0.9%
Abertis	ABE	3.5	0.8%
VWR International	VWR	3.5	0.8%
Acromas	SAGA	3.3	0.8%
FleetCor	FLT	2.9	0.7%
Elior	ELIOR	2.4	0.6%
West Corporation	WSTC	2.1	0.5%
Evonik Industries	EVK	2.1	0.5%
Aramark Corporation	ARMK	2.0	0.5%
Atos	ATO	1.9	0.4%
Avolon Aerospace	AVOL	1.8	0.4%
Partnership	PA	1.7	0.4%
Cerved	CERV	1.2	0.3%
Brit Insurance	BRIT	1.1	0.3%
Tumi	TUMI	1.1	0.3%
ComHem	COMH	0.8	0.2%
Merlin	MERL	0.7	0.2%
Others		3.8	0.7%
Total		**44.7**	**10.4%**

Investment Activity

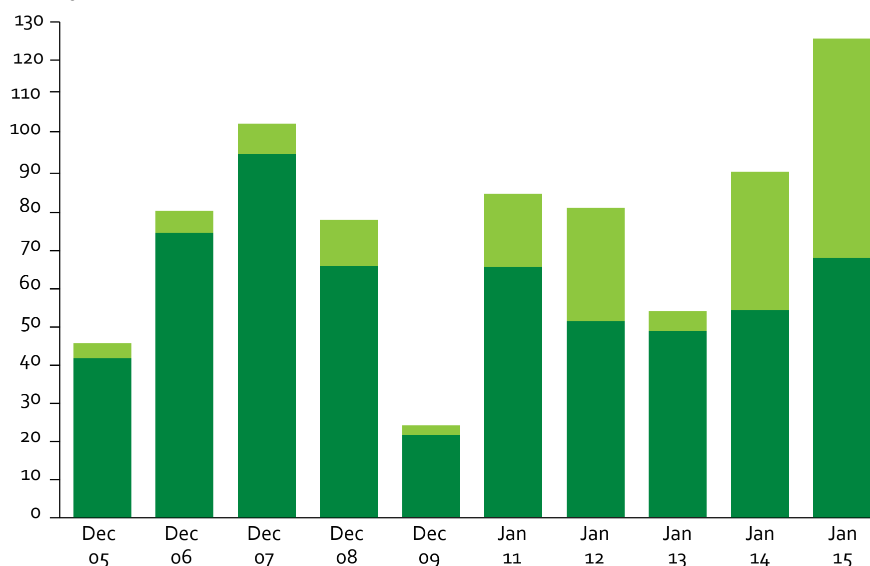
New investments

- Drawdowns
- Co-investments and secondary fund purchases

Investments into the portfolio

Fig: 3.9

£ million



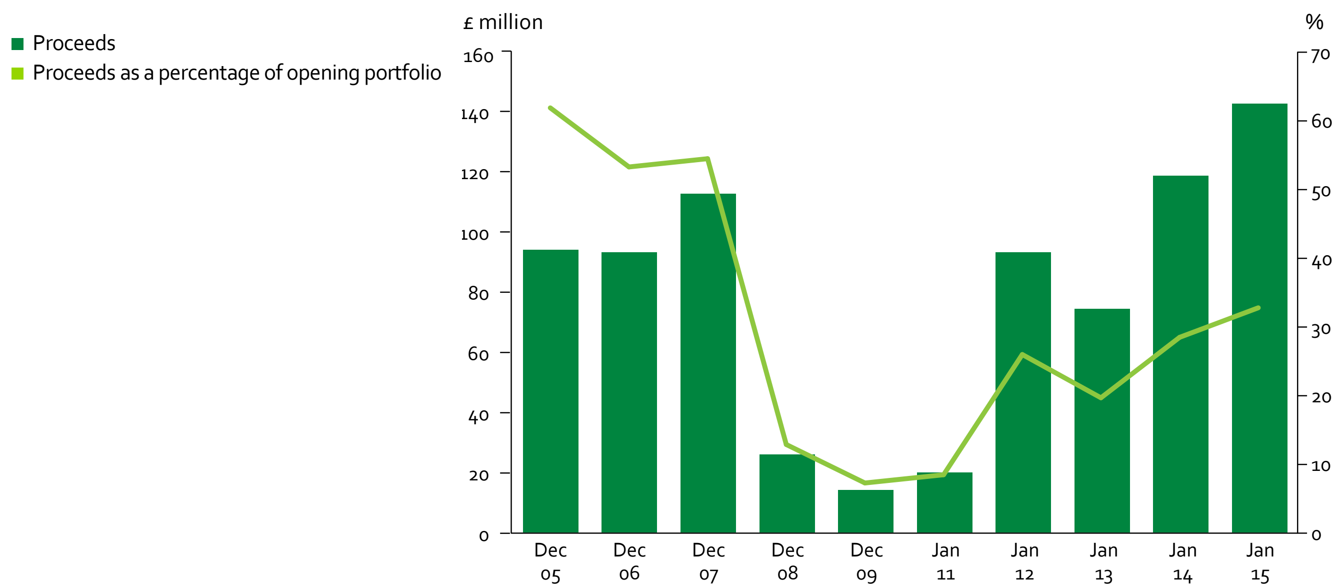
Largest new underlying investments in the year ended 31 January 2015

Investment	Description	Manager	Country	£m
ICR Group	Provider of repair and maintenance services to the energy industry	Graphite Capital	UK	13.0
Education Personnel*	Provider of temporary staff for the education sector	ICG	UK	10.2
Human Capital Investment Group	Provider of recruitment services	Graphite Capital	UK	8.7
Skillsoft	Provider of off the shelf e-learning content	Charterhouse	USA	8.0
The Laine Pub Company**	Operator of pubs and bars	Graphite Capital	UK	5.5
Co-investment***	Provider of business services	Large buy-out manager	Europe	5.1
Autodata	Provider of technical information to the automotive aftermarket	Bowmark	UK	1.4
Minimax	Supplier of fire protection systems and services	ICG	Germany	1.2
CeramTec	Manufacturer of high performance ceramics	Cinven	Germany	1.2
iPrism	E-wholesaler of insurance to brokers	Bowmark	UK	1.1
Total of 10 largest new investments				**55.4**

* Sold by Graphite Capital to ICG. The Company re-invested alongside ICG.
** Formerly InnBrighton, which was realised in the period. The Company re-invested in the rebranded business, The Laine Pub Company.
*** We are not permitted to disclose the details of this co-investment under the terms of a confidentiality agreement.

Realisation Activity

Realisations



+ Excluding secondary sales of fund interests.

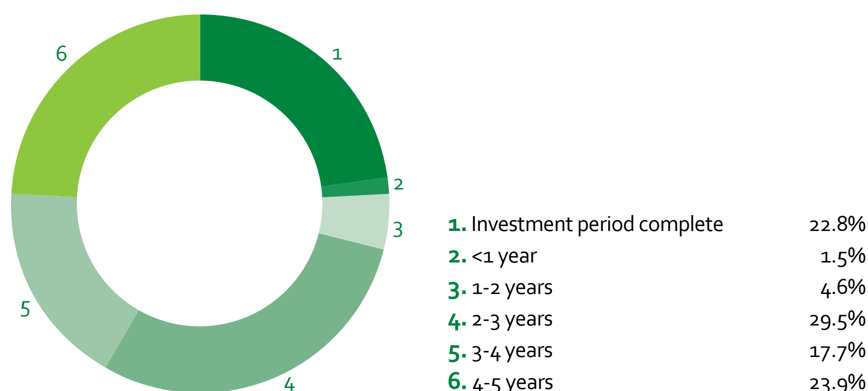
Largest underlying realisations in the year ended 31 January 2015

Investment	Manager	Year of investment	Type	Proceeds £m
CEVA	Euromezzanine	2007	Secondary	15.4
Education Personnel*	Graphite Capital	2010	Secondary	14.9
London Square	Graphite Capital	2010	Secondary	9.8
Quiron	Doughty Hanson	2012	Trade	6.6
National Fostering Agency	Graphite Capital	2012	Refinancing	5.0
Avio	Cinven	2006	Trade	4.6
Sebia	Cinven	2010	Secondary	4.2
InnBrighton**	Graphite Capital	2001	Secondary	4.0
Homag Group	Deutsche Beteiligungs	2007	Public offering	3.4
Acosta	TH Lee	2011	Secondary	2.7
Total of 10 largest realisations				**70.6**

* Sold by Graphite Capital to ICG. The Company re-invested alongside ICG.
** The Company re-invested in the rebranded business, The Laine Pub Company.

Commitments Analysis

Commitments at 31 January 2015 – remaining investment period
Fig: 3.11



Commitments at 31 January 2015	Original commitment[1] £m	Outstanding commitment £m	Average drawdown percentage	Percentage of commitments
Funds in investment period	279.6	180.6	35.4%	77.2%
Funds post investment period	599.9	53.4	91.1%	22.8%
Total	879.5	234.0	73.4%	100.0%

1 Original commitments are at 31 January 2015 exchange rates.

Movement in commitments	Year ended 31 January 2015 £m
Opening	277.3
Drawdowns*	(74.0)
New primary commitments	22.0
New commitments arising through secondary purchases	21.6
Secondary disposals	(4.8)
Currency	(12.0)
Other	3.9
Closing	234.0

* Includes £68.0 million of drawdowns in the normal course and £6.0 million in respect of the commitment to Landmark Acquisition Fund VIII to acquire the secondary portfolio of ICG European Fund 2006.

Commitments Analysis
(continued)

New commitments during the year to 31 January 2015

Fund	Strategy	Geography	£m
Primary commitments			
Silverfleet Capital Partners II	Mid-market buy-out	Europe	11.8
Bain Capital Europe IV	Mid-market and large buy-outs	Europe	6.3
PAI Europe VI	Mid-market and large buy-outs	Europe	3.9
Total primary commitments			22.0
Commitments arising from secondary purchases			
Landmark Acquisition Fund VIII	Mezzanine	Europe	17.6
Graphite Capital Partners VI	Mid-market buy-out	UK	2.2
TowerBrook III	Mid-market and large buy-outs	USA/Europe	1.3
PAI Europe V	Mid-market and large buy-outs	Europe	0.5
Total commitments arising from secondary purchases			21.6
Total new commitments			43.6

New primary commitments	Description	Commitment £m
Silverfleet Capital Partners II	In October 2014 we committed €15 million to the first closing of Silverfleet Capital Partners II ("Silverfleet II"). Silverfleet II is likely to have its final close in the first half of 2015 with a cap at €850 million. Silverfleet II's focus is on European mid-market buy-outs with enterprise values of between €75 million and €250 million. The fund will target businesses operating in one of four core sectors: business and financial services; healthcare; manufacturing; and retail, leisure and consumer products. Silverfleet is headquartered in London with offices in Paris and Munich. It can trace its history back to 1985 when, as Prudential Venture Managers and then PPM Capital, the manager was part of Prudential plc, from which it spun-out in 2007 and subsequently raised its first independent fund. Silverfleet II represents an attractive investment for Graphite Enterprise as the manager has a strong, long term track record having completed more than 100 buy-outs across Europe, and a highly experienced team with more than 20 investment professionals across the three offices, including nine investment partners with an average of 18 years of private equity experience.	£11.8
Bain Capital Europe IV	In October 2014 we committed €8.0 million to Bain Capital Europe IV ("Bain IV"), a €3.5 billion pan-European upper mid-market buyout fund raised by Bain Capital ("Bain"). This is our first commitment to a fund managed by Bain. Bain IV will focus on investing in companies with enterprise values of between €400 million and €1.5 billion. It will seek control positions in companies in need of significant transformation through operational improvements, repositioning or globalisation. The core sectors on which Bain IV will focus are: industrial; consumer & retail; technology, media & telecom; financial & business services; and healthcare. Bain was established in 1984 in the US and currently operates from eight offices and manages over $70 billion of assets. Its European presence was established in 2000 under the current leadership. The team dedicated to the European fund consists of approximately 70 professionals, including 10 managing directors, with an average tenure of 11 years with the firm. The European team operates from offices in London and Munich and benefits from Bain's global presence and strong operational expertise.	£6.3
PAI Europe VI	In December 2014 we committed an additional €5 million to PAI Europe VI, increasing our overall exposure to €20 million following an original €15 million commitment made in December 2013. This followed the purchase of a secondary interest in the predecessor fund, PAI Europe V, earlier in the year. PAI Europe VI is a pan-European mid-market and large buy-out fund raised by PAI Partners ("PAI") and invests in business with enterprise values of more than €300 million that are leaders in their markets. It will seek control positions in five core sectors: business services, food & consumer goods, general industrials, healthcare and retail & distribution. The fund will be focused on Western Europe with specific focus on Continental Europe. PAI is headquartered in Paris with offices in seven European countries. The team has approximately 50 professionals from diverse backgrounds and combines local market depth with strong pan-European capabilities and perspective. PAI can trace its history back to the 1970s when the group was part of Banque Paribas from which the team spun-out in 2002. Since then it has raised four funds, Fund VI being the fourth. We first invested with PAI in 2005 and have invested in two prior funds as well as in two co-investments alongside the funds.	£3.9

Secondary Purchases

Fund	Description	Consideration £m
Graphite Capital Partners VI	During the year, we acquired two secondary interests in Graphite Capital Partners VI ("Graphite VI"), a £375 million mid-market buy-out fund raised in 2003 and managed by our direct buy-out team. Graphite Enterprise already holds primary and secondary interests in Graphite VI having first committed in 2003 and then acquiring a further interest in 2011. In aggregate we invested £11.2 million to acquire the interests with a further £2.2 million of undrawn commitments. At the time of these acquisitions, the fund was 95% drawn having invested in 15 companies of which 8 remained in the portfolio. One of these investments was subsequently realised in October 2014.	£11.2
PAI Europe V	In September 2014 we acquired a secondary interest in PAI Europe V, a €2.7 billion European large buy-out fund raised in 2007, in which we already have a €7.5 million primary commitment. We first invested with PAI in 2005 and have also completed two co-investments alongside the funds. We invested €10.8 million to acquire the secondary fund interest with a further €0.5 million undrawn commitment. At the time of acquisition the fund was 94% drawn having made 11 investments of which one had been partially realised. A further investment was realised in February 2015. We committed to PAI Europe VI, the successor fund, in December 2013 and increased our commitment in December 2014.	£8.5
Landmark Acquisition Fund VIII	In November 2014 Intermediate Capital Group ("ICG") sold the entire portfolio of ICG European Fund 2006 ("ICG 2006") to Landmark Partners ("Landmark"). The portfolio comprised 27 underlying investments made between 2006 and 2011. The portfolio will continue to be managed by ICG with the new structure providing more time to generate further value than would have been the case in the original fund. Graphite Enterprise has a long history of investing with ICG, through both funds and co-investments, since the manager was established over 25 years ago. As a result of our relationship with ICG and our familiarity with the underlying portfolio, we decided broadly to maintain our exposure to the ICG 2006 portfolio by committing €22.5 million to a new vehicle, Landmark Acquisition Fund VIII, alongside Landmark. Landmark Partners is a private equity and real estate investment manager which specialises in secondary fund investments. Landmark is headquartered in Connecticut in the USA and has offices in Boston, New York and London. It has invested over $12.5 billion since inception in 1989.	£6.1
TowerBrook Investors III	In March 2014 we acquired a secondary interest in TowerBrook Investors III ("TowerBrook III"), a $2.8 billion upper mid-market US and European buy-out fund raised in 2008. Although we were not existing investors in the fund, we committed to TowerBrook Investors IV, the successor fund, in January 2013. To acquire the interest in the fund we exchanged part of an interest in a strategically non-core fund and paid a further $1.4 million. At the time of acquisition TowerBrook III was 95% drawn and had investments in 13 underlying portfolio companies. Since completing the secondary a number of full and partial realisations have returned approximately a quarter of our investment cost.	£0.8

Currency

Currency exposure

	31 January 2015 £m	31 January 2015 %
Portfolio*		
– sterling	230.1	53.3%
– euro	119.7	27.7%
– other	82.1	19.0%
Total	431.9	100.0%

*Currency exposure is calculated by reference to the location of the underlying portfolio companies' headquarters.

	31 January 2015 £m	31 January 2015 %
Outstanding commitments		
– sterling	91.8	39.2%
– euro	135.0	57.7%
– other	7.2	3.1%
Total	234.0	100.0%

Dividend and Shareholder Analysis

Historical record

Financial year ended	Earnings per share p	Total dividend per share p	Net asset value per share p	Closing mid-market share price p
31 January 2015	12.96	15.5^	695.2	575.0
31 January 2014	19.02	15.5#	677.2	563.5
31 January 2013	3.15	5.0	631.5	487.0
31 January 2012	6.33	5.0	569.4	357.0
31 January 2011	1.51	2.25	534.0	308.0
31 December 2009	-0.11	2.25	464.1	305.0
31 December 2008	5.12	4.5	449.0	187.0
31 December 2007	8.86	8.0	519.4	474.0
31 December 2006	7.44	6.5	454.6	386.0
31 December 2005	10.24	8.8*	398.4	364.3

^ Includes special dividend of 5.5p per share.
# Includes special dividend of 8.0p per share.
* Includes special dividend of 4.5p per share.

Analysis of shareholders

	Year ended 31 January 2015		Year ended 31 January 2014	
	Number of shares held ('000)	Percentage of total	Number of shares held ('000)	Percentage of total
Individuals	41,635	57.1%	41,232	56.5%
Investment funds	20,771	28.4%	18,778	25.8%
Private client wealth managers	4,788	6.6%	3,479	4.8%
Pensions and endowments	2,662	3.7%	2,732	3.7%
Insurance companies	273	0.4%	3,062	4.2%
Banks	838	1.1%	1,874	2.6%
Specialist private equity investors	1,070	1.5%	928	1.3%
Other	876	1.2%	828	1.1%
Total	72,913	100.0%	72,913	100.0%

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Financial Information

Consolidated Income Statement

	Notes	Year ended 31 January 2015 Revenue return £'000	Capital return £'000	Total £'000	Year ended 31 January 2014 Revenue return £'000	Capital return £'000	Total £'000
Investment returns							
Income, gains and losses on investments	2, 10	13,896	22,614	36,510	18,809	27,475	46,284
Deposit interest	2	228	–	228	172	–	172
Return from current asset investments		–	–	–	5	(342)	(337)
Other income	2	417	–	417	58	–	58
Foreign exchange gains and losses		–	(1,024)	(1,024)	–	(371)	(371)
		14,541	21,590	36,131	19,044	26,762	45,806
Expenses							
Investment management charges	3	(1,452)	(4,357)	(5,809)	(1,490)	(4,470)	(5,960)
Other expenses	4	(1,593)	(1,835)	(3,428)	(1,723)	(2,188)	(3,911)
		(3,045)	(6,192)	(9,237)	(3,213)	(6,658)	(9,871)
Profit before tax		11,496	15,398	26,894	15,831	20,104	35,935
Taxation	6	(2,044)	2,044	–	(1,965)	1,965	–
Profit for the year		9,452	17,442	26,894	13,866	22,069	35,935
Attributable to:							
Equity shareholders		9,452	14,952	24,404	13,866	23,127	36,993
Non-controlling interests		–	2,490	2,490	–	(1,058)	(1,058)
Basic and diluted earnings per share	7			33.5p			50.7p

The columns headed 'Total' represent the income statement for the relevant financial years and the columns headed 'Revenue return' and 'Capital return' are supplementary information. There is no Other Comprehensive Income.

The notes on pages 52 to 73 form an integral part of the financial statements.

Consolidated Balance Sheet

	Notes	As at 31 January 2015 £'000	As at 31 January 2014 £'000
Non-current assets			
Investments held at fair value			
– Unquoted investments	10, 17	426,943	429,186
– Quoted investments	10, 17	4,962	4,163
		431,905	433,349
Current assets			
Cash and cash equivalents	11	90,137	68,239
Receivables	12	2,246	1,351
		92,383	69,590
Current liabilities			
Payables	13	7,694	262
Net current assets		84,689	69,328
Total assets less current liabilities		516,594	502,677
Capital and reserves			
Share capital	14	7,292	7,292
Capital redemption reserve		2,112	2,112
Share premium		12,936	12,936
Capital reserve		463,489	448,537
Revenue reserve		21,035	22,885
Equity attributable to equity holders		506,864	493,762
Non-controlling interests	9	9,730	8,915
Total equity		516,594	502,677
Net asset value per share (basic and diluted)	15	695.2p	677.2p

The financial statements on pages 44 to 73 were approved by the Board of directors on 24 April 2015 and signed on its behalf by:

Directors Mark Fane Peter Dicks

The notes on pages 52 to 73 form an integral part of the financial statements.

Consolidated Cash Flow Statement

	Notes	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Operating activities			
Sale of portfolio investments		149,413	99,492
Purchase of portfolio investments		(119,180)	(90,201)
Net sale of current asset investments held at fair value		–	26,061
Interest income received from portfolio investments		8,324	8,504
Dividend income received from portfolio investments		5,141	10,357
Other income received		644	230
Investment management charges paid		(5,815)	(5,947)
Taxation received		–	1
Other expenses paid		(977)	(1,644)
Net cash inflow from operating activities		37,550	46,853
Financing activities			
Investments by non-controlling interests	9	357	309
Distributions to non-controlling interests	9	(2,032)	(1,385)
Credit facility fee		(1,651)	(2,301)
Equity dividends paid	8	(11,302)	(3,646)
Net cash outflow from financing activities		(14,628)	(7,023)
Net increase in cash and cash equivalents		22,922	39,830
Cash and cash equivalents at beginning of year		68,239	28,778
Net increase in cash and cash equivalents		22,922	39,830
Effect of changes in foreign exchange rates		(1,024)	(369)
Cash and cash equivalents at end of year	11	90,137	68,239

The notes on pages 52 to 73 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

Company	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Year ended 31 January 2015									
Opening balance at 1 February 2014	7,292	2,112	12,936	351,415	97,122	22,885	493,762	8,915	502,677
Profit attributable to equity shareholders	–	–	–	2,913	12,039	9,452	24,404	–	24,404
Profit attributable to non-controlling interests	–	–	–	–	–	–	–	2,490	2,490
Profit for the year and total comprehensive income	–	–	–	2,913	12,039	9,452	24,404	2,490	26,894
Transfer on disposal of investments	–	–	–	15,237	(15,237)	–	–	–	–
Dividends to equity shareholders	–	–	–	–	–	(11,302)	(11,302)	–	(11,302)
Contributions by non-controlling interests	–	–	–	–	–	–	–	357	357
Distributions to non-controlling interests	–	–	–	–	–	–	–	(2,032)	(2,032)
Closing balance at 31 January 2015	7,292	2,112	12,936	369,565	93,924	21,035	506,864	9,730	516,594

Company	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Year ended 31 January 2014									
Opening balance at 1 February 2013	7,292	2,112	12,936	345,183	80,227	12,665	460,415	11,048	471,463
(Loss)/profit attributable to equity shareholders	–	–	–	(3,192)	26,319	13,866	36,993	–	36,993
Loss attributable to non-controlling interests	–	–	–	–	–	–	–	(1,058)	(1,058)
(Loss)/profit for the year and total comprehensive income	–	–	–	(3,192)	26,319	13,866	36,993	(1,058)	35,935
Transfer on disposal of investments	–	–	–	9,424	(9,424)	–	–	–	–
Dividends to equity shareholders	–	–	–	–	–	(3,646)	(3,646)	–	(3,646)
Contributions by non-controlling interests	–	–	–	–	–	–	–	310	310
Distributions to non-controlling interests	–	–	–	–	–	–	–	(1,385)	(1,385)
Closing balance at 31 January 2014	7,292	2,112	12,936	351,415	97,122	22,885	493,762	8,915	502,677

The notes on pages 52 to 73 form an integral part of the financial statements.

Parent Company Balance Sheet

	Notes	31 January 2015 £'000	31 January 2015 £'000	31 January 2014 £'000	31 January 2014 £'000
Non-current assets					
Investments held at fair value					
— Unquoted investments	10, 17	357,830		356,790	
— Quoted investments	10, 17	4,962		4,163	
— Subsidiary undertakings	10, 17	56,217		64,030	
			419,009		424,983
Current assets					
Cash and cash equivalents	11	90,137		65,390	
Receivables	12	4,177		3,651	
		94,314		69,041	
Current liabilities					
Payables	13	6,459		262	
Net current assets			87,855		68,779
Net assets			506,864		493,762
Capital and reserves					
Share capital	14		7,292		7,292
Capital redemption reserve			2,112		2,112
Share premium			12,936		12,936
Capital reserve			463,489		448,537
Revenue reserve			21,035		22,885
Equity attributable to equity holders			506,864		493,762
Net asset value per share (basic and diluted)	15		695.2p		677.2p

The financial statements on pages 44 to 73 were approved by the Board of directors on 24 April 2015 and signed on its behalf by:

Directors Mark Fane Peter Dicks

The notes on pages 52 to 73 form an integral part of the financial statements.

Parent Company Cash Flow Statement

	Notes	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Operating activities			
Sale of portfolio investments		132,953	86,359
Purchase of portfolio investments		(102,185)	(75,680)
Net sale of current asset investments held at fair value		–	26,061
Interest income received from portfolio investments		8,382	8,117
Dividend income received from portfolio investments		5,458	9,449
Other income received		644	227
Investment management charges paid		(5,815)	(5,947)
Taxation received		–	1
Other expenses paid		(983)	(1,555)
Net cash inflow from operating activities		38,454	47,032
Financing activities			
Bank facility fee		(1,651)	(2,301)
Equity dividends paid	8	(11,302)	(3,646)
Net cash outflow from financing activities		(12,953)	(5,947)
Net increase in cash and cash equivalents		25,501	41,085
Cash and cash equivalents at beginning of year		65,390	24,551
Net increase in cash and cash equivalents		25,501	41,085
Effect of changes in foreign exchange rates		(754)	(246)
Cash and cash equivalents at end of year	11	90,137	65,390

The notes on pages 52 to 73 form an integral part of the financial statements.

Parent Company Statement of Changes in Equity

Parent Company	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total shareholders' equity £'000
Year to 31 January 2015							
Opening balance at 1 February 2014	7,292	2,112	12,936	330,237	118,300	22,885	493,762
Profit for the year and total comprehensive income	–	–	–	4,571	10,381	9,452	24,404
Transfer on disposal of investments	–	–	–	6,921	(6,921)	–	–
Dividends paid or approved	–	–	–	–	–	(11,302)	(11,302)
Closing balance at 31 January 2015	7,292	2,112	12,936	341,729	121,760	21,035	506,864

Parent Company	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total shareholders' equity £'000
Year to 31 January 2014							
Opening balance at 1 February 2013	7,292	2,112	12,936	325,263	100,147	12,665	460,415
(Loss)/profit for the year and total comprehensive income	–	–	–	(2,566)	25,693	13,866	36,993
Transfer on disposal of investments	–	–	–	7,540	(7,540)	–	–
Dividends paid or approved	–	–	–	–	–	(3,646)	(3,646)
Closing balance at 31 January 2014	7,292	2,112	12,936	330,237	118,300	22,885	493,762

The notes on pages 52 to 73 form an integral part of the financial statements.

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(continued)

1 Accounting policies

These financial statements relate to Graphite Enterprise Trust PLC ("the Parent Company") and its subsidiaries, Graphite Enterprise Trust Limited Partnership and Graphite Enterprise Trust (2) Limited Partnership, (together "the Company"). The registered address and principal place of business of the Parent Company and its subsidiaries is Berkeley Square House, Berkeley Square, London W1J 6BQ.

(a) Basis of preparation

The consolidated financial information for the year ended 31 January 2015 has been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS"). IFRS comprises standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") as adopted in the European Union as at 31 January 2015. These financial statements have been prepared on a going concern basis and on the historical cost basis of accounting, modified for the revaluation of certain assets.

The directors have at the time of approving the financial statements a reasonable expectation that the Parent Company and the Company have adequate resources to continue in operational existence for the foreseeable future. Further detail is contained in the Report of the Directors on page 88.

In order to reflect the activities of an investment trust company, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In analysing total income between capital and revenue returns, the directors have followed the guidance contained in the Statement of Recommended Practice for investment trusts issued by the Association of Investment Companies in November 2014 (the "SORP"). The following SORP requirements have been followed:

- Capital gains and losses on investments sold and on investments held arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the income statement.
- Returns on any share or debt security for a fixed amount (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the income statement.
- The Board should determine whether the indirect costs of generating capital gains should also be shown in the capital column of the income statement. If the Board decides that this should be so, the management fee should be allocated between revenue and capital in accordance with the Board's expected long term split of returns, and other expenses should be charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated.

The accounting policy regarding the allocation of expenses is set out in note 1(i).

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 and accordingly has not presented a separate parent company income statement. The profit after taxation of the Parent Company was £24,404,000 (2014: £36,993,000).

The Company adopted the following standards in the year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 – Separate Financial Statements (revised)

These have not had a significant impact on the financial statements.

Future changes to accounting policies

The following standards and amendments have been published and will be mandatory for the Company in the future.

- IFRS 9 – Financial instruments (mandatory for the Company from the year to 31 January 2019)
- Amendment to IFRS 10 – Consolidated Financial Statements (mandatory for the Company from the year to 31 January 2017)

The implementation of the amendment to IFRS 10 will lead to the reclassification of certain items on the balance sheet, as described below.

Currently Graphite Enterprise Trust Limited Partnership and Graphite Enterprise Trust (2) Limited Partnership ("the Partnerships") are consolidated into the Company's accounts as subsidiaries of the Parent Company. Under the IFRS 10 amendment, the Partnerships are required to be treated as "investment entities" and will no longer be consolidated.

Consequently, the Partnerships' cash balances, which are currently included in cash and cash equivalents on the consolidated balance sheet, will be reclassified to unquoted investments. The amounts currently presented as non-controlling interests will also be reclassified to unquoted investments. For accounting purposes, the Parent Company will fair value its subsidiaries and therefore consolidated accounts will no longer be prepared. This is purely a presentational change and there will be no impact on the net asset value of the Company.

The implementation of IFRS 9 is not currently expected to have a significant effect on the financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(c) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The classification of financial assets is determined at initial recognition.

Financial assets at fair value through profit or loss

The Company classifies its quoted and unquoted investments as financial assets at fair value through profit or loss. These assets are measured at subsequent reporting dates at fair value and further details of the accounting policy are disclosed in note 1(d).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current assets and measured at amortised cost using the effective interest method. The Company's loan and receivables comprise cash and cash equivalents and trade and other receivables in the balance sheet.

(d) Investments

All investments are designated upon initial recognition as held at fair value through profit or loss (described in these financial statements as investments held at fair value) and are measured at subsequent reporting dates at fair value. Changes in the value of all investments held at fair value, which include returns on those investments such as dividends and interest, are recognised in the income statement and are allocated to the revenue column or the capital column in accordance with the SORP (see note 1(a)). More detail on certain categories of investment is set out below, and this accounting policy also applies to subsidiaries in the Parent Company Balance Sheet.

Unquoted investments

Fair value for unquoted investments is established by using various valuation techniques.

Funds and co-investments are valued at the underlying investment manager's valuation where this is consistent with the requirement to use fair value. Where this is not the case adjustments are made or alternative methods are used as appropriate. The most common reason for adjustments is to take account of events occurring after the date of the manager's valuation, such as realisations.

The fair value of direct unquoted investments is calculated in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. The primary valuation methodology used is an earnings multiple methodology, with other methodologies used where they are more appropriate.

Quoted investments

Quoted investments are held at the last traded bid price on the balance sheet date. When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the contract is reflected on the trade date.

Subsidiary undertakings

The investments in the subsidiaries are

Notes to the Accounts

(continued)

recognised at fair value through profit and loss in the financial statements of the Parent Company.

Current asset investments held at fair value

Current asset investment may include investments in fixed income funds or instruments. These are valued based on the redemption price as at the balance sheet date, which is based on the value of the underlying investments.

Associates

Investments which fall within the definition of an associate under IAS 28 (Investments in associates) are accounted for as investments held at fair value through profit or loss, as permitted by that standard.

IAS 28 requires certain disclosures to be made about associates, including summary historical financial information, even where these associates have been accounted for in accordance with IAS 39 and held at fair value. Graphite Enterprise has a small number of investments which fall within the definition of an associate, all of which are held at fair value.

The disclosures required by IAS 28 have not been made. It is considered that, in the context of the investment portfolio, such information would not be useful to users of the accounts. Information is considered useful if it helps users assess the net asset value of the Company or the future growth therein. Many factors are taken into account in determining the fair value of individual investments, of which historical financial information is only one. Taken alone, this information would not be useful in making such an assessment and would be misleading in some instances.

(e) Receivables

Receivables include unamortised fees which were incurred directly in relation to the agreement of a financing facility. These fees will be amortised over the life of the facility on a straight line basis.

(f) Cash and cash equivalents

Cash comprises cash in hand and on-demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(g) Dividend distributions

Dividend distributions to shareholders are recognised in the period in which they are paid or approved.

(h) Income

When it is probable that economic benefits will flow to the Company and the amount can be measured reliably, interest is recognised using the effective interest method.

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is applicable are brought into account when the Company's right to receive payment is established.

Income distributions from funds are recognised when the right to distributions is established.

(i) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated to the revenue column in the income statement with the following exceptions:

- Expenses which are incidental to the acquisition of investments (transaction costs) are allocated to the capital column.
- Expenses which are incidental to the disposal of investments are deducted from the disposal proceeds of investments and therefore also effectively allocated to the capital column.
- The Board expects the substantial majority of long term returns from the portfolio to be generated from capital gains. The investment management and bank facility charges have therefore been allocated 75% to the capital column and 25% to the revenue column in line with this expectation.
- Other expenses are allocated to the capital column where a clear connection with the maintenance or enhancement of the value of investments can be demonstrated.

All expenses allocated to the capital column are treated as realised capital losses (see note 1(l)).

(j) Taxation

Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

Tax recognised in the income statement represents the sum of current tax and deferred tax charged or credited in the year. The tax effect of different items of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are not recognised in respect of tax losses carried forward to future periods.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets are realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(k) Foreign currency translation
The functional currency of each of the entities in the Company is sterling since that is the currency of the primary economic environment in which the Company operates. The presentation currency for the Company and each entity in it is also sterling.

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, financial assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Gains and losses arising on the translation of investments held at fair value are included within gains and losses on investments held at fair value in the income statement. Gains and losses arising on the translation of other financial assets and liabilities are included within foreign exchange gains and losses in the income statement.

(l) Revenue and capital reserves
The revenue return component of total income is taken to the distributable revenue reserve within the Statement of Changes in Equity. The capital return component of total income is taken to the non-distributable capital reserve within the Statement of Changes in Equity.

Gains and losses on the realisation of investments including realised exchange gains and losses and expenses of a capital nature are taken to the realised capital reserve (see note 1(i)). Changes in the valuations of investments which are held at the year end and unrealised exchange differences are accounted for in the unrealised capital reserve.

(m) Key estimates and assumptions
Estimates and judgements used in preparing the financial information are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unquoted investments which may be managed directly by the Manager, Graphite Capital, or third party private equity firms selected by the Manager. Note 1(d) sets out the accounting policy for unquoted investments.

Judgement is required in order to determine appropriate valuation methodologies and subsequently in determining the inputs into the valuation models used. These judgements include making assessments of the maintainable earnings of portfolio companies and appropriate earnings multiples to apply. Although the judgements are significant, the valuation guidelines are clear, well established and supported by a large part of the global private equity industry. Any adjustments to third party manager's valuations may also require the exercise of a significant level of judgement depending on the nature of adjustments.

(n) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the segments has been identified as the Board. It is considered that the Company's operations comprise a single operating segment.

(o) Non-controlling interests
Co-investment incentive arrangements are in place under which the executives of the Manager and a previous owner of the Manager (together the "Co-investors") co-invest with the Company in return for a share of investment profits if certain performance hurdles are met. These arrangements are described in detail in the Report of the Directors on page 87.

The non-controlling interest shown in the consolidated balance sheet represents an estimate of the commercial value of Co-investors' share of gains on investments at their year end valuations. The methodology includes a discount of 25% to the share of gains on fund investments implied by the terms of the arrangements, to reflect the illiquid and long term nature of such investments. In the consolidated income statement, the profit or loss attributable to non-controlling interests represents the increase or decrease in the valuation of the Co-investors' interests in the year. The consolidated statement of changes in equity shows both this change in valuation and the amounts paid to and/or from Co-investors during the year (see also note 9).

Notes to the Accounts
(continued)

2 Gains and losses on investments held at fair value – revenue return

Company and Parent Company	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Income from investments		
Dividends from UK companies	1,219	7,517
UK unfranked investment income	3,767	3,377
Overseas interest and dividends	8,910	7,915
	13,896	18,809
Other income		
Deposit interest on cash	228	172
Income from current asset investments	–	5
Other	417	58
	645	235
Total income	14,541	19,044
Analysis of income from investments		
Quoted in the United Kingdom	1,219	7,517
Unquoted	12,677	11,292
	13,896	18,809

3 Investment management charges

	Year ended 31 January 2015			Year ended 31 January 2014		
Company and Parent Company	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,439	4,317	5,756	1,478	4,434	5,912
Irrecoverable VAT	13	40	53	12	36	48
	1,452	4,357	5,809	1,490	4,470	5,960

The allocation of the total investment management charges was unchanged in the year to 31 January 2015 with 75% of the total allocated to capital and 25% allocated to revenue.

The Company has borne a management charge of £150,000 (2014: £311,000) in respect of Graphite Capital Partners VI, £392,000 (2014: £581,000) in respect of Graphite Capital Partners VII, Graphite Capital Partners VII Top Up Fund and Graphite Capital Partners VII Top Up Fund Plus, and £1,376,000 (2014: £422,000) in respect of Graphite Capital Partners VIII and Graphite Capital Partners VIII Top Up Fund.

These charges are at the same level as those paid by third party investors. The Company does not pay any additional fees to the Manager in respect of these investments. The total investment management charges payable by the Company to the Manager (excluding VAT), including the amounts set out in the table, were therefore £7,727,000 (2014: £7,274,000).

3 Investment management charges (continued)
Graphite Capital Management LLP, the Manager, was a related party of Graphite Enterprise Trust PLC during the period. The amounts payable during the period are set out above. There was an accrued amount outstanding of £70,000 (excluding VAT) as at 31 January 2015 (2014: £76,000).

4 Other expenses
The Company did not directly employ any staff in the year to 31 January 2015 (2014: none).

	Year ended 31 January 2015		Year ended 31 January 2014	
Company and Parent Company	**£'000**	**£'000**	**£'000**	**£'000**
Directors' fees (see note 5)		234		232
Auditors' remuneration:				
Statutory audit of the Company	66		66	
Additional costs of statutory audit for prior year	–		–	
Other services				
Auditing of accounts of the subsidiaries of the Company required by legislation	35		35	
Interim review	21		22	
Other	12		11	
Total auditors' remuneration		134		134
Administrative expenses		581		772
		949		1,138
Bank facility costs allocated to revenue		644		585
Expenses allocated to revenue		1,593		1,723
Bank facility costs allocated to capital		1,835		1,754
Transaction costs allocated to capital		–		434
		3,428		3,911

5 Directors' remuneration and interests
The fees paid by the Company to the directors are shown in the Directors' Remuneration section on page 92. No income was received or receivable by the directors from any other entity in the Company. The directors' interests in the share capital of the Company are shown in the Report of the Directors on page 93.

6 Taxation
In both the current and prior years the tax charge was lower than the standard rate of corporation tax, principally due to the Company's status as an investment trust, which means that capital gains are not subject to corporation tax. The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly the Company's profits for the year ended 31 January 2015 are taxed at an effective rate of 21.33%. The effect of this and other items affecting the tax charge is shown in note 6(b) below.

Notes to the Accounts
(continued)

6 Taxation (continued)

Company	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
a) Analysis of charge in the year		
Tax charge on items allocated to revenue	2,044	1,965
Tax credit on items allocated to capital	(2,044)	(1,965)
UK corporation tax at 21.33% (2014: 23.17%)	–	–
b) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	26,894	35,935
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.33% (2014: 23.17%)	5,736	8,325
Effect of:		
– net investment returns not subject to corporation tax	(4,606)	(6,200)
– UK dividends not subject to corporation tax	(260)	(1,741)
– expenses not deductible for tax purposes	20	139
– excess management expenses utilised in the year	(723)	(523)
– other deductions	(167)	–
Total tax charge	–	–

The Company has no carried forward excess management expenses (2014: £1,211,000). In the prior year, deferred tax assets of £242,000 were not recognised in respect of tax losses carried forward to future periods. There are no other carried forward deferred tax assets or liabilities (2014: nil). Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments. For all investments the tax base is equal to the carrying amount.

7 Earnings per share

	Year ended 31 January 2015	Year ended 31 January 2014
Revenue return per ordinary share	12.96p	19.02p
Capital return per ordinary share	20.51p	31.72p
Earnings per ordinary share (basic and diluted)	33.47p	50.74p

Revenue return per ordinary share is calculated by dividing the revenue return attributable to equity shareholders of £9,452,000 (2014: £13,866,000) by the weighted average number of ordinary shares outstanding during the year.

Capital return per ordinary share is calculated by dividing the capital return attributable to equity shareholders of £14,952,000 (2014: return of £23,127,000) by the weighted average number of ordinary shares outstanding during the year.

7 Earnings per share (continued)

Basic and diluted earnings per ordinary share are calculated by dividing the earnings attributable to equity shareholders of £24,404,000 (2014: £36,993,000) by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year was 72,913,000 (2014: 72,913,000). There were no potentially dilutive shares, such as options or warrants, in either year.

8 Dividends

Company and Parent Company	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Final paid: 7.50p (2014: 5.00p) per share	5,468	3,646
Special paid: 8.00p (2014: nil) per share	5,834	–
Total	11,302	3,646

The Board has proposed a final dividend of 10.00p per share and a special dividend of 5.50p per share in respect of the period ended 31 January 2015 which, if approved by shareholders, will both be paid on 18 June 2015, to shareholders on the register of members at the close of business on 29 May 2015.

9 Subsidiary undertakings, non-controlling interests, and unconsolidated structured entities

Subsidiary undertakings

Graphite Enterprise Trust Limited Partnership and Graphite Enterprise Trust (2) Limited Partnership, which are registered in England, were subsidiary undertakings at 31 January 2015. Therefore these entities have been consolidated into the Company's accounts.

The Parent Company makes investments through its subsidiaries as well as directly. The Co-investors invest alongside the Parent Company in its subsidiaries under the co-investment incentive arrangements described in the Report of the Directors on page 87.

The interests of the Co-investors in the subsidiaries are accounted for as non-controlling interests (see note 1(o)).

Non-controlling interests

During the year ended 31 January 2015 the Co-investors invested £357,000 (2014: £310,000) in respect of new investments made by the Company in the year and received cash incentive payments totalling £2,032,000 (2014: £1,385,000).

The payments to Co-investors in the year related to investments originally made between 1999 and 2011 which had achieved the required cash performance hurdle under the co-investment incentive arrangements. Almost 75% of payments related to investments made in 2007 or before.

In the consolidated income statement, the amount attributable to non-controlling interests represents an increase or decrease in the valuation of the Co-investors' interests in the year.

See page 87 for further details of the operation of the arrangements.

Notes to the Accounts
(continued)

9 Subsidiary undertakings, non-controlling interests, and unconsolidated structured entities (continued)

Unconsolidated structured entities

The Company's principal activity is investing in private equity funds and directly into private companies. The majority of these investments are unconsolidated structured entities as defined in IFRS 12.

The Company holds interests in closed ended limited partnerships which invest in underlying companies for the purposes of capital appreciation. The Company and the other limited partners make commitments to finance the investment programme of the relevant manager, who will typically draw down the amount committed by the limited partners over a period of four to six years.

The table below classifies the Company's interests in unconsolidated structured entities by manager (Graphite Capital, the Manager of the Company, or other third party managers) and by type of investment (fund, giving exposure to a portfolio of companies, or co-investment, giving exposure to a single company in each case). The table presents for each category the related balances and the maximum exposure to loss.

Company	Unquoted investments £'000	Payables £'000	Non-controlling interests £'000	Total £'000	Maximum loss exposure £'000
Graphite Capital fund investments	83,270	–	–	83,270	83,270
Graphite Capital co-investments	26,136	(132)	(807)	25,197	25,197
Third party fund investments	258,249	(6,043)	(7,141)	245,065	245,065
Third party co-investments	53,780	–	(1,781)	51,999	51,999
Total unconsolidated structured entities	**421,435**	**(6,175)**	**(9,729)**	**405,531**	**405,531**

The Company also hold investments that are not unconsolidated structured entities. Further details of the Company's investment portfolio are included in the Supplementary Information section on pages 28 to 41.

10 Investments

The tables below analyse the movement in the carrying value of the investment portfolio in the year. In accordance with accounting standards, this note has been prepared on a fund-level basis rather than an underlying investment basis.

A fund is considered to generate realised gains if it is more than 85% drawn and has returned at least the amount invested by the Company. All gains and losses arising from the underlying investments of such funds are presented as realised. All gains and losses in respect of other funds are presented as unrealised.

Direct investments are considered realised when they are sold.

10 Investments (continued)

An analysis of gains and losses on a look-through underlying investment basis is presented on page 15 of the Portfolio Review.

Company	Quoted £'000	Unquoted £'000	Total £'000
Cost at 1 February 2014	1,890	325,422	327,312
Unrealised appreciation at 1 February 2014	2,273	103,764	106,037
Valuation at 1 February 2014	4,163	429,186	433,349
Movements in the year:			
Purchases at cost	–	128,937	128,937
Sales – capital proceeds	–	(152,995)	(152,995)
– realised gains based on carrying value at previous balance sheet date	–	9,760	9,760
Movement in unrealised appreciation	799	12,055	12,854
Valuation at 31 January 2015	4,962	426,943	431,905
Cost at 31 January 2015	1,890	326,361	328,251
Unrealised appreciation at 31 January 2015	3,072	100,582	103,654
Valuation at 31 January 2015	4,962	426,943	431,905

Company	Quoted £'000	Unquoted £'000	Total £'000
Cost at 1 February 2013	1,890	322,000	323,890
Unrealised appreciation at 1 February 2013	1,669	89,606	91,275
Valuation at 1 February 2013	3,559	411,606	415,165
Movements in the year:			
Purchases at cost	–	90,201	90,201
Sales – proceeds	–	(99,492)	(99,492)
– realised gains and losses based on carrying value at previous balance sheet date	–	3,289	3,289
Movement in unrealised appreciation	604	23,582	24,186
Valuation at 31 January 2014	4,163	429,186	433,349
Cost at 31 January 2014	1,890	325,422	327,312
Unrealised appreciation at 31 January 2014	2,273	103,764	106,037
Valuation at 31 January 2014	4,163	429,186	433,349

Notes to the Accounts
(continued)

10 Investments (continued)

Company	31 January 2015 £'000	31 January 2014 £'000
Realised gains based on cost	24,997	12,713
Amounts recognised as unrealised in previous years	(15,237)	(9,424)
Realised gains based on carrying values at previous balance sheet date	9,760	3,289
Increase in unrealised appreciation	12,854	24,186
Gains on investments	22,614	27,475

Parent Company	Quoted £'000	Unquoted £'000	Subsidiary undertakings £'000	Total £'000
Cost at 1 February 2014	1,890	267,420	37,373	306,683
Unrealised appreciation at 1 February 2014	2,273	89,370	26,657	118,300
Valuation at 1 February 2014	4,163	356,790	64,030	424,983
Movements in the year:				
Purchases at cost	–	109,990	(7,963)	102,027
Sales – capital proceeds	–	(127,855)	–	(127,855)
– realised gains based on carrying value at previous balance sheet date	–	9,473	–	9,473
Movement in unrealised appreciation	799	9,432	150	10,381
Valuation at 31 January 2015	4,962	357,830	56,217	419,009
Cost at 31 January 2015	1,890	265,949	29,410	297,249
Unrealised appreciation at 31 January 2015	3,072	91,881	26,807	121,760
Valuation at 31 January 2015	4,962	357,830	56,217	419,009

10 Investments (continued)

Parent Company	Quoted £'000	Unquoted £'000	Subsidiary undertakings £'000	Total £'000
Cost at 1 February 2013	1,890	267,724	37,575	307,189
Unrealised appreciation at 1 February 2013	1,669	75,427	23,051	100,147
Valuation at 1 February 2013	3,559	343,151	60,626	407,336
Movements in the year:				
Purchases at cost	–	75,682	(202)	75,480
Sales – proceeds	–	(86,158)	–	(86,158)
– realised gains and losses based on carrying value at previous balance sheet date	–	2,632	–	2,632
Movement in unrealised appreciation	604	21,483	3,606	25,693
Valuation at 31 January 2014	4,163	356,790	64,030	424,983
Cost at 31 January 2014	1,890	267,420	37,373	306,683
Unrealised appreciation at 31 January 2014	2,273	89,370	26,657	118,300
Valuation at 31 January 2014	4,163	356,790	64,030	424,983

Parent Company	31 January 2015 £'000	31 January 2014 £'000
Realised gains based on cost	16,394	10,172
Amounts recognised as unrealised in previous years	(6,921)	(7,540)
Realised gains based on carrying values at previous balance sheet date	9,473	2,632
Increase in unrealised appreciation	10,381	25,693
Gains on investments	19,854	28,325

Notes to the Accounts
(continued)

10 Investments (continued)

Significant interests in investee undertakings
The Company has no interest of more than 20% of a class of share capital of any investee undertaking which represents more than 1% by value of the quoted and unquoted investments of the Company.

The Company had an interest that was material to the Company in the following entities:

Investment	Percentage interest
Standard Brands	98.3%
Graphite Capital Partners VIII Top Up	41.1%
The Laine Pub Company	33.3%
Graphite Capital Partners VI	20.8%
Graphite Capital Partners VII Top Up Plus	20.0%
Graphite Capital Partners VIII	17.8%
Graphite Capital Partners VII Top Up	12.4%
Graphite Capital Partners VII	9.0%
Micheldever	8.9%
Activa Capital Fund II	6.2%
Education Personnel	5.2%
Deutsche Beteiligungs AG Fund V	4.8%
Bowmark Capital Partners IV	3.8%

11 Cash and cash equivalents

	31 January 2015		31 January 2014	
	Company £'000	Parent Company £'000	Company £'000	Parent Company £'000
Cash at bank and in hand	90,137	90,137	68,239	65,390

12 Receivables – current

As at 31 January 2015, prepayments and accrued income included £1,439,000 (2014: £1,234,000) of unamortised costs in relation to the bank facility. Of this amount £704,000 (2014: £839,000) is expected to be amortised in less than one year.

	31 January 2015		31 January 2014	
	Company £'000	Parent Company £'000	Company £'000	Parent Company £'000
Prepayments and accrued income	2,246	2,246	1,351	1,344
Subsidiary undertakings	–	1,931	–	2,307
	2,246	4,177	1,351	3,651

13 Payables – current

	31 January 2015		31 January 2014	
	Company £'000	Parent Company £'000	Company £'000	Parent Company £'000
Accruals	7,694	6,459	257	257
Other creditors	–	–	5	5
	7,694	6,459	262	262

14 Share capital

	Authorised		Issued and fully paid	
Equity share capital	Number	Nominal £'000	Number	Nominal £'000
Balance at 31 January 2014 and 31 January 2015	120,000,000	12,000	72,913,000	7,292

All ordinary shares have a nominal value of 10.0p and have equal voting rights. The market value of the Company's ordinary shares at 31 March 1982 was 16p.

15 Net asset value per share – Company and Parent Company

The net asset value per share is calculated on equity attributable to equity holders of £506,864,000 (2014: £493,762,000) and on 72,913,000 (2014: 72,913,000) ordinary shares in issue at the year end. There were no potentially dilutive ordinary shares, such as options or warrants, at either year end. Calculated on both the basic and diluted basis the net asset value per share was 695.2p (2014: 677.2p).

Notes to the Accounts
(continued)

16 Capital commitments and contingencies
The Company had uncalled commitments in relation to the following portfolio investments.

	31 January 2015 Group £'000	31 January 2015 Parent £'000	31 January 2014 Group £'000	31 January 2014 Parent £'000
Graphite Capital Partners VIII*	61,154	61,154	84,130	84,130
Graphite Capital Partners VII+	7,644	7,644	7,644	7,644
Graphite Capital Partners VI	5,400	5,332	3,162	3,095
Graphite Capital Partners V	873	698	873	698
Total Graphite funds	**75,071**	**74,828**	**95,809**	**95,567**
CVC Capital Partners VI	13,929	11,144	16,411	13,129
PAI Europe VI	11,475	9,180	12,308	9,847
Silverfleet II	11,270	9,016	–	–
Activa Capital Fund III	11,022	8,818	12,308	9,847
Landmark Acquisition Fund VIII	10,824	8,659	–	–
Bowmark Capital Partners V	8,542	6,834	10,000	8,000
Fifth Cinven Fund	7,814	6,251	12,768	10,215
Bain Capital Europe IV	6,011	4,809	–	–
TDR Capital III	5,898	4,718	8,206	6,564
Egeria Private Equity Fund IV	5,831	4,665	8,206	6,564
Doughty Hanson & Co V	5,720	4,576	6,246	4,997
Permira V	5,098	4,078	7,631	6,105
Nordic Capital Fund VIII	4,880	3,904	7,548	6,039
IK VII Fund	3,913	3,130	6,441	5,153
Deutsche Beteiligungs AG Fund VI	3,840	3,072	7,425	5,940
Fourth Cinven Fund	3,654	2,923	4,121	3,297
BC European Capital IX	3,287	2,629	4,167	3,333
CVC European Equity Partners V	3,012	2,410	5,981	4,785
TowerBrook IV	3,002	2,401	3,024	2,419
Piper Private Equity Fund V	2,483	1,986	2,845	2,276
Steadfast Capital III	2,406	1,925	2,714	2,172
Commitments of less than £2,000,000 at 31 January 2015	24,991	19,995	43,188	34,546
Total third party	**158,902**	**127,123**	**181,538**	**145,228**
Total commitments	**233,973**	**201,951**	**277,347**	**240,795**

* Includes Graphite Capital Partners VIII and Graphite Capital Partners VIII Top Up Fund.
+ Includes Graphite Capital Partners VII, Graphite Capital Partners VII Top Up Fund and Graphite Capital Partners VII Top Up Fund Plus.

In addition, the Company has issued a £3 million (2014: £3 million) guarantee to a bank in respect of a portfolio company.

17 Financial instruments and risk management

The Company is an investment company as defined by section 833 of the Companies Act 2006 and conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010 ("Section 1158"). 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.

Investments in funds have anticipated lives of approximately ten years. Direct investments are made with an anticipated holding period of between three and five years. Investment agreements will, however, usually provide that any loans advanced to investee companies are for a longer period than this. The agreements will usually provide for repayments to be made by instalments with provision for full repayment on sale or flotation.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (comprising currency risk, interest rate risk and price risk), investment risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Manager has overall responsibility for managing the risks and the framework for monitoring and coordinating these risks. This is monitored by the Board. The Company's financial risk management objectives and processes used to manage these risks have not changed from the previous period and the policies are set out below:

Market risk

(i) Currency risk

The Company's investments are principally in the UK and continental Europe and are primarily denominated in sterling and in euros. There are also smaller amounts in US dollars and in other European currencies. The Company is exposed to currency risk in that movements in the value of sterling against these foreign currencies will affect the net asset value and the cash required to fund undrawn commitments. The Board regularly reviews the level of foreign currency denominated assets and outstanding commitments in the context of current market conditions and may decide to buy or sell currency or put in place currency hedging arrangements.

The composition of the net assets of the Company by currency at the year end is set out below:

31 January 2015	Sterling £'000	Euro £'000	Other £'000	Total £'000
Company				
Investments	230,087	119,734	82,084	431,905
Cash and cash equivalents and other net current assets	79,088	1,856	3,745	84,689
	309,175	121,590	85,829	516,594
Parent Company				
Investments	257,555	95,787	65,667	419,009
Cash and cash equivalents and other assets and liabilities	81,045	3,065	3,745	87,855
	338,600	98,852	69,412	506,864

Notes to the Accounts
(continued)

17 Financial instruments and risk management (continued)

31 January 2014	Sterling £'000	Euro £'000	Other £'000	Total £'000
Company				
Investments	203,202	144,714	85,433	433,349
Cash and cash equivalents and other net current assets	66,576	753	1,999	69,328
	269,778	145,467	87,432	502,677
Parent Company				
Investments	241,219	125,539	58,225	424,983
Cash and cash equivalents and other assets and liabilities	67,339	1,390	50	68,779
	308,558	126,929	58,275	493,762

These figures are based on the currency of the location of the underlying portfolio companies' headquarters.

The effect of a 25% increase or decrease in the sterling value of the euro would be a fall and a rise of £27.9 million and £27.4 million in the value of shareholders' equity at 31 January 2014 respectively (2014: £33.8 million and £33.8 million based on 25% increase or decrease). The effect of a 25% increase or decrease in the sterling value of the euro on profit after tax would be a fall and a rise of £29.8 million and £29.8 million (2014: £36.4 million and £36.4 million based on 25% increase or decrease). The percentages applied are based on market volatility in exchange rates over recent periods.

(ii) Interest rate risk
The fair value of the Company's investments and cash balances are not directly affected by changes in interest rates.

(iii) Price risk
The risk that the value of a financial instrument will change as a result of changes to market prices is one that is fundamental to the Company's objective, which is to provide long term capital growth through investment in unquoted companies. The investment portfolio is continually monitored to ensure an appropriate balance of risk and reward in order to achieve the Company's objective. No hedging of this risk is undertaken.

The Company is exposed to the risk of change in value of its private equity investments. For all investments the market variable is deemed to be the price itself.

17 Financial instruments and risk management (continued)

	31 January 2015		31 January 2014	
	Increase in variable £'000	Decrease in variable £'000	Increase in variable £'000	Decrease in variable £'000
30% (2014: 30%) movement in the price of investments				
Impact on profit after tax	129,179	(129,263)	129,596	(129,596)
Impact as a percentage of profit after tax	480.4%	(480.7%)	360.6%	(360.6%)
Impact on shareholders' equity	120,713	(122,769)	120,585	(124,358)
Impact as a percentage of shareholders' equity	23.8%	(24.2%)	24.4%	(25.2%)

Investment and credit risk

(i) Investment risk

Investment risk is the risk that the financial performance of the companies in which Graphite Enterprise invests either improves or deteriorates, thereby affecting the value of that investment. Investments in unquoted companies whether indirectly or directly are by their nature subject to potential investment losses. The investment portfolio is highly diversified.

(ii) Credit risk

The Company's exposure to credit risk arises principally from its investment in cash deposits. The Company aims to invest the majority of its liquid portfolio in assets which have low credit risk. The Company's policy is to limit exposure to any one investment to 15% of gross assets. This is regularly monitored by the Manager as a part of its cash management process.

Cash is held on deposit with three UK banks and totalled £90,137,000 (2014: £68,239,000). Of this amount £35,631,000 was deposited at Lloyds Bank ("Lloyds"), which currently has a credit rating of A1 from Moody's, and this represents the maximum exposure to credit risk at the balance sheet date. No collateral is held by the Company in respect of these amounts. None of the Company's cash deposits were past due or impaired at 31 January 2015 (2014: nil).

Liquidity risk

The Company has significant investments in unquoted companies which are inherently illiquid. The Company also has substantial undrawn commitments to funds, the great majority of which are likely to be called over the next five years.
The Company aims to manage its affairs to ensure sufficient cash, other liquid assets and undrawn borrowing facilities will be available to meet contractual commitments when they are called and also seeks to have cash generally available to meet other short term financial needs. All cash and cash equivalents are available on demand. The Company's liquidity management policy involves projecting cash flows and considering the level of liquidity necessary to meet these.

Notes to the Accounts
(continued)

17 Financial instruments and risk management (continued)
The Company has access to committed bank facilities of a headline £96 million, which are structured as parallel sterling and euro facilities of £50 million and €61.7 million. The facilities are provided jointly by Lloyds and The Royal Bank of Scotland ("RBS"). Of the total facilities, the balance of £20 million and €23.6 million will expire in March 2017. The remaining balance of £30 million and €38.1million will expire in April 2019.

As at 31 January 2015 the Company's financial liabilities amounted to £7,694,000 of payables (2014: £262,000) which were due in less than one year.

Capital risk management
The Company's capital is represented by its net assets, which are managed to achieve the Company's investment objective. The Company currently has no debt.

The Board can manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buy-back shares and it also determines dividend payments. The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by section 1159 Corporation Tax Act 2010 and by the Companies Act 2006, respectively.

Total equity at 31 January 2015, the composition of which is shown on the balance sheet was £516,594,000 (2014: £502,677,000).

Fair values estimation
IFRS 7 requires disclosure of fair value measurements of financial instruments categorised according to the following fair value measurement hierarchy:

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

The valuation techniques applied to level 1 and level 3 assets are described in note 1(d). There were no level 2 assets.

Level 3 assets constitute the majority of the Company's investments. The sensitivity of the Company's investments to a change in value is discussed on pages 68 and 69. As most of the Company's assets are fund investments and co-investments valued on the basis of underlying investment managers' valuations, no further sensitivity analysis is presented.

17 Financial instruments and risk management (continued)

The following tables present the assets that are measured at fair value at 31 January 2015. Neither the Company nor the Parent Company had any financial liabilities measured at fair value at that date.

Company	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments held at fair value			
Unquoted investments – indirect	–	–	341,520
Unquoted investments – direct	–	–	85,423
Quoted investments – direct	4,962	–	–
Total investments held at fair value	4,962	–	426,943

Parent Company	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments held at fair value			
Unquoted investments – indirect	–	–	289,491
Unquoted investments – direct	–	–	68,339
Quoted investments – direct	4,962	–	–
Subsidiary undertaking	–	–	56,217
Total investments held at fair value	4,962	–	414,047

The following tables present the assets that are measured at fair value at 31 January 2014. Neither the Company, nor the Parent Company, had any financial liabilities measured at fair value at that date.

Company	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments held at fair value			
Unquoted investments – indirect	–	–	378,754
Unquoted investments – direct	–	–	50,432
Quoted investments – direct	4,163	–	–
Total investments held at fair value	4,163	–	429,186

Parent Company	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments held at fair value			
Unquoted investments – indirect	–	–	316,444
Unquoted investments – direct	–	–	40,346
Quoted investments – direct	4,163	–	–
Subsidiary undertaking	–	–	64,030
Total investments held at fair value	4,163	–	420,820

All unquoted and quoted investments are valued at fair value in accordance with IAS 39.

17 Financial instruments and risk management (continued)

The following tables present the changes in level 3 instruments for the year to 31 January 2015.

Company	Unquoted investments (indirect) at fair value through profit or loss £'000	Unquoted investments (direct) at fair value through profit or loss £'000	Total £'000
Opening balances	378,754	50,432	429,186
Additions	98,181	30,756	128,937
Disposals	(144,886)	(8,109)	(152,995)
Gains and losses recognised in profit or loss	9,471	12,344	21,815
Closing balance	341,520	85,423	426,943
Total gains for the year included in income statement for assets held at the end of the reporting period	9,471	12,344	21,815

Parent Company	Unquoted investments (indirect) at fair value through profit or loss £'000	Unquoted investments (direct) at fair value through profit or loss £'000	Subsidiary undertaking £'000	Total £'000
Opening balances	316,444	40,346	64,030	420,820
Additions	85,386	24,604	(7,963)	102,027
Disposals	(121,369)	(6,486)	–	(127,855)
Gains and losses recognised in profit or loss	9,030	9,875	150	19,055
Closing balance	289,491	68,339	56,217	414,047
Total gains for the year included in income statement for assets held at the end of the reporting period	9,030	9,875	150	19,055

18 Related party transactions

Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Transactions between the Company and the Manager are disclosed in note 9.

Significant transactions between the Parent Company and its subsidiaries are shown below:

Subsidiary	Nature of transaction	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Graphite Enterprise Trust Limited Partnership	Increase in loan to Parent Company	17,554	7,273
	Income allocated	1,261	1,501
Graphite Enterprise Trust (2) Limited Partnership	Increase in loan from Parent Company	9,591	7,071
	Income allocated	797	820

		Amounts owed by subsidiaries		Amounts owed to subsidiaries
Subsidiary	31 January 2015 £'000	31 January 2014 £'000	31 January 2015 £'000	31 January 2014 £'000
Graphite Enterprise Trust Limited Partnership	–	–	21,822	4,267
Graphite Enterprise Trust (2) Limited Partnership	33,353	23,762	–	–

Amounts owed by subsidiaries represents funding provided by the Parent Company to its subsidiaries to allow them to make investments. The balances will be repaid out of proceeds from their portfolios.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Parent Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Parent Company financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Parent Company and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Having taken advice from the Audit Committee, the directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Parent Company and the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Mark Fane
24 April 2015

Independent Auditors' Report
to the members of Graphite Enterprise Trust PLC

Report on the financial statements

Our opinion

In our opinion:

- Graphite Enterprise Trust plc's Company financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Company's and of the Parent Company's affairs as at 31 January 2015 and of the Company's profit and the Company's and the Parent Company's cash flows for the year then ended;
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Company financial statements, Article 4 of the IAS Regulation.

What we have audited

Graphite Enterprise Trust plc's financial statements comprise:

- the Consolidated and Parent Company Balance Sheets as at 31 January 2015;
- the Consolidated Income Statement for the year then ended;
- the Consolidated and Parent Company Cash Flow Statements for the year then ended;
- the Consolidated and Parent Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Report and Accounts (the 'Annual Report'), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview

Materiality

- Overall Company materiality: £5.2 million which represents 1% of net assets.

Audit scope

- The Company comprises an investment company and its subsidiaries, managing a widely diversified portfolio. The Company financial statements are a consolidation of two subsidiaries which are limited partnerships and the Parent Company, each of which is managed by Graphite Capital Management LLP (the "Manager").
- We audited the complete financial information of these two subsidiaries and the Parent Company which accounted for 100% of the Company's income and 100% of its profit before tax, and 100% of net assets.
- We tailored the scope of our audit taking into account the types of investments within the Company, the accounting processes and controls, and the industry in which the Company operates.

Areas of focus

- Valuation of unquoted investments
- Recognition of investment income and gains and losses from investments
- Valuation of non-controlling interests

Independent Auditors' Report
to the members of Graphite Enterprise Trust PLC
(continued)

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Valuation of unquoted investments *Refer to page 94 (Report of the Audit Committee), page 53 (Accounting Policies) and page 61 (notes).* The investment portfolio at 31 January 2015 comprised of direct quoted investments, direct unquoted investments (comprising of both direct private equity investments and investments in private equity co-investments) and indirect unquoted investments (investments in private equity funds). We focused on the valuation of private equity co-investments and investments in private equity funds as these investments represented a material balance in the financial statements (£406m) and the valuation assumptions used to derive fair value generally do not have observable inputs that reflect quoted prices in active markets and are therefore more subjective.	The majority of investments which are in private equity co-investments and private equity funds were valued by the Manager based on third party manager reports. We tested the process that the Manager used to value these investments, in particular, we: • Checked the funds' most recent audited financial statements or latest investor capital statements to substantiate the valuations applied; • Understood the accounting policies of the underlying fund managers to assess whether they were in accordance with International Accounting Standard 39 'Financial Instruments: Recognition and measurement' and the International Private Equity and Venture Capital Valuation ("IPEV") guidelines; • Assessed the validity of any adjustments made by the Manager to reflect cash or foreign exchange movements between the reported dates of the fund managers and 31 January 2015; • Checked the accuracy of prior year valuations which were based on estimates and unaudited reports, to their respective audited financial statements to assess the historical accuracy of the Manager's estimates; and • Independently confirmed the fund valuation with the underlying fund managers or administrators. No misstatements were identified in our testing of private equity co-investments and investments in private equity funds which required reporting to those charged with governance.

Area of focus	How our audit addressed the area of focus
We also focused on the valuation of direct private equity investments (£21m) as the valuation of these investments is determined by the Manager and requires judgement based on the nature of the underlying business which has been invested in. The valuation methods used are: • Applying a multiple to earnings; and • Using recent transaction prices. Determining which valuation method to use and determining inputs to the valuation are subjective and therefore this was an area of focus for our audit.	For investments in direct private equity investments, we understood and evaluated the valuation methodology applied, by reference to IPEV guidelines, and tested the techniques used by the Manager in determining the fair value of direct private equity investments. The testing included: • Examining valuation models containing comparable quoted company earnings multiples and challenging management on the discount taken to these comparable companies to arrive at the multiple used in their valuation; • Where recent transactions were used as a source to fair value investments, challenging management whether there had been any changes in facts and circumstances since the deal date which may indicate a change in valuation would be appropriate. This included inspecting financial information to assess performance of the direct private equity investment since the transaction date; • Verifying the earnings being used in the model by agreeing them to management information of the portfolio company being valued; • Testing the mathematical accuracy of the valuation models and verifying the inputs to the models by agreeing them to third party sources where applicable; and • Obtaining explanations when challenging the assumptions made by management in the applicable valuation models. We found that the Manager's valuations of direct private equity investments were reasonable in the context of the overall financial statements and that the assumptions used to derive the valuations were appropriate based on the respective private equity investment's circumstances, and actual and expected financial performance.

Independent Auditors' Report
to the members of Graphite Enterprise Trust PLC
(continued)

Area of focus	How our audit addressed the area of focus
Recognition of investment income and gains and losses from investments *Refer to page 94 (Report of the Audit Committee), pages 53 and 54 (Accounting Policies) and pages 56 and 61-63 (notes).* Investment income comprises mainly of dividends, income from direct private equity investments and distributions received from private equity co-investments and private equity funds. The majority of gains and losses on investments represent fair value changes in the value of unquoted investments over the financial year and gains and losses made on the disposal of unquoted investments. Unrealised fair value movements are based on the change in investment valuations which in themselves are subjective as noted above. Investment income and gains and losses on investments are measures used to calculate returns being achieved by the Company and so there is a potential incentive for management to overstate this figure in order to enhance results. This, combined with the size of the balance, made this an area of focus.	We tested investment income receipts to supporting documentation by performing procedures including: • Agreeing amounts to bank statements; • Re-calculating accrued interest based on the terms of the agreements; and • Agreeing amounts to distribution notices received from the underlying fund investments. We recalculated unrealised gains and losses on investments based on the valuation movement in investments over the year. The calculation of these gains was supported by evidence obtained from the work we performed over investment valuations. We recalculated realised gains on disposal of investments based on the difference between the value of the investment at the date of disposal and the proceeds received as per supporting documentation such as sales agreements and bank statements. We also assessed the appropriateness of the allocation of investment income and net gains between income and capital based on the requirements of the Association of Investment Companies Statement of Recommended Practice. No misstatements were identified by our testing which required reporting to those charged with governance.

Area of focus	How our audit addressed the area of focus
Valuation of non-controlling interests *Refer to page 94 (Report of the Audit Committee), page 55 (Accounting Policies) and page 59 (notes).* The non-controlling interest balance represents amounts accruing to executives of the Manager's co-investment incentive scheme at the year end. The calculation is relatively complex, and this together with the dependency on the valuations of unquoted investments meant that this was an area of focus for our audit. The co-incentive scheme provisions are set out within the subsidiary limited partnership agreements. The key parameters are: • Fair value of the unquoted investment portfolio at 31 January 2015; • Total proceeds received from the unquoted investment portfolio since inception; • The internal rate of return achieved ("IRR"), treating the unrealised value of the unquoted investment portfolio as being wholly realised as at 31 January 2015. A discount of 25% is then applied to the amounts in respect of the unquoted fund investment portfolio, in order to reflect the illiquid and long term nature of the investments.	We recalculated the amounts due to executives of the Manager based on the methodology outlined in the subsidiary limited partnership agreements. Where applicable, we checked inputs to the calculation back to supporting documentation such as: • Agreeing the value of investments to the work we performed over the fair value of investments; • Agreeing proceeds received from the investment portfolio to the work we performed over investment income as outlined above; • Recalculating the IRR of the private equity fund investments, treating the unrealised value of the fund as being wholly realised as at 31 January 2015; and • Challenging management on the reasonableness of the 25% discount. We also recalculated the returns achieved to date in order to check that the conditions of the scheme agreements had been met before amounts were paid. No misstatements were identified by our testing which required reporting to those charged with governance.

Independent Auditors' Report
to the members of Graphite Enterprise Trust PLC
(continued)

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the accounting processes and controls, and the industry in which the Company operates.

We audited the complete financial information of two subsidiaries and the Parent Company which accounted for 100% of the Company's income, 100% of its profit before tax and 100% of its net assets. This, together with procedures performed over the consolidation, provided the evidence we needed for our opinion on the Company financial statements.

As part of our risk assessment, we assessed the control environment in place at the Manager to the extent relevant to our audit. This assessment involved obtaining and reading the control report, issued by the independent auditor of the Manager in accordance with generally accepted assurance standards for such work, to gain an understanding of the Manager's control environment and to consider the operating and accounting structure at the Manager. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality
£5.2 million (2014: £5.0 million).

How we determined it
1% of net assets.

Rationale for benchmark applied
We believed that net assets was the most appropriate benchmark because this is the key metric against which the performance of the Company is measured. It is also a generally accepted measure used for companies in this industry.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £258,000 (2014: £251,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on page 88, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's and Parent Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• Information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company and Parent Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page 74, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's and Parent Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company and Parent Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 94, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report
to the members of Graphite Enterprise Trust PLC
(continued)

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Parent Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 74, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

24 April 2015

Governance

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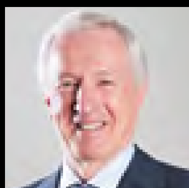
The Board

Each of the members of the Board is an independent non-executive director

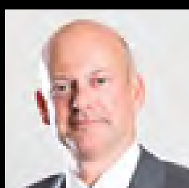
[1] Chairman of Audit Committee and Senior Independent Director
[2] Member of Audit Committee

Mark Fane 56 (Chairman), was appointed to the Board in 2000 and became Chairman of the Board in 2009. He is Chairman and Chief Executive of Crocus.co.uk, an internet-based gardening retailer established in 1999. He is a non-executive director of the commercial arm of the Royal Horticultural Society and was also a non-executive director of Ottakar's, a company in the portfolio of Graphite Enterprise, from 1992 until its takeover by HMV in July 2006.

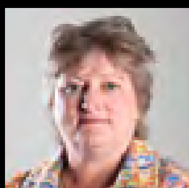


Peter Dicks[1] 72, was appointed to the Board in 1998. He was co-founder of Abingworth PLC, a venture capital investment company, where he worked from 1973 to 1991. Since then he has been non-executive director or chairman of a number of companies. He is currently Chairman of Private Equity Investor PLC, non-executive Chairman of Interactive Investor plc and a director of Mears Group PLC.

Jeremy Tigue[2] 55, was appointed to the Board in 2008. He joined F&C Management in 1981 and was the fund manager of Foreign & Colonial Investment Trust from 1997 to 2014. He is Chairman of BACIT Limited and a non-executive director of The Mercantile Investment Trust plc, The Monks Investment Trust PLC and Standard Life Equity Income Trust PLC.



Andy Pomfret[2] 55, was appointed to the Board in March 2011. He joined Rathbone Brothers Plc as finance director in 1999, and served as chief executive from 2004 until February 2014. He is currently a director of the Wealth Management Association, a member of the Prudential Regulatory Authority's Practioner Panel and a non-executive director of Aberdeen New Thai Investment Trust PLC, Old Mutual Wealth Management Ltd, Interactive Investor plc and Sanne Group Plc.



Lucinda Riches[2] 53, was appointed to the Board in July 2011. She worked at UBS and its predecessor firms for 21 years until 2007 where she was a managing director, global head of Equity Capital Markets and a member of the board of the investment bank. She is a non-executive director of UK Financial Investments Limited, The Diverse Income Trust plc, the British Standards Institution and CRH plc. She is a non-executive member of the Partnership Board of King & Wood Mallesons LLP and a trustee of the Sue Ryder charity.

Sandra Pajarola[2] 51, was appointed to the Board in March 2013. She worked for 13 years at Partners Group, a very large global investor in private equity and other private assets, until 2012. She was a member of the Global Investment Committee which was responsible for commitments to more than 500 private equity funds.

Report of the Directors
For the year ended 31 January 2015

The directors present their report and the audited consolidated financial statements for the year ended 31 January 2015.

The Directors' Report should be read in conjunction with the Chairman's Statement, Strategic Report, Portfolio and Market Reviews (pages 4 to 23) and the Directors' Remuneration Report (pages 90 to 93). The Strategic Report gives details of the business model, performance and outlook, principal risks and uncertainties, and approach to corporate social responsibility. The Directors' Remuneration Report gives details of the Graphite Enterprise's remuneration policy and its implementation in the year ended 31 January 2015, and information on the directors' shareholdings in Graphite Enterprise.

Status of the Company
Graphite Enterprise Trust PLC ("the Parent Company") is an investment company as defined by section 833 of the Companies Act 2006 and is registered and domiciled in England (number 1571089). During the year under review the Parent Company carried on the business of an investment trust. The last accounting period for which the Parent Company has been approved by HM Revenue & Customs in accordance with the provisions of Section 1158 of the Corporation Tax Act 2010 is the year ended 31 January 2014. The Parent Company will retain its investment trust status with effect from 1 February 2014 provided it continues to satisfy the conditions of Section 1158 of the Corporation Taxes Act 2010. The Parent Company has subsequently directed its affairs with the objective of retaining such approval.

The Parent Company's shares are eligible for inclusion in Individual Savings Accounts (ISAs), Junior ISAs, and Child Trust Funds (CTFs).

The Parent Company makes investments both directly and through its subsidiary limited partnerships Graphite Enterprise Trust Limited Partnership and Graphite Enterprise Trust (2) Limited Partnership (together, "the Company").

Reporting period
This Annual Report has been prepared for the year to 31 January 2015.

Investment policy
The Company's investment policy is set out on page 97. There have been no material changes to it since last year. No material change will be made to the investment policy without prior shareholder approval.

Dividend
The final dividend in respect of the year ended 31 January 2015 of 10.0p per share and a special dividend of 5.5p per share will, if approved, be paid on 18 June 2015 to holders of ordinary shares on the register at the close of business on 29 May 2015.

Directors
All of the directors listed on page 84 held office throughout the year and up to the date of signing the financial statements. Ms Pajarola is resident in Switzerland. All of the other directors of the Company are resident in the UK. The directors' biographical details on page 84 demonstrate the wide range of skills and experience that they bring to the Board. In addition to the requirement of the Articles of Association that one third of the Board is subject to retirement each year, all directors are required to submit themselves for re-election at least every three years.

Report of the Directors
For the year ended 31 January 2015
(continued)

Mr Dicks and Mr Fane have served on the Board for more than nine years and accordingly stand for re-election for a further year. Ms Riches has served on the Board for three years since she first stood for election, and accordingly stands for re-election for a further three years. The Board believes that Mr Dicks, Mr Fane and Ms Riches each make a relevant and significant contribution and bring considerable knowledge and experience to the Board. Their re-election is recommended to shareholders.

Directors' remuneration

The Company has no employees or executive directors and consequently does not have a remuneration committee.

The Directors' Remuneration Report, which shareholders will be asked to approve at the Annual General Meeting, can be found on pages 90 to 93.

Manager

Graphite Capital Management LLP ("Graphite Capital" or "the Manager"), is authorised as an Alternative Investment Fund Manager and regulated by the Financial Conduct Authority. The Manager provides investment management, company secretarial and general administrative services to the Company under a management agreement. This agreement can be terminated by either party giving not less than one year's notice.

The Manager is paid an investment management fee, which includes all administrative and other services. Executives of the Manager participate in a co-investment incentive scheme (see page 87).

The investment management fee is calculated as 1.5% of the investment portfolio and 0.5% of outstanding commitments to funds in their investment periods, in both cases excluding the funds managed directly by Graphite Capital (see Figure 4.1). These are subject to separate arrangements which are set out below:

- For the main funds, the annual management charge is 2.0%, calculated by reference to total commitments for the first five years of the fund life, and thereafter by reference to the cost of unrealised investments.
- For the Top Up Funds and Top Up Fund Plus, the annual management charge is 1.0%, calculated by reference to amounts drawn down and invested.
- These charges are at the same levels as those paid by third party investors in Graphite Capital funds.
- The incentive arrangements within these funds are comparable to those that are in place in the Company's co-investment incentive scheme (see page 87).

The Board reviews the activities and performance of the Manager on an ongoing basis, and reviews the investment strategy annually. The Board has reviewed the Company's investment record over short and long term periods, taking into account factors including the net asset value per share and the share price as well as the general competence of the Manager. The Board has also considered the performance of the Manager in carrying out its company secretarial and general administrative functions. The Board is satisfied with the performance of the Manager and with the way the Parent Company and subsidiaries are managed.

In addition, the Audit Committee carries out a formal assessment of the Manager's internal controls and risk management systems every year. The result of this year's assessment was satisfactory (see page 95).

Based on the above, it is the Board's opinion that the continuing appointment of Graphite Capital Management LLP as manager of the Company on the agreed terms is in the best interests of shareholders as a whole.

Graphite Capital Funds

Fig: 4.1

	31 January 2015			31 January 2014		
Fund	Original commitment £'000	Remaining commitment £'000	Value £'000	Original commitment £'000	Remaining commitment £'000	Value £'000
Graphite Capital Partners VIII	80,000	49,944	27,871	80,000	69,254	10,172
Graphite Capital Partners VIII Top Up Fund	20,000	11,210	8,560	20,000	14,876	5,048
Graphite Capital Partners VII	42,800	5,279	13,513	42,800	5,280	26,833
Graphite Capital Partners VII Top Up Fund	10,000	1,322	3,946	10,000	1,322	5,934
Graphite Capital Partners VII Top Up Fund Plus	6,000	1,042	3,130	6,000	1,042	4,764
Graphite Capital Partners VI	78,188	5,400	26,011	44,988	3,162	16,254
Graphite Capital Partners V	15,000	0	240	15,000	873	1,266
Total	251,988	74,197	83,271	218,788	95,809	70,271

Co-investment incentive scheme

For as long as Graphite Capital is the Manager, its executives and, in respect of certain historic investments only, a previous owner of Graphite Capital (together "the Co-investors") are required to co-invest alongside the Company for which they are entitled to a share of investment profits if certain performance hurdles are met, as set out below.

The Co-investors are required to contribute 0.5% of the cost of every new fund investment (excluding those by Graphite Capital funds which have separate comparable arrangements, see page 86) and direct investment made by the Company.

If such an investment has generated at least an 8% per annum compound return in cash to the Company (the "Threshold"), the Co-investors are entitled to receive 10% of the total of the Company's gross gains from that investment, out of future cash receipts from the investment or, very rarely, in specie on the flotation of underlying portfolio companies.

For investments made before 24 May 2007, if the Threshold is not achieved the Co-investors do not recover their contribution. For investments made after 24 May 2007, the Co-investors recover their contribution at the same rate as the Company recovers the cost of its investment.

Further details of the co-investment incentive arrangements can be found in notes 1(o) and 9 to the financial statements.

Capital

As at 31 January 2015, 72,913,000 ordinary shares of 10.0p each were in issue and fully paid. No shares were allotted or bought back during the year ended 31 January 2015.

Resolutions will be proposed to renew the directors' authorities:

- to allot up to a maximum of 3,645,650 ordinary shares of 10p each, representing 5% of the Parent Company's issued share capital (resolution 8 on page 99);
- to disapply pre-emption rights on up to 5% of the issued share capital to enable the Board to re-issue any ordinary shares held in treasury without having first to offer them to all existing shareholders (resolution 9 on page 99). No shares have been held in treasury during the year or since the year end; and
- to renew the directors' authority to buy back up to 10,929,658 ordinary shares (being 14.99% of the issued share capital) subject to the constraints set out in the resolution (resolution 10 on page 100). The authority will be used where the directors consider it to be in the best interest of shareholders.

If not renewed at the forthcoming AGM, these authorities will expire.

Substantial share interests

At 24 April 2015, the Company had received notification of the following disclosable interest in its issued share capital: Old Mutual plc, 3,655,383 ordinary shares, representing 5.01% of issued share capital at that date.

Greenhouse gas emissions

The Company has no greenhouse gas emissions to report, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Transfer of shares and voting rights

All ordinary shares have equal voting rights. There are no restrictions concerning the transfer of securities in the Parent Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Parent Company, and no agreement to which the Parent Company is party that affects its control following a takeover bid.

Corporate governance

The Company is committed to appropriate standards of corporate governance. The Board complied with the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in 2012 (the "Governance Code") during the year ended 31 January 2015. A copy of the Governance Code can be obtained from the website of the Financial Reporting Council (www.frc.org.uk).

The Board is currently comprised of six non-executive directors. There is no Chief Executive position within the Company as day-to-day management of the Company's affairs has been delegated to the Manager. The Board regularly reviews the independence of its members and, having due regard to the definitions and current guidelines on independence under the Governance Code, considers all directors to be independent. There are no relationships or circumstances relating to the Company that are likely to affect their judgement. Mr Dicks is the Senior Independent Director.

Report of the Directors
For the year ended 31 January 2015
(continued)

Number of meetings attended/ eligible to attend in the year ended 31 January 2015
Fig: 4.2

	Board	Audit
Mark Fane	4/4	–
Peter Dicks	4/4	3/3
Sandra Pajarola	4/4	3/3
Andy Pomfret	4/4	3/3
Lucinda Riches	4/4	3/3
Jeremy Tigue	4/4	3/3

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. Strategic issues are determined by the Board and a formal schedule of operational matters reserved for the Board has been adopted. In order to enable them to discharge their responsibilities, directors have full and timely access to relevant information. The Board, which meets at least four times each year, reviews the Company's investment portfolio and investment performance and considers financial reports. There is also contact with the directors between meetings where this is necessary for the Company's business.

There is an agreed procedure under which directors, wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense. The directors also have access to the advice and services of the company secretary, which is the Manager.

The quorum for any Board meeting is two directors but attendance by all directors at each meeting is strongly encouraged. During the year under review, four regular meetings were held and attended by all directors. A number of additional telephone meetings regarding routine matters were also held.

During the year under review, the Board has maintained appropriate insurance cover in respect of legal action against the directors. The policy does not cover dishonest or fraudulent actions by the directors.

The Board has contractually delegated responsibility for management of the investment portfolio, the operation of custodial services for unquoted securities and the provision of accounting and company secretarial services to the Manager.

The Alternative Investment Fund Managers Directive requires the Company to appoint a depositary authorised by the Financial Conduct Authority, and the Board has appointed Aztec Financial Services (UK) Limited ("the Depositary") with effect from 22 July 2014.

Custody of quoted securities has been contractually delegated to an FCA regulated third party custodian, Charles Stanley & Co Limited, although the Depositary retains liability in respect of these assets.

Performance evaluation
The Board has a formal process by which to evaluate its own performance and that of the Chairman on an annual basis. This process is based on an open discussion and assessment of the Board and its committees, with the Chairman making recommendations to improve performance where necessary.

Nominations Committee
All of the directors serve on the Nominations Committee which meets when necessary to select and propose suitable candidates for appointment or reappointment to the Board. The Committee is chaired by Mr Fane. When making an appointment, the Board considers the existing composition of the Board to determine areas which require strengthening. Independent external consultants are used to help identify a shortlist of candidates.

The Board's tenure and succession policy seeks to ensure that the Board is well balanced by the appointment of directors with a range of skills and experience. Candidates for the Board are assessed as to the appropriateness of their skills and experience prior to their appointment. New directors are given a detailed briefing on the workings of the Company by the Chairman and by executives of the Manager.

There were no meetings of the Committee during the year (2014: one).

Going concern
Having reviewed the balance sheet and current activities of the Company, the directors believe that it is appropriate to continue to adopt the going concern basis of preparation of the Company's financial statements. The Company's business activities, together with factors likely to affect its future development, performance, position and cash flows are set out in the Chairman's Statement, Strategic Report and Portfolio and Market Reviews on pages 4 to 23.

Investor relations

Both the Company's Annual Report and Accounts, containing a detailed review of performance and of changes to the investment portfolio, and Interim Report, containing updated information in a more abbreviated form, are made available to investors either by post or accessed through the Company's website. A copy of the latest analyst presentation is available on the Company's website. At the AGM, investors are given an opportunity to question the Chairman, the other directors and the Manager. The Manager holds regular discussions with shareholders and values the feedback obtained in this manner. The Board is kept informed of all material discussions with investors. In addition, the Board is available to enter into dialogue with shareholders on any relevant matter.

Disclosure of information to auditors
Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) each director has taken all the steps that he or she ought to have taken as a director in order to become aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution re-appointing them and authorising the directors to determine their remuneration will be submitted at the AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Westbury Hotel, Bond Street, London W1S 2YF at 3.30pm on 11 June 2015. The resolutions are set out in the Notice of Meeting on pages 99 and 100.

By order of the Board,

Company Secretary
Graphite Capital Management LLP
24 April 2015

Governance

Directors' Remuneration

Remuneration Committee

As the Board is comprised solely of non-executive directors, the Company does not have a Remuneration Committee. The determination of the directors' fees is dealt with by the whole Board.

Statement by Chairman of the Board

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Company presents its Remuneration Policy and Remuneration Report separately.

The remuneration policy sets out how the Company proposes to pay the directors, including each element of remuneration that the directors are entitled to and how this supports the Company's long term strategy and performance. All provisions of this policy are expected to remain in effect until the Annual General Meeting in 2017 when the Company is next required to submit its policy on the remuneration of its directors to the members.

The remuneration report sets out how the remuneration policy has been implemented in the year.

In accordance with the remuneration policy set out below, the Board performed an annual review of directors' fees. The fees payable to the directors were adjusted to reflect the growth of the Company and the remuneration levels of other comparable investment trusts.

Components of remuneration package

	Year ended 31 January 2015 £	Year ended 31 January 2014 £
Basic director's fee	32,800	31,500
Additional fee for chairman	19,200	18,500
Additional fee for chairman of the Audit Committee	5,200	5,000
Additional fee for other members of the Audit Committee	3,400	3,250

Remuneration Policy

It is the Company's policy to determine the level of directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual directors fulfil, the time committed to the Company's affairs and the limits stated by the Company's Articles of Association. It is not the Company's policy to include an element of performance related pay. The remuneration policy is unchanged from the prior year.

The Company's performance is measured against the FTSE All-Share Index as this is considered to be the most appropriate benchmark.

The level of fees for directors is reviewed annually, in arrears, by the Board and any adjustment back-dated to the start of the financial year. For example, the level of fees for the year ending 31 January 2016 will be determined towards the end of

Five year share price performance

Fig: 5.1

that financial year. Until the review is completed, the directors will be remunerated at levels for the year to 31 January 2015 set out above.

The Articles of Association currently limit the aggregate fees payable to the directors to a total of £300,000 per annum. The Board considers this to provide sufficient flexibility in the medium term.

The Board considers the remuneration policy as described above to be effective in supporting the short and long term strategic objectives of the Company by ensuring that the Company continues to be able to recruit and retain non-executive directors who are suitably qualified and experienced to supervise the Company's affairs.

Service contracts

It is not the Company's policy to enter into service contracts with its directors. No director has a service contract with the Company. The directors each serve under a letter of appointment.

Notice period and loss of office payment policy

The directors are subject to a notice period of one month unless removed by a resolution at a General Meeting or pursuant to any provision of the Articles of

Directors' Remuneration
(continued)

Association. It is not the Company's policy to enter into arrangements that entitle any of the directors to compensation for loss of office. No director is entitled to any such compensation.

Statement of consideration of conditions elsewhere in the Company

The Company has no employees. Therefore the Company cannot take into account the pay and employment conditions of its employees when setting and implementing the remuneration policy.

Statement of consideration of shareholder views

The Company places great importance on communication with its shareholders. The Company has had regular dialogue with shareholders throughout the year to 31 January 2015 and can confirm that no negative views were expressed in relation to its remuneration policy.

Directors' Remuneration Report

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, this is indicated below.

Remuneration in the year (audited)

Name	Fees Year ended 31 January 2015 £'000	Total Year ended 31 January 2015 £'000	Fees Year ended 31 January 2014 £'000	Total Year ended 31 January 2014 £'000
Mark Fane	52	52	50	50
Michael Cumming*	-	-	13	13
Peter Dicks	38	38	37	37
Sandra Pajarola**	36	36	27	27
Andy Pomfret	36	36	35	35
Lucinda Riches	36	36	35	35
Jeremy Tigue	36	36	35	35
Total	234	234	**232**	**232**

* Retired 13 June 2013
** Appointed 27 March 2013

The directors were not entitled to any loss of office payments, taxable benefits, pension benefits, share options or other incentives in the year ended 31 January 2015 (2014: £nil).

The fees payable in respect of Mr Pomfret and Mr Tigue were paid to Rathbone Brothers Plc and F&C Management Limited respectively, until their retirements from those companies, for making their services available as directors of the Company.

Relative importance of spend on pay

The following table compares the remuneration paid to the directors with aggregate distributions to shareholders in the year to 31 January 2015 and the prior year. This disclosure is a statutory requirement. However the directors consider that this comparison is not meaningful as its objective is to provide shareholders with long term capital growth and the dividend forms only a small part of shareholders' returns.

	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Directors' fees	234	232
Shareholder distributions	11,302	3,646

Directors' shareholdings and share interests (audited)

The beneficial interests of the directors in the shares of the Company are shown below. There is no requirement for the directors to own securities of the Company. Save as disclosed below, no director had any notifiable interest in the securities of the Company.

Name	31 January 2015 Number of shares	31 January 2014 Number of shares
Mark Fane	143,910	142,650
Peter Dicks	7,000	7,000
Sandra Pajarola	6,000	6,000
Andy Pomfret	20,000	20,000
Lucinda Riches	20,000	20,000
Jeremy Tigue	94,260	91,954
Total	**291,170**	**287,604**

Statement of shareholder voting

At the Annual General Meeting held on 11 June 2014, a resolution to approve the directors' remuneration report for the year ended 31 January 2014 was passed on a poll with the following votes cast:

Votes	Number	%
For	22,800,502	98.3%
Against	391,338	1.7%
Withheld	248,498	

The Board does not consider the numbers of votes against the resolution to be significant.

Resolution to approve directors' remuneration report

A resolution to approve the remuneration report for the year ended 31 January 2015 will be put to the members at the forthcoming Annual General Meeting (see resolution 7 on page 98).

On behalf of the Board

Mark Fane
Chairman
24 April 2015

Governance

Report of the Audit Committee

Audit Committee

The Audit Committee is comprised of five non-executive directors: Mr Dicks (Chairman of the Committee), Ms Pajarola, Mr Pomfret, Ms Riches and Mr Tigue. As set out on page 84 the members of the Committee have a range of recent and relevant financial experience.

The Committee operates within written terms of reference clearly setting out its authority and duties. The primary role of the Committee is to review the interim and annual financial statements, the effectiveness and scope of the external audit, the risks to which the Company is exposed and mitigating controls, compliance with regulatory and financial reporting requirements. The Committee also provides advice to the Board on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable.

The Committee meets at least three times a year. A quorum is any two of the members of the Committee but attendance at each meeting is strongly encouraged.

Three meetings were held in the financial year, all of which were fully attended. The Company's auditors, PricewaterhouseCoopers LLP, attended all three meetings. The Committee also has direct access to the auditors as necessary at other times and the opportunity to meet the auditors without the Manager being present.

The main matters discussed at these meetings were the review of the Company's internal controls, the annual plan of the auditors, the report of the auditors following their audit, the effectiveness of the audit process and the independence of the auditor, and the annual and interim financial statements.

Significant issues in relation to the financial statements

In its review of the financial statements, the Committee considers in particular whether the investment portfolio is fairly valued. Before the year end, the Committee discussed the valuation process in detail with the Manager and reviewed the plan of the external auditors to ensure that it was appropriately designed to provide assurance over the valuation of the portfolio. After the year end, the Manager reported the results of the valuation process, including the sources of valuation information and the methodologies used. The auditors separately reported the results of their audit work to the Committee. The Committee concluded that the valuation process had been properly carried out and that the investment portfolio has been fairly valued.

Auditing standards require the auditors to consider the risks of fraud in revenue recognition and of management override of internal controls. The auditors also focus on the valuation of the non-controlling interests as its calculation is relatively complex. The principal area of potential material impact from these risks is the valuation of the investment portfolio, which is discussed above.

Following a thorough review, and discussion with the Manager and the auditors, the Committee has advised the Board that the Annual Report and accounts for the year ended 31 January 2015, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal controls and need for an internal audit function

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness. The purpose of the controls is to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. All of the Company's management functions are delegated to the Manager which has its own internal control and risk monitoring arrangements.

The Audit Committee has performed an assessment of these arrangements, including a review of a Statement of Internal Controls for the year to 31 January 2015 provided by the Manager which sets out the key internal controls over the administration of the Company's investments. As in previous years the auditors were engaged to carry out agreed upon procedures to test these controls, and the results were satisfactory.

In accordance with the Alternative Investment Fund Managers Directive ("the Directive"), the Company has appointed a depositary authorised by the Financial Conduct Authority, Aztec Financial Services (UK) Limited ("the Depositary"), with effect from 22 July 2014. The Depositary's responsibilities include the monitoring of the cash flows of the Company, the safe keeping of the Company's assets, and the general oversight of the Company including its compliance with its investment policy. In the year ended 31 January 2015, £57,000 was payable for these services. The Audit Committee has reviewed the Depositary's report for the period from its appointment to 31 January 2015, which sets out the testing and procedures carried out by Aztec to satisfy itself that it is fulfilling its obligations as depositary, and that the Company and the Manager are operating in accordance with the Directive. The report identified no issues.

The Committee considers, therefore, that an internal audit function specific to the Company is unnecessary.

Audit independence and effectiveness

The Audit Committee has reviewed the provision of non-audit services and believes them to be cost-effective and not an impediment to the auditors' objectivity and independence. In the year ended 31 January 2015, £12,000 (2014: £11,500) was payable for the provision of training for the directors and the review of payments under the co-investment incentive schemes. It has been agreed that all non-audit work to be carried out by the external auditors must be ratified by the Audit Committee. Any special projects would be approved by the Audit Committee in advance.

The Committee reviews the performance of the auditors each year. The Committee considers a range of factors including the quality of service, their expertise and the level of audit fee. In the year ended 31 January 2014, the Committee conducted a formal tender process that led to the reappointment of PricewaterhouseCoopers LLP as auditors for the year to 31 January 2015. The Committee remains satisfied with the performance of the auditors and recommends that they be reappointed auditor for the year ending 31 January 2016.

Peter Dicks
Chairman of the Audit Committee
24 April 2015

Additional disclosures required by the Alternative Investment Fund Managers Directive

The Manager submitted its application to be authorised as an Alternative Investment Fund Manager ("AIFM") by the Financial Conduct Authority on 22 July 2014. The Manager has been compliant with the Directive from that date. The Manager was authorised as an AIFM on 4 March 2015.

The Directive requires certain disclosures to be made in the annual report of the Company. Many of these disclosures were already required by the listing rules and/or International Financial Reporting Standards and these continue to be presented in other sections of the annual report, principally Strategic Report (pages 10 and 11), Manager's Review (pages 15 to 23), Financial Information (pages 44 to 82) and Governance (pages 84 to 102). This section completes the disclosures required by the Directive.

Assets subject to special arrangements

The Company holds no assets subject to special arrangements arising from their illiquid nature.

Leverage

The Company has no borrowings and therefore is not currently leveraged. The Company will not employ leverage in excess of 30% of its gross asset value.

Remuneration

The Manager has established a remuneration policy for its staff which is consistent with sound and effective risk management in line with the Company's investment policy and strategy. As the Manager has not yet completed a full performance period following authorisation, there are no further disclosures required in this annual report.

Professional liability of the Manager

In accordance with the requirements of the Directive, the Manager holds additional capital to cover potential professional liability risks. In addition the Manager holds professional indemnity insurance.

Redemption rights

The shares of the Company are listed on the London Stock Exchange. Shareholders may buy and sell shares on that market. As the Company is closed ended, shareholders do not have the right to redeem their investment.

Fair treatment of shareholders

The Manager is governed by a Management Board consisting of senior partners of the firm. The Management Board has implemented a risk management policy, and has established and authorised a Risk Management Function to review compliance with the risk management policy and procedures.

The Management Board also receives detailed risk reports and information regarding the investment activity and other operations of the Company. In reviewing this information, the Management Board seeks to ensure the fair treatment of investors, in particular considering compliance with stated investment strategies and policies, and clear communication with investors.

Risk profile and risk management

The risks and uncertainties facing the Company are regularly reviewed by the Board, the Audit Committee and the Manager. The principal risks faced by the Company and the approach to managing those risks are set out in the Strategic Report (pages 10 and 11). The sensitivity of the Company to market, credit and investment, and capital risk is discussed in note 17 of the financial statements (page 68). The risk limits currently in place in respect of the diversification of the portfolio and credit risk are set out in the Investment Policy (page 97).

Material Changes

There have been no material changes in relation to the matters described in Article 23 of the Directive.

Investment Policy

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.

Asset allocation

Graphite Enterprise invests principally in unquoted companies either indirectly through a fund or directly in a company. Where investments are made through a fund, that fund may itself be either unquoted or quoted. Unquoted companies in which Graphite Enterprise has an interest may from time to time obtain a quotation and the Company may continue to hold its interest in quoted form. Investments in unquoted companies and quoted companies held post-flotation will typically comprise between 50% and 100% of the Company's gross assets.

The Company makes a significant majority of its investments through funds. It also invests directly, mainly in the form of co-investments alongside funds.

The Company expects the largest part of its investment portfolio to be in well established companies. The Company may also invest in infrastructure projects, early stage companies and other unquoted investments.

Underlying investments will mostly be in equity, or equivalent risk instruments. A minority of investments may also be in lower risk instruments such as mezzanine debt.

The Company may from time to time make investments which provide exposure to other asset classes or which provide exposure to unquoted companies in other forms. These investments (including the market exposure provided by them) may comprise up to 40% of the Company's gross assets.

Risk diversification

Graphite Enterprise's policy is to maintain an investment portfolio which provides exposure to unquoted companies across a broad range of sizes, with the greatest emphasis on medium sized and large companies. The aim is for the portfolio to be diversified by geography, industry sector and year of investment.

The Company will ensure that its interest in any one portfolio company, taking into account direct and indirect holdings, will not exceed 15% of the Company's total investments at the time of initial acquisition or subsequent addition. It is the Company's policy to invest no more than 10% of its gross assets in other listed investment companies.

Borrowings

The companies in which Graphite Enterprise invests often use borrowings to enhance the returns to equity investors. The funds through which the Company invests may also use borrowings.

The Company does not expect to take on long term borrowings but may have long term facilities. Short to medium term borrowings may be required from time to time.

Overcommitment

Overcommitment is the practice of making commitments to funds which exceed the cash available for immediate investment. The Company may be overcommited in order to ensure that it is more fully invested in the future. The level of overcommitment is monitored regularly by the Board and the Manager, taking into account uninvested cash, the availability of bank facilities, the projected timing of cash flows to and from the portfolio, and market conditions.

Surplus cash

The Company holds surplus cash on deposit with UK banks or invests it in debt instruments or funds which themselves invest in such instruments. These investments are typically very liquid, with high credit quality, low capital risk and low maturity. The Company will invest surplus cash only in low risk assets and will limit exposure to any one bank, fund or issuer to 15% of gross assets.

Benchmark

The Company's benchmark is the FTSE All-Share Index, which measures the share price performance of quoted companies of all sizes in the UK. The Board considers that this provides the most appropriate comparator for the Company's shareholders.

Currency risk

The Company holds investments in currencies other than sterling and is exposed to the risk of movements in the exchange rate of these currencies. From time to time the Company may put in place hedging arrangements in order to manage currency risk.

The Annual General Meeting

The notice convening the Annual General Meeting (pages 99 and 100) sets out in full the resolutions to be voted on at the Meeting. The effect of each proposed resolution, if passed by the shareholders, is summarised below:

Resolution 1

Approves the audited accounts for the year ended 31 January 2015 (pages 44 to 74) together with the Independent Auditors' Report (pages 75 to 80) and the Report of the Directors (pages 85 to 89).

Resolution 2

Approves the recommended final dividend of 10.0p per ordinary share and a special dividend of 5.5p for the year ended 31 January 2015.

Resolutions 3, 4 and 5

Approve the re-election of Peter Dicks, Mark Fane and Lucinda Riches. Mr Dicks and Mr Fane have each served on the Board for more than nine years and therefore, as recommended by the UK Corporate Governance Code, retire annually and offer themselves for re-election. Ms Riches stands for re-election as she has served three years since first standing for election. The directors' biographies are on page 84.

Resolution 6

Re-appoints the auditors, PricewaterhouseCoopers LLP, who have indicated their willingness to continue in office. This is recommended by the Audit Committee (see page 95).

Resolution 7

Approves the remuneration report as set out in the Directors' Remuneration section for the year ended 31 January 2015.

Resolutions 8 and 9

Renew the authority of the Board to increase the share capital of the Parent Company by issuing shares subject to certain conditions (the "Share Issue Authorities").

Resolution 8 gives the Board the ability to issue shares equivalent to 33% of current share capital. In such circumstances, the Companies Act requires that existing shareholders are given the opportunity to participate before new shareholders ("pre-emption"). Resolution 9 gives the Board the ability to issue shares equivalent to 5% of current share capital without pre-emption applying.

The Listing Rules do not permit the Parent Company to issue shares at a discount to NAV per share unless they are offered to existing shareholders first. This would be unchanged by these resolutions.

The Share Issue Authorities will expire at the conclusion of the Annual General Meeting of the Parent Company to be held in 2016, or if earlier, 31 July 2016.

Resolution 10

Renews the authority of the Parent Company to make market purchases of up to 14.99% of the issued ordinary shares (the "Buy-back Authority").

The price paid for a share under the Buy-back Authority will be at least 10p (the nominal value of a share) and no more than the highest of (a) 5% above the average share price over the five business days preceding the date of the market purchase, (b) the price of the last independent trade in the Company's shares and (c) the highest amount bid. These limits are in accordance with company law and the Listing Rules.

The Buy-back Authority will expire at the conclusion of the Annual General Meeting of the Parent Company to be held in 2016, or if earlier, 31 July 2016.

Resolution 11

Allows the calling of a general meeting (unless it is an Annual General Meeting) on not less than 14 days' notice.

Notice of Meeting

Notice is hereby given that the thirty-fourth Annual General Meeting of Graphite Enterprise Trust PLC will be held at the Westbury Hotel, Bond Street, London W1S 2YF on 11 June 2015 at 3.30p.m. for the following purposes.

Resolutions 9 to 11 inclusive will be proposed as special resolutions, requiring 75% of votes cast to be in favour in order to be passed. All other resolutions will be proposed as ordinary resolutions, requiring more than 50% of votes cast to be in favour.

Ordinary business

1. To receive and adopt the reports of the directors and auditors and the Company's accounts for the year ended 31 January 2015.
2. To declare a final dividend of 10.0p and a special dividend of 5.5p on the ordinary shares.
3. To re-elect P. Dicks as a director.
4. To re-elect M. Fane as a director.
5. To re-elect L. Riches as a director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the directors to fix the remuneration of the auditors.
7. To consider, and if thought fit, to approve the remuneration report set out in the Directors' Remuneration section of the Annual Report for the year ended 31 January 2015.

Authority to allot shares

8. THAT:
   a. the directors be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Parent Company to allot shares in the Parent Company or to grant rights to subscribe for or to convert any security into shares in the Parent Company up to an aggregate nominal amount of £2,406,129 (representing 24,061,290 ordinary shares of 10p each, such amount being equivalent to 33% of the issued ordinary share capital) during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2016, or, if earlier, on 31 July 2016; and
   b. all authorities and powers previously conferred under section 551 of the Act are hereby revoked, provided that such revocation shall not have retrospective effect.

Special business

Disapplication of pre-emption rights (see note 1)

9. THAT:
   a. subject to the passing of resolution 8 above the directors be empowered to allot equity securities as defined in section 560(1) or section 560(3) of the Act wholly for cash during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2016, or, if earlier, on 31 July 2016. In connection with an allotment of shares pursuant to the authority referred to in resolution 8 above or the sale of treasury shares, up to an aggregate nominal amount of £364,565, (representing 3,645,650 ordinary shares of 10p each, such amount being equivalent to 5% of the issued ordinary share capital) as if section 561 of the Act did not apply to any such allotment or sale; and
   b. by such power the directors may make offers or agreements which would or might require equity securities to be allotted after the expiry of such period.

Notice of Meeting
(continued)

Authority to purchase shares

10. THAT:

the Parent Company be and is hereby unconditionally and generally authorised for the purpose of section 701 of the Act to make market purchases (as defined in section 693 of that Act) of ordinary shares of 10p each in the capital of the Parent Company on such terms and in such manner as the directors may determine, provided that:

a. the maximum number of shares which may be purchased is 10,929,658 (being 14.99% of the issued ordinary share capital);

b. the minimum price which may be paid for each ordinary share is 10p;

c. the maximum price which may be paid for a share is an amount equal to the highest of (a) 105% of the average of the closing price of the Parent Company's Ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased, and (b) the price of the last independent trade or (c) the highest current bid, as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 (number 2273/2003); and

d. this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2016 or, if earlier, on 31 July 2016 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is varied, revoked or renewed prior to such time.

General Meeting on a minimum 14 days' notice

11. THAT:

a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.

By order of the Board

Company Secretary
Graphite Capital Management LLP
24 April 2015

Registered office:
Berkeley Square House,
Berkeley Square,
London
W1J 6BQ

Notice of Meeting: Explanatory Notes

Note 1: In accordance with Listing Rule 15.4.11, unless authorised by shareholders, the Company may not issue shares at a discount to net asset value unless they are first offered to existing shareholders pro-rata to their existing holdings.

Note 2: A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 48 hours before the time of the meeting. In view of this requirement, investors holding shares in the Company through the F&C Private Investor, Personal Equity or Pension Savings Plans, an F&C Child Trust Fund, an F&C Junior ISA or in a F&C Individual Savings Accounts should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 120 hours before the time appointed for the meeting. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he is the holder. Holders of Subscription shares are not entitled to attend and vote at this meeting.

To appoint more than one proxy, members will need to complete a separate proxy specifying clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares each proxy appointment relates to or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.

Note 3: A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

Note 4: As at 23 April 2015 (being the last business day prior to the publication of this notice) the Company's issued share capital and total voting rights amounted to 72,913,000 ordinary shares carrying one vote each.

Note 5: Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Register of Members of the Company as at 6.00 p.m. on the day which is two days before the day of the meeting (or, in the event of any adjournment, as at 6.00p.m. on the day which is two days prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Note 6: CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which is available to download from the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of determined by the timestamp applied

Notice of Meeting: Explanatory Notes

(continued)

to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Note 7: In accordance with section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the AGM put by a shareholder attending the meeting to be answered. No such answer need be given if:

a. to do so would:

   i. interfere unduly with the preparation for the AGM, or

   ii. involve the disclosure of confidential information;

b. the answer has already been given on a website in the form of an answer to a question; or

c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Note 8: Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to:

(i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Note 9: A copy of this Notice of Annual General Meeting is incorporated in the Annual Report for the year ended 31 January 2015 available on the Company's website: www.graphite-enterprise.com

Note 10: The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and public holidays) until the date of the AGM and at the place of the AGM for a period of fifteen minutes prior to and during the meeting: (a) the terms and conditions of appointment of non-executive directors; and (b) a copy of the Current Articles of Association. None of the directors has a contract of service with the Company.

If you are in any doubt as to the content or action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in the Company, please send this document, together with the accompanying Form of Proxy and Attendance Card, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

General Information

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Understanding Private Equity

Listed private equity provides access to an asset class with an attractive operating model for the price of a share

What is private equity?

Private equity is a term used to describe investment in private, unquoted companies; it is an alternative ownership model to a public market listing. One of its principal features is a stronger alignment of interests between investors in companies and their managers. The private equity model has many attractions and these can generate higher returns.

Private equity covers a wide spectrum of investments, from start-up companies capitalised at less than £1 million to acquisitions of large established companies of all sizes. The main sub-sectors of the private equity market are buy-outs, which cover management buy-outs (MBOs), buy-ins (MBIs) and similar transactions, and venture capital, which covers early stage investing. Graphite Enterprise focuses on buy-out investments.

A buy-out generally involves the purchase of a majority or a significant minority of the equity of a well established, profitable company by one or more private equity funds, which invest alongside the existing management team (an MBO) or a new management team (MBI). The sellers may be the founders or other individuals, or larger companies seeking to divest subsidiaries or sell an investment on the secondary market. Quoted companies may also be acquired by private equity investors in public to private transactions.

When companies are ready for disposal, they may be sold to a trade buyer (a company in the same sector) or to a financial buyer (including other private equity funds – known as a secondary buy-out), or they may be floated on the stock market, also known as an initial public offering or IPO.

Private equity managers provide focused strategic and operational guidance to the companies in their portfolio, which contrasts with public ownership where a company may have to deal with the competing demands of a diverse range of shareholders. There is also less short term performance pressure on private equity owned companies than in the public markets, making it possible to adopt a longer term approach.

Alignment of interest
Both company management teams and private equity managers are incentivised to maximise returns for the ultimate investors in the private equity funds.

Careful use of leverage
As the ownership model increases the confidence of lenders, buy-out investments may use higher levels of debt than similar quoted companies to increase equity returns. This normally includes bank debt (referred to as senior debt) and sometimes mezzanine debt. Mezzanine debt is junior debt with a higher return than senior debt to compensate for the greater risk.

How a private equity fund works
The most common model for a private equity fund is for institutional investors to make commitments to a private equity manager to fund an investment programme.

Once these commitments are in place, the private equity manager then identifies and makes investments in companies over a period of years, drawing down investors' cash only when an investment has been completed.

The manager then works to develop those companies and seeks to achieve their profitable disposal, again over a period of years. When investments are sold, cash is returned to investors.

Private equity funds are generally structured with a life of ten years. Most of the cash is typically drawn down over a period of four to six years and may begin to be returned in the fourth or fifth year, reflecting the underlying buying and selling of companies in the fund. As a result, the maximum net cash invested in an individual fund is often considerably less than the total amount committed to it.

Fund investing
A private equity fund-of-funds invests primarily in funds managed by private equity managers. The task of the fund-of-funds manager is to select high quality managers, gain access to their funds and construct a diversified, balanced portfolio for investors.

Overcommitment
In order to achieve full or near full investment from a portfolio of funds, it is usual to make commitments exceeding the amount of cash available for investment. This is described as overcommitment. To decide on the right level of overcommitment, careful consideration needs to be given to the rate at which commitments will be drawn down (as noted above, this is typically over a period of years) and the rate at which realisations will generate cash from the existing portfolio to fund new investment.

Primary and secondary fund investments
A commitment to a private equity fund which is made at the beginning of its life is known as a primary commitment. It may also be possible to acquire an interest in a fund which is part way through its life, from an existing investor, and this is known as a secondary investment. Secondary investments may be made at a premium or a discount to the most recent reported net asset value of the fund in question.

Co-investments
When private equity managers are considering investments that are too large for their funds to make alone (for example, because of diversification limits), they often invite their fund investors to participate. An investment made alongside a fund to which a commitment has been made is known as a co-investment. Typically no additional fees are paid to the private equity manager in respect of a co-investment. Co-investments can improve the overall returns from a fund investment programme.

Investor access to private equity
Traditional private equity funds are difficult for most private investors to access, as minimum commitment sizes are typically £5 million or more. It can also be difficult for investors in these funds to sell interests in funds, as secondary market liquidity can be limited.

Investors take on a long term obligation to fund a manager's investment programme, which requires careful management of cash resources in order to ensure that all commitments can be met. Private equity managers only report their fund's valuation to investors at most once a quarter.

Listed private equity
Investing in listed private equity removes many of these barriers to investment. Investors can gain exposure to a diversified private equity portfolio for the price of a share, there is daily liquidity in those shares and the value of the shareholding is known at any point in time. There is no obligation to fund future commitments. In addition, the manager of a listed private equity fund deals with the complex legal structuring that is common to private equity transactions.

For these reasons, listed private equity is an attractive way to gain access to the asset class for many types of investor, but particularly for private shareholders and small institutions.

How to Invest in Graphite Enterprise

Graphite Enterprise is listed on the London Stock Exchange and its shares can be bought and sold just as those of any other listed company.

A straightforward way for individuals to purchase and hold shares in the Company is to contact a stockbroker or a provider of savings products such as ISAs.

You may be able to find a stockbroker using the website of the independent Wealth Management Association (WMA) at:

www.thewma.co.uk

You may also be able to purchase shares via your bank account provider.

For a small fee a stockbroker or bank can usually:

- purchase shares on your behalf, and
- arrange for the shares to be held in your name in an account, or in a tax-efficient wrapper such as an Individual Savings Account ("ISA") or a Self Invested Personal Pension ("SIPP").

Information about ISAs and SIPPs, as well as general advice on saving and investing, can be found on the government's free and independent service at:

www.moneyadviceservice.org.uk

As with any investment into a company listed on the stock market, you should remember that:

- the value of your investment and the income you get from it can fall as well as rise, so you may not get back the amount you invested; and
- past performance is no guarantee of future performance.

This is a medium to long term investment so you should be prepared to invest your money for at least five years.

If you are uncertain about any aspect of your decision to invest, you should consider seeking independent financial advice.

Details of the Company's website and contact information for potential and existing shareholders can be found in the Useful Information section on page 107.

F&C Investment Plans

As explained on the opposite page, investors can hold shares directly in Graphite Enterprise or through a savings plan such as the F&C Investment Plans (see important note below), details of which are set out below.

Private Investor Plan (PIP)

Investors can invest a lump sum from £500 or regular savings from £50 a month. Investors can also make additional lump sum top-ups at anytime from £250.

Investment Trust Individual Savings Account (ISA)

Investors can make an annual tax-efficient investment of up to £15,240 for the 2015/16 tax year in an ISA. Investors can invest a lump sum, make regular monthly payments or transfer existing ISAs while maintaining all the tax benefits.

Child Trust Fund (CTF)

CTFs are closed to new investors, however it is easy to transfer an existing CTF to F&C, and to transfer a CTF to a Junior ISA. Additional contributions of up to £4,080 can be made in the 2015/16 tax year.

Children's Investment Plan

A flexible way to save for a child. Investments can be made from a £250 lump sum or £25 a month. Lump sum top-ups of £100 or over can be made at any time. There is no maximum contribution.

Junior ISA (JISA)

A tax-efficient savings plan for children who did not qualify for a CTF. Investors can invest up to £4,080 for the 2015/16 tax year (from 1 July 2014) with all the tax benefits of a CTF. It is also possible to transfer an existing CTF to a JISA.

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 rates and reliefs may vary as a result of individual circumstances. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan. For full details please see F&C's website at the address below.

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 Conduct Authority (FCA).

Existing investors through F&C can contact the Investor Services Team on:

Telephone: 0845 600 3030
(UK calls charged at a local rate)
9:00am – 5:00pm, weekdays,
calls may be recorded

Email: investor.enquiries@fandc.com

Address: F&C Plan Administration
PO Box 11114
Chelmsford
CM99 2DG

New investors can contact the Investor Services Team on:

Telephone: 0800 136 420
8:00am – 5:30pm, weekdays,
calls may be recorded

Email: info@fandc.co.uk

Apply online: www.fandc.co.uk/apply

Further information is available on F&C's website at www.fandc.co.uk

Important note
Graphite Capital Management LLP and Graphite Enterprise make no recommendation as to the suitability of investment through the F&C Investment Plans rather than through an alternative savings scheme or platform, through a stock broker or by some other means. Information on the F&C Investment Plans is presented here as they are the largest savings plans currently investing in Graphite Enterprise.

Useful Information

Address
Berkeley Square House,
Berkeley Square,
London W1J 6BQ
020 7825 5300

Registered number: 01571089
Place of registration: England

Website
www.graphite-enterprise.com

Registrar
Computershare Investor Services PLC,
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ
www-uk.computershare.com/investor
0870 889 4091

Financial calendar
The announcement and publication of the Company's results may normally be expected in the months shown below:

March/April	Final results for year announced, Annual Report and financial statements published
June	Annual General Meeting and 1st quarter's results
September	Interim figures announced and half-yearly report published
December	3rd quarter's results

All announcements may be viewed at the Company's website, www.graphite-enterprise.com

Manager
Graphite Capital Management LLP,
Berkeley Square House,
Berkeley Square,
London W1J 6BQ.

Authorised and regulated by the Financial Conduct Authority.

Dividend – 2015
A final dividend of 10.0p and a special dividend of 5.5p are proposed in respect of the year ended 31 January 2015, both payable as follows:

Ex-dividend date 28 May 2015
(shares trade without rights to the dividend)

Record date 29 May 2015
(last date for registering transfers to receive the dividend)

Dividend payment date 18 June 2015

The final and special dividends are subject to approval of the shareholders at the forthcoming AGM.

Payment of dividends
Cash dividends will be sent by cheque to the first-named shareholder at their registered address, together with a tax voucher, to arrive on the payment date.

Alternatively, dividends may be paid direct into a shareholder's bank account via Bankers' Automated Clearing Service ("BACS"). This may be arranged by contacting the Trust's registrar, Computershare Investor Services PLC (see contact details above).

Share price
The Company's mid-market ordinary share price is published daily in the Financial Times and Daily Telegraph under the section 'Investment Companies'. In the Financial Times the ordinary share price and the subscription share price are listed in the sub-section 'Conventional-Private Equity'.

ISIN/SEDOL numbers
The ISIN/SEDOL numbers and code for the Trust's ordinary shares are:

ISIN	GB0003292009
SEDOL	0329200
Reuters	GPE.L

LPEQ
The Company is a member of LPEQ, the industry association of listed private equity companies. LPEQ's goal is to improve levels of knowledge and understanding about listed private equity among market participants and commentators. www.lpeq.com

AIC
The Company is a member of the International Association of Investment Companies. www.theaic.co.uk

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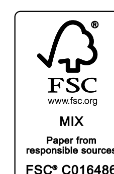

Website

For further information please visit our website at www.graphite-enterprise.com

Graphite Enterprise

www.graphite-enterprise.com