Graphite Capital

Graphite Enterprise Trust PLC

Investing in long term growth

Interim Report
31 July 2014

Contents

Summary of the six months to 31 July 2014

Overview

Graphite Enterprise continued its solid progress in the six months to July 2014 with the net asset value increasing by 2.9% before payment of the dividend. The portfolio performed well, driven by a number of successful realisations and by continued growth in the profits of underlying companies. The benefit of this was partially offset by adverse currency movements. The share price has been very strong over the last year, increasing by 22%.

We have been active both in realising and in making investments, with £82 million generated by the portfolio during the period and £53 million invested.

The Company has been one of the stronger performers in the listed private equity sector in recent years. Our flexible investment strategy and the strong performance of the largest investments position Graphite Enterprise well for future growth.

Mark Fane
Chairman

+5.7%

Share price total return
The share price outperformed the FTSE All-Share Index and has increased by 56% over three years

+2.9%

Net asset value per share total return
The NAV per share increased to 681.2p after payment of a dividend of 15.5p per share in June

+6.5%

Underlying rise in the value of the portfolio in local currencies
The portfolio performed well, driven by underlying earnings growth and realisations

£11.3m

Record dividend
The dividend paid in June was the highest in the Company's history

£82m

Realisation proceeds*
Proceeds from realisations were equivalent to 19% of the opening portfolio

£53m

Investment in the portfolio
New investment activity was strong and this has continued since the period end, with a further £30 million invested

* Excluding secondary sales of fund interests.

Financial summary

	31 July 2014	31 January 2014	Total return	Change
Net asset value per share	681.2p	677.2p	+2.9%	+0.6%
Share price	581.0p	563.5p	+5.7%	+3.1%
FTSE All-Share Index	3,586	3,497	+4.5%	+2.5%

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.

As an investment trust, the Company does not pay corporation tax on capital gains realised from the sale of its investments.

The Board has a conservative approach to portfolio and balance sheet management. As a result the Company has a strong performance record through the recent downturn as well as over its 33 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 one of the longest established and best known UK mid-market buy-out firms. The senior team has worked together for 17 years and has an average of over 20 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.

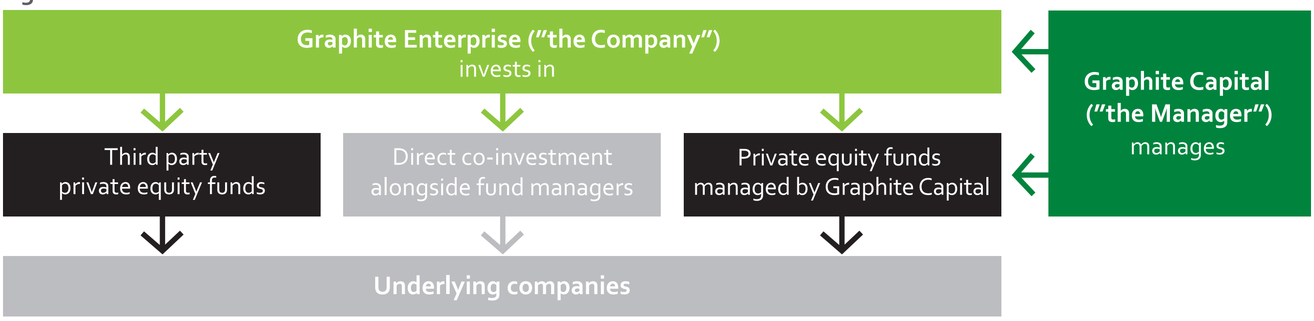
The main focus in determining whether to invest with a third party fund manager is whether its current team can produce strong, repeatable investment returns. Graphite Capital's direct investment experience helps it to appraise the companies in which a manager has invested, which we believe is key to 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 30 private equity firms. The largest 30 companies account for 44% of the value.

About Graphite Enterprise

Fig: 1.1



Chairman's Statement

Over three years the share price has now increased by 56%

Summary

Graphite Enterprise made solid progress in the six months to 31 July 2014, with the net asset value per share increasing by 2.9% before payment of the dividend. The net asset value has now increased by nearly a quarter over three years and by more than three-quarters over five years[1].

The share price performed well during the period, generating a total return of 5.7% after including the dividend paid in June. This was ahead of the Company's benchmark, the FTSE All-Share Index, which produced a total return of 4.5%. Over three years the share price has now increased by 56%, compared with a rise of 32% in the Index.

Reflecting the rise in the share price, the discount to the net asset value per share narrowed from 16.8% to 14.7% during the period.

The growth in the net asset value was driven by a 6.5% increase in the value of the investment portfolio in local currencies, continuing the steady growth seen in recent years. This was partially offset by a rise in sterling against the euro and other currencies which reduced the sterling value of our foreign currency-denominated investments and limited the overall portfolio rise in sterling terms to 4.4%. After adjusting for the effect of holding cash and for costs, the overall increase in the net asset value per share was 2.9% before the payment of the dividend.

At 31 July, the Company had total assets of £505 million of which 80% was invested in the portfolio. The balance was held in cash and liquid assets which rose to £102 million, as a result of the high level of realisations in the period and the secondary sale of three fund interests. The level of cash has fallen to £79 million since the period end as a number of planned new investments have recently been completed.

1. Throughout the report, all performance figures are stated on a total return basis (i.e. including the effect of reinvested dividends).

Economic environment

The Company's investment programme is focused on the more mature private equity markets in Western Europe. At 31 July, the largest exposures continued to be the UK, which accounted for 46% of the portfolio, and to continental Europe which accounted for a further 41%.

The economic outlook for the UK remains positive, with the steady growth seen in the first half of 2014 expected to continue. By contrast, the performance of the major continental European economies has weakened again recently. The timing of any recovery in these countries is uncertain, with aggregate growth likely to remain subdued in the short to medium term.

Economic uncertainty can often benefit the sector as new investments can be made at relatively attractive prices. In a more favourable economic environment the sourcing of new investments may be more competitive but the performance of the existing portfolio should be stronger.

Whether investments are made in a stronger or weaker economic environment, the role of the private equity manager is to identify companies with clear growth opportunities. The performance of the investment portfolio in recent years has demonstrated the ability of the managers in the Company's portfolio to do this successfully.

Performance

Overview

The investment portfolio performed well in the six months, increasing in value by 6.5% in local currencies, equivalent to an annualised rate of 13.4%. This represented a continuation of the good performance seen over the last two years, during which growth in local currencies has averaged 14.0% per annum.

Approximately 34% of the Company's portfolio is denominated in euros and 12% in US dollars. As the euro fell by 3.5% against the pound and the dollar fell by 2.7%, this reduced the sterling value of these assets and limited the reported increase in the portfolio to 4.4%.

As the investment portfolio accounted for 86% of total assets at the start of the year, the rise in the portfolio increased the net asset value by 3.8%. After adjusting for costs, the increase in the net asset value per share was 2.9%. The dividends paid in the period represented 2.3% of net asset value, with the result that the closing net asset value was up by 0.6%.

Portfolio

Over 60% of the underlying growth in the portfolio was generated by full realisations, which continued to be achieved at values above their previous carrying values. Increases in the valuation of the unrealised portfolio were driven principally by continued earnings growth.

As the largest 30 underlying companies accounted for 44% of the portfolio at 31 July, their performance will have a substantial impact on that of the Company. These investments performed strongly in the 12 months to June 2014, with EBITDA[2] increasing by 12.5% on average. By comparison, the aggregate EBITDA of the FTSE 250 increased by 8.4% in the same period.

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

Discount

The share price rose by more than the net asset value in the period, with the discount to the net asset value per share narrowing from 16.8% to 14.7%.

In the last year, the Company's discount has consistently been among the lowest in listed private equity fund of funds sector.

Long term performance[3]

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 60% of whom are private individuals. We aim to outperform this index over the medium to long term.

Over ten years, both the net asset value per share and the share price have outperformed the FTSE All-Share, with the net asset value increasing by 147% and the share price by 189%, compared with a rise of 128% in the Index.

Over both three and five years, the share price has strongly outperformed the FTSE All-Share, rising by 56% and 121% respectively compared with rises of 32% and 96% in the Index. Despite the net asset value having increased by 22% and 79% respectively over these periods, the rise in the Index has been greater. This is because the Index fell more sharply than our net asset value during the financial crisis of 2008/9 and has therefore been recovering from a lower opening position over both periods.

The Company's performance continues to be one of the stronger of the listed private equity funds of funds. The net asset value has outperformed the peer group average over three and five years and the share price has outperformed the average over three and ten years. As the discounts of many of our peers were wider than the Company's in mid-2009, their share price performances over five years reflect recovery from those low levels.

2. Earnings before interest, tax, depreciation and amortisation.

3. 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 July 2014.

Chairman's Statement
(continued)

Balance sheet and commitments
The Company had cash balances at 31 July of £101 million. This figure was artificially high as four discretionary purchases totalling £27 million were agreed but did not complete until after the period end. Taking these into account, together with other investment activity, cash had fallen to £79 million[4] at 25 September, equivalent to 16% of total assets.

The portfolio generated net cash of £29 million in the six months, with both realisations and new investment at high levels. A total of £82 million was received from the portfolio and £53 million was invested. After payment of the dividend of £11 million and allowing for other costs, the cash balance would have risen by £12 million, had we not sold two substantial fund interests in the secondary market. After adding the proceeds of £21 million received from these sales, the cash balance rose by £33 million.

In addition to the £27 million of discretionary investments completed since 31 July, £3 million was drawn down by funds and £9 million of further proceeds have been received. The Manager's Review contains further details of investment activity.

Last year we made very substantial commitments to new funds, totalling £201 million. This was both because many of our preferred managers were raising new funds and because we wanted to secure a core level of new investment in the medium term. So far in the current year we have not made any further new commitments, but we expect to do so in the near future, again reflecting the timing of fundraisings by managers we are keen to back.

As £37 million was drawn down for new investment and no new commitments were made, the level of outstanding commitments fell from £277 million to £241 million in the period. We expect outstanding commitments to be drawn down at a rate of approximately £55-65 million in the next 12 months, depending on the speed at which funds identify appropriate opportunities.

Together with the undrawn bank facility of £96 million, the cash balances provide significant capacity for further new investment over the coming years. Our medium term aim is to be broadly fully invested while ensuring that we have sufficient liquidity to be able to take advantage of any attractive investment opportunities that might arise.

Revenue return and dividend
As we have highlighted in previous reports, most of our income is accounted for when underlying portfolio companies are sold and the accumulated interest on yield-bearing instruments is paid. This makes the level of income in each year very difficult to predict.

In the year to January 2014, the high level of realisations generated a very high level of income. In order to maintain its investment trust status, the Company can retain no more than 15% of its total income and this resulted in a record dividend. Shareholders approved a total dividend of 15.5p per share for the year to January 2014, taking the form of a final dividend of 7.5p and a special dividend of 8.0p, and this was paid in June.

In the six months to July, the portfolio has generated income at a rate comparable with that of last year, again mainly as a result of realisations. Net revenue for the period was 10.8p per share. While there can be no guarantee that the same level of income will be received in the second half of the year, we anticipate that the final dividend will be maintained at 7.5p per share. We may also be required to pay another special dividend but this will not become clear until after the year end.

Years to 31 July 2014[3]	3	5	10
Net asset value per share	+22.0%	+78.6%	+146.6%
Share price	+55.5%	+121.4%	+189.2%
FTSE All-Share Index	+31.7%	+96.1%	+128.1%
Peer group average NAV growth[5]	+17.4%	+50.1%	+148.9%

[4] Includes the effect of other net cash outflows of £0.4 million.

[5] 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.

Outlook

As we anticipated, after a record level of realisations last year, the level of disposals has remained high in the first half of the current year. This has continued to have a positive effect on performance and we expect the exit environment to remain favourable in the second half. It is encouraging that the majority of the portfolio is now in investments made since the financial crisis and it is these that are likely to drive the Company's future performance.

The environment for new investment remains more challenging than that for realisations. However private equity managers who understand their markets and have a clearly defined investment strategy should be able to identify attractive opportunities. Private equity has historically achieved strong returns from investments made in the early stages of a recovery and there is no reason to believe that returns in this recovery will be any different.

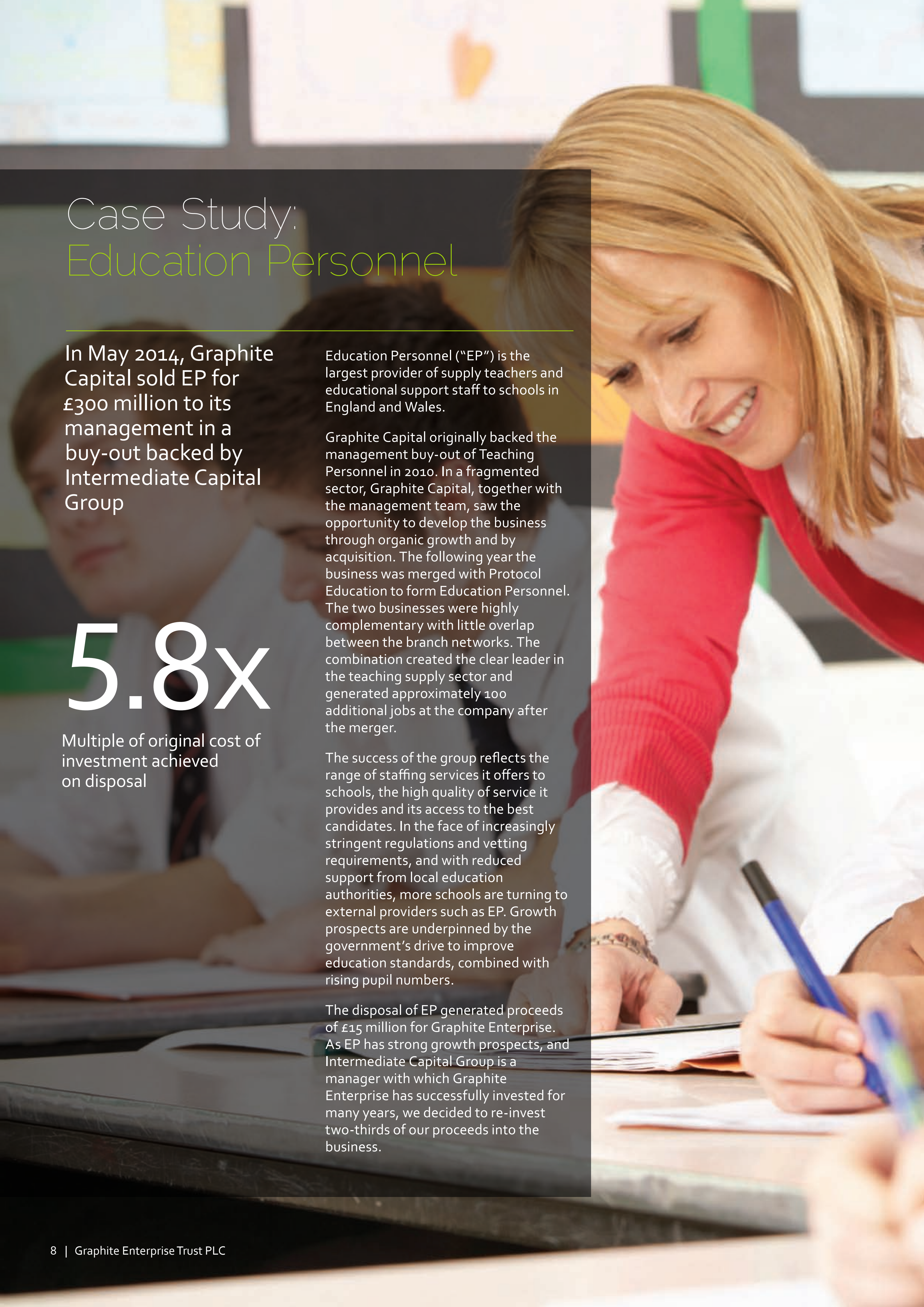
Although cash balances at the end of the first half were relatively high, they have fallen since then and we have identified opportunities to redeploy the more recent realisation proceeds. In doing so, we are committed to maintaining our investment discipline. While prices have increased in some parts of the market, our investment strategy gives us the flexibility to adapt the mix of investments, cash and commitments to changing market conditions and to deploy our cash where we see the best relative value.

Mark Fane
October 2014

Ten year performance[6]

Fig: 1.2

[6] All amounts rebased to 100 at 30 June 2004. Performance to 31 July 2014.
[7] Year end changed from 31 December to 31 January in 2011.



Case Study:
Education Personnel

In May 2014, Graphite Capital sold EP 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 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.

Business Review

Graphite Capital Team


Rod Richards
Managing Partner


Emma Osborne
Senior Partner,
Head of Fund Investment


Kane Bayliss
Partner,
Fund Investment


Tim Spence
Senior Partner,
Finance Director


Simon ffitch
Senior Partner,
Joint Head of Direct Investment


Andy Gray
Senior Partner,
Joint Head of Direct Investment


Markus Golser
Senior Partner


Stephen Cavell
Senior Partner


Fiona Bell
Investment Director,
Fund Investment


Andrea Fernandez
Investment Director,
Fund Investment


Colm Walsh
Investment Director,
Fund Investment

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 33 years and has been owned by its partners since 2001. The senior management team has worked together for 17 years.

Graphite Capital manages both direct investments in portfolio companies and private equity fund investments. Direct investments are predominantly made through limited life funds which have a global institutional 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 24 investment professionals and 15 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 July 2014, investments managed by Graphite Capital represented 21% of the portfolio value and 35% of undrawn commitments.

Fund investments

Fund investments focus mainly on European buy-out funds, but there is also some exposure to the USA 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 82 funds and 35 co-investments. The net return on realised funds and co-investments is more than twice the amount invested.

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.

Manager's Review

The portfolio generated total cash of £82.4 million in the period, 19% of its opening value

Portfolio performance overview

The portfolio continued to make steady progress in the first half of the year, rising in value by 6.5% in local currencies. After adjusting for the impact of the depreciation of foreign currencies on the value of our overseas investments, the sterling value of the portfolio rose by 4.4%.

Movement in the portfolio	£m
Opening portfolio	433.3
Additions	53.3
Realisation proceeds	(82.4)
Secondary sales of fund interests	(21.1)
Net cash inflow	(50.2)
Gains on realisations	17.2
Unrealised valuation gains	10.9[1]
Total underlying valuation gains	28.1
Currency	(9.0)
Closing portfolio	402.2

[1] In these accounts 98% of the portfolio is valued using 30 June 2014 valuations.

Despite the opening portfolio increasing in value by £28.1 million, the portfolio closed the period £31.1 million lower at £402.2 million. The fall reflected a cash inflow resulting from a number of large realisations, the secondary sale of some fund interests and a delay in completing some new investments.

Gains generated by realisations accounted for 61% of the underlying valuation increase. Unrealised valuation gains were primarily driven by earnings growth but there was also a slight increase in valuation multiples in the period.

Investment activity

Realisations

The portfolio generated total cash of £82.4 million in the period of which over two-thirds came from full realisations. Most of the balance came from IPOs, the sale of quoted holdings or from refinancings of portfolio companies. An additional £21.1 million was received from the sale in the secondary market of interests in three funds.

The total proceeds received, excluding the secondary sales, were equivalent to 19% of the opening value of the portfolio. Although this would imply that realisations are running at a materially higher rate than the 28% achieved in the last financial year, the figure is distorted by three large disposals. It therefore remains to be seen whether this rate will be maintained in the second half of the year.

Full realisations

Investments in 15 portfolio companies were fully realised in the period and these generated £55.2 million of proceeds. Although the number of disposals was similar to that in the prior year, more of them were made from among the Company's largest holdings.

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 developer of residential property in London. These generated proceeds of £14.9 million and £9.8 million respectively. As Education Personnel was acquired by Intermediate Capital Group ("ICG"), a manager we have successfully invested with for many years, we decided to re-invest part of the proceeds in their buy-out vehicle. The largest cash inflow was the £15.3 million generated by CEVA, the leading animal health specialist, which was sold by Euromezzanine Fund 5.

CEVA, Education Personnel and London Square were, respectively, the Company's third, sixth and eighth largest underlying investments at the start of the period and accounted for over 70% of proceeds from full realisations. Further details of the ten largest underlying realisations are set out in the Supplementary Information section.

Full realisations continue to be completed at substantial uplifts to their previous holding values and for realisations in the six months these averaged 40%. The average return over the life of the investment also remained reasonably strong at 1.9 times the original cost. The vintage year in which realised investments were made was more evenly spread than last year, with investments made before and after the financial crisis each generating around half of the proceeds from full realisations. It is encouraging to see more recent investments starting to generate strong returns and that earlier vintages are continuing to perform.

Partial realisations

A further £27.2 million was received from the partial realisation of portfolio companies, the most significant component of which was refinancings. The recovery in credit markets enabled a number of portfolio companies to be successfully refinanced generating £10.7 million of cash, which is almost as much as achieved from refinancings in the whole of last year.

In a strong IPO market 14 companies achieved flotations, compared with ten over the last two years. The Company received proceeds of £5.7 million from IPOs and a further £3.6 million from sales of listed holdings. At the end of the period the portfolio included quoted shares valued at £40.0 million in 28 investments, from flotations in the current and previous years. Details of these are set out in the Supplementary Information section.

New investments

A total of £53.3 million was invested in the first half of the year which is materially higher than the £30.1 million invested in the same period last year.

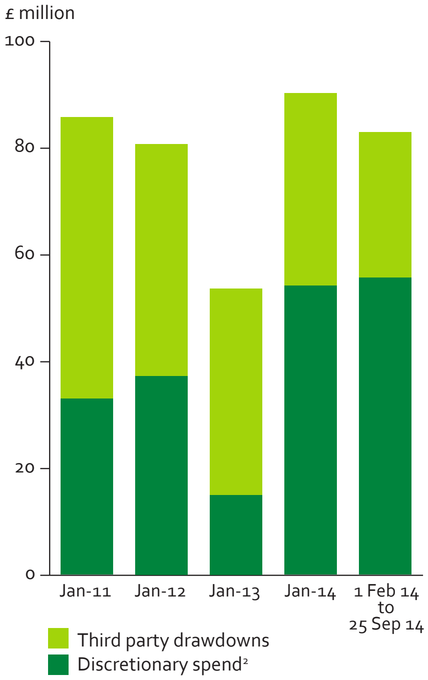
Drawdowns of commitments to funds totalled £36.6 million, compared with £54.2 million in the whole of the previous year. As we made a large number of commitments to new funds last year, the higher level of drawdowns reflects the greater number of funds investing this year. However, it also reflects the more rapid rate at which many of our managers are making new investments. The number of new underlying investments is broadly in line with the increase in the amount invested, with 39 investments made in the first half compared with 58 in the year to January 2014.

The largest new underlying investment was the acquisition by our buy-out team of ICR, a provider of maintenance services to the oil and gas industry, in which the Company invested £10.9 million. Almost as large was the re-investment in Education Personnel discussed earlier. This totalled £9.7 million of which £9.0 million was a direct co-investment and £0.7 million was invested through ICG's latest fund. Further details of the ten largest underlying new investments are set out in the Supplementary Information section of this report.

Manager's Review
(continued)

Investment activity

Fig: 2.1



[2] Discretionary investments consist of Graphite Capital direct investments, secondary purchases of fund interests and co-investments.

Secondary fund purchases ("secondaries") of £1.8 million were materially lower than planned. This reflects the timing of closings and market conditions. Two secondaries totalling £18.8 million completed after the period end (discussed in Events since the period end below). The market for secondary interests has become increasingly competitive over the last 12 months and sourcing appropriately priced opportunities has therefore become more challenging.

If investments made by our direct buy-out team are added to co-investments and secondaries, the proportion of new investment in the first half over which we, as Manager, had full discretion was 54%. This is likely to be materially higher than that of a conventional investor in private equity funds who will not have the same level of exposure to new direct investments. We believe this gives the Company a distinctive position in the fund of funds sector.

New commitments

No new primary fund commitments were made in the first half of the year. This reflects the timing of fundraisings by our preferred managers. We currently have a number of new funds at an advanced stage of due diligence and expect to close some of these by the end of the year. However, as we indicated in the annual report, after making 12 new commitments totalling over £200 million last year, new commitments this year will be materially lower.

Closing portfolio

At 31 July, the portfolio was valued at £402.2 million and was broadly diversified with investments in 371 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. While the level of diversification within the portfolio reduces risk, many individual investments are large enough to have an impact on overall performance, as the recent sales of Education Personnel and London Square have demonstrated.

We have invested £83.3 million in the portfolio in the year to date[3]

The top ten underlying companies accounted for 24% of the value of the portfolio at the year end, while the top 30 accounted for 44%. The performance of these 30 investments is therefore likely to be a key driver of future growth. As outlined in the Chairman's Statement, their performance remained strong with revenues and EBITDA growing by an average of 7.4% and 12.5% respectively in the 12 months to June 2014.

These 30 companies were valued on an average multiple of 9.3 times EBITDA at June 2014. We consider this to be appropriate for the level of growth being achieved and for the quality of the underlying earnings. In comparison, the FTSE 250 Index was valued at 9.6 times EBITDA at the period end, while the EBITDA of its component companies increased by 8.4% in the last 12 months.

The leverage of the top 30 companies remains relatively modest, with net debt averaging 3.6 times EBITDA. This level of gearing should enhance future equity returns without involving undue financial risk.

We directly manage 21% of the portfolio including five of the top ten underlying investments. 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 79% of value, 12% of this was acquired through secondary purchases and 11% through co-investments. A total of 44% of the portfolio is therefore in investments over which we had full discretion at the time of investment.

Less than 40% of the portfolio is in investments made prior to the financial crisis, which compares with almost two thirds only two years ago. This reflects a combination of a high level of realisations of earlier vintages and the value of new investments added to the portfolio in the last two years. Over 60% of the portfolio is therefore in investments which have been less impacted by the downturn and which should have been priced and structured to reflect the depressed economic environment of recent years.

At 31 July the portfolio was valued at an average of 140% of original cost in local currency, of which 40% of cost had already been returned. At these levels, and with a higher proportion of the portfolio in more recent investments, we believe there to be potential for future growth as the portfolio matures.

Events since the period end[3]

Since the period end, additions to the portfolio of £30.0 million have exceeded realisations of £8.5 million. The new investments include a £4.0 million co-investment, a £4.3 million acquisition of a portfolio of three smaller Graphite Capital investments and two secondaries: £10.3 million in Graphite Capital Partners VI and £8.5 million in PAI Europe V.

After taking account of the £21.5 million net cash outflow, the cash balance has fallen to £79.2 million[4] while outstanding commitments have fallen to £236.0 million. Overcommitment, after taking account of the undrawn bank facility, currently stands at approximately 12% of net assets.

[3] To 25 September 2014.

[4] Includes the effect of other net cash outflows of £0.4 million.

Business Review

Manager's Review
(continued)

We estimate that approximately £60 million of current commitments will be drawn down over the next 12 months if outstanding commitments are drawn down at a constant rate between now and the end of each fund's investment period. In the first half of the year our managers have invested at a faster rate than this. However, even if the recent strong investment pace continues, fund drawdowns are unlikely to be sufficient on their own to absorb the current cash balance. We therefore plan to make further co-investments and secondary fund purchases in the remainder of the year. A number of such investments are at an advanced stage and we are also likely to commit to several new funds in the second half.

Prospects

With the portfolio generating high levels of cash, re-investing these proceeds while maintaining pricing discipline remains a key challenge. However, we have seen a pick-up in the rate of investment in the first half and we expect this to continue. We are currently reviewing a large number of potential new direct investments and there is no reason to believe that the managers of the third party fund portfolio will not be experiencing a similar flow of new opportunities.

We have been pleased both with the quality of the new investments added in recent years and by the continued growth in earnings of the portfolio. In the last 12 months private equity managers have been able to realise investments at material uplifts to previous carrying values. There is no reason to believe that these trends will not continue and this should be positive for future growth in net asset value.

Graphite Capital
October 2014

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 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 until 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] 54, was appointed to the Board in March 2011. He spent over 13 years with Kleinwort Benson as a corporate financier, venture capitalist and finance director of the investment management and private banking division. In 1999 he joined Rathbone Brothers Plc as finance director, 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 Practitioner Panel and a non-executive director of Aberdeen New Thai Investment Trust PLC and Old Mutual Wealth Management.

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 and the British Standards Institution. She is a non-executive member of the Partnership Board of King & Wood Mallesons LLP and a trustee of the charity Sue Ryder.

Sandra Pajarola[2] 51, was appointed to the Board in March 2013. She worked for 13 years at Partners Group until 2012. Partners Group is an investment management firm listed in Switzerland with over €27 billion under management in private equity and other private assets. She was a member of the Global Investment Committee which was responsible for commitments to more than 500 private equity funds.

Case Study: HellermannTyton

HellermannTyton was listed on the London Stock Exchange in April 2013 and generated £6.1 million of total proceeds for Graphite Enterprise

2.6x

Multiple of original cost of investment achieved on disposal

HellermannTyton is a leading global manufacturer and supplier of high performance and innovative cable management solutions for fastening, identifying, insulating, protecting, organising, routing and connecting components in electrical, automotive, and information and communications technology markets.

The company operates world-class production facilities in twelve primary locations across ten countries manufacturing over 20,000 products. HellermannTyton sells its products and solutions directly in 34 countries. Beyond its core geographies of Brazil, the EU, Japan and the United States, the company is increasingly focused on China, India, Russia and South Korea.

Graphite Enterprise invested in HellermannTyton through its commitment to Doughty Hanson Fund IV, a €1.5 billion pan-European buy-out fund raised in 2005 by Doughty Hanson & Co. Doughty Hanson acquired the business in February 2006 from Spirent plc for £332 million.

Under Doughty Hanson's ownership, HellermannTyton recruited a new CFO and Business Development Manager to augment the senior management team, increased its exposure to high growth geographies, restructured its European supply chain, implemented a global procurement strategy for raw materials and pursued a number of production expansion projects.

HellermannTyton was listed on the London Stock Exchange (symbol "HTY") in April 2013 at £1.95 per share. Doughty Hanson completed the realisation of its remaining interest in the company over two subsequent share placings in September 2013 and March 2014, resulting in a final return to Fund IV of 2.6x cost. The return represented an uplift of 22% to the March 2013 valuation and generated £6.1 million of proceeds for Graphite Enterprise.

Supplementary Information

The 30 Largest Fund Investments

The 30 largest funds by value at 31 July 2014 are set out below.

1-15

	Fund	Outstanding commitment £m	Year of commitment	Country/ region	Value £m
1	**Graphite Capital Partners VIII*** Mid-market buy-outs	72.3	2013	UK	26.1
2	**Fourth Cinven Fund**** Large buy-outs	4.0	2006	Europe	22.4
3	**CVC European Equity Partners V**** Large buy-outs	3.6	2008	Global	21.7
4	**Graphite Capital Partners VII*/**** Mid-market buy-outs	7.6	2007	UK	19.3
5	**Doughty Hanson & Co V**** Mid-market and large buy-outs	6.0	2006	Europe	18.8
6	**Thomas H Lee Parallel Fund VI** Large buy-outs	1.7	2007	USA	17.1
7	**Candover 2005 Fund**** Large buy-outs	0.1	2005	Europe	17.1
8	**Graphite Capital Partners VI**/+** Mid-market buy-outs	3.4	2003	UK	16.7
9	**TDR Capital II** Mid-market and large buy-outs	0.8	2006	Europe	16.1
10	**Activa Capital Fund II** Mid-market buy-outs	0.4	2007	France	14.9
11	**ICG European Fund 2006** Mezzanine loans to buy-outs	2.6	2007	Europe	14.1
12	**Deutsche Beteiligungs AG Fund V** Mid-market buy-outs	1.8	2006	Germany	11.1
13	**Bowmark Capital Partners IV** Mid-market buy-outs	–	2007	UK	10.5
14	**Doughty Hanson & Co IV** Mid-market and large buy-outs	0.3	2005	Europe	7.0
15	**PAI Europe V+** Large buy-outs	0.3	2007	Europe	6.5
	Total of the 15 largest fund investments	104.9			239.4

16-30

Fund		Outstanding commitment £m	Year of commitment	Country/ region	Value £m
16	**Fifth Cinven Fund** Large buy-outs	9.6	2012	Europe	6.5
17	**Charterhouse Capital Partners IX**** Large buy-outs	1.9	2008	Europe	6.1
18	**Euromezzanine 5** Mezzanine loans to mid-market buy-outs	1.7	2006	France	6.1
19	**ICG Europe V** Mezzanine loans to buy-outs	2.3	2012	Europe	5.8
20	**Advent Central and Eastern Europe IV** Mid-market buy-outs	1.3	2008	Europe	4.7
21	**BC European Capital IX** Large buy-outs	3.8	2011	Europe	4.5
22	**CVC European Equity Partners Tandem** Large buy-outs	0.9	2006	Global	3.8
23	**TowerBrook III** Mid-market and large buy-outs	1.3	2007	Europe/ USA	3.8
24	**Deutsche Beteiligungs AG Fund IV** Mid-market buy-outs	0.3	2002	Germany	3.5
25	**Segulah IV** Mid-market buy-outs	1.4	2008	Nordic	3.5
26	**CVC European Equity Partners IV**** Large buy-outs	1.4	2005	Global	3.4
27	**Permira IV**** Large buy-outs	0.3	2006	Europe	3.3
28	**Piper Private Equity Fund IV** Small buy-outs	1.1	2006	UK	3.2
29	**Charterhouse Capital Partners VIII**** Large buy-outs	1.1	2006	Europe	3.0
30	**Trident Private Equity III** Small buy-outs	–	2009	UK	2.9
Total of the 30 largest fund investments		133.3			303.5
Percentage of total investment portfolio					75.5%

* Includes the associated Top Up funds.
** All or part of interest acquired through a secondary purchase.
+ Further interests in these funds have been acquired since the period end (Graphite Capital Partners VI: £10.3m, PAI Europe V: £8.5m).

Supplementary Information

The 30 Largest Underlying Investments

The table below presents the 30 companies in which Graphite Enterprise had the largest investments by value at 31 July 2014. 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	4.5%
2	**City & County Healthcare Group** Provider of home care	Graphite Capital	2013	UK	3.5%
3	**ICR Group** Provider of repair and maintenance services to the energy industry	Graphite Capital	2014	UK	2.7%
4	**Education Personnel** Provider of temporary staff for the education sector	ICG	2014	UK	2.4%
5	**Algeco Scotsman** Supplier and operator of modular buildings	TDR Capital	2007	USA	2.2%
6	**National Fostering Agency** Provider of foster care services	Graphite Capital	2012	UK	2.1%
7	**Quiron#** Operator of private hospitals	Doughty Hanson	2012	Spain	1.6%
8	**U-POL** Manufacturer and distributor of automotive refinish products	Graphite Capital	2010	UK	1.6%
9	**David Lloyd Leisure** Operator of premium health and fitness clubs	TDR Capital	2013	UK	1.6%
10	**TMF** Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	1.5%
11	**Spheros** Provider of bus climate control systems	Deutsche Beteiligungs	2011	Germany	1.5%
12	**CPA Global** Provider of patent and legal services	Cinven	2012	UK	1.4%
13	**Parques Reunidos** Operator of attraction parks	Arle	2007	Spain	1.4%
14	**The Laine Pub Company (formerly InnBrighton)** Operator of pubs and bars	Graphite Capital	2014	UK	1.4%
15	**Frontier Medical** Manufacturer of medical devices	Kester Capital	2013	UK	1.2%
	Total of the 15 largest underlying investments				30.6%

16-30

Company		Manager	Year of investment	Country	Value as % of investment portfolio
16	**Stork** Provider of technical engineering services	Arle	2008	Netherlands	1.1%
17	**Sebia** Provider of protein testing equipment	Cinven	2010	France	1.0%
18	**Intermediate Capital Group*** Provider of mezzanine finance	ICG	1989	UK	1.0%
19	**Eurofiber** Provider of fibre optic network	Doughty Hanson	2012	Netherlands	1.0%
20	**R&R Ice Cream+** Manufacturer and distributor of ice cream products	PAI Partners	2013	UK	1.0%
21	**Guardian Financial Services** Provider of insured life and pension products	Cinven	2011	UK	0.9%
22	**Gerflor** Manufacturer of PVC flooring	ICG	2011	France	0.9%
23	**Abertis*** Provider of private transport and communications	CVC	2010	Spain	0.9%
24	**Gondola** Operator of casual dining restaurants	Cinven	2006	UK	0.9%
25	**Homag Group*** Manufacturer of machines for furniture making	Deutsche Beteiligungs	2007	Germany	0.9%
26	**SAFE** Manufacturer of industrial components	Euromezzanine	2006	France	0.8%
27	**Acromas*** Provider of financial, travel and healthcare services	Charterhouse / CVC	2007	UK	0.8%
28	**Evonik Industries*** Manufacturer of specialty chemicals	CVC	2008	Germany	0.8%
29	**Spire Healthcare*** Operator of hospitals	Cinven	2007	UK	0.8%
30	**Expro International Group** Provider of oil field services	Arle	2008	UK	0.7%
Total of the 30 largest underlying investments					44.1%

+ The Company increased its holding in these companies through transactions completed since the period end. On a pro forma basis, Micheldever represents 5.5% of the portfolio and R&R Ice Cream represents 1.1% of the portfolio.

Sale was announced in July but is not expected to complete until the end of the year.

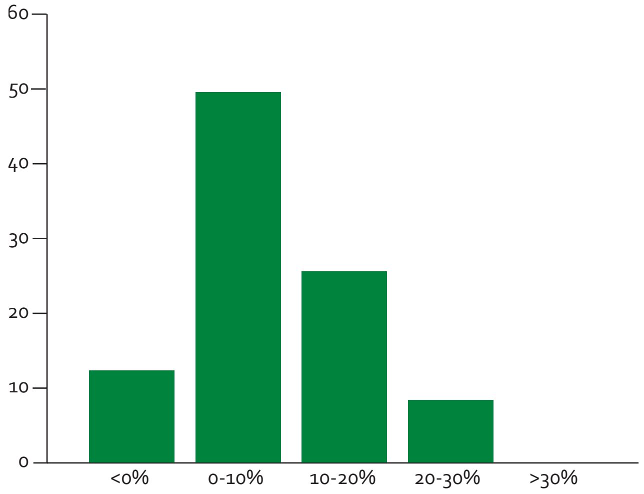
* Quoted. Acromas represents holdings in AA and Saga.

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 July 2014. These investments may be held directly or through funds, or in some cases, in both ways.

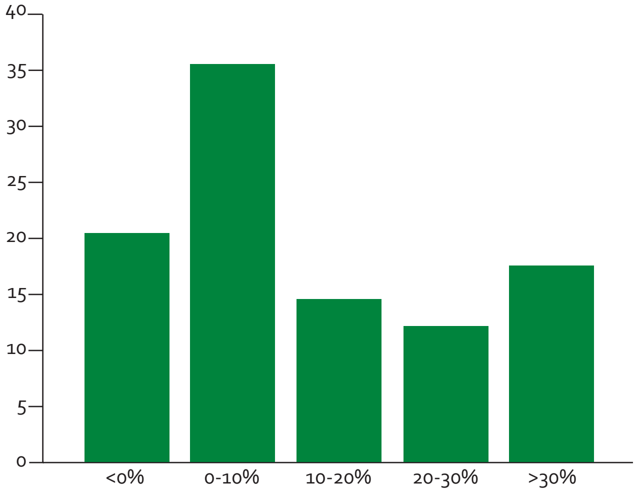
Revenue growth*

Fig: 3.1



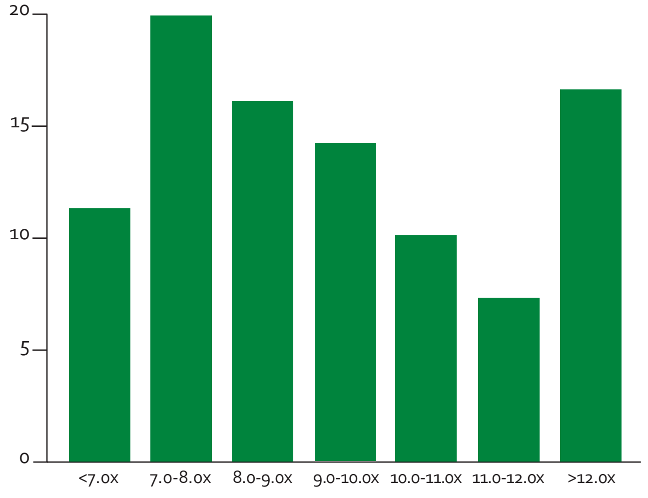
EBITDA growth

Fig: 3.2



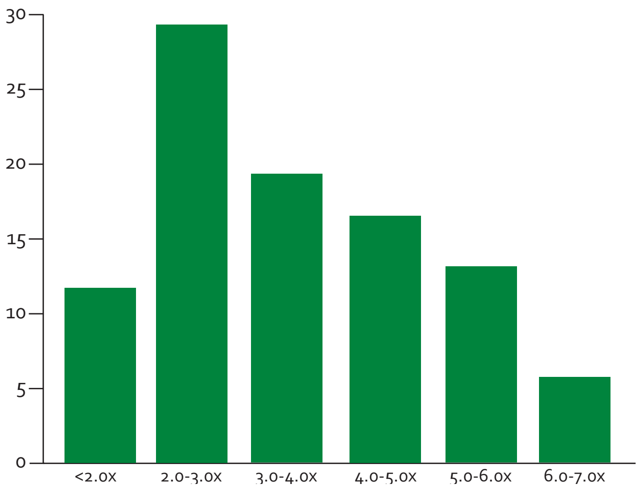
Enterprise value as a multiple of EBITDA*

Fig: 3.3



Net debt as a multiple of EBITDA*

Fig: 3.4

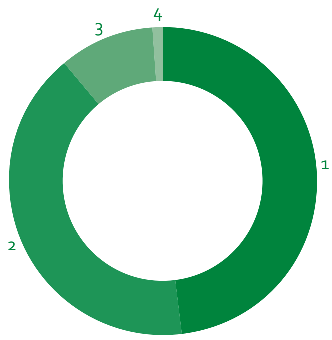


* Excludes Intermediate Capital Group and Guardian Financial Services where these metrics are not meaningful.

Portfolio Analysis

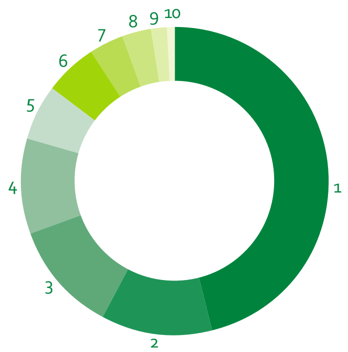
The following four charts analyse the companies in which Graphite Enterprise had investments at 31 July 2014.

Investment type
Fig: 3.5



1. Large buy-outs	48.3%
2. Small and mid-market buy-outs	40.8%
3. Mezzanine	9.9%
4. Quoted	1.0%

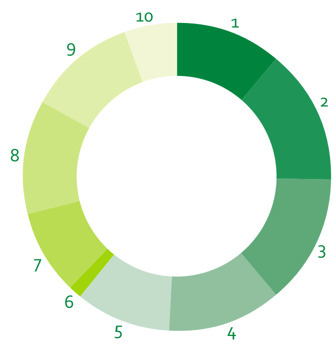
Geographic distribution[1]
Fig: 3.6



1. UK	46.2%
2. France	11.7%
3. North America	11.6%
4. Germany	10.0%
5. Benelux	6.0%
6. Spain	5.5%
7. Greece, Ireland, Italy, Portugal	3.5%
8. Scandinavia	3.1%
9. Other Europe	1.6%
10. Rest of the world	0.8%

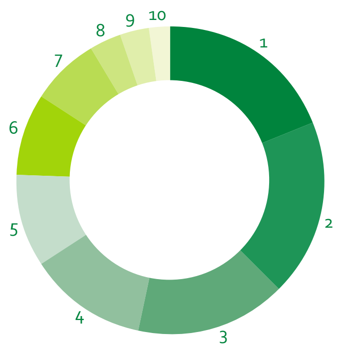
NB: Total Continental Europe 41.4%

Year of investment[2]
Fig: 3.7



1. 2014 (1.0x)	11.2%
2. 2013 (1.1x)	14.3%
3. 2012 (1.4x)	13.4%
4. 2011 (1.5x)	12.2%
5. 2010 (1.5x)	9.8%
6. 2009 (2.0x)	1.5%
7. 2008 (1.1x)	8.8%
8. 2007 (1.6x)	12.0%
9. 2006 (1.4x)	11.5%
10. 2005 and before (1.8x)	5.3%

Sector analysis
Fig: 3.8



1. Healthcare and education	19.1%
2. Industrials	18.6%
3. Business services	15.8%
4. Consumer goods and services	12.4%
5. Leisure	9.9%
6. Financial services	8.5%
7. Automotive supplies	7.2%
8. Technology and telecommunications	3.3%
9. Media	3.1%
10. Chemicals	2.1%

[1] Location of headquarters of underlying companies in the portfolio. Does not necessarily reflect countries to which companies have economic exposure.
[2] Figures in parenthesis represent the valuation of the investments made in each period as a multiple of original cost.

Portfolio Analysis
(continued)

Quoted equity holdings at 31 July 2014

All quoted holdings, other than Intermediate Capital Group, are held indirectly through third party funds and may have restrictions on their sale.

Underlying investment	Ticker	£m	% of investment portfolio
Intermediate Capital Group	ICP	4.1	1.0%
Abertis	ABE	3.5	0.9%
Homag Group	HG1	3.4	0.8%
Acromas*	SAGA / AA	3.2	0.8%
Evonik Industries	EVK	3.2	0.8%
Spire Healthcare	SPI	3.2	0.8%
Elior	ELIOR	2.6	0.6%
Tumi	TUMI	2.1	0.5%
Aramark Corporation	ARMK	2.0	0.5%
Partnership	PA.	1.6	0.4%
West Corporation	WSTC	1.5	0.4%
Cerved	CERV	1.2	0.3%
Merlin	MERL	0.9	0.2%
Hugo Boss	BOSS	0.9	0.2%
Umpqua	UMPQ	0.8	0.2%
Atos	ATO	0.8	0.2%
ComHem	COMH	0.7	0.2%
Card Factory	CARD	0.7	0.2%
The Nielsen company	NLSN	0.7	0.2%
MoneyGram International	MGI	0.7	0.2%
GrubHub	GRUB	0.5	0.1%
First BanCorp	FBP	0.5	0.1%
Volution Group	FAN	0.4	0.1%
Just Retirement	JRG	0.3	0.1%
Freescale	FSL	0.2	0.1%
Braas Monier	BMSA	0.2	0.1%
OdigeO	EDR	0.1	0.0%
Total		**40.0**	**10.0%**

* Acromas represents holdings in Saga and AA.

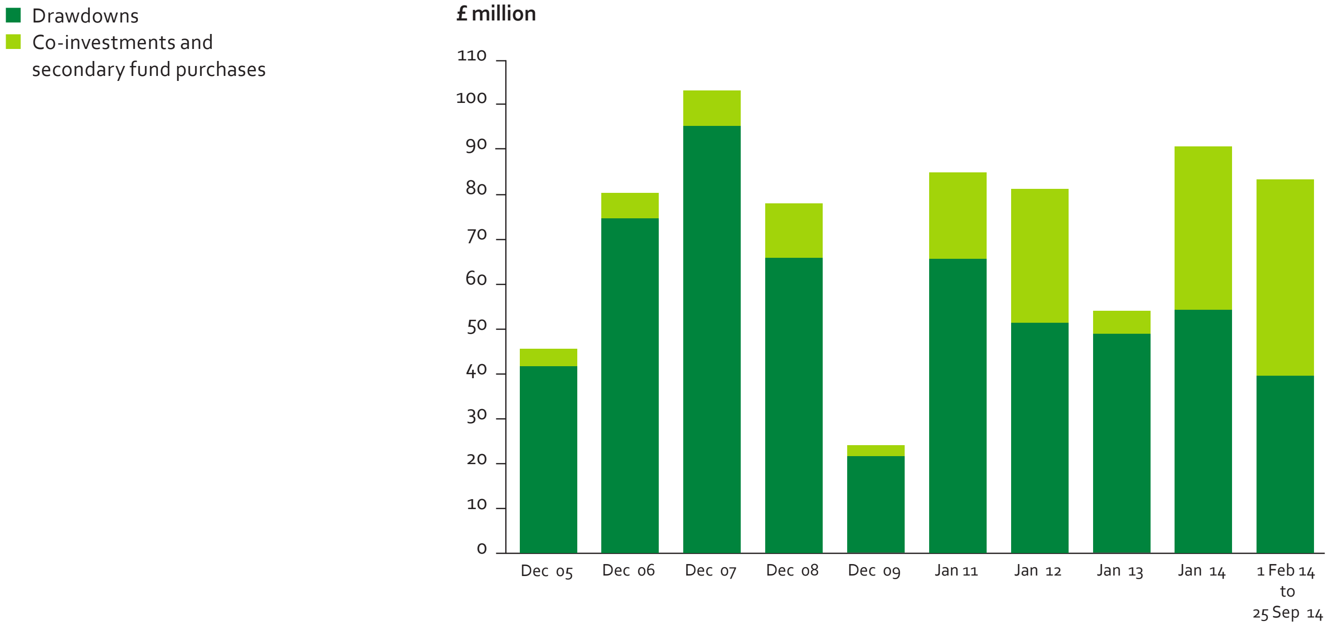
Portfolio – third party and Graphite investments

£ million	Value of third party investments	Value of Graphite investments	Total value
Fund investments	273.1	63.4	336.5
Direct investments	45.5	20.2	65.7
Total portfolio	**318.6**	**83.6**	**402.2**
Graphite investments			20.8%
Third party fund investments – primary			55.5%
Third party fund investments – secondary			12.4%
Third party co-investments			11.3%

Investment Activity

Investments into the portfolio

Fig: 3.9



Largest new underlying investments

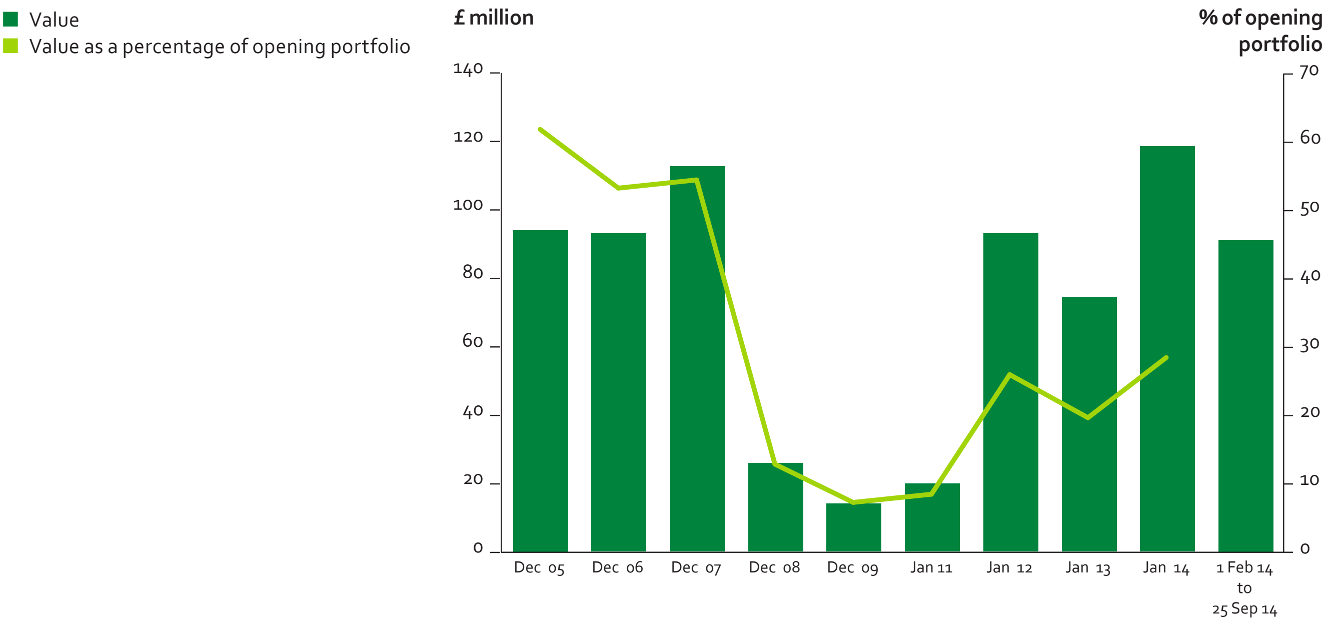
Investment	Description	Country	Cost £m
ICR Group	Provider of repair and maintenance services to the energy industry	UK	10.9
Education Personnel*	Provider of temporary staff for the education sector	UK	10.2
The Laine Pub Company**	Operator of pubs and bars	UK	5.5
Autodata	Provider of technical information to the automotive aftermarket	UK	1.4
Minimax	Supplier of fire protection systems and services	Germany	1.2
CeramTec	Manufacturer of high performance ceramics	Germany	1.2
iPrisim	E-wholesaler of insurance to brokers	UK	1.1
Parex	Provider of dry mix solutions for the construction industry	France	1.0
JET Group	Provider of rooflight, ventilation and fire safety solutions for industrial, commercial and residential markets	UK	1.0
Advantage	Provider of sales and marketing services	North America	0.9
Total of 10 largest new underlying investments			**34.4**

* Sold by Graphite Capital to ICG in the period. 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.

Supplementary Information

Realisation Activity

Realisations from the portfolio*
Fig: 3.10



* Excluding secondary sales of fund interests.

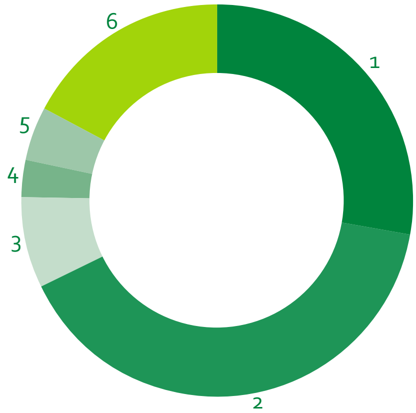
Largest underlying realisations

Investment	Manager	Realisation type	Proceeds £ million
CEVA	Euromezzanine	Secondary buy-out	15.3
Education Personnel*	Graphite Capital	Secondary buy-out	14.9
London Square	Graphite Capital	Secondary buy-out	9.8
National Fostering Agency	Graphite Capital	Refinancing	5.0
Avio	Cinven	Trade sale	4.6
InnBrighton**	Graphite Capital	Secondary buy-out	3.5
Acromas***	Charterhouse	Public offering	2.1
HellermannTyton	Doughty Hanson	Public offering	1.9
Applus	ICG	Public offering	1.8
Evonik	CVC	Public offering	1.6
Total of 10 realisations			**60.5**

* Sold by Graphite Capital to ICG in the period. The Company re-invested alongside ICG.
** The Company re-invested in the rebranded business, The Laine Pub Company.
*** Acromas represents holdings in AA and Saga, both of which listed in the period.

Commitments Analysis

Commitments at 31 July 2014 – remaining investment period
Fig: 3.11



1.	4-5 years	28.0%
2.	3-4 years	40.0%
3.	2-3 years	7.5%
4.	1-2 years	2.9%
5.	<1 year	4.5%
6.	Investment period complete	17.1%

Commitments at 31 July 2014	Original commitment[1] £m	Outstanding commitment £m	Average drawdown percentage	% of commitments
Funds in investment period	302.6	199.6	34.0%	82.9%
Funds post investment period	528.5	41.1	92.2%	17.1%
Total	831.1	240.7	71.0%	100.0%

[1] Original commitments are translated at 31 July 2014 exchange rates.

Movement in outstanding commitments	Six months to 31 July 2014 £m
Opening outstanding commitments	277.3
Drawdowns	(36.9)
Secondaries and co-investments	5.5
Secondary disposals	(2.2)
Currency	(5.1)
Other	2.1
Closing outstanding commitments	240.7

Currency

Currency exposure

	31 July 2014 £m	31 July 2014 %	31 January 2014 £m	31 January 2014 %
Portfolio*				
– sterling	197.6	49.1%	203.2	46.9%
– euro	136.8	34.0%	144.7	33.4%
– other	67.8	16.9%	85.4	19.7%
Total	402.2	100.0%	433.3	100.0%

*Currency exposure is calculated using the location of the underlying portfolio companies' headquarters.

	31 July 2014 £m	31 July 2014 %	31 January 2014 £m	31 January 2014 %
Outstanding commitments				
– sterling	102.3	42.5%	117.5	42.4%
– euro	131.4	54.6%	151.6	54.7%
– other	7.0	2.9%	8.2	2.9%
Total	240.7	100.0%	277.3	100.0%

Financial Information

Consolidated Income Statement

(unaudited)

	Half year to 31 July 2014			Half year to 31 July 2013			Year to 31 January 2014		
	Revenue return £'000s	Capital return £'000s	Total £'000s	Revenue return £'000s	Capital return £'000s	Total £'000s	Revenue return £'000s	Capital return £'000s	Total £'000s
Investment returns									
Gains and losses on investments held at fair value	**10,190**	**8,869**	**19,059**	3,038	42,517	45,555	18,809	27,475	46,284
Income from cash and cash equivalents	**82**	**–**	**82**	92	–	92	172	–	172
Return from current asset investments	**–**	**–**	**–**	5	(220)	(215)	5	(342)	(337)
Other income	**241**	**–**	**241**	–	–	–	58	–	58
Foreign exchange gains and losses	**–**	**(389)**	**(389)**	–	145	145	–	(371)	(371)
	10,513	**8,480**	**18,993**	3,135	42,442	45,577	19,044	26,762	45,806
Expenses									
Investment management charges	**(737)**	**(2,213)**	**(2,950)**	(710)	(2,132)	(2,842)	(1,490)	(4,470)	(5,960)
Other expenses	**(770)**	**(883)**	**(1,653)**	(898)	(905)	(1,803)	(1,723)	(2,188)	(3,911)
	(1,507)	**(3,096)**	**(4,603)**	(1,608)	(3,037)	(4,645)	(3,213)	(6,658)	(9,871)
Profit before tax	**9,006**	**5,384**	**14,390**	1,527	39,405	40,932	15,831	20,104	35,935
Taxation	**(989)**	**989**	**–**	(378)	378	–	(1,965)	1,965	–
Profit for the period	**8,017**	**6,373**	**14,390**	1,149	39,783	40,932	13,866	22,069	35,935
Attributable to:									
Equity shareholders	**8,017**	**6,227**	**14,244**	1,149	39,594	40,743	13,866	23,127	36,993
Non-controlling interests	**–**	**146**	**146**	–	189	189	–	(1,058)	(1,058)
Basic and diluted earnings per share			**19.6p**			55.9p			50.7p

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

The notes on pages 37 to 40 form an integral part of the financial statements.

Consolidated Balance Sheet
(unaudited)

	As at 31 July 2014 £'000s	As at 31 July 2013 £'000s	As at 31 January 2014 £'000s
Non-current assets			
Investments held at fair value			
– Unquoted investments	**398,158**	446,246	429,186
– Quoted investments	**4,055**	4,895	4,163
	402,213	451,141	433,349
Current assets			
Cash and cash equivalents	**101,123**	35,481	68,239
Current asset investments held at fair value	**–**	19,774	–
Receivables	**1,588**	1,899	1,351
	102,711	57,154	69,590
Current liabilities			
Payables	**385**	505	262
Net current assets	**102,326**	56,649	69,328
Total assets less current liabilities	**504,539**	507,790	502,677
Capital and reserves			
Called up share capital	**7,292**	7,292	7,292
Capital redemption reserve	**2,112**	2,112	2,112
Share premium	**12,936**	12,936	12,936
Capital reserve	**454,764**	465,004	448,537
Revenue reserve	**19,600**	10,168	22,885
Equity attributable to equity holders	**496,704**	497,512	493,762
Non-controlling interests	**7,835**	10,278	8,915
Total equity	**504,539**	507,790	502,677
Net asset value per share (basic and diluted)	**681.2p**	682.3p	677.2p

The notes on pages 37 to 40 form an integral part of the financial statements.

Consolidated Cash Flow Statement
(unaudited)

	Half year to 31 July 2014 £'000s	Half year to 31 July 2013 £'000s	Year to 31 January 2014 £'000s
Operating activities			
Sale of portfolio investments	**93,269**	36,608	99,492
Purchase of portfolio investments	**(53,315)**	(30,066)	(90,201)
Net sale of current asset investments held at fair value	**–**	6,410	26,061
Interest income received from portfolio investments	**6,438**	1,464	8,504
Dividend income received from portfolio investments	**3,412**	1,677	10,357
Other income received	**322**	92	230
Investment management charges paid	**(3,076)**	(2,829)	(5,947)
Taxation (paid)/received	**(22)**	–	1
Other expenses paid	**(480)**	(697)	(1,644)
Net cash inflow from operating activities	**46,548**	12,659	46,853
Financing activities			
Investments by non-controlling interests	**118**	94	309
Distributions to non-controlling interests	**(1,344)**	(1,053)	(1,385)
Banking facility fee	**(747)**	(1,494)	(2,301)
Equity dividends paid	**(11,302)**	(3,646)	(3,646)
Net cash outflow from financing activities	**(13,275)**	(6,099)	(7,023)
Net increase in cash and cash equivalents	**33,273**	6,560	39,830
Cash and cash equivalents at beginning of period	**68,239**	28,778	28,778
Net increase in cash and cash equivalents	**33,273**	6,560	39,830
Effect of changes in foreign exchange rates	**(389)**	143	(369)
Cash and cash equivalents at end of period	**101,123**	35,481	68,239

The notes on pages 37 to 40 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

(unaudited)

	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Realised capital reserve £'000s	Unrealised capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
Six months to 31 July 2014									
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	–	–	–	1,409	4,818	8,017	14,244	–	14,244
Profit attributable to non-controlling interests	–	–	–	–	–	–	–	146	146
Profit for the period and total comprehensive income	–	–	–	1,409	4,818	8,017	14,244	146	14,390
Transfer on disposal of investments	–	–	–	12,477	(12,477)	–	–	–	–
Dividends to equity shareholders	–	–	–	–	–	(11,302)	(11,302)	–	(11,302)
Contributions by non-controlling interests	–	–	–	–	–	–	–	118	118
Distributions to non-controlling interests	–	–	–	–	–	–	–	(1,344)	(1,344)
Closing balance at 31 July 2014	7,292	2,112	12,936	365,301	89,463	19,600	496,704	7, 835	504,539

	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Realised capital reserve £'000s	Unrealised capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
Six months to 31 July 2013									
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	–	–	–	(2,346)	41,940	1,149	40,743	–	40,743
Profit attributable to non-controlling interests	–	–	–	–	–	–	–	189	189
Profit for the period and total comprehensive income	–	–	–	(2,346)	41,940	1,149	40,743	189	40,932
Transfer on disposal of investments	–	–	–	2,173	(2,173)	–	–	–	–
Dividends to equity shareholders	–	–	–	–	–	(3,646)	(3,646)	–	(3,646)
Contributions by non-controlling interests	–	–	–	–	–	–	–	94	94
Distributions to non-controlling interests	–	–	–	–	–	–	–	(1,053)	(1,053)
Closing balance at 31 July 2013	7,292	2,112	12,936	345,010	119,994	10,168	497,512	10,278	507,790

Financial Information

The notes on pages 37 to 40 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

(continued)

	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Realised capital reserve £'000s	Unrealised capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
Year to 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	13,886	36,993	–	36,993
Loss attributable to non-controlling interests	–	–	–	–	–	–	–	(1,058)	(1,058)
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 37 to 40 form an integral part of the financial statements.

Notes to the Interim Report
(unaudited)

1 General information

Graphite Enterprise Trust PLC (the "Parent Company") and its subsidiaries (together "Graphite Enterprise" or the "Company") are registered in England and Wales and domiciled in England. The registered office is Berkeley Square House, Berkeley Square, London W1J 6BQ. The Company's objective is to provide shareholders with long term capital growth through investment in unquoted companies, mostly through private equity funds but also directly. This report was approved for issue by the Board of Directors on 25 September 2014.

2 Unaudited interim report

This financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 January 2014 were approved by the Board of Directors on 16 April 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

This financial report has not been audited.

3 Basis of preparation

The financial report for the six months ended 31 July 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. This financial report should be read in conjunction with the annual financial statements for the year to 31 January 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies applied are consistent with those of the annual financial statements for the year to 31 January 2014, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Receivables

The Company has access to committed bank facilities, which are undrawn. The set up costs in relation to these were capitalised and are recognised over the lives of the facilities on a straight line basis. At 31 July 2014, £812,000 of bank facility costs are included within receivables. Of this, £489,000 is expected to be amortised in less than one year.

Notes to the Interim Report
(continued)

5 Dividends

	Half year to 31 July 2014 £'000s	Half year to 31 July 2013 £'000s	Year to 31 January 2014 £'000s
Half year to 31 July 2014: 15.5p per share (Half year to 31 July 2013 and year to 31 January 2014: 5.0p per share)	**11,302**	3,646	3,646

6 Earnings per share

	Half year to 31 July 2014	Half year to 31 July 2013	Year to 31 January 2014
Revenue return per ordinary share	**11.0p**	1.6p	19.0p
Capital return per ordinary share	**8.6p**	54.3p	31.7p
Earnings per ordinary share (basic and diluted)	**19.6p**	55.9p	50.7p
Weighted average number of shares	**72,913,000**	72,913,000	72,913,000

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

7 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); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All private equity and quoted investments are valued at fair value in accordance with IAS 39. The Company's unquoted investments are all classified as Level 3 investments.

Fair value for unquoted investments is established by using various valuation techniques. Funds 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 issued in December 2012. The primary valuation methodology used is an earnings multiple methodology, with other methodologies used where they are more appropriate.

The fair value of the Company's unlisted investments is sensitive to changes in the assumed earnings multiples. An increase in the earnings multiple would lead to an increase in the fair value of the investment portfolio and a decrease in the earnings multiple would lead to a decrease in the fair value.

7 Fair values estimation (continued)

The following table presents the changes in level 3 instruments for the six months to 31 July 2014.

Company	Unquoted investments (indirect) at fair value through profit or loss £'000s	Unquoted investments (direct) at fair value through profit or loss £'000s	Total 2014 £'000s
Opening balance	378,754	50,432	429,186
Additions	38,372	14,943	53,315
Disposals	(97,088)	(6,274)	(103,362)
Gains and losses recognised in profit or loss	16,393	2,626	19,019
Closing balance	336,431	61,727	398,158
Total gains for the period included in income statement for assets held at the end of the reporting period	16,393	2,626	19,019

The following tables present the assets that are measured at fair value. The Company did not have any financial liabilities measured at fair value at these dates.

31 July 2014 Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s
Investments held at fair value			
Unquoted investments – indirect	–	–	336,431
Unquoted investments – direct	–	–	61,727
Quoted investments – direct	4,055	–	–
Total investments held at fair value	4,055	–	398,158

31 January 2014 Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s
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

Notes to the Interim Report
(continued)

8 Investment management charges

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

	Half year to 31 July 2014 £'000s	Half year to 31 July 2013 £'000s	Year to 31 January 2014 £'000s
Investment management fee	**2,939**	2,817	5,912
Irrecoverable VAT	**11**	25	48
	2,950	2,842	5,960

The allocation of the total investment management charges was unchanged in 2014 with 75% of the total allocated to capital and 25% allocated to income.

The management fee charged by the Manager is 1.5% of the value of invested assets and 0.5% of outstanding commitments, in both cases excluding funds managed by Graphite Capital. No fee is charged on cash or liquid asset balances. The amounts payable during the period are set out above.

At 31 July 2014 management fees of £50,000 were prepaid (31 July 2013: accrual of £77,000).

The Company has borne management charges in respect of its investments in funds managed by Graphite Capital as set out below:

	Half year to 31 July 2014 £'000s	Half year to 31 July 2013 £'000s	Year to 31 January 2014 £'000s
Graphite Capital Partners VI	**70**	224	311
Graphite Capital Partners VII	**225**	226	581
Graphite Capital Partners VIII	**696**	–	422
	991	450	1,314

Regulatory Disclosures

Statement of Directors' Responsibilities

The Directors confirm that this interim report has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- there were no changes in material related-party transactions in the first six months or any material changes in the related-party transactions as described in the last annual report.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company for the second half of the financial year are substantially the same as those disclosed on pages 10 and 11 of the Report and Accounts for the year ended 31 January 2014.

Going Concern

The factors likely to affect the Company's ability to continue as a going concern were set out in the Report and Accounts for the year ended 31 January 2014. As at 31 July, there have been no significant changes to these factors. Having reviewed the Company's forecasts and other relevant evidence, the Directors have a reasonable expectation that the Parent Company and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated interim financial statements.

On behalf of the Board

Andy Pomfret, Director

9 October 2014

Independent Review Report to Graphite Enterprise Trust PLC

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements, defined below, in the Interim Report of Graphite Enterprise Trust PLC for the six months ended 31 July 2014. Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The consolidated interim financial statements, which are prepared by Graphite Enterprise Trust PLC, comprise:

- the Consolidated Balance Sheet as at 31 July 2014;
- the Consolidated Income Statement for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the consolidated interim financial statements.

As disclosed in note 3, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated interim financial statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Responsibilities for the consolidated interim financial statements and the review

Our responsibilities and those of the Directors

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

Our responsibility is to express to the Company a conclusion on the consolidated interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
9 October 2014
London

Notes: (a) The maintenance and integrity of the Graphite Enterprise Trust website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

General Information

General Information

Understanding Private Equity

Private equity has an attractive operating model. Listed private equity provides access to the asset class 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, which can lead to 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 covers 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 (an MBI). The sellers may be the founders or other individuals, or they may be larger companies seeking to divest subsidiaries. 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
Buy-out investments may use higher levels of debt than similar quoted companies, as the ownership model increases the confidence of lenders. 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 amount drawn down by 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 their investments, 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 investors, 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 savings plan provider.

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 48.

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 any time from £250.

Investment Trust Individual Savings Account ("ISA")

Investors can make an annual tax-efficient investment of up to £15,000 for the 2014/15 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. Additional contributions of up to £4,000 can be made for the 2014/15 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 £4,000 for the 2014/15 tax year with all the tax benefits of a CTF.

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 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
8.30am – 5.30pm, weekdays,
calls may be recorded

Email: info@fandc.com

Apply online: www.fandc.com

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

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 a stockbroker 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
September	Interim figures announced and half-yearly report published

In accordance with the Disclosure and Transparency Rules, the Company will also release interim management statements in June and December. 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.

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 code	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 particpants 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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Graphite Enterprise

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