26 September 2014

GRAPHITE ENTERPRISE TRUST PLC

UNAUDITED RESULTS FOR THE SIX MONTHS TO 31 JULY 2014

Highlights of the period

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*

Chairman's Statement

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. It has since narrowed further to 13.0%.

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 £504 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.

	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%

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%. Since the period end, the share price has risen from 581p to 593p and the discount has therefore narrowed further to 13.0%.

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 strongest of the listed private equity funds of funds. The net asset value and share price have both outperformed or matched the peer group average over three and ten years and the net asset value has also outperformed the average over five 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.

Years to 31 July 2014	**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[4]	+17.4%	+50.1%	+148.9%

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[5] 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.

	Investment portfolio £ million	Investment portfolio % total assets	Cash and other net assets £ million	Cash and other net assets, % of total assets	Commitments £ million
25 September 2014	423.7	84.0%	80.4	16.0%	236.0
31 July 2014	402.2	79.8%	102.3	20.2%	240.7
31 January 2014	433.3	86.2%	69.3	13.8%	277.3
31 January 2013	415.2	88.1%	56.3	11.9%	126.5
31 January 2012	377.7	89.2%	45.9	10.8%	141.2
31 January 2011	356.6	89.2%	42.9	10.8%	173.7

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.

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 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
September 2014

1. Throughout the report, all performance figures are stated on a total return basis (i.e. including the effect of re-invested dividends).
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.
4. 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.
5. Includes the effect of other net cash outflows of £0.4 million.

Manager's Review

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**	**£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.

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 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 which 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.

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 is potential for future growth as the portfolio matures.

EVENTS SINCE THE PERIOD END AND PRO FORMA BALANCE SHEET

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[1] 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.

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 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
September 2014

1. Includes the effect of other net cash outflows of £0.4 million.

SUPPLEMENTARY INFORMATION

THE 30 LARGEST FUND INVESTMENTS

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

	Fund	Outstanding commitment £ million	Year of commitment	Country/ region	Value £ million
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

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 largest 30 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).

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.

	Company	Manager	Year of investment	Country	Value as a % 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%
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 the holdings in AA and Saga.

PORTFOLIO ANALYSIS

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

30 largest investments* - revenue growth

% growth	% by value
<0%	12.3%
0-10%	49.5%
10-20%	25.5%
20-30%	8.3%

30 largest investments - EBITDA growth

% growth	% by value
<0%	20.4%
0-10%	35.5%
10-20%	14.5%
20-30%	12.1%
>30%	17.5%

30 largest investments* - enterprise value as a multiple of EBITDA

Multiple	% by value
<7.0x	11.3%
7.0-8.0x	19.9%
8.0-9.0x	16.1%
9.0-10.0x	14.2%
10.0-11.0x	10.1%
11.0-12.0x	7.3%
>12.0x	16.6%

30 largest investments* - net debt as a multiple of EBITDA

Multiple	% by value
<2.0x	11.7%
2.0-3.0x	29.3%
3.0-4.0x	19.3%
4.0-5.0x	16.5%
5.0-6.0x	13.1%
6.0-7.0x	5.7%

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

Portfolio - Investment type

	% of value of total portfolio
Large buy-outs	48.3%
Small and mid-market buy-outs	40.8%
Mezzanine	9.9%
Quoted	1.0%
Total	**100.0%**

Portfolio - Geographic distribution*

	% of value of total portfolio
UK	46.2%
France	11.7%
North America	11.6%
Germany	10.0%
Benelux	6.0%
Spain	5.5%
Greece, Ireland, Italy, Portugal	3.5%
Scandinavia	3.1%
Other Europe	1.6%
Rest of world	0.8%
Total	**100.0%**
NB: Total Continental Europe	41.4%

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

Portfolio - Year of investment

	Valuation as multiple of cost	% of value of total portfolio
2014	1.0x	11.2%
2013	1.1x	14.3%
2012	1.4x	13.4%
2011	1.5x	12.2%
2010	1.5x	9.8%
2009	2.0x	1.5%
2008	1.1x	8.8%
2007	1.6x	12.0%
2006	1.4x	11.5%
2005 and before	1.8x	5.3%
Total	**1.4x**	**100.0%**

Portfolio - Sector analysis

	% of value of total portfolio
Healthcare and education	19.1%
Industrials	18.6%
Business services	15.8%
Consumer goods and services	12.4%
Leisure	9.9%
Financial services	8.5%
Automotive supplies	7.2%
Technology and telecommunications	3.3%
Media	3.1%
Chemicals	2.1%
Total	**100.0%**

Quoted equity holdings

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%
Homag Group	HG1	3.4	0.8%
Abertis	ABE	3.5	0.9%
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 AA and Saga.

Portfolio – Graphite and third party 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

New investments

Financial period ending	Drawdowns £ million	Co-investments and secondary fund purchases £ million	Total new investments £ million
31 December 2005	41.6	3.9	45.5
31 December 2006	74.6	5.7	80.3
31 December 2007	95.2	7.9	103.1
31 December 2008	65.8	12.1	77.9
31 December 2009	21.5	2.5	24.0
31 January 2011	65.6	19.2	84.8
31 January 2012	51.3	29.9	81.2
31 January 2013	48.8	5.2	54.0
31 January 2014	54.2	36.4	90.6
Six months to 31 July 2014	36.6	16.7	53.3
1 February 2014 to 25 September 2014	39.5	43.8	83.3

Largest new underlying investments

Investment	Description	Country	Cost £ million
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 and 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.

Realisations – 10 year record*

Financial period ending	£ million	% of opening portfolio
31 December 2005	93.8	61.9%
31 December 2006	92.9	53.3%
31 December 2007	112.4	54.5%
31 December 2008	25.8	12.9%
31 December 2009	14.0	7.3%
31 January 2011	19.8	8.5%
31 January 2012	92.9	26.0%
31 January 2013	74.2	19.7%
31 January 2014	118.3	28.5%
6 months to 31 July 2014	82.4	19.0%
1 February 2014 to 25 September 2014	90.9	21.0%

* Excluding secondary sales of fund interests.

Largest underlying realisations

Investment	Manager	Realisation type	Proceeds £ million
CEVA	Euromezzanine	Secondary	15.3
Education Personnel*	Graphite Capital	Secondary	14.9
London Square	Graphite Capital	Secondary	9.8
National Fostering Agency	Graphite Capital	Refinancing	5.0
Avio	Cinven	Trade	4.6
InnBrighton**	Graphite Capital	Secondary	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 AA and Saga, both of which listed in the period.

COMMITMENTS ANALYSIS

Commitments at 31 July 2014

	Original commitment[1] £ million	Outstanding commitment £ million	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

Commitments at 31 July 2014 - remaining investment period

	% of commitments
4-5 years	28.0%
3-4 years	40.0%
2-3 years	7.5%
1-2 years	2.9%
<1 year	4.5%
Investment period complete	17.1%
Total	**100.0%**

Movement in outstanding commitments	**Six months to 31 July 2014 £ million**
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 EXPOSURE

	31 July 2014 £ million	**31 July 2014 %**	**31 January 2014 £ million**	**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 £ million	**31 July 2014 %**	**31 January 2014 £ million**	**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%**

UNAUDITED RESULTS FOR THE SIX MONTHS TO 31 JULY 2014

Consolidated Income Statement (unaudited)

		Half year to 31 July 2014			Half year to 31 July 2013			Year to 31 January 2014	
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
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.

Consolidated Balance Sheet (unaudited)

	31 July 2014 £'000	31 July 2013 £'000	31 January 2014 £'000
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

Consolidated Cash Flow Statement (unaudited)

	Half year to 31 July 2014 £'000	Half year to 31 July 2013 £'000	Year to 31 January 2014 £'000
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)
Bank 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

Consolidated Statement of Changes in Equity (unaudited)

	Share capital	Capital redemption reserve	Share premium	Capital reserve	Revenue reserve	Total shareholders' equity	Non-controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six months to 31 July 2014								
Opening balance at 1 February 2014	7,292	2,112	12,936	448,537	22,885	493,762	8,915	502,677
Profit attributable to equity shareholders	-	-	-	6,227	8,017	14,244	-	14,244
Profit attributable to non-controlling interests	-	-	-	-	-	-	146	146
Profit for the period and total comprehensive income	-	-	-	6,227	8,017	14,244	146	14,390
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	454,764	19,600	496,704	7,835	504,539

	Share capital	Capital redemption reserve	Share premium	Capital reserve	Revenue reserve	Total shareholders' equity	Non-controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six months to 31 July 2013								
Opening balance at 1 February 2013	7,292	2,112	12,936	425,410	12,665	460,415	11,048	471,463
Profit attributable to equity shareholders	-	-	-	39,594	1,149	40,743	-	40,743
Profit attributable to non-controlling interests	-	-	-	-	-	-	189	189
Profit for the period and total comprehensive income	-	-	-	39,594	1,149	40,743	189	40,932
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	465,004	10,168	497,512	10,278	507,790

	Share capital	Capital redemption reserve	Share premium	Capital reserve	Revenue reserve	Total shareholders' equity	Non-controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Year to 31 January 2014								
Opening balance at 1 February 2013	7,292	2,112	12,936	425,410	12,665	460,415	11,048	471,463
Profit attributable to equity shareholders	-	-	-	23,127	13,866	36,993	-	36,993
Loss attributable to non-controlling interests	-	-	-	-	-	-	(1,058)	(1,058)
Profit for the year and total comprehensive income	-	-	-	23,127	13,866	36,993	(1,058)	35,935
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	448,537	22,885	493,762	8,915	502,677

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.

5 DIVIDENDS

	Half year to 31 July 2014 £'000	Half year to 31 July 2013 £'000	Year to 31 January 2014 £'000
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).

• 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.

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

Group	Unquoted investments (indirect) at fair value through profit or loss £'000	Unquoted investments (direct) at fair value through profit or loss £'000	Total £'000
Opening 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	Level 1 £'000	Level 2 £'000	Level 3 £'000
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	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments held at fair value			
Unquoted investments – indirect	-	-	378,754
Unquoted investments – direct	-	-	50,432
Quoted investments – direct	4,163	-	-
Total investments held at fair value	4,163	-	429,186

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 £'000	Half year to 31 July 2013 £'000	Year to 31 January 2014 £'000
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 £'000	Half year to 31 July 2013 £'000	Year to 31 January 2014 £'000
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 half-yearly financial 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

- material related-party transactions in the first six months and any material changes in the related-party transactions 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 in 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 half-yearly condensed financial statements.

On behalf of the Board

Mark Fane, Chairman

25 September 2014

Copies of the Interim Report will be available on the Company's website (see below) and posted in early October 2014 to shareholders who have elected to receive a paper copy. Copies may be obtained during normal business hours from the Company's registered office thereafter.

For further information please contact:

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