26 September 2011

GRAPHITE ENTERPRISE TRUST PLC

UNAUDITED RESULTS FOR THE SIX MONTHS

TO 31 JULY 2011

SUMMARY OF THE SIX MONTHS TO 31 JULY 2011

Net asset value per share	+8.6%
The NAV per share increased by 23.5% in the 12 months to 31 July	
Share price	+27.3%
The share price rose by 40.8% in the 12 months to 31 July, strongly outperforming the FTSE All-Share Index	
Underlying value of the portfolio in local currency	+8.9%
The portfolio has increased in local currency terms by 28.9% over 12 months to 31 July	
Proceeds from the portfolio	£68.6m
Cash received was equivalent to 19.2% of the opening value of the portfolio	
Cash and liquid assets	£75.8m
Liquid assets accounted for 17.4% of total assets at the period end	

PERFORMANCE IN THE PERIOD

	31 July 2011	31 Jan 2011	Change
Net asset value per share	580.2p	534.0p	+8.6%
Share price	392.0p	308.0p	+27.3%
FTSE All-Share Index	3,026	3,044	-0.6%

LONG TERM PERFORMANCE

	5 years	10 years
Net asset value per share	+38.6%	+101.1%
Share price	+7.0%	+58.4%
FTSE All-Share Index	+2.0%	+10.9%

OVERVIEW

Against a background of continued economic weakness, Graphite Enterprise performed well in the six months to 31 July, with the net asset value per share increasing by 8.6% and the share price by 27.3%. These figures compare with a fall of 0.6% in the Company's benchmark, the FTSE All-Share Index, in the same period.

The rise in net asset value was generated by an increase in the number and value of realisations and by the continued strong performance of our unrealised investment portfolio. The realisations were completed at significant uplifts to their previous holding values while the growth in the value of the unrealised portfolio was primarily driven by profit growth at the 30 largest portfolio companies of an average 18.2%.

The 27.3% rise in the share price reflected the increase in the net asset value and a narrowing of the discount from 42.3% at the start of the period to 32.4% at 31 July. Markets have been volatile since the period end and as at 23 September the FTSE All-share had fallen by 13.2% from its level at 31 July. In common with other listed private equity funds the Company's share price has also fallen and was down by 13.7% over the same period. Despite this recent fall, the Company's share price has now risen by 9.8% since 31 January whereas the FTSE-All Share has fallen by 13.7%.

Since the start of the downturn at the beginning of 2008, the Company has been one of the top performers in the peer group in net asset value terms, not only within the fund of funds segment but also within the wider listed private equity sector.

ECONOMIC ENVIRONMENT

The Company's investment portfolio is focused on European countries with mature private equity markets. At 31 July almost 90% of the portfolio was in Europe with virtually all of the remainder in the USA. Of the European economies, the UK is much the most important, accounting for almost 42% of the total portfolio with France, Germany and the Benelux countries accounting for a further 30% combined. The performance of these four European economies therefore has the greatest impact on the Company's own performance.

In recent months concerns that these key economies could slip back into recession have increased. Sovereign debt issues have also resurfaced in a number of Eurozone countries, undermining confidence in the banking system. However, we continue to have only limited exposure to those countries where concerns over sovereign debt remain greatest. At 31 July, Spain accounted for 4.5% of the portfolio, while Ireland, Portugal, Greece and Italy combined accounted for only 4.3%.

For some time we have felt that economic growth will remain weak in the short to medium term. However, even in a low growth environment, we would expect the managers of our funds to continue to identify attractive investment opportunities and to generate good returns from these investments. The realisations made from our portfolio in the first six months of the year demonstrate that private equity firms can generate growth even in difficult economic environments.

PERFORMANCE

Net asset value performance

The investment portfolio continued to perform well in the six months, increasing in value in local currency terms by 8.9%. Realisations generated a majority of this uplift, of which the most significant was the realisation of Kurt Geiger, which was our fourth largest investment at the start of the period.

The euro rose by 4.4% against sterling during the period, lifting the value of our euro denominated assets. This added a further 2.5% to the value of the portfolio, bringing the total increase to 11.4%. As the portfolio represented just under 90% of total assets at the start of the period, this resulted in a 10.5% increase in the NAV per share. The costs of running the Company and the payment of the dividend reduced the final figure to 8.6%.

Discount / share price

The discount at 31 July of 32.4% was well above its long term average but remained broadly in line with the average since the start of the financial downturn. In the 10 years prior to the fourth quarter of 2008 it averaged 12.4%, while in the period since it has averaged 39.9%.

Since the period end, the Company's share price has fallen by 13.7% and the discount has widened to 41.7%. The share prices of our peer group have fallen by similar amounts over this period.

Long term performance

Our net asset value has strongly outperformed our benchmark, the FTSE All-Share Index, over both five and ten years*, rising by 38.6% and 101.1% respectively. This compares with increases in the index of only 2.0% and 10.9% over those periods.

The Company's net asset value has outperformed the market in eight of the last ten financial years** and in sixteen of the last twenty, only underperforming when the Index has been rebounding from a sharp fall.

* Periods beginning 1 July 2006 and 1 July 2001 respectively.

** Years to 31 December until 2009 then 13 months to 31 January 2011.

BALANCE SHEET

The Company's balance sheet remains strong. With the substantial proceeds of recent realisations and our undrawn bank facility, we have the flexibility to make new investments as opportunities arise and retain a cushion against more uncertain economic conditions.

At 31 July the investment portfolio accounted for 82.6% of total assets of £434.8 million as compared with 89.2% of total assets of £399.5 million at 31 January. Although the portfolio fell as a percentage of total assets, its closing value of £359.2 million was marginally higher than its opening value as valuation gains of £40.9 million exceeded net realisations by £2.6 million.

Cash and liquid asset balances increased by £32.2 million to £75.8 million over the six months with almost all of the cash inflow resulting from the receipt of £38.3 million of net realisation proceeds from the portfolio. At 31 July, cash balances accounted for 17.4% of total assets.

After adding our undrawn bank facility of £30.0 million to our cash balances, our liquid resources at 31 July totalled £105.8 million. This was sufficient to cover nearly 70% of our £152.5 million of undrawn commitments. As we have discussed in the past, these commitments are extremely unlikely to be drawn in full and will be drawn down over a number of years.

After deducting cash balances from undrawn commitments the Company was £76.7 million overcommitted, equivalent to 17.7% of total assets. If the banking facility is added to the cash balance, the level of overcommitment falls to just 10.8% which is one of the lowest in the peer group. We are therefore in a position to make a number of new primary or secondary commitments over the next 12 to 18 months.

Investments denominated in foreign currencies accounted for £230.4 million or 53.0% of the Company's total assets at 31 July 2011. Of this amount, £201.2 million was denominated in euros and £27.1 million in dollars. A 10% movement in these two currencies against sterling would result in a 5% movement in the net asset value. Movements in exchange rates also affect the value of the £100.1 million or 65.6% of commitments which are denominated in foreign currencies. The Company does not currently hedge its foreign currency risk but regularly reviews its exposures and approach.

INCOME STATEMENT AND DIVIDEND

In the six months to 31 July 2011 the total gain after tax attributable to shareholders was £35.3 million or 48.4p per share. This comprised a net capital gain of 42.9p per share and net revenue of 5.5p per share.

Net revenues in the six months totalled £4.0 million. This was more than three times the revenues received in the 13 months to 31 January 2011. Income from the portfolio increased very substantially as the realisations of Wagamama and Kurt Geiger in particular generated high levels of revenues.

As we have explained in previous reports, portfolio income tends to be closely related to levels of realisations as portfolio companies are often restricted from paying interest or dividends to the Company until they are realised. When they are realised, all rolled up income relating to the Company's period of ownership is recognised in that year.

Although only a low level of net income was available for distribution last year, we maintained the dividend at 2.25p per share by making a transfer from reserves of 0.73p per share. Based on the high receipts in the first half, the Company expects to be able to pay a higher dividend this year. The extent of the increase will depend, however, on the level of income received in the second half.

BOARD

Lucinda Riches joined the board as a non-executive director on 14 July. Lucinda began her career at Chase Manhattan Bank and worked at UBS and its predecessor firms for 21 years until 2007. At UBS, she was Global Head of Equity Capital Markets and a member of the board of the investment bank.

Lucinda is currently a non-executive director of UK Financial Investments, the body set up to manage the investments made by the government in UK banks during the financial crisis. She is also a non-executive director of The Diverse Income Trust plc, an adviser to the board of the British Standards Institution and a trustee of Sue Ryder, a British charity providing health and social care services in local communities.

We are delighted to welcome Lucinda to the Board, where her experience of both the banking sector and of equity capital markets will give us a valuable new perspective.

OUTLOOK

In the first half of 2011 levels of activity in the private equity market were broadly similar to those in the second half of 2010. It is too early to tell how the current economic uncertainty will impact activity levels going forward. In the short term, if prices and the availability of debt fall, the volumes of both new investments and disposals might also fall.

Markets have been extremely volatile since the period end and at 23 September the FTSE All-Share had fallen by 13.2% from its 31 July level. Share prices in the listed private equity sector, including our own, have fallen by broadly similar amounts with the result that discounts have widened. It is interesting to note that when markets fell sharply in the 2008/9 downturn, private equity share prices fell by considerably more than the index. This time the performance of the sector has been more in line with the market, suggesting that investors now have greater confidence in the resilience of private equity.

The performance of the private equity industry during the downturn has been much stronger than many anticipated at the outset. Private equity backed companies have reduced debt materially and are demonstrating good growth in revenue and earnings. Reflecting this our portfolio, which is largely invested in the UK, France, Germany and the Benelux countries, has performed strongly in what has been a weak economic environment.

Private equity managers were generally quick to foresee the likely impact of the downturn on their portfolio companies and took early action in response to this. These same skills are likely to be valuable again in maintaining the performance of companies if the economy weakens further. As the valuations of many portfolio companies are driven by those of comparable listed companies, the recent fall in the market could be reflected in a current valuation of the portfolio. However in many cases, growth in earnings may outweigh any decline in multiples.

The Company has successfully managed previous periods of market volatility and we have been able to respond quickly to developments in the market. As we have discussed in previous reports, we keep our balance sheet under constant review. At this point we believe that our significant levels of cash and undrawn bank facility are a strong positive, providing us with both defensive strength and the ability to respond quickly to any opportunities which may arise.

Mark Fane

September 2011

MANAGER'S REVIEW

SIX MONTHS ENDED 31 JULY 2011

THE EUROPEAN BUY-OUT MARKET

As the Company focuses almost exclusively on European buy-outs this market is by far the most relevant to its activities.

New investments
The level of new investment slowed slightly in the first half of 2011. A total of 209 buy-outs with a value of €38 billion were completed, compared with 215 buy-outs valued at €44 billion in the second half of 2010.

Secondary buy-outs continued to account for a high percentage of new investments, with some estimates suggesting that they represented over half the volume of completed transactions. Prices paid for investments were broadly unchanged from 2010 with the pricing of good quality companies remaining relatively high by historic standards albeit lower than at the height of the market in 2007. Debt levels for new buy-outs also remained broadly stable although the current uncertainty in the banking sector may reduce availability going forward.

Fundraising
In contrast to the slowdown in new investment activity, fundraising accelerated sharply in the first half of 2011, with the amount raised for European buy-outs being more than twice that raised in the second half of 2010. In total, €8 billion was raised for 18 funds, compared with less than €4 billion raised for 17 funds in the previous half year. The significant increase in the average fund size reflected the re-emergence of larger buy-out funds, with several funds of over £1 billion completing successful closings. Despite this increase, fundraising remains significantly below its 2008 peak when almost €60 billion was raised.

Secondary market
The market for secondary interests in funds remained strong in the first half of the year. The volume of transactions was high with quality funds continuing to trade at prices close to reported net asset values. We believe that the secondary market currently offers attractive opportunities and we will continue to focus on funds offering significant long term growth potential rather than on those offering short term gains based on high entry discounts.

INVESTMENT ACTIVITY

There was a material increase in realisations in the first six months of the year, while the amount invested in the portfolio was substantially lower. As a result, the portfolio generated net cash of £38.3 million. This is the first time since the second half of 2007 that the portfolio has generated net cash in a six-month reporting period.

Realisations
A total of £68.6 million was realised from the portfolio during the period. This was higher than the combined total for the previous three years. Eleven full realisations were completed, accounting for £52.5 million of total proceeds. These generated an average return of 2.6 times original cost and an average uplift over the managers' prior valuations of 83%. Part of this valuation increase was reflected in the accounts at 31 January 2011, as the valuations of three investments sold in the early part of the year – Wagamama, Kwik-Fit and Preh - were increased at that date to reflect the sale prices.

The largest realised gain in the six months was the sale of Kurt Geiger by Graphite Capital Partners VII. Gross sale proceeds from this disposal were £13.1 million and represented a return of 2.6 times cost, an uplift of 73% on the previous carrying value.

Kurt Geiger was one of five trade sales in the period. These five also included Kwik-Fit and Preh and together represented just over half of the proceeds from disposals. The other six companies sold, the largest of which was Wagamama, were acquired by private equity groups.

Realisation proceeds represented 19.2% of the opening value of the portfolio. This rate of realisation was in line with the long term average prior to the downturn but materially higher than the rate achieved in the previous three years. However, this may not indicate that volumes are returning to more normalised levels as we believe that they included a substantial element of catch-up after the low levels of activity in 2009 and 2010.

The remaining £16.1 million of proceeds were generated from the secondary sale of interests in two funds and from a number of partial disposals and refinancings.

New investments

A total of £30.3 million was invested in the first half of the year which was 37.1% lower than the previous six months. Drawdowns by funds represented £22.3 million of this, with secondary purchases of funds accounting for the remainder. Drawdowns were equivalent to 3.7% of original commitments and 14.7% of outstanding commitments. We had anticipated that drawdowns would accelerate this year as many funds are approaching the end of their investment periods. However, to date there has been no evidence of this. A number of funds have been granted extensions which will have relieved some of the pressure to invest.

The number of new underlying investments in the six months was comparable to the rate in the second half of 2010 but the average size of the investments was smaller. Of the 26 investments completed, 13 were mid-market buy-outs, seven were large buy-outs and the remaining six were small buy-outs or mezzanine investments.

We completed the purchase of two secondary fund interests in the period at a cost of £7.5 million. One of these was in Charterhouse Capital Partners VIII, a European large buy-out fund in which the Company already had an interest, and the other was in Steadfast Capital II, a German mid-market buy-out fund, which is new to the portfolio.

We also made two small new primary fund commitments totalling £5.5 million. The most significant of these was a €5.0 million commitment to Steadfast Capital III which was made alongside the acquisition of the interest in their previous fund noted above.

PORTFOLIO

We have been pleased with the performance of the portfolio over the last two years, during which it has grown consistently. The increase in underlying value of 8.9% in the first six months of the current financial year followed rises of 20.7% in 2009 and by 27.2% in the 13 months to 31 January 2011. The annualised rate of growth over this period was more than 20% per annum.

The portfolio generated a total gain before currency movements in the first half of £31.8 million. Of this, just over 60% resulted from realisation activity with the remainder generated by improved profitability of the unrealised portfolio, as valuation multiples were broadly unchanged over the period.

At 31 July, the Company had holdings in 44 funds and had 23 direct investments. Third party private equity firms were responsible for managing 39 of these funds, and these 24 firms collectively managed 80.9% of the portfolio by value. Graphite Capital directly managed the remaining 19.1% of the portfolio. In total we had holdings in 310 underlying companies.

The composition of the portfolio did not change materially in the period. It remains well diversified by type of investment, sector, geography and vintage but is also sufficiently concentrated for individual investments to impact future performance. The top ten underlying companies represented 19.6% of the total portfolio while the top 30 accounted for 39.5%.

Given the concentration of value in the top 30 investments, it is these companies that will have the greatest impact on the future performance of the Company. The performance of these companies remains encouraging. In the 12 months to 30 June, their revenues increased by approximately 14% and their profits by approximately 18%. They were valued at an average of 9.1 times EBITDA and they had average net debt of 3.6 times EBITDA.

COMMITMENTS

Outstanding commitments to funds fell by £21.2 million to £152.5 million over the period, as set out in the table below.

Movement in Commitments £m	**6 months to 31 July 2011**
Opening	173.7
Drawdowns	(22.4)
Commitments released	(12.0)
New commitments	5.5
Secondary purchase	1.1
Currency	4.3
Other	2.3
Closing	**152.5**

Funds within their investment periods accounted for 88.2% of undrawn commitments and had an average of 1.8 years remaining in which to complete their investment programmes. We estimate the annualised drawdown rate to be approximately £60 million, which suggests that the Company would be close to fully invested within 12 months if no realisations were received. As we consider this is highly unlikely, we should have capacity to make new investments over the next 12 to 18 months.

Graphite Capital Management LLP

September 2011

Summary of changes to the portfolio

2011 £m	Opening value	Additions	Disposals	Gains and losses	Closing value
Investment portfolio	356.6	30.3	-68.6	40.9	359.2

Investment portfolio – funds and direct investments

31 July 2011 £m	Third party investments	Graphite investments	Total
Fund investments	262	46.9	308.9
Direct investments *	28.8	21.5	50.3
Total	**290.8**	**68.4**	**359.2**

* Including quoted investments

Disposals

31 July 2011 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	41.5	8.2	–	49.7
Large buy-outs	–	8.9	1.1	10
Small buy-outs	4.8	–	0.4	5.2
Infrastructure	–	–	–	–
Mezzanine	–	3.7	–	3.7
Quoted	–	–	–	–
Total	**46.3**	**20.8**	**1.5**	**68.6**

Additions

31 July 2011 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	4.4	11.9	–	16.3
Large buy-outs	-0.2	5.4	2.6	7.8
Small buy-outs	1.4	–	–	1.4
Infrastructure	–	–	–	–
Mezzanine	–	4.8	–	4.8
Quoted	–	–	–	–
Total	**5.6**	**22.1**	**2.6**	**30.3**

THE 30 LARGEST UNDERLYING INVESTMENTS

The table below summarises the 30 largest underlying investments, by value, in the Company's portfolio of funds and direct investments as at 31 July 2011. The valuations are gross and are shown as a percentage of the total investment portfolio.

	Entity	Manager	Year of investment	Country	Value as a % of investment portfolio
1	**Micheldever***				
	Distributor and retailer of tyres	Graphite Capital	2006	UK	4.4%
2	**Park Holidays UK***				
	Operator of caravan parks	Graphite Capital	2006	UK	2.1%
3	**NES Group**				
	Provider of recruitment services	Graphite Capital	2006	UK	1.9%
4	**U-POL**				
	Manufacturer and distributor of automotive refinish products	Graphite Capital	2010	UK	1.9%
5	**Data Explorers Group***				
	Provider of information to the global securities lending industry	Bowmark Capital	2007	UK	1.8%
6	**Evonik Industries**				
	Diversified industrial group	CVC	2008	Germany	1.7%
7	**Phadia**				
	Manufacturer of medical testing equipment	Cinven	2007	Sweden	1.6%
8	**Hellermann Tyton**				
	Manufacturer of high performance cable management products	Doughty Hanson	2006	UK	1.5%
9	**Tumi**				
	Manufacturer and retailer of performance luggage and accessories	Doughty Hanson	2004	USA	1.4%
10	**Alexander Mann Solutions**				
	Provider of recruitment process outsourcing	Graphite Capital	2007	UK	1.3%
11	**Ziggo**				
	Operator of cable TV networks	Cinven	2006	Netherlands	1.3%
12	**CEVA**				
	Manufacturer and distributor of animal health products	Euromezzanine	2007	France	1.2%
13	**Algeco Scotsman**				
	Supplier and operator of modular buildings	TDR Capital	2007	USA	1.2%
14	**Ceridian***				
	Provider of human resource and payment processing services	Thomas H Lee Partners	2007	USA	1.1%
15	**Salient Surgical Technologies***				
	Provider of medical technology	n/a	2000	USA	1.1%

	Entity	Manager	Year of investment	Country	Value as a % of investment portfolio
16	**Stork**				
	Diversified engineering group	Candover	2008	Netherlands	1.1%
17	**TMF**				
	Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	1.1%
18	**Preh***				
	Manufacturer of control system devices	Deutsche Beteiligungs	2003	Germany	1.1%
19	**Spire Healthcare**				
	Provider of healthcare	Cinven	2007	UK	1.0%
20	**Parques Reunidos**				
	Operator of attraction parks	Candover	2007	Spain	1.0%
21	**Balta**				
	Manufacturer of carpets and floor coverings	Doughty Hanson	2004	Belgium	1.0%
22	**London Square**				
	Developer of residential housing	Graphite Capital	2010	UK	1.0%
23	**Avio**				
	Manufacturer of aerospace engine components	Cinven	2007	Italy	1.0%
24	**Avanza Group**				
	Operator of buses	Doughty Hanson	2007	Spain	0.9%
25	**Vue Entertainment***				
	Operator of cinemas	Doughty Hanson	2010	UK	0.9%
26	**Norit**				
	Supplier of water purification technologies	Doughty Hanson	2007	Netherlands	0.8%
27	**Clyde Bergemann**				
	Supplier of components for power generation industry	Deutsche Beteiligungs	2005	Germany	0.8%
28	**Gondola**				
	Operator of restaurants	Cinven	2007	UK	0.8%
29	**Teaching Personnel**				
	Provider of temporary staff for the education sector	Graphite Capital	2010	UK	0.8%
30	**Intermediate Capital*†**				
	Provider of mezzanine finance	n/a	1989	UK	0.7%
	Total of the 30 largest underlying investments				**39.5%**

* Direct or co-investment
† Quoted

THE 30 LARGEST FUND INVESTMENTS

The largest funds by value at 31 July 2011 are set out below.

	Fund	Outstanding commitment £m	Fund vintage year	Geographic focus	Value £m
1	**ICG European Fund 2006***				
	Mezzanine loans to buy-outs	2.8	2007	Europe	27.6
2	**Fourth Cinven Fund**				
	Large buy-outs	6.6	2006	Europe	25.8
3	**Graphite Capital Partners VI**				
	Mid-market buy-outs	5.1	2003	UK	25.7
4	**Euromezzanine 5**				
	Mezzanine loans to mid-market buy-outs	1.9	2006	France	17.4
5	**Doughty Hanson & Co IV**				
	Mid-market and large buy-outs	1.1	2005	Europe	17.1
6	**Thomas H Lee Fund VI**				
	Large buy-outs	6.7	2007	USA	16.6
7	**Graphite Capital Partners VII***				
	Mid-market buy-outs	22.1	2007	UK	14.6
8	**Candover 2005**				
	Large buy-outs	0.9	2005	Europe	13.6
9	**Apax Europe VII**				
	Large buy-outs	3.4	2007	Global	13.3
10	**CVC European Equity Partners V**				
	Large buy-outs	12.4	2008	Global	13
11	**Doughty Hanson & Co V**				
	Mid-market and large buy-outs	10.6	2006	Europe	12.5
12	**CVC European Equity Partners IV***				
	Large buy-outs	1.7	2008	Global	8.9
13	**CVC European Equity Partners Tandem**				
	Large buy-outs	1.6	2008	Global	8.5
14	**TDR Capital II**				
	Mid-market and large buy-outs	9.1	2006	Europe	8.3
15	**Charterhouse Capital Partners VIII***				
	Large buy-outs	1.6	2007	Europe	7.9

	Fund	Outstanding commitment £m	Fund vintage year	Geographic focus	Value £m
16	**Activa Capital II**				
	Large buy-outs	10.0	2007	France	6.1
17	**Steadfast Capital Partners II***				
	Mid-market buy-outs	0.3	2006	Germany	5.7
18	**Vision Capital Partners VII**				
	Direct secondary portfolio	5.6	2008	UK	5.6
19	**DBAG Fund IV**				
	Mid-market buy-outs	–	2002	Germany	5.3
20	**Apax Europe VII Side Car 2**				
	Large buy-outs	1.0	2007	Global	5.1
21	**DBAG V**				
	Large buy-outs	7.6	2005	Germany	4.4
22	**CSP Secondary Opportunities II**				
	Portfolio of secondary fund interests	–	2008	Europe	4.4
23	**Corpfin Capital II**				
	Mid-market buy-outs	–	2000	Spain	4.3
24	**Barclays European Infrastructure**				
	Infrastructure	0.1	2001	UK	4.1
25	**PAI Europe V**				
	Large buy-outs	2.1	2007	Europe	4.1
26	**Graphite Capital Partners VII Top Up**				
	Mid-market buy-outs	4.8	2007	UK	3.6
27	**Bowmark Capital Partners IV**				
	Mid-market buy-outs	6.5	2007	UK	3.4
28	**Advent CEE IV**				
	Mid-market buy-outs	4.8	2008	Europe	3.1
29	**Piper Private Equity IV**				
	Small buy-outs	1.2	2006	UK	2.6
30	**Vision Capital Partners VI**				
	Direct secondary portfolio	0.6	2006	Europe	2.5
	Total of the 30 largest fund investments	**132.2**			**295.1**
	Percentage of total fund portfolio				**95.5%**

*All or part of interest acquired through a secondary fund purchase

Consolidated Income Statement

	Six month period to 31 July 2011 (unaudited)			Six month period to 31 July 2010 (unaudited)			Thirteen month period to 31 January 2011		
	Revenue Return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total Return £'000s
Investment returns									
Gains on investments held at fair value	6,310	34,619	40,929	992	10,124	11,116	2,467	59,309	61,776
Income from cash and cash equivalents	77	–	77	190	–	190	316	–	316
Return from current asset									
Investments	303	394	697	–	–	–	310	(62)	248
Other income	–	–	–	414	–	414	508	–	508
Foreign exchange losses	–	(301)	(301)	–	(430)	(430)	–	(659)	(659)
	6,690	**34,712**	**41,402**	**1,596**	**9,694**	**11,290**	**3,601**	**58,588**	**62,189**
Expenses									
Investment management charges	(642)	(1,925)	(2,567)	(491)	(1,559)	(2,050)	(1,183)	(3,551)	(4,734)
VAT reclaim	–	–	–	370	356	726	370	356	726
Banking facility fee	(71)	(214)	(285)	–	–	–	–	–	–
Other expenses	(542)	(15)	(557)	(605)	–	(605)	(1,249)	(89)	(1,338)
	(1,255)	**(2,154)**	**(3,409)**	**(726)**	**(1,203)**	**(1,929)**	**(2,062)**	**(3,284)**	**(5,346)**
Profit before tax	**5,435**	**32,558**	**37,993**	**870**	**8,491**	**9,361**	**1,539**	**55,304**	**56,843**
Taxation	(1,438)	1,438	–	(248)	248	–	(435)	435	–
Profit for the period from continuing operations	**3,997**	**33,996**	**37,993**	**622**	**8,739**	**9,361**	**1,104**	**55,739**	**56,843**
Attributable to:									
Equity shareholders	3,997	31,318	35,315	622	8,503	9,125	1,104	51,507	52,611
Non-controlling interests	–	2,678	2,678	236	236		–	4,232	4,232
Basic and diluted earnings per share			**48.43p**			**12.52p**			**72.20p**

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

Consolidated Balance Sheet

	As at 31 July 2011 (unaudited)	As at 31 July 2010 (unaudited)	As at 31 January 2011
	£'000s	£'000s	£'000s
Non-current assets			
Investments held at fair value			
– Unquoted investments	356,521	266,524	353,140
– Quoted investments	2,679	2,672	3,419
	359,200	**269,196**	**356,559**
Current assets			
Trade and other receivables	1,719	1,465	441
Current asset investments held at fair value	15,945	–	15,248
Cash and cash equivalents	59,888	79,244	28,306
	77,552	**80,709**	**43,995**
Current liabilities			
Trade and other payables	1,947	1,252	1,071
Net current assets	**75,605**	**79,457**	**42,924**
Net assets	**434,805**	**348,653**	**399,483**
Capital and reserves (note 7)			
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	387,274	309,605	355,956
Revenue reserve	13,394	10,475	11,038
Equity attributable to equity holders	**423,008**	**342,420**	**389,334**
Non-controlling interests	11,797	6,233	10,149
	434,805	**348,653**	**399,483**
Net asset value per share (basic and diluted)	580.2p	469.6p	534.0p

Consolidated Cash Flow Statement

	Six month period to 31 July 2011 (unaudited)	Six month period to 31 July 2010 (unaudited)	Thirteen month period to 31 January 2011
Operating activities			
Sale of portfolio investments	62,244	5,872	18,646
Purchase of portfolio investments	(30,267)	(32,631)	(84,674)
Net purchase of current asset investments held at fair value	–	–	(15,000)
Income received from investments	6,178	1,128	2,604
Other income received	76	190	824
Investment management charges paid	(1,396)	(2,048)	(4,718)
VAT reclaimed on investment management charges	–	–	726
Taxation paid	(7)	(78)	(58)
Other expenses paid	(860)	(750)	(1,714)
Net cash inflow/(outflow) from operating activities	**35,968**	**(28,319)**	**(83,364)**
Financing activities			
Investments by non-controlling interests	–	58	–
Distributions to non-controlling interests	(1,211)	–	–
Banking facility fees	(1,233)	–	–
Equity dividends paid	(1,641)	(1,641)	(1,641)
Net cash outflow from financing activities	**(4,085)**	**(1,583)**	**(1,641)**
Net increase/(decrease) in cash and cash equivalents	**31,883**	**(29,902)**	**(85,005)**
Cash and cash equivalents at beginning of period	28,306	109,576	113,970
Net increase/(decrease) in cash and cash equivalents	31,883	(29,902)	(85,005)
Effect of changes in foreign exchange rates	(301)	(430)	(659)
Cash and cash equivalents at end of period	**59,888**	**79,244**	**28,306**

Consolidated Statement of Changes in Equity

	Six month period to 31 July 2011 (unaudited)	Six month period to 31 July 2010 (unaudited)	Thirteen month period to 31 January 2011
Total equity at beginning of period	399,483	341,007	344,597
Profit attributable to equity shareholders	35,315	9,125	52,611
Profit attributable to minority interests	2,678	236	4,232
Total profit for the period and total recognised income and expense	37,993	9,361	56,843
Dividends paid to equity shareholders	(1,641)	(1,641)	(1,641)
Net distribution to non-controlling interests	(1,030)	(74)	(316)
Total equity at end of period	**434,805**	**348,653**	**399,483**

Further analysis of the above movements is presented in note 7.

Notes to the interim report

1. GENERAL INFORMATION

Graphite Enterprise Trust PLC (the "Company") and its subsidiaries (together "Graphite Enterprise" or the "Group") are registered in England and 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 specialist funds but also directly. This half-yearly financial report was approved for issue by the Board of Directors on 23 September 2011.

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 thirteen month period to 31 January 2011 were approved by the Board of Directors on 18 April 2011 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 of the Companies Act 2006.

This financial report has not been audited.

3. BASIS OF PREPARATION

This financial report for the six months ended 31 July 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services 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 thirteen month period to 31 January 2011, 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 thirteen month period to 31 January 2011, 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. TRADE AND OTHER RECEIVABLES

During the six month period ended 31 July 2011, the Company agreed a bank facility. The Company incurred £1,467,000 of costs which will be amortised over the four year term of the facility on a straight line basis. As at 31 July 2011, £1,375,000 of unamortised costs were included within trade and other receivables of which £367,000 is expected to be amortised in less than one year. There were no similar arrangements in either the six month period ended 31 July 2010 or the 13 month period ended 31 January 2011.

5. DIVIDENDS

	Six month period to 31 July 2011 (unaudited)	Six month period to 31 July 2010 (unaudited)	Thirteen month period to 31 January 2011
	£'000	£'000	£'000
The Period from 1 February to 31 July 2011: 2.25p per share (Six month period to 31 July 2010 and thirteen month period to 31 January 2011: 2.25p per share)	1,641	1,641	1,641

6. EARNINGS PER SHARE

	Six month period to 31 July 2011 (unaudited)	Six month period to 31 July 2010 (unaudited)	Thirteen month period to 31 January 2011
Revenue return per ordinary share	5.48p	0.86p	1.51p
Capital return per ordinary share	42.95p	11.66p	70.64p
Earnings per ordinary share (basic and diluted)	48.43p	12.52p	72.15p
Weighted average number of shares	72,913,000	72,913,000	72,913,000

7. CHANGES IN EQUITY

Half year to 31 July 2011	Share Capital	Capital redemption reserve	Share premium	Capital reserve	Revenue reserve	Total shareholders' equity	Non-controlling interest	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Period from 1 February to 31 July 2011								
Opening balance at 1 February 2011	7,292	2,112	12,936	355,956	11,038	389,334	10,149	399,483
Profit for the period attributable to recognised income and expense	–	–	–	31,318	3,997	35,315	2,678	37,993
Dividends paid or approved	–	–	–	–	(1,641)	(1,641)	–	(1,641)
Net distribution to non-controlling interests		–	–	–	–	–	(1,030)	(1,030)
Closing balance	**7,292**	**2,112**	**12,936**	**387,274**	**13,394**	**423,008**	**11,797**	**434,805**

Half year to 31 July 2010	Share Capital	Capital redemption reserve	Share premium	Capital reserve	Revenue reserve	Total shareholders' equity	Non-controlling interest	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Period from 1 February to 31 July 2010								
Opening balance at 1 February 2010	7,292	2,112	12,936	301,102	11,495	334,937	6,070	341,007
Profit for the period attributable to recognised income and expense	–	–	–	8,503	621	9,124	237	9,361
Dividends paid or approved	–	–	–	–	(1,641)	(1,641)	–	(1,641)
Net distribution to non-controlling interests		–	–	–	–	–	(74)	(74)
Closing balance	**7,292**	**2,112**	**12,936**	**309,605**	**10,475**	**342,420**	**6,233**	**348,653**

13 months to 31 January 2011	Share Capital	Capital redemption reserve	Share premium	Capital reserve	Revenue reserve	Total shareholders' equity	Non-controlling interest	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening balance at 1 January 2010	**7,292**	**2,112**	**12,936**	**304,448**	**11,576**	**338,364**	**6,233**	**344,597**
Profit for the period attributable to recognised income and expense	–	–	–	51,508	1,103	52,611	4,232	56,843
Dividends paid or approved	–	–	–	–	(1,641)	(1,641)	–	(1,641)
Net distribution to non-controlling interests	–	–	–	–	–	–	(316)	(316)
Closing balance	**7,292**	**2,112**	**12,936**	**355,956**	**11,038**	**389,334**	**10,149**	**399,483**

8. RELATED PARTY TRANSACTIONS

INVESTMENT MANAGEMENT CHARGES

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

	Six month period to 31 July 2011 (unaudited)	Six month period to 31 July 2010 (unaudited)	Thirteen month period to 31 January 2011
	£'000s	£'000s	£'000s
Investment management fee	2,567	2,078	4,683
Irrecoverable VAT	–	(28)	51
VAT reclaim accrued	–	(726)	(726)
	2,567	**1,324**	**4,008**

The allocation of the total investment management charges is consistent with the period ended 31 January 2011 with 75% of the total allocated to capital and 25% allocated to income.

The management fee charged by the Manager is 1.5% of the value of invested assets and 0.5% of outstanding commitments, in both cases excluding funds managed by Graphite Capital. The amounts payable during the year are set out above. An amount of £1,367,000 was outstanding as at 31 July 2011 (31 July 2010: nil). This was paid after the period end. The Company has borne management charges in respect of its investments in funds managed by Graphite Capital as set out below:

	31 July 2011	31 July 2010	31 January 2011
	£'000s	£'000s	£'000s
Graphite Capital Partners VI	231	283	479
Graphite Capital Partners VII	431	470	778
	662	**753**	**1,257**

OTHER RELATED PARTY TRANSACTIONS

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

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

Subsidiary	Nature of transaction	Six month period to 31 July 2011 (unaudited) £'000s	Six month period to 31 July 2010 (unaudited) £'000s	Thirteen month period to 31 January 2011 £'000s
Graphite Enterprise Trust LP	(Decrease)/ Increase in loan balance	(381)	919	2,927
	Income allocated	994	196	361
Graphite Enterprise Trust (2) LP	Increase in loan balance	1,340	4,526	6478
	Income allocated	48	2	100

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

Amounts owed by subsidiaries	31 July 2011 £'000s	31 July 2010 £'000s	31 January 2011 £'000s
Graphite Enterprise Trust LP	5,206	3,579	5,587
Graphite Enterprise Trust (2) LP	11,893	8,601	10,553

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.

The Company's principal risks and uncertainties continue to be as stated in the Annual Report and Accounts for the period ended 31 January 2011.

By the order of the Board

M. Fane, Chairman

26 September 2011

Copies of the Interim Report will be posted to all shareholders in early October 2011 and copies may be obtained during normal business hours from the Company's registered office thereafter.

For further information, please contact:

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Graphite Capital