

For release at 0700, 20 March 2006

GRAPHITE ENTERPRISE TRUST PLC
UNAUDITED PRELIMINARY STATEMENT OF RESULTS
FOR THE YEAR TO 31 DECEMBER 2005

HIGHLIGHTS OF THE YEAR

Net assets per share	+22.6%
Share price	+28.7%
Realisations	£86.2m
New commitments	£100.0m
Share buy-backs	£14.6m
Total dividends per share	8.8p

FINANCIAL RESULTS

	2005	2004	Change
Net assets per share	398.4p	324.9p	+22.6%
Share price	364.3p	283.0p	+28.7%
Final dividend per share	4.3p	4.3p	-
Special dividend per share	4.5p	2.8p	+60.7%

PERFORMANCE

Years to 31/12/05	1	3	5	10
NAV per share	+22.6%	+51.2%	+19.3%	+284.0%
Share price	+28.7%	+76.4%	+15.3%	+323.5%
FTSE All-Share Index	+18.1%	+50.3%	-4.6%	+57.9%

Chairman's Statement

Overview

Graphite Enterprise made good progress in 2005. The highlights were strong performance, substantial commitments to new private equity funds and a repositioning of the balance sheet.

Net asset value per share rose by 22.6% to 398.4p and the share price rose by 28.7% to 364.3p. These increases compare with a rise of 18.1% in our benchmark, the FTSE All-Share Index. At the year end shareholders' funds were £338.1 million.

The discount of the share price to the underlying net asset value narrowed from 12.9% to 8.6%. The discount had not been consistently at such a low level since 2000. This reduction was in line with a general narrowing of discounts in the private equity investment trust sector.

Our objective is to provide shareholders with long term capital growth. Despite a strong performance in 2005, the FTSE All-Share Index has yet to regain the levels it reached in 2000. In the five years to 31 December 2005 the Index fell by 4.6%, while the net asset value per share of Graphite Enterprise rose by 19.3% and its share price by 15.3%.

Longer term performance of Graphite Enterprise has been strong, with increases of 284.0% in the net asset value per share and 323.5% in the share price in the ten years to 31 December 2005. These movements compare with an increase of 57.9% in the FTSE All-Share Index over the same period.

The increase in net asset value in 2005 was largely driven by a series of profitable disposals in a favourable market. At the same time, a number of high quality managers raised new private equity funds and this gave us the opportunity to increase commitments to funds. As a result, 2005 was characterised by a high level of disposals and an even higher level of new fund commitments.

The commitments to new funds contributed to the repositioning of the balance sheet. In addition, we purchased a call option over the FTSE 100 Index to ensure that future performance should not be held back by high levels of cash. We also made share buy-backs at a record level. As a result of these actions, all of which are described in more detail below, the levels of uninvested and uncommitted cash and near-cash fell substantially.

Portfolio

Against a favourable market background, proceeds from disposals were £86.2 million (2004: £109.3 million). In both 2004 and 2005, these proceeds represented an exceptionally high 57% of the opening portfolio compared with an average of 34% over the previous eight years.

Total new commitments to funds were £100.0 million, of which £20.9 million was drawn down in the year. Including this amount, cash investments in the portfolio were £45.5 million, 50.1% higher than in 2004. Net realised and unrealised gains from the investment portfolio were £63.4 million. Of this amount, £61.2 million related to the opening portfolio, representing an increase in its value of 40.4%.

At 31 December 2005, 50.1% of the investment portfolio was held in funds and 49.9% was held in direct investments.

Balance sheet

Following a series of substantial and successful disposals in 2004, at the beginning of 2005 Graphite Enterprise held cash and near-cash assets of £144.5 million. Commitments, the great majority of which were to funds, were £83.3 million, leaving £61.2 million of cash uncommitted.

The continuing high level of disposals in 2005 resulted in a net inflow of cash from the portfolio. As a result, however, of increasing fund commitments, purchasing a call option over the FTSE 100 Index and buying back shares, the effective levels of uninvested and uncommitted assets have fallen substantially.

At the year end, cash and near-cash assets were £149.9 million, representing 43.5% of total net assets compared with 48.8% at the beginning of the year. Commitments had increased to £147.7 million, leaving only £2.2 million of cash uncommitted.

Gearing policy

As the fund portfolio matures it is likely to generate more cash from disposals. To ensure that this cash is reinvested, it will be necessary to make commitments to funds exceeding the level of available cash. It is unlikely that borrowing facilities will be required to fund this overcommitment in the short term, as new commitments are typically drawn down over three to five years, current levels of cash are significant and the existing portfolio will continue to return cash.

We believe, however, that in the longer term significant overcommitments should be at least partly covered by borrowing facilities. The level of overcommitment at which borrowing facilities will be required will change with the balance of the portfolio, levels of cash and general economic conditions. These are kept under regular review by the board.

FTSE Option

In October we purchased a call option over the FTSE 100 Index with a three year maturity. This was in order to address the risk of underperformance in a rising market which would result from holding high levels of cash.

The cost of the Option was £14.0 million. Its effect is to give Graphite Enterprise exposure to a £120.0 million investment in the FTSE 100 Index at an opening level of 5,142. If the Index rises, the Option will give Graphite Enterprise exposure to the rise. If the Index falls, the Option will fall in value. However, the maximum fall is limited to the original £14.0 million cost. At 31 December 2005, the FTSE 100 Index had increased by 9.3% to 5,618 and the value of the Option had increased by £6.2 million.

Including the £120 million nominal value of the Option and excluding its cost, Graphite Enterprise was effectively 87.2% invested as a percentage of total net assets at 31 December 2005.

		of total net assets
2005	Investment portfolio	50.6%
	Effect of FTSE Option	<u>36.6%</u>
	Total	<u>87.2%</u>
2004		51.1%
2003		72.4%
2002		68.4%
2001		64.5%

Share buy-backs

We have continued to follow the policy of enhancing shareholder returns by buying back shares when they are available in reasonable volumes at an attractive discount, while maintaining sufficient liquidity for new investments.

A total of 4.85 million shares was bought back during the year, more than in all previous years combined and representing 5.4% of opening issued share capital. The cost of the buy backs was £14.6 million.

Prices paid varied between 283.0p and 332.0p per share, with an average price of 298.5p, and an average discount to net asset value per share of 12.6%. The buy-backs enhanced net asset value per share by 5.3p.

To date, shares which have been bought back have not been held in treasury, but have been cancelled. Holding shares in treasury, however, would give the Company the flexibility to re-issue them at a later date if considered appropriate. In order for it to be practical to do so, it is necessary to disapply existing shareholders' pre-emption rights. A resolution will be put to the forthcoming Annual General Meeting to this effect.

Income statement and dividend

Profit after tax attributable to shareholders for the year was £68.8 million, or 78.8p per share (2004: 42.2p). The capital return was £59.9 million or 68.6p per share (2004: 33.6p), and the revenue return attributable to shareholders, from which dividends are paid, was £8.9 million or 10.2p per share (2004: 8.5p).

Principally as a result of higher dividend and interest income from portfolio investments, 2005 was another exceptional year for income. Much of this came from large one-off payments received from companies on their disposal or refinancing. The increase in the revenue return was partly offset by a higher tax charge and slightly higher expenses.

The exceptional level of income allowed us to pay a special dividend of 4.5p per share in December. The Board is recommending an unchanged final dividend of 4.3p per share, bringing the total for the year to 8.8p compared with 7.1p for 2004.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards have been applied for the first time in 2005. The impact on Graphite Enterprise has not been significant. The main change is in the timing of recognition of dividends payable by the Company, which are now shown in the period in which they are paid or approved. This has had the effect of increasing the net asset value per share at 31 December 2004 from 320.6p to 324.9p.

There have been some changes to the format of the financial statements. The statement of total return is now called the income statement, the format of the cash flow statement has changed, and a new statement, the statement of changes in equity, has been introduced. Certain line items have also been reclassified. All comparatives have been restated accordingly.

Outlook

The private equity market remains active, sustained by plentiful debt and equity finance, a stable economic background and strong financial markets. In the absence of a shock to markets, there is little reason to expect a significant change in these conditions over the next six to nine months.

The private equity sector is increasingly recognised as a mature and powerful force in corporate finance, with the result that it has attracted more capital and a wider spread of investors. Over the medium and long term this is likely to result in performance more closely correlated with the quoted markets. Risks and returns from private equity investments are both likely to be lower. The stronger performers should still perform markedly better than the quoted markets, although the degree of outperformance is likely to be less.

The high level of activity in 2005 has continued into the current year. Additions to the portfolio in the first two months were £26.6 million and disposals were £26.1 million. Although 2005 was an exceptional year for private equity fund raising in Europe, a number of high quality managers are raising funds in 2006. We have made commitments to funds of €50 million (£34.3 million) since the beginning of the year.

Having disposed of a large number of mature investments in the last two years, we expect that the rate of disposals will slow in the next twelve months and that there will be a closer balance between inflows and outflows from the existing portfolio. If there are enough high quality funds available, we expect to increase the level of commitments again in 2006. We shall also consider extending the range of funds in the portfolio to include other sectors and geographical areas.

John Sclater
March 2006

Manager's Review

The portfolio increased in value by £69.6 million during the year. As disposals exceeded additions by £26.7 million, the overall movement in the portfolio was £42.9 million, giving a closing value of £194.6 million (2004: £151.7 million).

2005 £m	Opening value	Additions	Disposals	Gains and losses	Closing value
Investment portfolio	151.7	45.5	(86.2)	63.4	174.4
FTSE option	-	14.0	-	6.2	20.2
Total investments	151.7	59.5	(86.2)	69.6	194.6

Disposals

Graphite Enterprise took advantage of favourable market conditions to dispose of a number of mature investments which had performed well. As an attractive alternative to outright disposal, it was frequently possible to refinance companies, generating capital proceeds whilst typically maintaining an unchanged equity interest. Total proceeds from disposals were £86.2 million.

In the first half of the year, Wagamama was sold in a transaction valuing Graphite Enterprise's investment at £13.9 million, of which £7.0 million was realised in cash and the remainder was reinvested in the company. The investments in Ridgmont Care Homes, Leaderflush + Shapland and Babcock Borsig were also sold generating total proceeds of £19.5 million, in each case at a significant uplift over the carrying value at the beginning of the year.

In the second half, Jane Norman was sold in the largest disposal of the year. Graphite Enterprise invested £7.4 million in the company in 2003. Jane Norman is a retailer of female fashion clothing and accessories. During the life of the investment, the number of outlets more than doubled and sales increased significantly. The investment was sold in July for total proceeds of £21.3 million including income of £1.8 million. This represented a multiple of 2.9 times cost and an annual internal rate of return over the life of the investment of 52.5%.

In 2000, Graphite Enterprise invested £2.1 million in Huntress Search, a recruitment consultancy, which was then a start-up. The company was refinanced in August and made a payment to Graphite Enterprise of £6.0 million. The residual holding is valued at £3.0 million. A number of other disposals and refinancings, both of direct investments and of those held through funds, yielded further capital proceeds of £34.1 million. These included the refinancing of Weetabix, Elis and Summit Medical, the sale of investments in Tesla Magnetic and Equanet, and the partial disposal of the stake in Intermediate Capital Group plc.

Additions

The largest new investment in the year was of £5.0 million in Kwik-Fit, Europe's largest automotive fast-fit services provider. The investment is held both in PAI Europe IV and in a co-investment alongside the fund. Other significant investments, made either directly or through funds, included:

- £2.4 million to acquire an additional stake in Go Plant, an operator of road sweeping vehicles.

- £2.3 million in Christian Hansen, the leading worldwide supplier of natural ingredients to the food industry.
- £1.9 million in Integrity Software, which develops and supplies software applications for companies in a range of industries.
- £1.8 million in Moeller, a supplier of electrical equipment.

Overall, £39.0 million was invested in buyouts and similar transactions, £4.5 million was invested in infrastructure projects and £2.0 million in mezzanine finance.

Commitments

New commitments of £100.0 million were made during the year and further commitments of £34.3 million have been made since the year end. Details of the new commitments in 2005 and to date in 2006 are set out below:

Fund	Commitment £m
PAI Europe IV	20.6
Candover 2005 Fund	20.4
Doughty Hanson & Co IV	15.2
Lion Capital I	15.1
Deutsche Beteiligungs Fund V	13.7
CVC European Equity Partners IV	10.3
Other	4.7
New commitments in 2005	100.0
Fourth Cinven Fund	20.6
Charterhouse Capital Partners VIII	13.7
New commitments to date in 2006 *	34.3

* At year end exchange rates

- PAI Europe IV is a €2.7 billion fund which invests in large European buy-outs. The manager, PAI Partners, is based in France. The fund made five investments in 2005.
- The Candover 2005 Fund is a €3.5 billion fund which invests in pan-European buy-outs with enterprise values in the range €150m to €1.5 billion. No investments had been made by the year end.
- Doughty Hanson & Co IV is a €1.6 billion fund which invests in leveraged buy-outs of businesses with enterprise values in excess of €250 million, mainly in Europe. Five investments had been made by the year end, one of which, Saft, had already been successfully refinanced and floated by the end of 2005.
- Lion Capital I is an €20 million fund which invests in buy-outs of consumer brand and media businesses across Europe. It had made four investments by the end of 2005.
- Deutsche Beteiligungs Fund V is a €134 million fund which invests in buy-outs of companies with enterprise values of between €50 million and €250 million in Germany, Austria and Switzerland. It had not made any investments by the year end.

- CVC European Equity Partners IV is a €6.0 billion fund which invests in medium-sized and large buy-outs across Europe. The fund had made two investments by the year end.
- The Fourth Cinven Fund is a €4.4 billion fund which will invest in large pan-European buy-outs.
- Charterhouse Capital Partners VIII is a €4.0 billion fund which will invest in medium-sized and large buy-outs throughout Europe.

Geographic distribution

Country / region	% of total investment portfolio
UK	67.5%
Germany	9.7%
France	7.6%
Spain	6.4%
Other European	6.4%
North America	2.4%
Total	100.0%

At 31 December 2005, 67.5% (2004: 66.6%) of the investment portfolio of £174.4 million was in the UK, with 30.1% (2004: 32.4%) in continental Europe and 2.4% (2004: 1.0%) elsewhere.

We expect the majority of investments to continue to be based in the UK and continental Europe, although we may consider investments outside Europe, particularly in North America. Of the eight significant new fund commitments made since 1 January 2005, seven have a pan-European scope and one is focused mainly on Germany.

Sector analysis

	% of total investment portfolio
Business services	25.5%
Consumer goods and services	16.3%
Manufacturing, engineering and similar	13.4%
Other	11.0%
Leisure	8.8%
Construction and building supplies	8.5%
Merchant banking and finance	6.3%
Retailing	6.2%
Advertising and recruitment	4.0%
Total	100.0%

The portfolio continues to be widely diversified. At 31 December 2005, the largest exposures were to the business services and consumer goods and services sectors which represented 25.5% and 16.3% of the portfolio respectively. At 31 December 2004, the largest sector exposures were to business services (26.0%), and retailing (11.0%).

During the year £9.8 million was invested in companies in the manufacturing and engineering sectors, £7.6 million in consumer goods and services and £5.1 million in business services. Exposure to the retail sector has been reduced through the successful sale of Jane Norman, which was valued at £7.4 million at the end of 2004.

Investment type

Type	% of total investment portfolio
Medium-sized buy-out	63.8%
Large buy-out	11.6%
Quoted	9.3%
Mezzanine	8.2%
Infrastructure	4.7%
Small buy-out	2.4%
Total	100.0%

The main focus remains on equity-based investments in medium-sized management buyouts and similar transactions, which accounted for 63.8% of the portfolio at 31 December 2005 (2004: 65.4%). Large and small buy-outs comprised 11.6% and 2.4% of the portfolio respectively (2004: 2.5% and 1.8%). Following the recent substantial commitments to large buy-out funds, we expect this category to increase in size.

Mezzanine and infrastructure investments represented 8.2% and 4.7% of the portfolio respectively (2004: 10.8% and 3.1%). A further 9.3% of the portfolio (2004: 11.5%) was held in quoted companies previously held as unquoted investments before flotation. In 2004, 4.9% was held in start up or early stage companies. The increasing maturity of these companies has made it appropriate to reclassify them as either medium-sized or small buy-outs in 2005.

The portfolio is therefore concentrated in mature companies and we expect it to remain so.

Year of investment

Year	% of total investment portfolio
2005	18.7%
2004	11.7%
2003	10.6%
2002	16.8%
2001	15.9%
2000 and before	26.3%
Total	100.0%

In the above table, value is allocated to the year in which Graphite Enterprise first invested in the relevant company or project.

With the exception of 2003 and 2004, the portfolio is quite evenly distributed. The low figures for 2003 and 2004 reflect the relatively low levels of investment in those years, compounded by the early sale of some 2003 investments, including the successful sale of

Jane Norman and Babcock Borsig. More recent investments are also less likely to be held at a valuation significantly greater than their original cost.

Investment activity in 2006

Additions to the portfolio in the first two months of the year were £26.6 million and disposals from the portfolio were £26.1 million. The most significant transactions are described below.

In January and February, £9.2 million was invested through Graphite Capital Partners VI in three companies, and a further £7.4 million was invested in two of these companies as co-investments alongside the fund. These were Micheldever Tyre Services, the UK's leading independent tyre distributor, and Cinque Ports Leisure, the UK's third largest holiday home and caravan park group.

The investment in U-POL Products was sold in February 2006 for capital proceeds of £12.7 million. The full value of this disposal is reflected in the year end balance sheet. Total proceeds over the life of the investment including income represent a multiple of 3.2 times cost and an annual internal rate of return of 55.2%.

We are at an advanced stage in considering a number of other new investments and commitments to funds.

Graphite Capital
March 2006

For further information, please contact:

Rod Richards / William Eccles
Graphite Capital

Tel: 020 7825 5300

Top 30 underlying investments

The table below presents the 30 companies in which Graphite Enterprise has the largest investments by value at 31 December 2005. Those investments may be held directly, through funds, or in some cases both. Values have been attributed to investments held through funds by allocating the total value of Graphite Enterprise's interest in each fund in proportion to the gross value of each company in that fund's accounts. Values are shown as a percentage of the total investment portfolio of £174.4 million.

Entity	Year of investment	Country / region	Value as a % of total investment portfolio
1 U-POL Supplier of fillers, coatings and other automotive products	2002	UK	7.3%
2 Wagamama Chain of Japanese noodle restaurants	1996	UK	4.7%
3 Standard Brands Supplier of household fire lighting products	2001	Europe	3.9%
4 Preh Manufacturer of automotive components	2003	Germany	3.8%
5 Go Plant Operator of road sweeping vehicles	1995	UK	3.7%
6 Intermediate Capital * Provider of mezzanine finance to unquoted companies	1989	Europe	3.2%
7 Kwik-Fit Provider of automotive fast-fit services	2005	Europe	2.9%
8 Applied Energy Manufacturer of ventilation and heating products	2001	UK	2.4%
9 OPD Group * (formerly PSD Group) Group of specialist recruitment agencies	1991	UK	2.2%
10 Leading Edge Printer of self adhesive labels and packaging	2003	UK	2.2%
11 Burton's Foods Manufacturer of biscuits	2000	UK	2.2%
12 Golden Tulip Developer and manager of hotels	2002	UK	2.1%
13 Computacenter * Provider of IT equipment and services to large organisations	1985	UK	2.1%
14 JT Frith Operator of discount warehouses	2004	UK	1.7%
15 Huntress Search Recruitment consultancy	2000	UK	1.7%

	Entity	Year of investment	Country / region	Value as a % of total investment portfolio
16	Grupo TMA Provider of waste management services	2001	Spain	1.7%
17	Bridgewell Provider of corporate finance and broking services	2001	UK	1.5%
18	PIFC Pensions and employment benefits consultancy	2002	UK	1.5%
19	Weetabix Manufacturer of breakfast cereals	2004	Global	1.5%
20	Olan Mills Chain of portrait photography studios	2004	UK	1.3%
21	Christian Hansen Supplier of natural ingredients to the food industry	2005	Global	1.3%
22	Home Office Accommodation Project to replace Home Office's London accommodation	2002	UK	1.3%
23	Aster City Operator of cable TV	2003	Poland	1.3%
24	EurotaxGlass's Provider of automotive information	2003	Europe	1.2%
25	Segur Iberica Provider of security services and products	2004	Spain	1.2%
26	Lucite Producer of chemicals	1999	Global	1.1%
27	Otto Sauer Manufacturer of components for heavy duty trailers	2004	Germany	1.1%
28	Integrity Provider of software to niche retailers	2005	UK	1.1%
29	Moeller Supplier of electrical components	2005	Germany	1.1%
30	Ottakar's * Retailer of books	1995	UK	1.0%
Total of the 30 largest underlying investments				65.3%

* Quoted

Top 15 fund investments

The largest funds by value at 31 December 2005 are set out below.

Fund	Outstanding commitment £m	Year of commitment	Country / region	Value £m
1 Graphite Capital Partners VI Medium-sized buy-outs	37.2	2003	UK	10.4
2 Hicks, Muse, Tate & Furst Europe Fund Large buy-outs	4.8	2000	Europe	10.3
3 Corpfin Capital Fund II Medium-sized buy-outs	0.3	2000	Spain	10.1
4 ICG Mezzanine Fund 2000 Mezzanine loans to large buy-outs	0.8	2000	Europe	9.1
5 PAI Europe IV Large leveraged buy-outs	12.7	2005	Europe	7.7
6 Deutsche Beteiligungs AG Fund IV Medium-sized buy-outs primarily of manufacturers	3.0	2000	Germany	7.1
7 Doughty Hanson & Co IV Leveraged buy-outs of medium-sized and large companies	9.2	2005	Europe	6.0
8 Euromezzanine 4 FCPR Mezzanine loans to medium-sized buy-outs	0.4	2003	France	5.1
9 Barclays European Infrastructure Fund Infrastructure projects	6.4	2002	UK	4.1
10 HSBC Infrastructure Fund Infrastructure projects	6.1	2001	UK/Europe	4.0
11 Lion Capital I Medium-sized buy-outs primarily of consumer businesses	11.7	2005	UK/Europe	3.1
12 Charterhouse Capital Partners VI Large buy-outs	0.4	1997	UK/Europe	3.0
13 Piper Private Equity Fund III Small buy-outs of consumer businesses	1.0	2003	UK	2.4
14 Activa Capital Fund FCPR Medium-sized buy-outs	4.5	2002	France	2.1
15 Bowmark Capital Partners III Small buy-outs	3.5	2004	UK	1.4
Total of largest 15 fund investments	102.0			85.9
Percentage of total commitments / investment portfolio	69.1%			49.2%

GRAPHITE ENTERPRISE TRUST PLC
Preliminary Statement (unaudited) for the year ended 31 December 2005

SUMMARY CONSOLIDATED BALANCE SHEET (unaudited)

	At 31 December	
	2005 £'000s	2004 £'000s
Unquoted investments	159,286	134,152
Quoted investments	<u>15,065</u>	<u>17,442</u>
	174,351	151,594
FTSE 100 Call Option	<u>20,254</u>	-
Total investments held at fair value	194,605	151,594
Net current assets	<u>149,924</u>	<u>144,494</u>
Total assets less current liabilities	344,529	296,088
Minority interests	<u>(6,389)</u>	<u>(4,609)</u>
Equity attributable to equity holders	<u>338,140</u>	<u>291,479</u>

SUMMARY CONSOLIDATED INCOME STATEMENT (unaudited)

For the year ended 31 December	2005			2004		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Gains and losses on investments held at fair value	-	69,589	69,589	-	37,372	37,372
Investment income	14,211	-	14,211	11,505	-	11,505
Foreign exchange gains and losses	<u>-</u>	<u>(208)</u>	<u>(208)</u>	<u>-</u>	<u>269</u>	<u>269</u>
	<u>14,211</u>	<u>69,381</u>	<u>83,592</u>	<u>11,505</u>	<u>37,641</u>	<u>49,146</u>
Expense						
Investment management charges	(1,117)	(3,350)	(4,467)	(1,034)	(2,801)	(3,835)
Other expenses	<u>(960)</u>	<u>(288)</u>	<u>(1,248)</u>	<u>(874)</u>	<u>-</u>	<u>(874)</u>
	<u>(2,077)</u>	<u>(3,638)</u>	<u>(5,715)</u>	<u>(1,908)</u>	<u>(2,801)</u>	<u>(4,709)</u>
Profit before tax	12,134	65,743	77,877	9,597	34,840	44,437
Taxation	<u>(3,193)</u>	<u>1,142</u>	<u>(2,051)</u>	<u>(1,864)</u>	<u>1,864</u>	<u>-</u>
Profit for the period from continuing operations	<u>8,941</u>	<u>66,885</u>	<u>75,826</u>	<u>7,733</u>	<u>36,704</u>	<u>44,437</u>
Attributable to:						
Equity shareholders	8,941	59,894	68,835	7,733	30,445	38,178
Minority interests	-	6,991	6,991	-	6,260	6,260
Basic and diluted earnings per share			78.8p			42.2p

CONSOLIDATED CASH FLOW STATEMENT (unaudited)

For the year ended 31 December	2005 £'000s	2004 £'000s
Operating activities		
Sale of portfolio investments	86,248	109,251
Purchase of portfolio investments	(45,556)	(30,337)
Purchase of FTSE 100 Call Option	(14,028)	-
Income received from investments	6,634	6,745
Other income	6,688	4,140
Investment management charges paid	(4,356)	(3,736)
Other expense	(1,123)	(1,045)
Taxation	<u>312</u>	<u>-</u>
Net cash inflow from operating activities	<u>34,819</u>	<u>85,018</u>
Financing activities		
Investments by minority interests	205	194
Distributions to minority interests	(5,414)	(5,908)
Purchase of ordinary shares	(14,580)	(2,890)
Equity dividends paid	<u>(7,678)</u>	<u>(6,417)</u>
Net cash outflow from finance activities	<u>(27,467)</u>	<u>(15,021)</u>
Net increase in cash and cash equivalents	<u>7,352</u>	<u>69,997</u>
Cash and cash equivalents at beginning of year	143,727	73,461
Net increase in cash and cash equivalent	7,352	69,997
Effect of changes in foreign exchange rates	<u>(208)</u>	<u>269</u>
Cash and cash equivalents at end of year	<u>150,871</u>	<u>143,727</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the year ended 31 December	2005 £'000s	2004 £'000s
Total equity at the beginning of the period	296,088	266,717
Adoption of IAS 32 and IAS 39	83*	-
Profit attributable to equity shareholders	68,835	38,178
Profit attributable to minority interests	<u>6,991</u>	<u>6,260</u>
Total profit for the period and total recognised income and expenses	75,909	44,438
Dividends to equity shareholders	(7,677)	(6,416)
Purchase of ordinary shares	(14,580)	(2,890)
Net distribution to minority interests	<u>(5,211)</u>	<u>(5,761)</u>
Total equity at the end of the period	<u>344,529</u>	<u>296,088</u>

*The adoption of IAS 32 and IAS 39 increased shareholders' equity by £83,000 and had no impact on minority interests.

The Directors propose a final dividend in respect of the year ending 31 December 2005 of 4.3p payable on 2 June 2006 to shareholders who are on the register of members on 12 May 2006.

The above financial information comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2004 has been extracted from published accounts for the year ended 31 December 2004 which have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified. The financial information extracted has been restated for the first-time adoption of International Financial Reporting Standards.

As permitted by IFRS 1, IAS 32 and IAS 39 were not applied to the financial information for the comparative period presented in this statement. They have been applied for the first time for the year ended 31 December 2005. The impact of this at 1 January 2005 was to increase listed investments, the capital reserve and equity attributable to equity shareholders each by £83,000. This is reflected in the Consolidated Statement of Changes in Equity above.

The Annual General Meeting will be held at 11.30 a.m. on Thursday 25 May 2006 at The Richmond Room, The Washington Mayfair Hotel, 5/7 Curzon Street, London W1. The registered office of the Company is 4th Floor, Berkeley Square House, Berkeley Square, London W1J 6BQ.

For the year ended 31 December 2005 copies of the audited Report and Accounts will be posted to shareholders on or about 17 April 2006 and copies may be obtained during normal business hours from the Company's registered office thereafter.

By order of the Board

Graphite Capital Management LLP

Secretary

20 March 2006