



The objective of Graphite Enterprise is to provide shareholders with long term capital growth through investment in unquoted companies, mainly through specialist funds but also directly.

Graphite Enterprise has been investing in private equity for over 25 years. It applies the skills and disciplines of direct investment in unquoted companies both to the selection and management of its portfolio of funds and to its direct investment portfolio. By investing in Graphite Enterprise, shareholders gain exposure to a diversified portfolio of mature unquoted companies.

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## Highlights of the period

Share price..... **+13.3%**

The discount fell from 15.1% to 9.7%

New commitments..... **£132.7m**

Total commitments at the period end were £287.3m

New investments..... **£45.1m**

The rate of investment continued to increase

Realisations..... **£40.1m**

The rate of realisation remained high

Share buy backs..... **£22.7m**

Buy backs represented 6.4% of opening share capital

## Financial summary

	30 June 2007	31 Dec 2006	Change
Net assets per share	<b>484.3p</b>	454.6p	+6.5%
Share price	<b>437.3p</b>	386.0p	+13.3%

# Chairman's Statement

*The net asset value per share and share price continued to outperform the benchmark index over 1, 3, 5 and 10 years*

## Overview

In the first six months of 2007, the net asset value per share of Graphite Enterprise Trust PLC ("Graphite Enterprise") rose by 6.5% to 484.3p. The share price rose by 13.3% to 437.3p, reflecting a narrowing of the discount between the share price and net asset value per share from 15.1% to 9.7%. These movements compare with an increase of 6.4% in our benchmark, the FTSE All-Share Index. At 30 June 2007 shareholders' funds were £373 million.

Our objective is to provide shareholders with long term capital growth. As the table below and the graph on the opposite page shows, both the net asset value per share and the share price of Graphite Enterprise have consistently outperformed the FTSE All-Share Index over the ten years to 30 June 2007.

Years to 30/6/07	1	3	5	10
NAV	+15.7%	+54.1%	+76.3%	+191.9%
Share price	+19.4%	+85.1%	+102.4%	+200.5%
FTSE All-Share	+15.4%	+53.7%	+51.4%	+56.9%

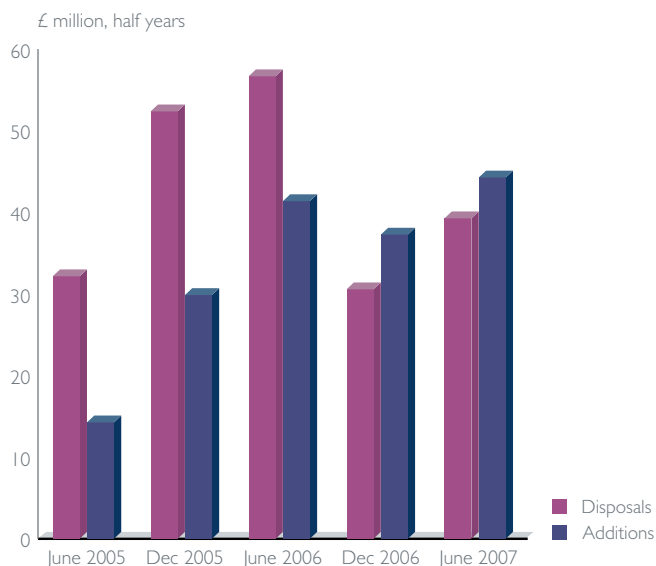
## Investment portfolio

The investment portfolio performed well during the period with the opening portfolio increasing in value by 9.6%. Fund investments accounted for over 60% of the gains, reflecting their increased importance in the portfolio. Direct investments accounted for the remainder of the gain.

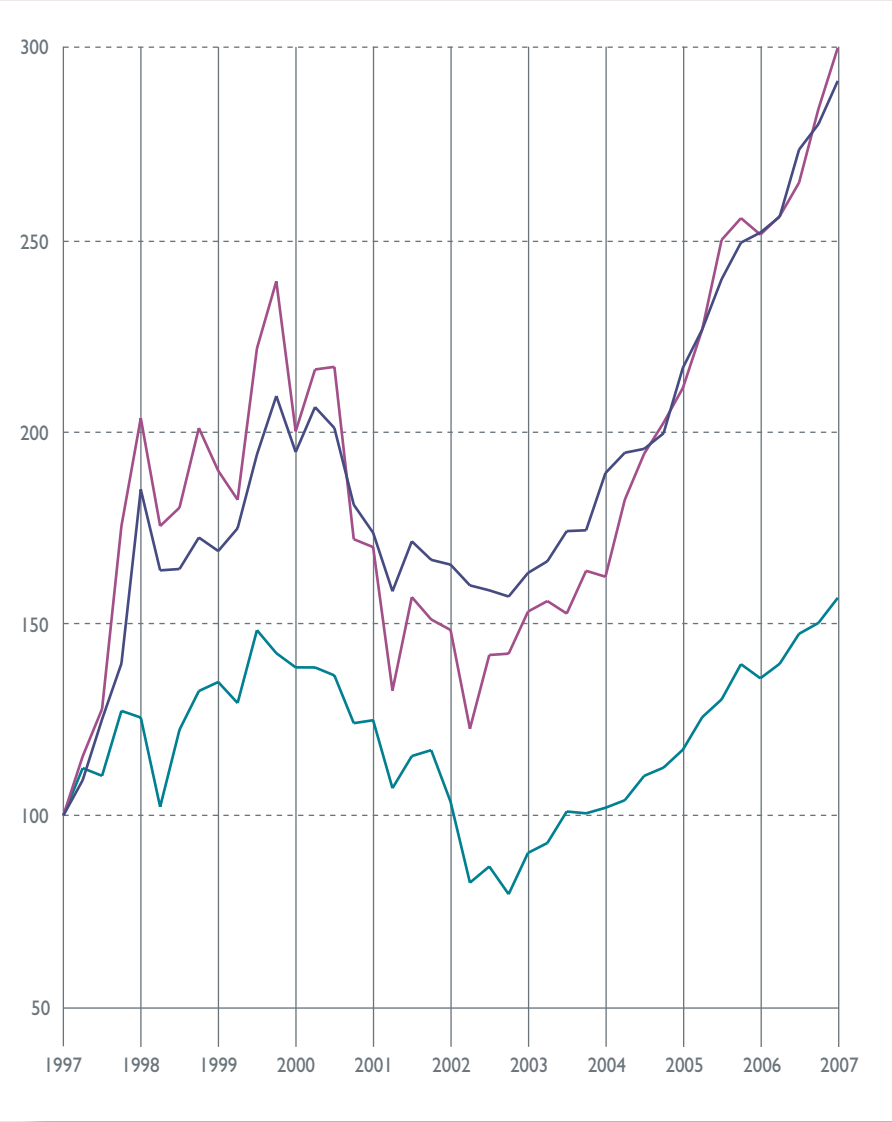
As in the second half of 2006, additions to the investment portfolio exceeded disposals. The net addition was £5 million with both new investments and disposals continuing at high levels. Exposure to continental Europe and to large buy-outs increased with a commensurate decline in UK and mid-market buy-outs.

Management buy-outs continued to account for the great majority of new investments with large buy-outs accounting for 70% of the £45 million invested during the period and medium sized and small buy-outs a further 24%. The balance was invested in the mezzanine and infrastructure sectors. Almost half of the new investment was in continental Europe with the remainder divided almost equally between the UK and the rest of the world.

Additions and disposals



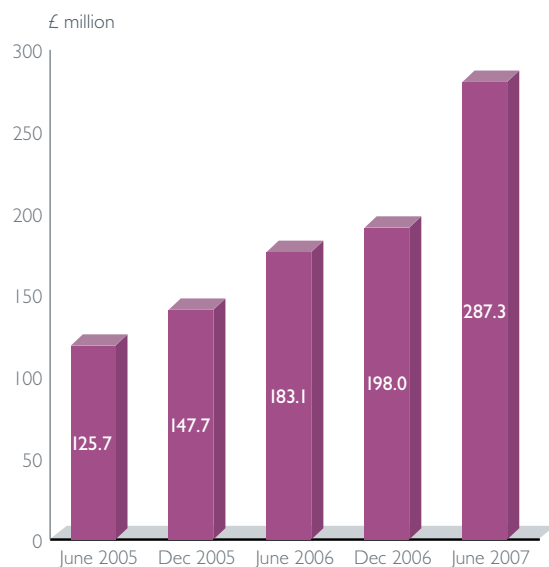
# Ten Year Performance to 30 June 2007



■ Graphite Enterprise share price  
■ Graphite Enterprise net asset value per share  
■ FTSE All-Share Index  
All amounts rebased to 100 at 30 June 1997

## Chairman's Statement (continued)

### Outstanding commitments



*£70 million was committed to Graphite funds and £63 million to third party funds*

Disposals totalled £40 million, equivalent to 19% of the opening value of the portfolio. Although high in absolute terms, this was marginally lower than the average proportion in the last three years. Buy-outs accounted for over 75% of disposals with medium sized buy-outs accounting for £22 million and large buy-outs £9 million. The UK portfolio generated 65% of the disposals.

At 30 June 2007 the investment portfolio was valued at £231 million compared with £206 million at December 2006. Investment gains accounted for £20 million of the £25 million increase with net new investments accounting for the remainder. As anticipated, fund investments continued to rise as a proportion of the portfolio as the high level of commitments to funds in recent years was reflected in an increase in drawdowns. At 30 June 2007 fund investments accounted for 61.1% of the portfolio as compared with 55.1% at December 2006.

Further analysis of the portfolio and of commitments is set out in the tables and charts on pages 7 and 8.

### FTSE Option

In October 2005, we purchased an option over the FTSE 100 Index (the "Index") to address the risk of underperformance which would result from holding high levels of cash in a rising market. The cost of the option was £14 million and this gave Graphite Enterprise £120 million of exposure to the Index for three years.

As the Company has become more fully invested, cash and near cash balances have fallen while the exposure to the Index has risen as the market has risen. As a result, in June we disposed of 25% of the option. The proceeds from the disposal were £10 million, representing a gain of £6 million over cost. At 30 June 2007 the level of the Index was 6,608, and the retained option had a value of £28 million.

### Commitments

Total outstanding commitments rose by 45.1% to £287 million during the period, with new commitments exceeding drawdowns and other movements by £89 million.

New commitments to funds totalled £133 million, of which £70 million was committed to funds managed by Graphite Capital. A commitment of £50 million was

made to Graphite Capital Partners VII, a mid-market UK buy-out fund, with a similar focus to previous Graphite Capital funds. A further £20 million was committed to Graphite Capital Partners VII Top-Up Fund, a fund investing in larger mid-market transactions.

The remaining £63 million was committed to third party funds, of which £35 million was committed to large buy-out funds, £14 million to medium-sized buy-out funds and £14 million to mezzanine funds. The largest of these commitments was of £20 million to Apax Europe VII.

**Balance sheet**

At 30 June 2007, the Company had net assets of £382 million of which the investment portfolio accounted for £231 million (60.5%). The Company had £122 million of cash and near cash. The option over the FTSE 100 Index was valued at £28 million and gave the company exposure of £115 million (30.2% of net assets) to the Index.

The proportion of assets in the investment portfolio has continued to increase, rising from 54.1% to 60.5% in the six months, whilst the proportion exposed to the Index has fallen from 35.6% to 30.2% as a result of the partial disposal of the option.

Consistent with the objective of being more fully invested, the level of overcommitment increased significantly in the period. At 30 June total commitments of £287 million exceeded cash and near-cash by £165 million, representing an overcommitment level equivalent to 43.2% of net assets compared with 13.9% at December 2006.

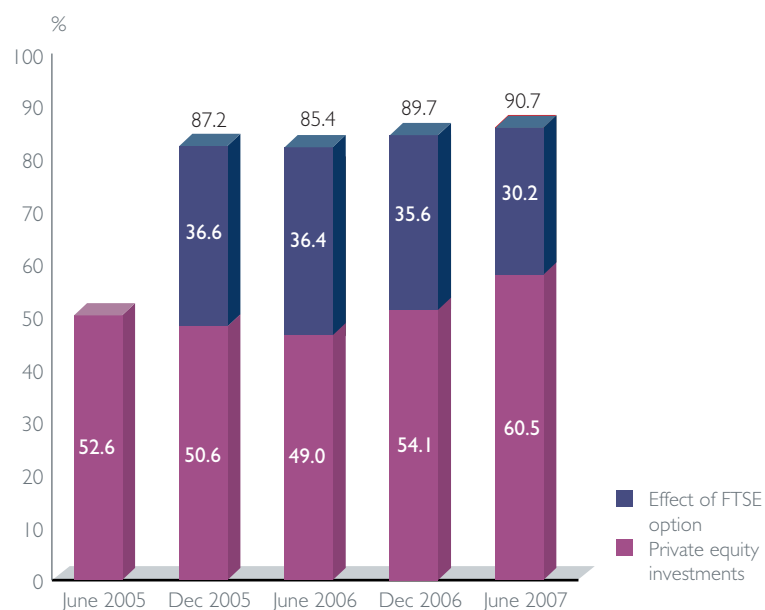
**Share buy backs**

Since shareholders approved the proposal for a more active share buy back programme, the rate of buy backs has accelerated.

In the first half of 2007 we bought back 5.3 million shares, equivalent to 6.4% of the opening share capital. The shares were acquired at prices of between 391p and 445p for a total cost of £23 million. They were acquired at an average discount of 6.8% and as a result the net asset value per share was enhanced by 3.4p.

The Company has authority from shareholders to purchase a further 8.5 million shares in the period to the next Annual General Meeting.

Assets invested as a percentage of total assets



## Chairman's Statement (continued)

### Statement of total return and dividend

The revenue return attributable to shareholders for the period was £2.4 million or 2.9p per share (June 2006: £2.9 million, 3.4p).

The dividend for the year to December 2006 of 6.5p per share was paid at the end of May 2007. In accordance with IFRS no provision was made for the dividend as at 31 December 2006.

### Extraordinary General Meeting

At the Extraordinary General Meeting held in May, shareholders overwhelmingly approved proposals for the future development of the Company. The proposals were to:

- Amend the investment objective to reflect the increased emphasis on funds in the portfolio;
- Increase the level of overcommitment to funds;
- Return capital to shareholders through a more active share buy back programme;
- Invest in funds managed by Graphite Capital on substantially the same terms as third parties; and
- Revise Graphite Capital's fee and incentive arrangements.

We believe this leaves the Company well placed for the next stage of its development.

### Outlook

In recent weeks there has been considerable volatility in the debt and equity markets following a fall of confidence in the US sub-prime mortgage sector. Short term interest rates have risen, and banks have become more cautious. This has had an impact on the private equity sector, in particular on the syndication of loans made to larger management buy-outs. It is too early to predict whether there will be a lasting reduction in the appetite of lenders for private equity transactions. In the short term, there is likely to be some reduction in overall activity levels in the sector.

If conditions become more challenging, we believe that Graphite Enterprise is well positioned, with its strong balance sheet, its substantial uninvested commitments to high quality funds and its long experience of investing through market cycles.

John Sclater  
September 2007

*£23 million was returned to shareholders through share buy backs, equal to 6.4% of opening share capital*



## Portfolio Analysis

### Summary of changes to the portfolio

2007 £m	Opening value	Additions	Disposals	Gains & losses	Closing value
Investment portfolio	206.2	45.1	(40.1)	19.8	231.0
FTSE Option	29.7	–	(9.7)	8.1	28.1
Total portfolio	235.9	45.1	(49.8)	27.9	259.1

### Investment portfolio – funds and direct investments

30 June 2007 £m	Third party investments	Graphite Capital investments	Totals
Fund investments	109.0	32.2	141.2
Direct investments	27.7	62.1	89.8
Totals	136.7	94.3	231.0

### Additions

2007 £m	UK	Continental Europe	Rest of world	Total
Medium-sized buy-outs	2.5	3.3	–	5.8
Large buy-outs	4.3	15.7	11.4	31.4
Small buy-outs	5.0	–	–	5.0
Infrastructure	0.4	–	–	0.4
Mezzanine	–	2.5	–	2.5
Quoted	–	–	–	–
Total	12.2	21.5	11.4	45.1

### Disposals

2007 £m	UK	Continental Europe	Rest of world	Total
Medium-sized buy-outs	17.4	3.3	1.3	22.0
Large buy-outs	3.4	4.9	0.5	8.8
Small buy-outs	1.1	–	–	1.1
Infrastructure	4.1	–	–	4.1
Mezzanine	–	3.0	–	3.0
Quoted	–	1.0	0.1	1.1
Total	26.0	12.2	1.9	40.1

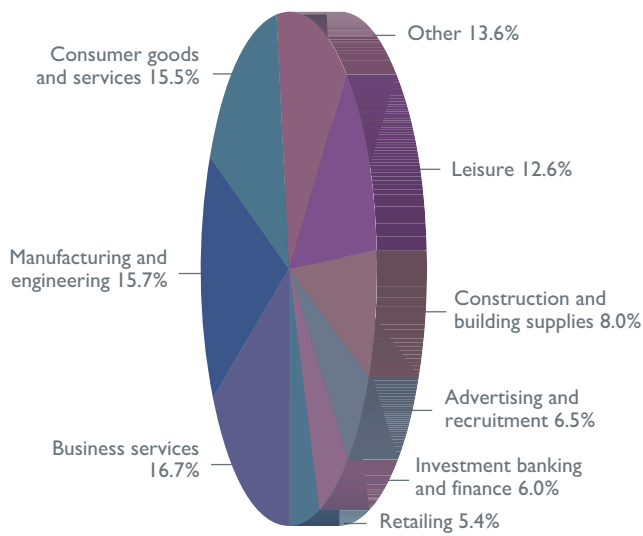
### New commitments

Fund	Investment type	Focus	Total fund size £m	Commitment £m
Activa Capital Fund II	Medium-sized buy-outs	France	217	13.6
Apax Europe VII	Large buy-outs	Europe	7,565	20.5
Graphite Capital Partners VII	Medium-sized buy-outs	UK	475	50.0
Graphite Capital Partners VII Top Up Fund	Medium-sized buy-outs	UK	81	20.0
ICG European Fund 2006	Mezzanine	Europe	857	13.6
Thomas H Lee Equity Fund VI	Large buy-outs	North America	3,738	15.0
Total				132.7

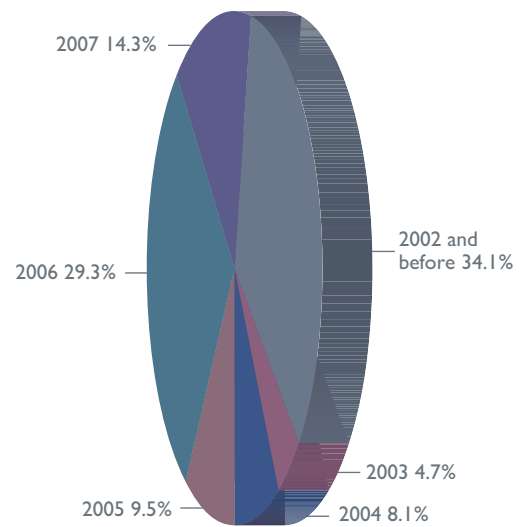
## Portfolio Analysis (continued)

The charts below analyse the investment portfolio by value.

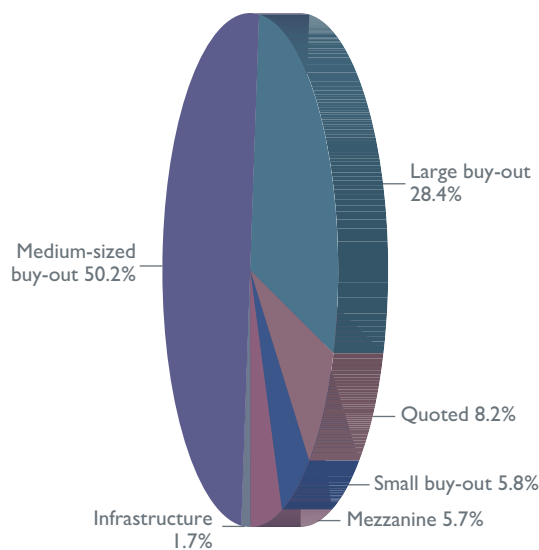
Sector analysis



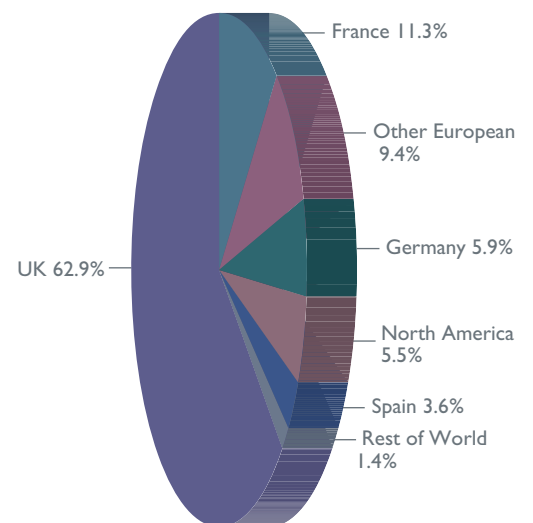
Year of investment



Investment type



Geographic distribution



## The 30 Largest Underlying Investments

The tables on these two pages summarise the 30 largest underlying investments, by value, in the Company's portfolio of funds and direct investments as at 30 June 2007. The valuations are gross, before any carry provision (where relevant). Values are shown as a percentage of the total investment portfolio of £231.0 million.

	Entity	Year of investment	Country/region	Value as a % of investment portfolio
1	<b>Wagamama</b> Chain of Japanese noodle restaurants	1996	UK	4.6%
2	<b>Micheldever</b> Distributor and retailer of tyres	2006	UK	3.6%
3	<b>Park Holidays UK (formerly Cinque Ports)</b> Owner and operator of caravan parks	2006	UK	3.5%
4	<b>Huntress Search</b> Recruitment consultancy	2000	UK	3.3%
5	<b>OPD Group *</b> Group of specialist recruitment agencies	1991	UK	3.2%
6	<b>Intermediate Capital *</b> Provider of mezzanine finance	1989	Europe	2.7%
7	<b>Standard Brands</b> Supplier of household fire lighting products	2001	Europe	2.2%
8	<b>NES Group</b> Recruitment agency for technical contractors	2006	UK	2.1%
9	<b>PIFC</b> Pensions and employment benefits consultancy	2002	UK	2.1%
10	<b>Applied Energy</b> Manufacturer of ventilation and heating products	2001	UK	2.1%
11	<b>Data Explorers Group</b> Provider of information to the global securities lending industry	2006	UK	2.0%
12	<b>Ossian Retail Group</b> Retailer of female fashions and homeware	2006	UK	1.9%
13	<b>Design Objectives</b> Designer and distributor of papercraft products	2006	UK	1.9%
14	<b>Weetabix</b> Manufacturer of breakfast cereals	2004	Global	1.8%
15	<b>Golden Tulip</b> Developer and manager of hotels	2002	UK	1.4%
<b>Total of the 15 largest underlying investments</b>				<b>38.4%</b>

\*Quoted

## The 30 Largest Underlying Investments (continued)

Entity	Year of investment	Country/region	Value as a % of investment portfolio
16 <b>Computacenter *</b> Provider of IT equipment and services to large organisations	1985	UK	1.2%
17 <b>Summit Medical</b> Supplier of medical devices and accessories	2001	UK	1.2%
18 <b>Bridgewell *</b> Provider of corporate finance and broking services	2001	UK	1.1%
19 <b>VWR International Inc.</b> Supplier of equipment and chemicals to laboratories	2007	USA	1.1%
20 <b>Dominon Technology Gases</b> Supplier of diving gases to the offshore oil and gas industry	2007	UK	1.1%
21 <b>Preh</b> Manufacturer of automotive components	2003	Germany	1.0%
22 <b>Leading Edge</b> Printer of self-adhesive labels and packaging	2003	UK	1.0%
23 <b>Aktrion</b> Provider of outsourced managed services to manufacturers	2004	UK	1.0%
24 <b>Ceva</b> Supplier of veterinary products	2003	France	0.9%
25 <b>Maximuscle</b> Supplier of sports nutrition products	2004	UK	0.9%
26 <b>Feretti</b> Manufacturer of luxury boats	2007	Italy	0.9%
27 <b>Hellermann Tyton</b> Manufacturer of electrical and communications network components	2006	UK	0.8%
28 <b>Integrity Software</b> Provider of software to small and medium-sized companies	2005	UK	0.8%
29 <b>Dutch Cable</b> Operator of cable networks	2007	Netherlands	0.8%
30 <b>Christian Hansen</b> Supplier of natural ingredients to the food industry	2005	Global	0.8%
<b>Total of the 30 largest underlying investments</b>			<b>53.0%</b>

\*Quoted

## The 15 Largest Fund Investments

The largest funds by value at 30 June 2007 are set out below.

	<b>Fund</b>	<b>Outstanding commitment £m</b>	<b>Year of commitment</b>	<b>Country/ region</b>	<b>Value £m</b>
1	<b>Graphite Capital Partners VI</b> Medium-sized buy-outs	17.8	2003	UK	31.7
2	<b>Doughty Hanson &amp; Co IV</b> Medium-sized and large buy-outs	1.4	2005	Europe	12.4
3	<b>PAI Europe IV</b> Large buy-outs	7.9	2005	Europe	10.3
4	<b>Euromezzanine 5</b> Mezzanine loans to medium-sized buy-outs	4.8	2006	France	8.6
5	<b>Candover 2005 Fund</b> Large buy-outs	11.1	2005	Europe	8.2
6	<b>Charterhouse Capital Partners VIII</b> Large buy-outs	7.2	2006	UK/France	6.2
7	<b>Corpfin Capital Fund II</b> Medium-sized buy-outs	–	2000	Spain	6.2
8	<b>Deutsche Beteiligungs AG Fund IV</b> Medium-sized buy-outs	0.9	2000	Germany	5.8
9	<b>Madison Dearborn Capital Partners V</b> Large buy-outs	5.1	2006	North America	5.8
10	<b>Fourth Cinven Fund</b> Large buy-outs	15.3	2006	Europe	4.8
11	<b>Thomas H Lee Equity Fund VI</b> Large buy-outs	10.7	2007	North America	4.6
12	<b>Piper Private Equity Fund III</b> Small buy-outs of consumer businesses	0.8	2003	UK	3.9
13	<b>Barclays European Infrastructure Fund</b> Infrastructure projects	1.6	2002	UK	3.7
14	<b>CVC European Private Equity Partners IV</b> Large buy-outs	4.5	2005	Europe	3.6
15	<b>Activa Capital Fund</b> Medium-sized buy-outs	1.9	2002	France	3.5
	<b>Total of 15 largest fund investments</b>	<b>91.0</b>			<b>119.3</b>
	<b>Percentage of total investment portfolio</b>				<b>51.6%</b>

## Investment Plans

Graphite Enterprise continues to be a member of the F&C Investment Plans. Investors can hold shares in Graphite Enterprise through one or more of these plans, which are set out below.

### Private Investor Plan

Investors can invest a lump sum or make regular monthly payments.

### Pension Savings Plan

Investors can enjoy tax benefits and save for retirement through this plan. Investors can also invest up to £3,600 per annum on behalf of a non-working spouse or a child.

### Individual Savings Account (ISA)

Investors can invest up to £7,000 free of capital gains tax in an ISA. Investors can invest a lump sum or make regular monthly payments.

### Child Trust Fund

Parents can invest the Government voucher issued to all children born since 1 September 2002. Parents, grandparents and other relatives can add contributions totalling £1,200 per year. Gains and income are tax free.

### Children's Investment Plan

Parents, grandparents and other relatives can invest on behalf of a child by setting up a designated account or bare trust.

### Personal Equity Plan (PEP)

PEPs are no longer available for new subscriptions. Investors can, however, continue to hold investments in any existing PEPs and transfer investments from one manager to another.

### F&C Investor Services Team

The F&C Investor Services Team aims to provide clear answers to investors' questions. The team is trained to deal with all aspects of investment trust management and administration. The team provides information on Graphite Enterprise and on investments managed by F&C Management. F&C Management is not able to offer financial advice.

Existing investors can contact F&C Plan Administration:

Telephone: 0845 600 3030 or  
(UK calls charged at local rate)  
Email: investor.enquiries@fandc.com  
Fax: 020 7410 9203  
Address: Block C, Western House  
Lynch Wood Business Park, Lynch Wood  
Peterborough PE2 6BP.

For all other queries, please contact the Investor Services Team:

Telephone: 0800 136 420 or  
(UK calls charged at local rate)  
Email: info@fandc.com  
Fax: 0131 243 1330  
Address: F&C Management  
Clandeboye Business Park  
West Circular Road, Bangor BT19 1AR.

Further information is available on F&C's website at [www.fandc.com](http://www.fandc.com) under Private Investors.

### Registrars

The registrars of Graphite Enterprise are Computershare Investor Services plc:

Telephone: 0870 702 0010  
Address: Registrars Department,  
PO Box 82, The Pavilions, Bridgwater Road,  
Bristol BS99 7NH.

Potential investors are reminded that the value of investments and the income from them may fall as well as rise and investors may not receive back the full amount invested. Tax benefits may vary as a result of individual circumstances.

The information on this page has been issued by Graphite Capital Management LLP and approved by F&C Asset Management Limited, both of which are authorised and regulated in the UK by the Financial Services Authority (FSA).



# Consolidated Income Statement

Notes	Half year to 30 June 2007 (unaudited)			Half year to 30 June 2006 (unaudited)			Year ended 31 December 2006			
	Revenue return £'000s	Capital return £'000s	Total £'000s	Revenue return £'000s	Capital return £'000s	Total £'000s	Revenue return £'000s	Capital return £'000s	Total £'000s	
<b>Investment returns</b>										
Gains and losses on investments										
	held at fair value	4,636	27,887	32,523	4,847	20,093	24,940	10,711	49,993	60,704
	Foreign exchange gains and losses	–	(314)	(314)	–	(27)	(27)	–	(705)	(705)
		<u>4,636</u>	<u>27,573</u>	<u>32,209</u>	<u>4,847</u>	<u>20,066</u>	<u>24,913</u>	<u>10,711</u>	<u>49,288</u>	<u>59,999</u>
<b>Expenses</b>										
	Investment management charges	(622)	(1,865)	(2,487)	(581)	(1,744)	(2,325)	(1,193)	(3,578)	(4,771)
	Other expenses	(703)	(27)	(730)	(432)	–	(432)	(920)	(82)	(1,002)
		<u>(1,325)</u>	<u>(1,892)</u>	<u>(3,217)</u>	<u>(1,013)</u>	<u>(1,744)</u>	<u>(2,757)</u>	<u>(2,113)</u>	<u>(3,660)</u>	<u>(5,773)</u>
	<b>Profit before tax</b>	<b>3,311</b>	<b>25,681</b>	<b>28,992</b>	<b>3,834</b>	<b>18,322</b>	<b>22,156</b>	<b>8,598</b>	<b>45,628</b>	<b>54,226</b>
	Taxation	(959)	560	(399)	(959)	523	(436)	(2,334)	1,071	(1,263)
	<b>Profit for the period from continuing operations</b>	<b>2,352</b>	<b>26,241</b>	<b>28,593</b>	<b>2,875</b>	<b>18,845</b>	<b>21,720</b>	<b>6,264</b>	<b>46,699</b>	<b>52,963</b>
<b>Attributable to:</b>										
	Equity shareholders	2,352	24,572	26,924	2,875	17,497	20,372	6,264	43,120	49,384
	Minority interests	–	1,669	1,669	–	1,348	1,348	–	3,579	3,579
	Basic and diluted earnings per share	5		<b>33.4p</b>			24.0p			58.7p

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 30 June		As at
	Notes	2007 (unaudited) £'000s	2006 (unaudited) £'000s	31 December 2006 £'000s
<b>Non-current assets</b>				
<b>Investments held at fair value</b>				
– Unquoted investments		212,090	156,843	186,071
– Quoted investments		18,880	18,535	20,073
– FTSE 100 Call Option		28,179	24,060	29,760
		<u>259,149</u>	<u>199,438</u>	<u>235,904</u>
<b>Current assets</b>				
Trade and other receivables		111	157	433
Cash and cash equivalents		123,800	161,613	149,436
		<u>123,911</u>	<u>161,770</u>	<u>149,869</u>
<b>Current liabilities</b>				
Trade and other payables		1,469	3,579	4,818
		<u>122,442</u>	<u>158,191</u>	<u>145,051</u>
<b>Net current assets</b>		<u>122,442</u>	<u>158,191</u>	<u>145,051</u>
<b>Net assets</b>		<u>381,591</u>	<u>357,629</u>	<u>380,955</u>
<b>Capital and reserves</b>				
Called up share capital	7	7,706	8,415	8,233
Capital redemption reserve	7	1,698	989	1,171
Share premium	7	12,936	12,936	12,936
Capital reserve	7	338,484	318,007	336,620
Revenue reserve	7	12,420	11,921	15,310
<b>Equity attributable to equity holders</b>	7	<u>373,244</u>	<u>352,268</u>	<u>374,270</u>
Minority interests	7	8,347	5,361	6,685
		<u>381,591</u>	<u>357,629</u>	<u>380,955</u>
<b>Net asset value per share (basic and diluted)</b>		<u>484.3p</u>	<u>418.6p</u>	<u>454.6p</u>

## Consolidated Cash Flow Statement

	Half year to 30 June		Year to
	2007	2006	31 December
	(unaudited)	(unaudited)	2006
	£'000s	£'000s	£'000s
<b>Operating activities</b>			
Sale of portfolio investments	40,105	57,420	88,904
Purchase of portfolio investments	(45,438)	(42,127)	(79,680)
Disposal of FTSE 100 Call option	9,662	-	-
Income received from investments	1,758	2,957	4,398
Other income	3,181	3,235	6,733
Investment management charges paid	(2,502)	(2,373)	(4,806)
Other expenses	(490)	(400)	(1,109)
Taxation	(875)	(91)	(1,600)
<b>Net cash inflow from operating activities</b>	<b>5,401</b>	<b>18,621</b>	<b>12,840</b>
<b>Financing activities</b>			
Investments by minority interests	246	66	141
Distributions to minority interests	(1,230)	(2,475)	(2,546)
Purchase of ordinary shares	(24,496)	(1,793)	(7,515)
Equity dividends paid	(5,243)	(3,650)	(3,650)
<b>Net cash outflow from financing activities</b>	<b>(30,723)</b>	<b>(7,852)</b>	<b>(13,570)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,322)</b>	<b>10,769</b>	<b>(730)</b>
Cash and cash equivalents at beginning of period	149,436	150,871	150,871
Net (decrease)/increase in cash and cash equivalents	(25,322)	10,769	(730)
Effect of changes in foreign exchange rates	(314)	(27)	(705)
Cash and cash equivalents at end of period	123,800	161,613	149,436

## Consolidated Statement of Changes in Equity

	Notes	Half year to 30 June 2007 (unaudited) £'000s	2006 (unaudited) £'000s	Year to 31 December 2006 £'000s
<b>Total equity at beginning of period</b>		<b>380,955</b>	344,529	344,529
Profit attributable to equity shareholders		<b>26,924</b>	20,372	49,384
Profit attributable to minority interests		<b>1,669</b>	1,348	3,579
Total profit for the period and total recognised income and expense		<b>28,593</b>	21,720	52,963
Dividends paid to equity shareholders	4	<b>(5,243)</b>	(3,650)	(3,650)
Purchase of ordinary shares	6	<b>(22,707)</b>	(2,594)	(9,604)
Net distribution to minority interests		<b>(7)</b>	(2,376)	(3,283)
<b>Total equity at end of period</b>		<b>381,591</b>	357,629	380,955

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 subsidiary (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. These consolidated interim financial statements were approved for issue by the Board of Directors on 20 September 2007.

## 2 UNAUDITED INTERIM REPORT

The financial information contained in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the half years ended 30 June 2007 and 30 June 2006 has not been audited.

The information for the year ended 31 December 2006 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 December 2006 have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under section 237(2) or (3) of the Companies Act 1985.

## 3 BASIS OF PREPARATION

The financial information for the period ended 30 June 2007 has been prepared in accordance with the Listing Rules of the Financial Services Authority (FSA) and in accordance with the accounting policies that are expected to be adopted for the year ending 31 December 2007, which are consistent with the accounting policies which were set out in the 2006 consolidated financial statements.

The Group has chosen not to adopt IAS 34 'Interim Financial Reporting' in preparing its 2007 interim accounts. The Standard will be adopted in preparing the 2008 interim accounts.

## 4 DIVIDENDS

	Half year to 30 June 2007 £'000s	2006 £'000s	Year to 31 December 2006 £'000s
Dividends paid or approved in the period	<b>5,243</b>	3,650	3,650

## 5 EARNINGS PER SHARE

	Half year to 30 June 2007 £'000s	2006 £'000s	Year to 31 December 2006 £'000s
Revenue return per ordinary share	<b>2.91p</b>	3.39p	7.44p
Capital return per ordinary share	<b>30.44p</b>	20.64p	51.22p
Earnings per ordinary share (basic and diluted)	<b>33.35p</b>	24.04p	58.66p
Weighted average number of shares	<b>80,718,407</b>	84,752,111	84,181,632

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

## 6 SHARE BUY BACKS

	Half year to 30 June 2007	2006	Year to 31 December 2006
Number of shares bought back	5,273,000	720,554	2,539,282
Average price per share	427.6p	358.3p	375.6p
Total cost including expenses	£22,707,000	£2,597,000	£9,604,000
Number of shares in issue at the end of the period	77,062,718	84,154,446	82,335,718

All shares bought back were subsequently cancelled.

## 7 CHANGES IN EQUITY

	Notes	Share capital £'000s	Capital redemption reserve £'000s	Share premium £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total shareholders' equity £'000s	Minority interest £'000s	Total equity £'000s
<b>Six months ended 30 June 2007</b>									
<b>Opening balance at 1 January 2007</b>		8,233	1,171	12,936	336,620	15,310	374,270	6,685	380,955
Profit for the period attributable to recognised income and expense		–	–	–	24,571	2,353	26,924	1,669	28,593
Dividends paid or approved	4	–	–	–	–	(5,243)	(5,243)	–	(5,243)
Purchase of own shares	6	(527)	527	–	(22,707)	–	(22,707)	–	(22,707)
Net distribution to minority interests		–	–	–	–	–	–	(7)	(7)
<b>Closing balance</b>		<u>7,706</u>	<u>1,698</u>	<u>12,936</u>	<u>338,484</u>	<u>12,420</u>	<u>373,244</u>	<u>8,347</u>	<u>381,591</u>
<b>Six months ended 30 June 2006</b>									
<b>Opening balance at 1 January 2006</b>		8,487	917	12,936	303,104	12,696	338,140	6,389	344,529
Profit for the period attributable to recognised income and expense		–	–	–	17,497	2,875	20,372	1,348	21,720
Dividends paid or approved	4	–	–	–	–	(3,650)	(3,650)	–	(3,650)
Purchase of own shares	6	(72)	72	–	(2,594)	–	(2,594)	–	(2,594)
Net distribution to minority interests		–	–	–	–	–	–	(2,376)	(2,376)
<b>Closing balance</b>		<u>8,415</u>	<u>989</u>	<u>12,936</u>	<u>318,007</u>	<u>11,921</u>	<u>352,268</u>	<u>5,361</u>	<u>357,629</u>
<b>Year ended 31 December 2006</b>									
<b>Opening balance at 1 January 2006</b>		8,487	917	12,936	303,104	12,696	338,140	6,389	344,529
Profit for the period attributable to recognised income and expense		–	–	–	43,120	6,264	49,384	3,579	52,963
Dividends paid or approved	4	–	–	–	–	(3,650)	(3,650)	–	(3,650)
Purchase of own shares	6	(254)	254	–	(9,604)	–	(9,604)	–	(9,604)
Net distribution to minority interests		–	–	–	–	–	–	(3,283)	(3,283)
<b>Closing balance</b>		<u>8,233</u>	<u>1,171</u>	<u>12,936</u>	<u>336,620</u>	<u>15,310</u>	<u>374,270</u>	<u>6,685</u>	<u>380,955</u>

# Independent Review Report to Graphite Enterprise Trust PLC

## Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the interim consolidated Balance Sheet as at 30 June 2007 and the related consolidated interim statements of Income and Cash Flows and Statement of Changes in Equity for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 3.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and

verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PricewaterhouseCoopers LLP  
Chartered Accountants

20 September 2007



