GRAPHITE ENTERPRISE TRUST PLC

Interim Report

30 June 2009

GRAPHITE CAPITAL

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, disciplines and experience of direct investment in unquoted companies to the selection and management of its portfolio of funds. By investing in Graphite Enterprise, shareholders gain exposure to a diversified portfolio of mature unquoted companies.

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Summary of the period

Share price .... +49.2%

The discount to the net asset value per share narrowed from 58.4% to 30.2%

Net asset value per share .... –11.0%

The FTSE All–Share Index, the Company's benchmark, fell by 1.7%

Closing cash and cash equivalents £114.0m

Cash and cash equivalents accounted for 38.7% of total assets at the period end

Undrawn commitments £260.5m

The level of undrawn commitments fell by £46.8 million

Dividend £3.3m

A dividend of 4.5p per share was paid in May

Financial summary

	30 June 2009	31 Dec 2008	Change
Net asset value per share	**399.7p**	449.0p	–11.0%
Share price	**279.0p**	187.0p	49.2%
FTSE All–Share Index	**2,172**	2,209	–1.7%

Chairman's Statement

The share price increased by 49.2% in the period as the discount narrowed materially

Years to 30/6/09	1	3	5	10
NAV per share	-23.2%	-4.5%	+27.2%	+42.5%
Share price	-33.6%	-23.8%	+18.1%	+0.9%
FTSE All-Share	-23.9%	-26.8%	-2.5%	-26.3%

Overview

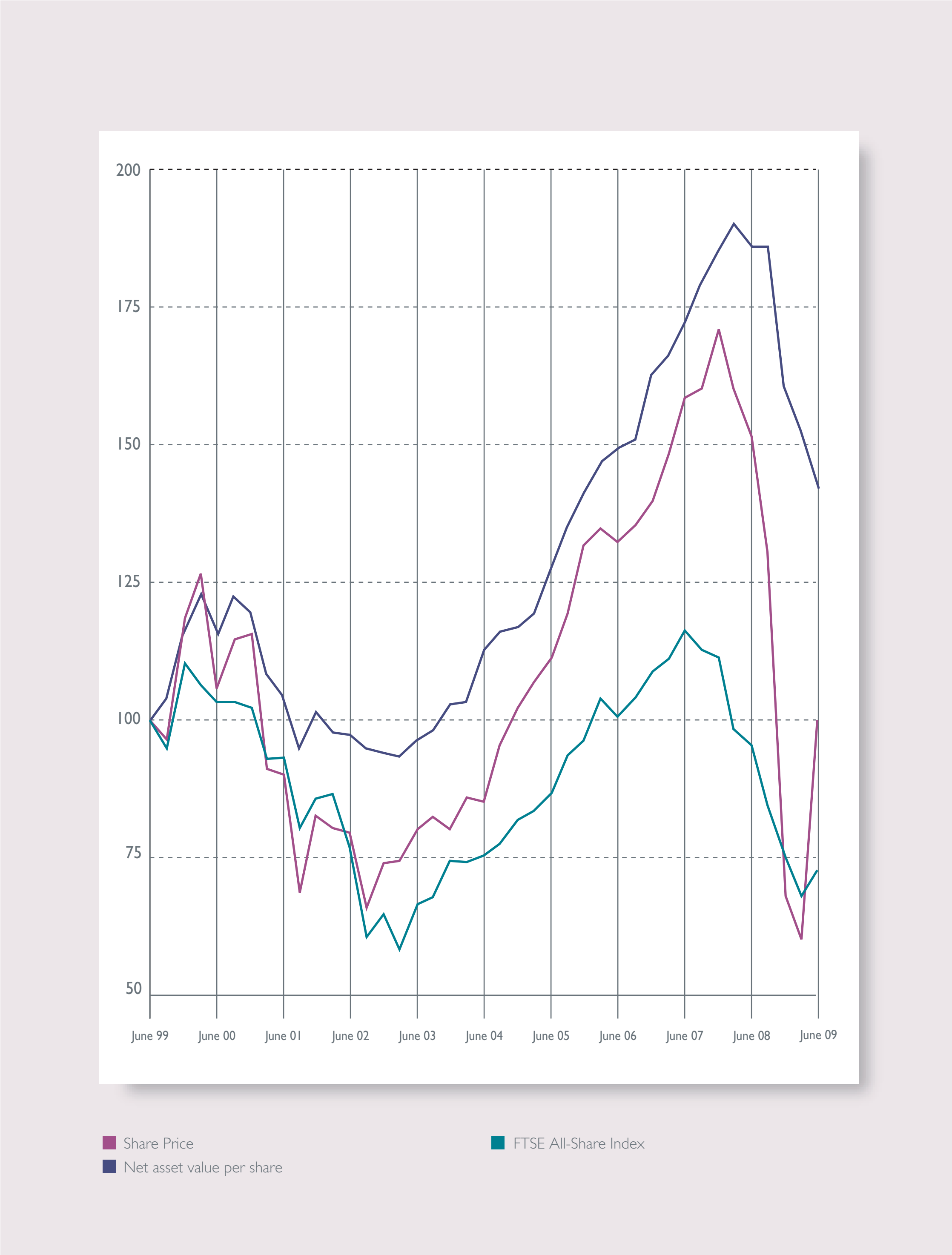
In the six months to 30 June 2009, the net asset value per share of Graphite Enterprise fell by 11.0% to 399.7p while the share price rose by 49.2% to 279.0p. The FTSE All-Share Index, our benchmark, fell by 1.7% over the same period. Shareholders' funds at 30 June 2009 were £291.5 million.

The strong recovery in the Company's share price was driven by a narrowing of the discount of the share price to the net asset value from its very high level of 58.4% at December 2008 to 30.2% at June 2009. In response to deteriorating market conditions, we took a series of defensive actions in 2008 to conserve cash and strengthen the Company's position. The most important of these was selling a portfolio of fund investments and associated commitments at the end of the year. Although Graphite Enterprise has not been immune from market events, we believe that these actions have left the Company relatively well-placed. This view appears to be supported by the market and is reflected in the narrowing of the discount, which at 30.2%, was substantially lower than the average of the Company's peer group of 53.4%.

Since 30 June 2009 the share price has risen to 313.0p bringing the increase since the beginning of the year to 67.4%.

The objective of the Company is to provide shareholders with long term capital growth as measured against the FTSE All-Share Index. As the table opposite shows, the net asset value per share has materially outperformed this benchmark over three, five and ten years to June 2009.

Ten Year Performance to 30 June 2009



Chairman's Statement (continued)

Economic environment

Over 80% of the Company's portfolio is invested in Europe of which 44% is in the UK and 24% is in France and Germany combined. The performance of these economies is therefore likely to have much the greatest impact on the overall performance of the portfolio.

In the first quarter of 2009 industrial output fell throughout Europe, in some cases dramatically, and unemployment continued to rise. Despite interest rates being cut to historic lows and government measures being introduced to support the major banks and to stimulate demand, concerns remained that the weakness of the banking system would make an already severe recession even deeper and more prolonged.

The recently announced figures for the second quarter present a less pessimistic picture but suggest that the performance of the European economies will diverge over the next twelve months. The UK economy remained in recession with output falling by 0.8% in the three months to 30 June 2009 and there is widespread concern that future recovery is likely to be held back by high levels of government and consumer debt and by rising unemployment. By contrast the figures suggest that the combined output of France and Germany grew by 0.3% in the second quarter. Within the eurozone the picture is also mixed, with the overall GDP of the 16 nations falling by a further 0.1% despite the rises in France and Germany. However, this still represents a significant improvement on the first quarter, when GDP shrank by 2.5%.

Some degree of confidence appears to be returning to financial markets, as reflected in the recovery in equity markets since March. The performance of the banking sector in the first half of 2009 has been better than was feared at the low point of the crisis and bank profitability has started to recover.

The private equity market

The combination of the sharp economic downturn and of the crisis in the banking sector has had a severe impact on activity levels in the private equity market. The slowdown in buy-out activity that started in 2008 continued in the first half of 2009 with both the number and value of European buy-outs reaching a twelve-year low. In the six months to June 2009, the total value of all European buy-outs completed was €5.5 billion, compared with €72.5 billion in the twelve months to December 2008. The total number of buy-outs completed fell by 70% to 102 with the result that private equity backed transactions globally accounted for only 3.5% of first half mergers and acquisitions, the lowest percentage since 2000.

No new investments were completed in the large cap segment of the European buy-out market (defined as transactions with an enterprise value of more than €1 billion) in the first half of 2009. In the same period in 2008, eight buy-outs were completed in this segment, with a combined value of €13.7 billion. Although 17 investments were completed in the €100 million to €1 billion size range during the period with a total value of €3.4 billion, this was still well down on the previous year. In the first half of 2008, 92 investments were completed in this range, with a total value of €24.9 billion.

Fundraising has also remained depressed with the amount raised in the first half of 2009 being the lowest for five years. A total of €5.9 billion was raised by European private equity funds in the period, 86% less than in the second half of last year. The average amount of time taken to raise a fund has increased significantly and in some cases is now over 18 months.

Debt financing for leveraged buy-outs has been severely constrained and has become increasingly expensive. As a result, the average level of buy-out debt fell from 47% in 2007 to 42% in 2008, the lowest level since 1994. The average cost of all tranches of debt has increased as banks now charge significantly higher margins than in the past.

Private equity groups are now looking for alternatives to conventional debt-intensive buy-outs. Many will now consider acquiring distressed debt, using vendor financing or making minority, all-equity or infrastructure investments. They are also refocusing on investment areas in which they have most expertise.

Performance

Adverse currency movements accounted for almost two thirds of the 11.0% fall in the Company's net asset value in the six months to June. Sterling strengthened against both the euro and the US dollar during the period and this reduced the value of foreign currency denominated investments and the sterling value of the Company's cash balances. In aggregate, currency movements were responsible for a decline of 7.5% in the net asset value per share.

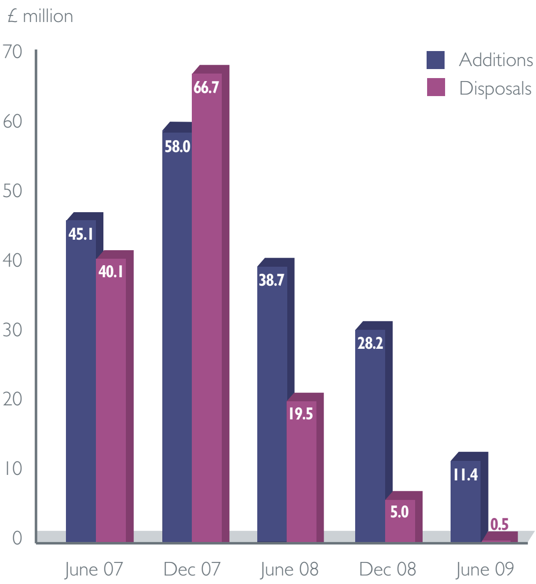
Falls in the underlying value of the investment portfolio and the cost of the 2008 dividend accounted for the remainder of the fall. As discussed in more detail in the next section, the underlying valuation of the portfolio in local currency fell by 4.4% in the period. However as the Company held significant levels of cash during the period the negative impact on the net asset value per share was limited to 2.5%.

The dividend for the year to December 2008 of 4.5p per share was accrued and paid in the second quarter of 2009, and this reduced the net asset value per share by 1.0%. The aggregate impact of other income and capital items was negligible.

The portfolio

In the six months to June 2009 the valuation of the investment portfolio fell by £23.1 million, or 11.4%, of which adverse currency movements accounted for almost two thirds. The underlying valuation of the portfolio fell by £8.3 million or 4.4%.

Additions and disposals



Under Stock Exchange rules introduced last year we are now required to report our interim results within two months of the period end. As the valuations of our fund investments are based on reports prepared by the managers of these funds and only one third by value of the June valuations had been received in time for inclusion in this report, we are basing the June valuation on the latest available information provided by each fund manager. If a fund had reported its net asset value by 14 August this has been included in the Company's June valuation, if not the valuation has been based on the most recent fund reports which had been received prior to June.

Although it is possible that the valuation of the portfolio will change when all the June figures have been received, from discussions held with portfolio managers we do not expect the total value of the changes to be material. In the December accounts we included a provision of £18.5 million (11.7%) against the value of the third party portfolio because many of the underlying portfolio companies were acquired with relatively high levels of debt and we were concerned that the value of

Chairman's Statement (continued)

the equity in those companies would be particularly sensitive to changes in profitability or in valuation multiples. From the figures that have been received so far, there is no evidence of widespread reductions with most portfolio valuations remaining broadly unchanged and in some cases having risen. However we have felt it prudent to leave a provision in place, with the figure of £13.5 million in the June accounts representing 10.0% of the valuation of the third party portfolio.

Both drawdowns and distributions remained at historically very low levels in the first half of the year reflecting the depressed level of new investment activity and minimal level of exit activity across all segments of the private equity market. Investments of £11.4 million were made in the period, representing only 3.7% of opening commitments and only £0.5 million of proceeds were received.

As at 30 June, Graphite Enterprise had holdings in 35 funds and in 15 direct investments. Third party private equity firms selected by the Manager were responsible for managing 31 of these funds and these 25 firms collectively managed 72% of the portfolio by value. Graphite Capital directly managed the remaining 28% of the portfolio.

As we noted in December, the Company's largest exposure is to the small and mid-market buy-out sectors, which together represented 43.9% by value of the portfolio at 30 June, compared with 40.9% at December. Large buy-outs represented 35.5% of the portfolio, which is a marginal fall from the 36.3% at December. The proportion of mezzanine and infrastructure investments fell from 21.0% to 19.0% of the portfolio by value. The portfolio is broadly diversified by industry sector. The 256 underlying companies in the portfolio operate across a range of sectors, the most important of these being, as was the case in December, business services, at 27.2% of the portfolio and manufacturing and engineering, at 17.6% of the portfolio.

Balance sheet and commitments

At 30 June 2009 the investment portfolio was valued at £180.0 million and accounted for 61.2% of net assets. Cash and net current assets of £114.2 million accounted for the remaining 38.8%.

The level of cash fell by £25.0 million during the period. Of this amount the net cash outflow was £15.2 million and the remaining £9.8 million represented a reduction in the sterling value of foreign currency denominated cash balances resulting from currency movements. The main elements of the cash outflow were net drawdowns from fund and direct investments of £10.9 million and the dividend payment of £3.3 million.

The level of outstanding commitments to funds fell by £46.8 million in the period to £260.5 million. Currency movements accounted for 59.4% of the fall and drawdowns, fund disposals and cancellations of commitments for the remaining 40.6%.

Approximately 70.1% of our outstanding commitments to funds are denominated in euros and 4.1% are denominated in US dollars. At the June exchange rate the sterling value of these was £27.8 million lower than it would have been had the rates remained unchanged.

Drawdowns and disposals reduced commitments by £19.0 million during the period, with the drawdowns discussed earlier accounting for £9.7 million of the fall and the disposal of a fund interest releasing £9.3 million. We continue to adopt a cautious approach to new investment and have made no new fund commitments this year.

After deducting cash and net current assets from these commitments, the Company was £146.3 million, or 49.7%, overcommitted at 30 June 2009. This overcommitment percentage expresses the Company's net overcommitment as a percentage of its net asset value. This level of overcommitment is relatively conservative compared with the Company's peer group, which has an average overcommitment level of 91.0%.

The Company also has significantly more cash than most other listed private equity fund of funds.

In forecasting future cash movements it is important to point out that most funds typically draw down cash for new investment over an investment period of five years and normally retain approximately 20% of commitments at the end of this period to fund follow-on investments and expenses. We estimate that if the funds in the Company's portfolio were to make drawdowns at a constant rate such that they had drawn down 80% of their total commitments at the end of their investment periods, and no proceeds were received from realisations, the annual net cash outflow would be between £55 million and £60 million. On this basis the Company should have sufficient cash reserves to meet all drawdown requirements for at least two years. Over the last twelve months the rate of drawdowns has been considerably lower than the constant rate used in these assumptions but we would expect this rate to start to accelerate next year.

We believe that the underlying portfolio has an attractive commitment profile as more than half of the outstanding commitments are to funds which are less than 25% drawn. These funds are well positioned to take advantage of the attractive investment opportunities which should be available over the next few years.

Income statement and dividend

The loss after tax attributable to shareholders was £32.6 million or 44.7p per share in the six months to 30 June 2009. This comprised a capital loss of £32.5 million, or 44.6p per share, and a revenue loss of £0.1 million, or 0.1p per share.

As we anticipated in the 2008 annual report, the revenue return, which determines the level of the

Outstanding commitments

annual dividend, has fallen substantially. The revenue loss of 0.1p per share in the first half compares with a return of 3.0p per share in the same period last year and a return of 5.1p in the full year to December 2008. The decline in revenues since 2008 is principally the result of lower cash balances and considerably lower interest rates.

The level of income in the second half of 2009 is unlikely to be higher than in the first and it is therefore possible that in 2009 the Company will have no net income with which to fund a dividend. As the Company has significant accumulated revenue reserves at 30 June, we could instead pay a dividend from these reserves. The Board will make this decision when the year end accounts are finalised in March 2010.

Chairman's Statement (continued)

Principal risks and uncertainties

The Company's principal risks and uncertainties in the remaining six months of the financial year are as follows:

- Market risk including currency, interest rate and price risk;
- Credit and investment risk; and
- Liquidity risk.

An analysis of each of these risks is set out in more detail in Note 19 of the Company's Report and Accounts for the year to 31 December 2008.

Outlook

Over the last twelve months the private equity sector has faced the most difficult conditions for almost twenty years. New investment and realisations have slowed dramatically and both are likely to remain depressed for the remainder of 2009 and probably well into 2010. Most attention has been focused on the performance of private equity backed companies as many entered the downturn with high levels of debt at a time when most lenders were seeking to reduce their exposure to the sector. Against this background, we have been relatively satisfied with the underlying performance of our portfolio in the first half of the year.

The next twelve months are likely to remain difficult, with conditions in the UK probably more challenging than in France or Germany. Provided the portfolio emerges from this period without the need for major equity injections, it should be well placed to recover value which has been lost over the last twelve months, as the gearing in the underlying portfolio should start to work in favour of the equity investor. We continue to believe that Graphite Enterprise is well positioned at this point in the economic cycle over 35% of its net assets in cash which should be drawn down at a time when valuations are attractive.

Mark Fane
August 2009

Portfolio Analysis

Summary of changes to the portfolio

2009 £m	Opening value	Additions	Disposals	Gains & losses	Closing value
Fund investments	158.2	9.7	(0.4)	(21.2)	146.3
Direct investments*	34.0	1.7	(0.1)	(1.9)	33.7
Total investment portfolio	192.2	11.4	(0.5)	(23.1)	180.0

Investment portfolio – funds and direct investments

30 June 2009 £m	Third party investments	Graphite investments	Total
Fund investments	112.6	33.7	146.3
Direct investments*	16.9	16.8	33.7
Totals	129.5	50.5	180.0

* Including quoted investments

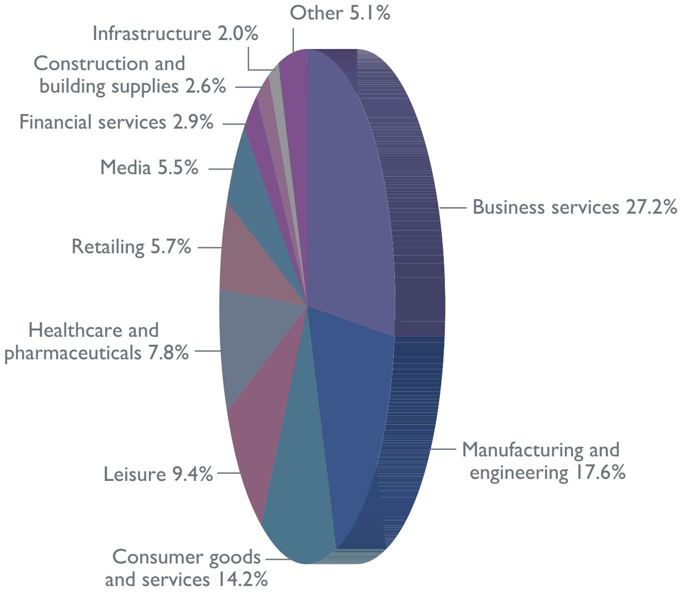
Additions

2009 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	2.2	3.5	–	5.7
Large buy-outs	–	2.2	2.2	4.4
Quoted	0.9	–	–	0.9
Small buy-outs	0.2	–	–	0.2
Infrastructure	–	–	–	–
Mezzanine	–	0.2	–	0.2
Total	3.3	5.9	2.2	11.4

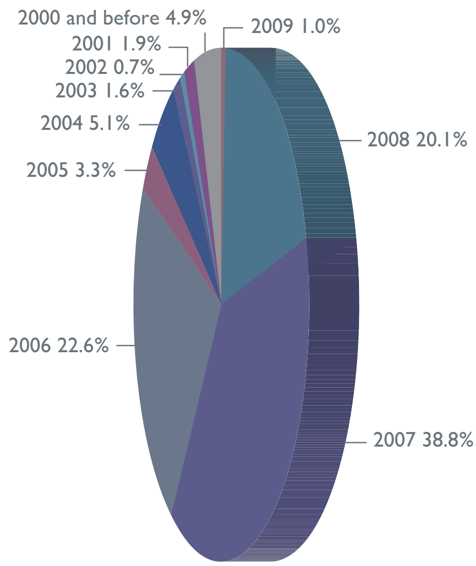
Portfolio Analysis (continued)

The charts below analyse the investment portfolio by value.

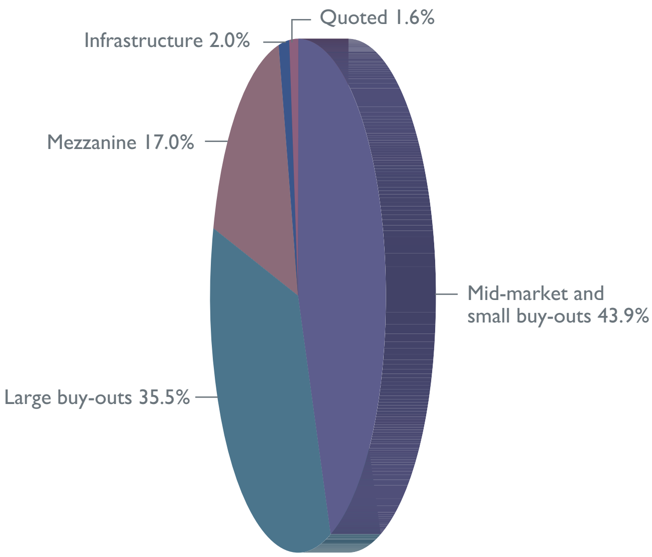
Sector analysis



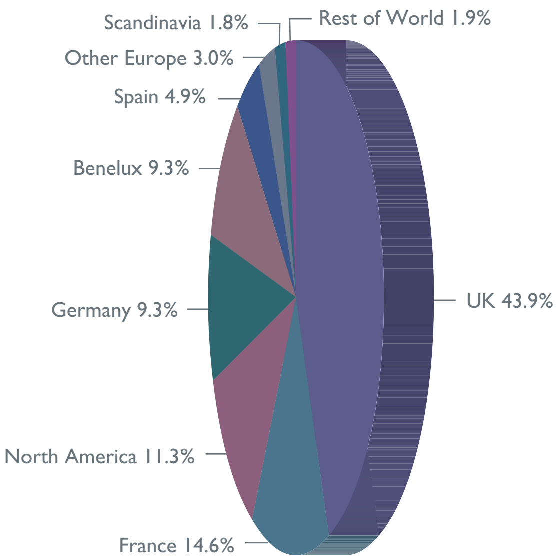
Year of investment



Investment type



Geographic distribution



The 30 Largest Underlying Investments

The table below summarises the 30 largest underlying investments, by value, in the Company's portfolio of funds and direct investments as at 30 June 2009. The valuations are gross and are shown as a percentage of the total of these gross figures.

	Entity	Year of investment	Country/ region	Value as a % of investment portfolio
1	**Micheldever** Distributor and retailer of tyres	2006	UK	5.8%
2	**Park Holidays UK** Operator of caravan parks	2006	UK	2.9%
3	**MCE** Provider of industrial services	2007	Germany	2.6%
4	**NES Group** Recruitment agency for technical contractors	2006	UK	2.5%
5	**Kurt Geiger** Retailer and distributer of luxury footwear	2008	UK	2.5%
6	**Alexander Mann Solutions** Provider of recruitment process outsourcing	2007	UK	2.4%
7	**Ceridian** Provider of human resource and payment processing services	2007	USA	2.2%
8	**Wagamama** Chain of Japanese noodle restaurants	1996	UK	2.1%
9	**Svendborg Brakes** Provider of industrial brake solutions	2008	Denmark	2.0%
10	**Norit** Supplier of water purification technologies	2007	Netherlands	1.6%
11	**Data Explorers Group** Provider of information to the global securities lending industry	2007	UK	1.6%
12	**Dominon Gas** Supplier of specialist gases	2007	UK	1.5%
13	**TDR FS Co** Financial securities acquisition vehicle	2008	USA	1.5%
14	**Ziggo** Cable operator	2006	Netherlands	1.3%
15	**Evonik Industries** Diversified industrial group	2008	Germany	1.3%
	Total of the 15 largest underlying investments			33.8%

The 30 Largest Underlying Investments (continued)

	Entity	Year of investment	Country/ region	Value as a % of investment portfolio
16	**Stork** Diversified engineering group	2008	Netherlands	1.2%
17	**Avanza Group** Operator of buses	2007	Spain	1.2%
18	**Algeco Scotsman** Supplier and operator of modular buildings	2007	USA	1.1%
19	**Intermediate Capital** * Provider of mezzanine finance	1989	UK	1.1%
20	**TMF** Provider of management and accounting outsourcing services	2008	Netherlands	1.1%
21	**Balta** Manufacturer of carpets and floor coverings	2004	Belgium	1.1%
22	**West Corporation** Provider of outsourced communication services	2006	USA	1.0%
23	**Optimum Care** Owner and operator of care homes for the elderly	2007	UK	1.0%
24	**Clyde Bergemann** Supplier of components for power generation industry	2005	Germany	1.0%
25	**Weetabix** Manufacturer of breakfast cereals	2004	UK	1.0%
26	**CEVA** Manufacturer and distributor of animal health products	2007	France	1.0%
27	**Segur Iberica** Provider of security services	2004	Spain	0.9%
28	**Alma Consulting** Provider of cost reduction and tax recovery services	2007	France	0.9%
29	**Marken** Provider of specialist courier services	2007	UK	0.9%
30	**Parques Reunidos** Operator of attraction parks	2007	Spain	0.8%
			Total of the 30 largest underlying investments	49.1%

* Quoted

The 15 Largest Fund Investments

The largest funds by value at 30 June 2009 are set out below.

	Fund	Outstanding commitment £m	Year of commitment	Country/ region	Value £m
1	Graphite Capital Partners VI Mid-market buy-outs	6.1	2003	UK	22.1
2	ICG European Fund 2006 Mezzanine loans to buy-outs	13.3	2007	Europe	10.9
3	Doughty Hanson & Co V Mid-market and large buy-outs	10.9	2006	Europe	10.0
4	Thomas H Lee Fund VI Large buy-outs	10.7	2007	USA	8.7
5	Fourth Cinven Fund Large buy-outs	10.0	2006	Europe	8.4
6	Doughty Hanson & Co IV Mid–market and large buy-outs	0.2	2005	Europe	8.2
7	Graphite Capital Partners VII Mid–market buy-outs	31.4	2007	UK	7.6
8	Candover 2005 Fund Large buy-outs	4.6	2005	Europe	6.9
9	Apax Europe VII Large buy-outs	14.3	2007	Global	6.7
10	Deutsche Beteiligungs AG Fund V Mid-market buy-outs	10.6	2006	Germany	5.5
11	Deutsche Beteiligungs AG Fund IV Mid-market buy-outs	0.5	2002	Germany	4.6
12	TDR Capital II Fund Large buy-outs	11.5	2006	Global	4.3
13	Euromezzanine 5 Mezzanine loans to mid-market buy-outs	2.1	2006	France	4.2
14	CSP Secondary Opportunities II Secondary fund investments	7.0	2008	Global	4.0
15	Barclays European Infrastructure Fund Infrastructure projects	0.4	2001	UK	3.5
	Total of the 15 largest fund investments	133.6			115.6
	Percentage of the total investment portfolio				64.2%

Investment Plans

Graphite Enterprise is a member of the F&C Investment Plans. Investors can hold shares in Graphite Enterprise through one or more of these plans, details of 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 using 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)

In the tax year 2009/10, all eligible UK investors can invest up to £7,200 free of capital gains tax or additional income tax in an ISA. This allowance will be increased to £10,200 from 6 October 2009 for investors who will be aged at least 50 by the end of the tax year. Investors can invest a lump sum, make regular monthly payments or transfer existing ISAs (including cash ISAs and ex PEP ISAs).

Child Trust Fund

Parents can invest the Government voucher issued to all children born since 1 September 2002. Parents, grandparents or 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.

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 plan management and administration. The team provides information on Graphite Enterprise and on investments managed by F&C Management Ltd but can not offer financial advice.

Existing investors can contact the Investor Services Team:

Telephone: 0845 600 3030
(UK calls charged at local rate)
Email: investor.enquiries@fandc.com
Fax: 020 7410 1035
Address: F&C Plan Administration Centre,
Block C, Western House,
Lynch Wood Business Park, Lynch Wood
Peterborough PE2 6BP

For all other queries about investing in the F&C investor plans, please contact the Investor Services Team:

Telephone: 0800 136 420
(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.co.uk

Registrars

The registrars of Graphite Enterprise are Computershare Investor Services plc:

Telephone: 0870 702 0010
Address: Registrars Department, PO Box 82,
The Pavilions, Bridgewater 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 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 2009 (unaudited) Revenue return £'000s	Capital return £'000s	Total £'000s	Half year to 30 June 2008 (unaudited) Revenue return £'000s	Capital return £'000s	Total £'000s	Year ended 31 December 2008 Revenue return £'000s	Capital return £'000s	Total £'000s
Investment returns										
Gains and losses on investments held at fair value		**144**	**(23,103)**	**(22,959)**	202	3,677	3,879	1,326	(63,443)	(62,117)
Income from cash and cash equivalents		**775**	**–**	**775**	3,079	–	3,079	5,001	–	5,001
Other income		**72**	**–**	**72**	218	–	218	298	–	298
Foreign exchange (losses)/gains		**–**	**(9,753)**	**(9,753)**	–	569	569	–	12,516	12,516
		991	**(32,856)**	**(31,865)**	3,499	4,246	7,745	6,625	(50,927)	(44,302)
Expenses										
Investment management charges		**(438)**	**(1,316)**	**(1,754)**	(544)	(1,631)	(2,175)	(1,110)	(3,330)	(4,440)
VAT reclaim		**5**	**16**	**21**	667	2,001	2,668	647	1,942	2,589
Other expenses		**(641)**	**(11)**	**(652)**	(515)	(73)	(588)	(1,090)	(81)	(1,171)
		(1,074)	**(1,311)**	**(2,385)**	(392)	297	(95)	(1,553)	(1,469)	(3,022)
(Loss)/profit before tax		**(83)**	**(34,167)**	**(34,250)**	3,107	4,543	7,650	5,072	(52,396)	(47,324)
Taxation		**(5)**	**5**	**–**	(879)	(105)	(984)	(1,337)	396	(941)
(Loss)/profit for the period from continuing operations		**(88)**	**(34,162)**	**(34,250)**	2,228	4,438	6,666	3,735	(52,000)	(48,265)
Attributable to:										
Equity shareholders		**(88)**	**(32,511)**	**(32,599)**	2,228	3,168	5,396	3,735	(50,527)	(46,792)
Minority interests		**–**	**(1,651)**	**(1,651)**	–	1,270	1,270	–	(1,473)	(1,473)
Basic and diluted earnings per share	5			**(44.71p)**			7.38p			(64.09p)

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

	Notes	As at 30 June 2009 (unaudited) £'000s	As at 30 June 2008 (unaudited) £'000s	As at 31 December 2008 £'000s
Non-current assets				
Investments held at fair value				
– Unquoted investments		**175,776**	270,828	188,137
– Quoted investments		**4,201**	9,136	4,041
		179,977	279,964	192,178
Current assets				
Trade and other receivables	6	**1,632**	2,897	2,750
Cash and cash equivalents		**114,050**	106,241	138,963
		115,682	109,138	141,713
Current liabilities				
Trade and other payables		**1,451**	2,483	2,152
Net current assets		**114,231**	106,655	139,561
Net assets		**294,208**	386,619	331,739
Capital and reserves				
Called up share capital	8	**7,292**	7,292	7,292
Capital redemption reserve	8	**2,112**	2,112	2,112
Share premium	8	**12,936**	12,936	12,936
Capital reserve	8	**257,555**	343,761	290,066
Revenue reserve	8	**11,570**	13,432	14,939
Equity attributable to equity holders	8	**291,465**	379,533	327,345
Minority interests	8	**2,743**	7,086	4,394
		294,208	386,619	331,739
Net asset value per share (basic and diluted)		**399.7p**	520.5p	449.0p

Consolidated Cash Flow Statement

		Half year to 30 June 2009 (unaudited) £'000s	Half year to 30 June 2008 (unaudited) £'000s	Year to 31 December 2008 £'000s
Operating activities				
Sale of portfolio investments		**520**	19,572	24,454
Sale of portfolio of fund interests		**–**	–	54,949
Purchase of portfolio investments		**(11,422)**	(38,704)	(77,869)
Sale of FTSE 100 Call option		**–**	7,693	7,693
Cash placed in escrow pending investment	6	**(1,526)**	–	–
Income received from investments		**225**	857	1,791
Other income received		**1,066**	3,297	5,299
Investment management charges paid		**(1,889)**	(909)	(3,204)
VAT reclaimed on investment management charges		**2,352**	–	–
Other expenses paid		**(479)**	(937)	(1,412)
Taxation paid		**(726)**	(1,569)	(1,731)
Net cash (outflow)/inflow from operating activities		**(11,879)**	(10,700)	9,970
Financing activities				
Investments by minority interests		**–**	281	580
Distributions to minority interests		**–**	(1,705)	(1,899)
Repurchase of ordinary shares		**–**	(11,070)	(11,070)
Equity dividends paid		**(3,281)**	(5,833)	(5,833)
Net cash outflow from financing activities		**(3,281)**	(18,327)	(18,222)
Net decrease in cash and cash equivalents		**(15,160)**	(29,027)	(8,252)
Cash and cash equivalents at beginning of period		**138,963**	134,699	134,699
Net decrease in cash and cash equivalents		**(15,160)**	(29,027)	(8,252)
Effect of changes in foreign exchange rates		**(9,753)**	569	12,516
Cash and cash equivalents at end of period		**114,050**	106,241	138,963

Consolidated Statement of Changes in Equity

	Notes	Half year to 30 June 2009 (unaudited) £'000s	Half year to 30 June 2008 (unaudited) £'000s	Year to 31 December 2008 £'000s
Total equity at beginning of period		**331,739**	398,277	398,277
(Loss)/profit attributable to equity shareholders		**(32,599)**	5,396	(46,792)
(Loss)/profit attributable to minority interests		**(1,651)**	1,270	(1,473)
Total (loss)/profit for the period and total recognised income and expense		**(34,250)**	6,666	(48,265)
Dividends paid to equity shareholders	4	**(3,281)**	(5,833)	(5,833)
Repurchase of ordinary shares	7	–	(11,070)	(11,070)
Net distribution to minority interests		–	(1,421)	(1,370)
Total equity at end of period		**294,208**	386,619	331,739

Further analysis of the above movements is presented in note 8.

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 27 August 2009.

2 UNAUDITED INTERIM REPORT

The half-yearly financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008 were approved by the Board of Directors on 8 April 2009 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 made under section 498 of the Companies Act 2006.

This half-yearly financial report has been reviewed, not audited.

3 BASIS OF PREPARATION

This half-yearly financial report for the six months ended 30 June 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34, 'Interim Financial Reporting' as adopted by the European Union. The half-yearly financial report should be read in conjunction with the annual financial statements for the year ending 31 December 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, 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.

At the date of issue of these financial statements, the following Standards and Interpretations relevant to the Company were in issue but not yet effective:

• IFRS 3 (Amended): 'Business Combinations'

• IAS 27 (Amended): 'Consolidated and Separate Financial Statements'

At the date of issue of these financial statements, the following Standard relevant to the Company was in issue but not yet endorsed by the European Union:

• IFRS 7 (Amended): 'Financial Instruments: Disclosures'

The directors do not anticipate that the adoption of any of these new or revised Standards in future periods will have a material impact on the financial statements of the Company.

4 DIVIDENDS

Dividends paid or approved in the period	Half year to 30 June **2009** **£'000s**	Half year to 30 June 2008 £'000s	Year to 31 December 2008 £'000s
Half year to 30 June 2009: 4.5p per share (half year to 30 June 2008 and year to 31 December 2008: 8.0p per share)	**3,281**	5,833	5,833

Notes to the Interim Report (continued)

5 EARNINGS PER SHARE

	Half year to 30 June **2009**	Half year to 30 June 2008	Year to 31 December 2008
Revenue return per ordinary share	**(0.12p)**	3.05p	5.12p
Capital return per ordinary share	**(44.59p)**	4.33p	(69.21p)
Earnings per ordinary share (basic and diluted)	**(44.71p)**	7.38p	(64.09p)
Weighted average number of shares	**72,913,000**	73,114,359	73,012,852

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

6 TRADE AND OTHER RECEIVABLES

Trade and other receivables include a balance of £1.5 million which was placed into escrow in relation to an investment which was on-going at the period end. Of this amount, £0.2 million has subsequently been invested and the remainder has been returned to the Company.

7 SHARE BUY–BACKS

	Half year to 30 June **2009**	Half year to 30 June 2008	Year to 31 December 2008
Number of shares bought back	–	2,374,000	2,374,000
Average price per share	–	463.1p	463.1p
Total cost including expenses	–	£11,069,901	£11,069,901
Number of shares in issue at the end of the period	**72,913,000**	72,913,000	72,913,000

All shares bought back in previous periods were subsequently cancelled.

8 CHANGES IN EQUITY

	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
Six months ended 30 June 2009								
Opening balance at 1 January 2009	7,292	2,112	12,936	290,066	14,939	327,345	4,394	331,739
(Loss) for the period attributable to recognised income and expense	–		–	(32,511)	(88)	(32,599)	(1,651)	(34,250)
Dividends paid or approved	–	–	–	–	(3,281)	(3,281)	–	(3,281)
Repurchase of own shares	–	–	–	–	–	–	–	–
Net distribution to minority interests	–	–	–	–	–	–	–	–
Closing balance	7,292	2,112	12,936	257,555	11,570	291,465	2,743	294,208

	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
Six months ended 30 June 2008								
Opening balance at 1 January 2008	7,529	1,875	12,936	351,663	17,037	391,040	7,237	398,277
Profit for the period attributable to recognised income and expense	–	–	–	3,168	2,228	5,396	1,270	6,666
Dividends paid or approved	–	–	–	–	(5,833)	(5,833)	–	(5,833)
Repurchase of own shares	(237)	237	–	(11,070)	–	(11,070)	–	(11,070)
Net distribution to minority interests	–	–	–	–	–	–	(1,421)	(1,421)
Closing balance	7,292	2,112	12,936	343,761	13,432	379,533	7,086	386,619

8 CHANGES IN EQUITY (continued)

	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
Year ended 31 December 2008								
Opening balance at 1 January 2008	7,529	1,875	12,936	351,663	17,037	391,040	7,237	398,277
(Loss)/Profit for the period attributable to recognised income and expense	–	–	–	(50,527)	3,735	(46,792)	(1,473)	(48,265)
Dividends paid or approved	–	–	–	–	(5,833)	(5,833)	–	(5,833)
Repurchase of own shares	(237)	237	–	(11,070)	–	(11,070)	–	(11,070)
Net distribution to minority interests	–	–	–	–	–	–	(1,370)	(1,370)
Closing balance	7,292	2,112	12,936	290,066	14,939	327,345	4,394	331,739

9 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.

	Half year to 30 June **2009** £'000s	2008 £'000s	Year to 31 December 2008 £'000s
Investment management fee	**1,754**	2,175	4,440
VAT reclaim accrued (see note 10)	**(21)**	(2,668)	(2,589)
	1,733	(493)	1,851

The allocation of the total investment management charges was unchanged in 2009 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. There were no unpaid invoices as at 30 June 2009 and £0.8 million was accrued in respect of unbilled management fees. The Company has also borne management charges in respect of its investments in funds managed by Graphite Capital as set out below:

	Half year to 30 June **2009** £'000s	2008 £'000s	Year to 31 December 2008 £'000s
Graphite Capital Partners V	**43**	31	–
Graphite Capital Partners VI	**222**	419	764
Graphite Capital Partners VII	**394**	500	784
	659	950	1,548

Notes to the Interim Report (continued)

9 RELATED PARTY TRANSACTIONS (continued)

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:

		Half year to 30 June		Year to 31 December
Subsidiary	Nature of transaction	**2009 £'000s**	2008 £'000s	2008 £'000s
Graphite Enterprise Trust LP	(Decrease)/increase in loan balance	**(10,100)**	(1,892)	5,579
	Income allocated	**49**	131	335
Graphite Enterprise Trust (2) LP	(Decrease)/increase in loan balance	**(558)**	2,066	2,850
	Income allocated	**2**	–	10

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

	Amounts owed by subsidiaries			Amounts owed to subsidiaries		
	Half year to 30 June		Year to 31 December	Half year to 30 June		Year to 31 December
Subsidiary	**2009 £'000s**	2008 £'000s	2008 £'000s	**2009 £'000s**	2008 £'000s	2008 £'000s
Graphite Enterprise Trust LP	**3,945**	6,574	14,045	–	–	–
Graphite Enterprise Trust (2) LP	**3,292**	2,066	3,850	–	–	–

10 CONTINGENT ASSET

HM Revenue & Customs ("HMRC") confirmed in October 2007 that fund management services to investment trusts are exempt from VAT. The Manager charged VAT on its invoices to the Company for management fees up to and including the third quarter of 2007. During 2008 the Manager lodged claims with HMRC to recover back VAT paid from 2002 onwards. At 31 December 2008 a receivable for this back VAT of £2.3 million along with £0.3 million of interest was outstanding. In June 2009 the whole of the back VAT was received and most of the interest was received in that month with the remainder received in July 2009.

Separately, as a result of a decision concerning the way in which a cap was introduced on the time period for which overpaid VAT can be reclaimed, the Manager may be able to reclaim VAT charged to the Company for the period from 1990 to late 1996. The claim has been lodged and is still outstanding. Until all remaining uncertainties surrounding the reclaim process have been resolved, it is not practicable to quantify the amount of VAT relating to the second potential repayment with sufficient certainty and accordingly no asset has been recognised in these accounts. The total amount recovered is likely to be less than 0.5% of net asset value. Any recovery will be credited to the income reserve and realised capital reserve in the same proportion as originally charged. The amount and timing of this repayment are not certain and has therefore not been recognised in these financial statements.

Statement of Directors' Responsibilities

The directors' confirm that this half-yearly financial report has been prepared in accordance with IAS34 as adopted by the European Union and that the interim management report includes a fair review of the information required by 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 that have taken place in the first six months of the financial year and any material changes in the related-party transactions described in the last annual report.

The directors of Graphite Enterprise Trust PLC are listed in the Graphite Enterprise Trust PLC Annual Report for 31 December 2008, with the exception of the following changes in the period:

Mr J Sclater retired as Chairman of the Board and a Director on 19 May 2009 and Mr M Fane became Chairman on that date. A list of current directors is maintained on the Graphite Enterprise Trust PLC website: www.graphite-enterprise.com.

By the order of the Board

M. Fane
Chairman

27 August 2009

Independent Review Report to Graphite Enterprise Trust PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in the basis of preparation, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants

27 August 2009
London

Note:
The Interim Report is published on the www.graphite-enterprise.com website, which is maintained by the Company's Manager, Graphite Capital Management LLP (GCM LLP). The content and integrity of the website maintained by GCM LLP or any of its subsidiaries is, so far as it relates to the Company, the responsibility of GCM LLP. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Overseas visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the Interim Report may differ from legislation in their jurisdiction.

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GRAPHITE CAPITAL