GRAPHITE ENTERPRISE TRUST PLC
UNAUDITED PRELIMINARY STATEMENT OF RESULTS
FOR THE YEAR TO 31 DECEMBER 2006

HIGHLIGHTS OF THE YEAR

Net asset value per share	+14.1%
Realisations	£88.9m
New investments	£80.3m
New commitments	£134.6m
Share buy-backs	£9.6m

FINANCIAL RESULTS

	2006	2005	Change
Net asset value per share	454.6p	398.4p	+14.1%
Share price	386.0p	364.3p	+6.0%
Total dividends per share *	6.5p	8.8p	-26.1%

* 2006: proposed final dividend of 6.5p. 2005: final dividend of 4.3p plus special dividend of 4.5p

PERFORMANCE

Years to 31/12/06	1	3	5	10
Net asset value per share	+14.1%	+57.2%	+59.6%	+217.2%
Share price	+6.0%	+73.7%	+68.9%	+213.2%
FTSE All-Share Index	+13.2%	+45.9%	+27.6%	+60.0%

Chairman's Statement

Overview

In 2006 the net asset value per share of Graphite Enterprise Trust PLC ("Graphite Enterprise") rose by 14.1% from 398.4p to 454.6p. This compares with the increase in our benchmark, the FTSE All-Share Index, of 13.2% in the year. At the year end shareholders' funds were £374.3 million.

The share price rose by 6.0%. This reflected a widening of the discount between the share price and the underlying net asset value from 8.6% at the beginning of the year to 15.1% at the end. At both times the discount was outside its normal range for the year: the average discount in 2006 (measured quarterly) was 11.7%.

The objective of Graphite Enterprise is to provide shareholders with long term capital growth. In the five years to 31 December 2006, the net asset value per share rose by 59.6% and the share price rose by 68.9%. These movements compare with an increase in the FTSE All-Share Index of 27.6%. Ten year performance has also been strong, with increases of 217.2% in the net asset value per share, 213.2% in the share price, by comparison with 60.0% in the FTSE All-Share Index.

The increase in net asset value in 2006 was driven by realisations. The largest gains came from disposals of management buy-out and infrastructure investments. There were also gains in the company's option over the FTSE 100 Index and in the mezzanine and quoted portfolios.

Following an exceptional period for realisations, Graphite Enterprise was highly liquid in 2005, holding substantial cash and near-cash balances. To address this we increased the rate of commitments to funds, purchased the option over the FTSE 100 Index and used share buy-backs extensively. We continued with all these initiatives in 2006, with the result at the year end that the company was 54.1% invested with a further 35.6% exposed to the FTSE 100 Index. Outstanding commitments to the portfolio exceeded cash and near cash by £52.9 million, or 13.9% of net assets.

Portfolio

Realisations from the investment portfolio remained at a high level in 2006. The total capital proceeds of £88.9 million represented 51.0% of the value of the portfolio at the beginning of the year. This continued the pattern of the previous two years, in both of which proceeds exceeded 50% of opening value, and contrasts with the average over the previous seven years of 31%. Market conditions remained favourable for realisations which came from all parts of the portfolio. Total net realised and unrealised gains from the investment portfolio were £40.4 million, of which more than half was generated by funds.

Additions to the investment portfolio rose by 76.5% to £80.3 million in 2006. The new investments were mainly in management buy-outs, with a broad spread in size and sector, and a focus on Western Europe. The increase in the investment rate was largely attributable to draw downs of fund commitments made in 2005 and 2006.

Commitments to funds, mainly in the large European buy-out market, continued at a high level in the year. We made total new commitments of a record amount of £134.6 million, following commitments of £100.0 million in 2005.

Balance Sheet

At 31 December 2006, the company's net assets were £381.0 million of which £206.2 million (54.1%) was in the investment portfolio. The company had £145.1 million of cash and near cash, and the option over the FTSE 100 Index was valued at £29.7 million. The option gave the company exposure of £135.7 million (35.6% of net assets) to the FTSE 100 Index, leaving assets of £39.1 million (10.3% of net assets) effectively uninvested.

Following the substantial increase in the level of commitments to funds over the last two years the proportion of the assets in the investment portfolio has begun to rise, but the impact has been reduced by the high level of realisations. If realisations over the last three years had been at the same level as in the previous seven and nothing else had changed, the investment portfolio would have accounted for 76.5% of net assets at the end of 2006.

Commitments

As the timing of new investments and realisations in an unquoted portfolio is unpredictable, the level of investment cannot be controlled precisely. To ensure that realisation proceeds from the portfolio are reinvested, it is necessary to make commitments to funds exceeding the level of available cash.

Graphite Enterprise has committed £234.6 million to funds over the last two years of which £55.2 million had been drawn down by the end of 2006. We expect to make substantial new commitments again this year. As existing and new commitments are drawn down, the company should become more fully invested.

Outstanding commitments had risen to a record level of £198.0 million by December 2006. This represented £52.9 million more than cash and near cash balances of £145.1 million, or an overcommitment level of 13.9% of net assets.

FTSE Option

We bought the option over the FTSE 100 Index in October 2005 in order 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 £14.0 million and had the effect of giving Graphite Enterprise an exposure of £120 million to the FTSE 100 Index for three years.

Between the date of purchase in October 2005 and 31 December 2006 the FTSE 100 Index rose 21.0% to 6,221. The value of the option, which does not track the movement in the index precisely until the date of maturity, had increased from £14.0 million to £29.7 million. The total gain was therefore £15.7 million of which £9.5 million arose in 2006.

Share buy backs

For a number of years we have followed 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. Buy back powers were first granted by shareholders in 2000, since when the company has purchased a total of 13.4 million shares at a total cost of £40.4 million.

In 2006 we bought back 2.5 million shares at prices between 356p and 391p per share. This represented 3.0% of the opening share capital. The total cost was £9.6 million and the average discount was 10.0%. Net asset value per share was enhanced by 2.3p per share as a result of the buy backs. In January 2007 we bought back a further 1.7 million shares for a total cost of £6.6 million.

At the AGM in 2006 shareholders renewed the company's powers to buy back shares. They also gave approval, by disapplying existing shareholders' pre-emption rights, to make it practical for the company to hold shares in treasury. Resolutions will be put to the AGM this year to renew both authorities.

Income statement and dividend

Profit after tax attributable to shareholders for the year was £49.4 million, or 58.66p per share. The capital return was £43.1 million or 51.22p per share and the revenue return, from which dividends are paid, was £6.3 million or 7.44p per share.

After an exceptional year in 2005, the flow of income remained strong in 2006 although it was at a lower level than in the previous year. The cash and near cash investments held by the company were the main source of income.

The board is proposing a dividend of 6.5p per share. This represents an increase in the final dividend of 51.2%, which had been maintained at 4.3p per share for the previous eight years. As the company also paid a special dividend of 4.5p in 2005, total dividends will fall by 26.1% from 8.8p to 6.5p.

Looking forward, income from cash and near-cash investments is likely to fall as the company becomes more fully invested and it may not be replaced by additional income from the investment portfolio. This may have an impact on the level of dividend, but it will be possible to smooth any fall by using the revenue reserves which will represent 12.1p per share after the payment of the proposed dividend.

Outlook

When Graphite Enterprise was launched in 1981 the private equity market was a tiny fraction of its current size and it was virtually invisible to the public eye. In 2006 a record amount, estimated at around £230 billion, was raised for private equity funds worldwide. The media focus on the sector has become intense, particularly following the acquisition by private equity funds of large companies with household names, and a lively public debate is under way. It is too early to judge the outcome of this debate, but it seems unlikely that it will significantly undermine the advantages of investing in private equity.

There has also been much recent discussion of overheating in the private equity market, including claims that valuations have been driven to unsustainable heights by the availability of cheap debt. Valuations and borrowings have undoubtedly risen, so that a fall in the economy or in the appetite of lenders would be likely to result in a setback to the private equity market. In the absence of such a fall, however, the outlook for the private equity market over the next twelve months is positive and we expect activity levels to remain high.

John Sclater

March 2007

Manager's Review

In 2006 disposals from the investment portfolio remained at a high level of £88.9m (2005: £86.2 million) representing 51% of its opening value. Additions increased from £45.5 million in 2005 to £80.3 million in 2006. Taking into account net gains of £40.4 million, the investment portfolio ended the year with a value of £206.2 million, by comparison with £174.4 million at the beginning. These movements, and the movement in the value of the FTSE Option, are shown in the table below.

2006 £m	Opening value	Additions	Disposals	Gains and losses	Closing value
Investment portfolio	174.4	80.3	(88.9)	40.4	206.2
FTSE Option	20.2	-	-	9.5	29.7
Total portfolio	194.6	80.3	(88.9)	49.9	235.9

Disposals

Favourable conditions both in the UK and in continental Europe resulted in disposals across all parts of the investment portfolio. UK and European mid-market buy-outs and UK infrastructure investments contributed most to the total disposals of £88.9 million. Disposals from funds accounted for £61.4 million, or 69.1% of the total, with the balance coming from direct investments. The disposals in the table below are analysed by sector and geography.

2006 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	29.3	24.3	-	53.6
Large buy-outs	-	4.7	0.6	5.3
Small buy-outs	0.2	-	-	0.2
Infrastructure	18.2	-	-	18.2
Mezzanine	2.1	7.4	-	9.5
Quoted	2.0	-	0.1	2.1
Total	51.8	36.4	0.7	88.9

The largest disposal of an individual company was U-POL, which was sold in January. Graphite Capital led this UK mid-market buy-out investment in the automotive accessories sector in 2002. The investment generated total proceeds of £14.2 million over its life, representing a multiple of 3.2 times cost and an internal rate of return of 55.2%.

Elsewhere in the mid-market buy-out sector, the sales of Aster City and the refinancing of Preh each generated proceeds of £5.8 million. In the infrastructure sector, the profitable disposal of a number of projects generated a total of £18.2 million.

Additions

The 76.5% rise in the level of additions to the investment portfolio from £45.5 million in 2005 to £80.3 million in 2006 was largely the result of two factors. First, the private equity market enjoyed a high overall level of activity and secondly drawdowns from funds rose following the sharply increased commitments in 2005. Funds accounted for £62.7 million or 78.1% of the total, with four new co-investments alongside mid-market buy-out funds and smaller follow-on investments making up the remaining £17.6 million (21.9%). The table below analyses the additions during the year:

2006 £m	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	36.7	3.6	-	40.3
Large buy-outs	4.9	16.2	1.0	22.1
Small buy-outs	5.7	-	-	5.7
Infrastructure	4.4	-	-	4.4
Mezzanine	-	6.7	-	6.7
Quoted	-	-	1.1	1.1
Total	51.7	26.5	2.1	80.3

Co-investments accounted for the four largest investments in the year. We invested £8.2 million in Micheldever, the UK's leading independent tyre distributor, and £7.2 million in Cinque Ports, since renamed to Park Holidays UK, the third largest holiday home and caravan group in the UK. We made both of these investments through Graphite Capital Partners VI and alongside the fund as co-investments. Alongside funds managed by Penta Capital we invested £4.4 million in Ossian Retail, which has a chain of women's fashion stores and a chain of homeware stores. Both through and alongside Bowmark Capital Partners III we invested £4.4 million in Design Objectives, a designer and distributor of papercraft products.

Commitments

Total outstanding commitments rose by 34.1% to £198.0 million in the year. New commitments exceeded drawdowns and other movements by £50.3 million during the year.

We made total commitments of £134.6 million (2005: £100.0 million) to eleven funds during the year. The focus was on large European buy-out funds as we continued to balance our substantial existing exposure to mid-market buy-outs with larger buy-outs. We also made our first commitment to a US fund for many years. The table below gives details of the commitments during the year.

Fund	Investment type	Focus	Total fund size £m	Commitment £m
Fourth Cinven Fund	Large buy-outs	Europe	4,379	20.4
Doughty Hanson & Co V	Large buy-outs	Europe	2,021	16.9
Charterhouse Capital Partners VIII	Large buy-outs	Europe	2,695	13.9
Euromezzanine 5	Mezzanine	France	444	13.9
TDR Capital Fund II	Large buy-outs	Europe	1,347	13.8
Terra Firma Capital Partners III	Large buy-outs	Europe	3,504	13.8
Madison Dearborn Capital Partners V	Large buy-outs	US	3,321	13.0
CVC Tandem Fund	Large buy-outs	Europe	2,695	10.1
Arcadia II	Medium-sized buy-outs	Germany	168	10.1
Other				8.7
Total				134.6

Geographic distribution

At 31 December 2006, 72.1% (2005: 67.5%) of the investment portfolio of £206.2 million was in the UK, with 25.4% (2005: 30.1%) in continental Europe and 2.5% (2005: 2.4%) elsewhere.

We expect to continue to make the majority of investments in the UK and continental Europe, although the proportion invested in North America is likely to increase from its current low base.

Country / region	% of total investment portfolio
UK	72.1 %
France	11.3 %
Germany	4.3 %
Spain	4.0 %
Other European countries	5.8 %
Rest of world	2.5 %
Total	100.0 %

Sector analysis

The portfolio continues to be widely diversified. At 31 December 2006 the largest exposures were again to the business services and the consumer goods and services sectors which represented 21.5% and 21.2% of the portfolio respectively (2005: 25.5% and 16.3% respectively).

The absolute amount invested in the business services sector remained similar to 2005, while additions in excess of disposals during the year increased the exposure to both the consumer goods and services and the leisure sectors. The advertising and recruitment sector benefited from valuation uplifts, whilst exposure to manufacturing and engineering was reduced through disposals.

Sector	% of total investment portfolio
Business services	21.5%
Consumer goods and services	21.2%
Leisure	12.4%
Manufacturing and engineering	9.6%
Advertising and recruitment	7.8%
Construction and building supplies	6.9%
Merchant banking and finance	6.2%
Retailing	5.2%
Other	9.2%
Total	100.0%

Investment type

The main focus of the portfolio remains on equity-based investments in medium-sized management buy-outs and similar transactions. These accounted for 59.6% of the portfolio at 31 December 2006 (2005: 63.8%). Large and small buy-outs comprised 16.4% and 3.7% of the portfolio respectively (2005: 11.6% and 2.4%). Following the substantial commitments to large buy-out funds in the past two years we expect this category to continue to increase.

Mezzanine and infrastructure investments represented 6.4% and 3.1% of the portfolio respectively (2005: 8.2% and 4.7%). A further 10.8% of the portfolio (2005: 8.7%) was held in quoted companies previously held as unquoted companies before flotation.

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

Type	% of total investment portfolio
Medium-sized buy-out	59.6%
Large buy-out	16.4%
Quoted	10.8%
Mezzanine	6.4%
Small buy-out	3.7%
Infrastructure	3.1%
Total	100.0%

Year of investment

In the vintage year table below, value is allocated to the year in which Graphite Enterprise first invested in each company or project.

The acceleration in the rate of investment in 2006, as well as the continuing high level of realisations, have resulted in new investments in the last year making up nearly one third (32.0%) of the investment portfolio (2005: 18.7%). However there is a similarly high proportion of investments (32.9%) which are more than five years old (2005: 26.3%).

Year	% of total investment portfolio
2006	32.0%
2005	14.4%
2004	9.0%
2003	6.4%
2002	5.3%
2001 and before	32.9%
Total	100.0%

Investment activity in 2007

In the first two months of 2007 additions of £16.8 million substantially exceeded realisations of £5.5 million. Large buy-outs in continental Europe accounted for most of the new investments. We have made no new commitments to funds since the year end, but are currently considering a number of opportunities.

Graphite Capital
March 2007

For further information, please contact:

Rod Richards / William Eccles Tel: 020 7825 5300
Graphite Capital

The 30 largest underlying investments

The table below presents the 30 companies in which Graphite Enterprise has the largest investments by value at 31 December 2006. 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 £206.2 million.

	Entity	Year of investment	Country /region	Value as a % of investment portfolio
1	Cinque Ports Operator of caravan parks	2006	UK	5.2%
2	Micheldever Independent distributor of tyres	2006	UK	4.0%
3	Huntress Search Recruitment consultancy	2000	UK	3.9%
4	Go Plant Operator of road sweeping vehicles	1995	UK	3.8%
5	OPD Group* Group of specialist recruitment agencies	1991	UK	3.7%
6	Wagamama Chain of Japanese noodle restaurants	1996	UK	3.3%
7	Standard Brands Manufacturer of branded firelighters	2001	Europe	3.3%
8	Intermediate Capital* Provider of mezzanine finance	1989	Europe	3.3%
9	Kwik-Fit Provider of automotive fast-fit services	2005	Europe	2.4%
10	Applied Energy Manufacturer of ventilation and heating products	2001	UK	2.3%
11	Weetabix Manufacturer of breakfast cereals	2004	Global	2.2%
12	Ossian Retail Group Retailer of female fashion and homewares	2006	UK	2.1%

Entity	Year of investment	Country /region	Value as a % of investment portfolio
13 Design Objectives Designer and distributor of papercraft products	2006	UK	2.1%
14 NES Group Recruitment agency for technical contractors	2006	UK	1.9%
15 Leading Edge Printer of self adhesive labels and packaging	2003	UK	1.9%
16 Golden Tulip Developer and manager of hotels	2002	UK	1.6%
17 Computacenter* Provider of IT equipment and services to large organisations	1985	UK	1.5%
18 Avery Healthcare Owner and operator of care homes for the elderly	2005	UK	1.3%
19 PIFC Pensions and employment benefits consultancy	2002	UK	1.3%
20 Bridgewell* Provider of corporate finance and broking services	2001	UK	1.2%
21 Aktrion Provider of managed outsource services	2004	UK	1.1%
22 Segur Iberica Provider of security services and products	2004	Spain	1.0%
23 Spie Provider of technical contracting services	2006	France	1.0%
24 TMP Provider of recruitment, advertising and related services	2006	UK	0.9%
25 Integrity Software Provider of software to niche retailers	2005	UK	0.9%

	Entity	Year of investment	Country /region	Value as a % of investment portfolio
26	Hellermann Tyton Manufacturer of solutions for communication networks	2006	UK	0.9%
27	Elior SA Provider of contract catering and facilities management services	2006	France	0.9%
28	Perstorp Manufacturer of specialty chemicals	2005	Europe	0.9%
29	Moeller Supplier of electrical components	2005	Germany	0.9%
30	JT Frith Operator of discount warehouses	2004	UK	0.9%
	Total of the 30 largest underlying investments			61.7%

*Quoted

The 15 largest fund investments

The largest funds by value at 31 December 2006 are set out below.

	Fund	Outstanding commitment £m	Year of commitment	Country / region	Value £m
1	Graphite Capital Partners VI Medium-sized buy-outs	17.8	2003	UK	28.9
2	Doughty Hanson & Co IV Medium-sized and large buy-outs	3.4	2005	Europe	11.2
3	PAI Europe IV Large buy-outs	9.7	2005	Europe	8.9
4	Candover 2005 fund Large buy-outs	12.2	2005	Europe	7.5
5	Corpfin Capital Fund II Medium-sized buy outs	-	2000	Spain	7.0
6	Euromezzanine 5 Mezzanine loans to medium sized buy-outs	7.0	2006	France	6.5
7	Activa Capital Fund Medium-sized buy-outs	2.2	2002	France	4.4
8	Euromezzanine 4 Mezzanine loans to medium sized buy-outs	0.4	2003	France	4.2
9	Deutsche Beteiligungs AG Fund IV Medium-sized buy outs primarily of manufacturers	1.9	2000	Germany	4.1
10	Barclays European Infrastructure Fund Infrastructure projects	2.0	2002	UK	3.9
11	Piper Private Equity Fund III Small buy-outs of consumer businesses	0.8	2003	UK	3.9
12	Bowmark Capital Partners III Small buy-outs	2.5	2004	UK	2.9
13	Hicks Muse Tate & Furst Europe Fund Large buy-outs	-	2000	Europe	2.8
14	HSBC Infrastructure Fund I Infrastructure projects	2.9	2001	UK/Europe	2.8
15	CVC European Equity Partners IV Large buy-outs	5.3	2005	Europe	2.7
	Total of largest 15 fund investments	68.1			101.7
	Percentage of total investment portfolio				49.3%

GRAPHITE ENTERPRISE TRUST PLC
Preliminary Statement (unaudited) for the year ended 31 December 2006

SUMMARY CONSOLIDATED BALANCE SHEET (unaudited)

At 31 December	2006 £'000s	2005 £'000s
Unquoted investments	186,071	159,286
Quoted investments	20,073	15,065
	206,144	174,351
FTSE 100 Call Option	29,760	20,254
Total investments held at fair value	235,904	194,605
Net current assets	145,051	149,924
Total assets less current liabilities	380,955	344,529
Minority interests	(6,685)	(6,389)
Equity attributable to equity holders	374,270	338,140

SUMMARY CONSOLIDATED INCOME STATEMENT (unaudited)

For the year ended 31 December	2006 Revenue £'000s	2006 Capital £'000s	2006 Total £'000s	2005 Revenue £'000s	2005 Capital £'000s	2005 Total £'000s
Gains and losses on investments held at fair value	10,711	49,993	60,704	14,211	69,589	83,800
Foreign exchange gains and losses	-	(705)	(705)	-	(208)	(208)
	10,711	49,288	59,999	14,211	69,381	83,592
Expense						
Investment management charges	(1,193)	(3,578)	(4,771)	(1,117)	(3,350)	(4,467)
Other expenses	(920)	(82)	(1,002)	(960)	(288)	(1,248)
	(2,113)	(3,660)	(5,773)	(2,077)	(3,638)	(5,715)
Profit before tax	8,598	45,628	54,226	12,134	65,743	77,877
Taxation	(2,334)	1,071	(1,263)	(3,193)	1,142	(2,051)
Profit for the year from continuing operations	6,264	46,699	52,963	8,941	66,885	75,826
Attributable to:						
Equity shareholders	6,264	43,120	49,384	8,941	59,894	68,835
Minority interests	-	3,579	3,579	-	6,991	6,991
Basic and diluted earnings per share			58.66p			78.84p

CONSOLIDATED CASH FLOW STATEMENT (unaudited)

For the year ended 31 December	2006 £'000s	2005 £'000s
Operating activities		
Sale of portfolio investments	88,904	86,248
Purchase of portfolio investments	(79,680)	(45,556)
Purchase of FTSE 100 Call Option	-	(14,028)
Income received from investments	4,398	6,634
Other income	6,733	6,688
Investment management charges paid	(4,806)	(4,356)
Other expense	(1,109)	(1,123)
Taxation	(1,600)	312
Net cash inflow from operating activities	12,840	34,819
Financing activities		
Investments by minority interests	141	205
Distributions to minority interests	(2,546)	(5,414)
Purchase of ordinary shares	(7,515)	(14,580)
Equity dividends paid	(3,650)	(7,678)
Net cash outflow from finance activities	(13,570)	(27,467)
Net increase in cash and cash equivalents	(730)	7,352
Cash and cash equivalents at beginning of year	150,871	143,727
Net increase in cash and cash equivalent	(730)	7,352
Effect of changes in foreign exchange rates	(705)	(208)
Cash and cash equivalents at end of year	149,436	150,871

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the year ended 31 December	2006 £'000s	2005 £'000s
Total equity at the beginning of the year	344,529	296,088
Adoption of IAS 32 and IAS 39	-	83 *
Profit attributable to equity shareholders	49,384	68,835
Profit attributable to minority interests	3,579	6,991
Total profit for the period and total recognised income and expense	52,963	75,909
Dividends to equity shareholders	(3,650)	(7,677)
Purchase of ordinary shares	(9,604)	(14,580)
Net distribution to minority interests	(3,283)	(5,211)
Total equity at the end of the period	380,955	344,529

*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 2006 of 6.5p payable on 31 May 2007 to shareholders who are on the register of members on 20 April 2007.

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 2005 has been extracted from published accounts for the year ended 31 December 2005, which have been delivered, to the Registrar of Companies and on which the report of the auditors was unqualified.

The Annual General Meeting will be held at 11:30 a.m. on Thursday 24 May 2007 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 2006 copies of the audited Report and Accounts will be posted to shareholders on or about 17 April 2007 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

15 March 2007