

19 September 2007

GRAPHITE ENTERPRISE TRUST PLC
UNAUDITED RESULTS FOR THE HALF YEAR
TO 30 JUNE 2007

SUMMARY OF THE PERIOD

Share price	+13.3%
New commitments	£132.7m
New investments	£45.1m
Realisations	£40.1m
Share buy backs	£22.7m

FINANCIAL SUMMARY

	Jun 2007	Dec 2006	Change
Net assets per share	484.3p	454.6p	+6.5%
Share price	437.3p	386.0p	+13.3%

Chairman's Statement

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 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.

£m	June 2005	Dec 2005	June 2006	Dec 2006	June 2007
Additions	15.1	30.7	42.2	38.1	45.1
Disposals	33.0	53.2	57.5	31.4	40.1

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.

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 of 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 in the Portfolio Analysis section which follows this statement.

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

£m	Jun 05	Dec 05	Jun 06	Dec 06	Jun 07
Outstanding commitments	125.7	147.7	183.1	198.0	287.3

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

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.

Assets invested as a percentage of total assets

%	June 2005	Dec 2005	June 2006	Dec 2006	June 2007
Private equity investments	52.6	50.6	49.0	54.1	60.5
Effect of FTSE option	-	36.6	36.4	35.6	30.2
Total	52.6	87.2	85.4	89.7	90.7

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.

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

Portfolio Analysis

Summary of changes to the portfolio

£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

£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

£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

£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
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New commitments

	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
Thomas H Lee Equity Fund VI LP	Large buy-outs	North America	3,738	15.0
ICG European Fund 2006	Mezzanine	Europe	857	13.6
Total				132.7

Sector analysis

	% of total investment portfolio
Business services	16.7%
Manufacturing and engineering	15.7%
Consumer goods and services	15.5%
Leisure	12.6%
Construction and building supplies	8.0%
Investment banking and finance	6.0%
Advertising and recruitment	6.5%
Retailing	5.4%
Other	13.6%
Total	100.0%

Year of investment

	% of total investment portfolio
2007	14.3%
2006	29.3%
2005	9.5%
2004	8.1%
2003	4.7%
2002 and before	34.1%
Total	100.0%

Investment type	% of total investment portfolio
Medium-sized buy-out	50.2%
Large buy-out	28.4%
Quoted	8.2%
Small buy-out	5.8%
Mezzanine	5.7%
Infrastructure	1.7%
Total	100.0%

Geographic distribution	% of total investment portfolio
UK	62.9%
France	11.3%
Germany	5.9%
North America	5.5%
Spain	3.6%
Other European	9.4%
Rest of World	1.4%
Total	100.0%

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 million.

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

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

* Quoted

The 15 Largest Fund Investments

The largest funds by value at 30 June 2007 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	31.7
2 Doughty Hanson & Co IV Medium-sized and large buy-outs	1.4	2005	Europe	12.4
3 PAI Europe IV Large buy-outs	7.9	2005	Europe	10.3
4 Euromezzanine 5 Mezzanine loans to medium-sized buy-outs	4.8	2006	France	8.6
5 Candover 2005 Fund Large buy-outs	11.1	2005	Europe	8.2
6 Charterhouse Capital Partners VII Large buy-outs	7.2	2006	UK/France	6.2
7 Corffin Capital Fund II Medium-sized buy-outs	-	2000	Spain	6.2
8 Deutsche Beteiligungs AG Fund IV Medium-sized buy-outs	0.9	2000	Germany	5.8
9 Madison Dearborn Capital Partners V Large buy-outs	5.1	2006	North America	5.8
10 Fourth Cinven Fund Large buy-outs	15.3	2006	Europe	4.8
11 Thomas H Lee Equity Fund VI Large buy-outs	10.7	2007	North America	4.6
12 Piper Private Equity Fund III Small buy-outs of consumer businesses	0.8	2003	UK	3.9
13 Barclays European Infrastructure Fund Infrastructure projects	1.6	2002	UK	3.7
14 CVC European Private Equity Partners IV Large buy-outs	4.5	2005	Europe	3.6
15 Activa Capital Fund Medium-sized buy-outs	1.9	2002	France	3.5
Total of 15 largest fund investments	91.0			119.3
Percentage of investment portfolio				51.7%

Consolidated Income Statement

	Half year to 30 June 2007 (unaudited)			Half year to 30 June 2006 (unaudited)			Year to 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
Investment Returns									
Gains 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>
Expenses									
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)	(90)	(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>
Profit before tax	3,311	25,681	28,992	3,834	18,322	22,156	8,598	45,628	54,226
Taxation	(959)	560	(399)	(959)	523	(436)	(2,334)	1,071	(1,263)
Profit for the period	<u>2,352</u>	<u>26,241</u>	<u>28,593</u>	<u>2,875</u>	<u>18,845</u>	<u>21,720</u>	<u>6,264</u>	<u>46,699</u>	<u>52,963</u>
Attributable to:									
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			33.4p			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 Jun		As at
	2007 (unaudited) £'000s	2006 (unaudited) £'000s	31Dec 2006 £'000s
Non-current assets			
Investments held at fair value			
- Unquoted investments	212,090	156,843	186,071
- Quoted investments	18,880	18,535	20,073
- FTSE 100 Call Option	<u>28,179</u>	<u>24,060</u>	<u>29,760</u>
	259,149	199,438	235,904
Current assets			
Trade and other receivables	111	157	433
Cash and cash equivalents	<u>123,800</u>	<u>161,613</u>	<u>149,436</u>
	123,911	161,770	149,869
Current liabilities			
Trade and other payables	<u>1,469</u>	<u>3,579</u>	<u>4,818</u>
Net current assets	<u>122,442</u>	<u>158,191</u>	<u>145,051</u>
Net assets	<u>381,591</u>	<u>357,629</u>	<u>380,955</u>
Capital and reserves			
Called up share capital	7,706	8,415	8,233
Capital redemption reserve	1,698	989	1,171
Share premium	12,936	12,936	12,936
Capital reserve	338,484	318,007	336,620
Revenue reserve	<u>12,420</u>	<u>11,921</u>	<u>15,310</u>
Equity attributable to equity shareholders	373,244	352,268	374,270
Minority interests	<u>8,347</u>	<u>5,361</u>	<u>6,685</u>
	<u>381,591</u>	<u>357,629</u>	<u>380,955</u>
Net asset value per ordinary share (basic and diluted)	484.3p	418.6p	454.6p

Consolidated Cash Flow Statement

	2007 (unaudited) £'000s	Half year to 30 Jun 2006 (unaudited) £'000s	Year to 31 Dec 2006 £'000s
Operating activities			
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)
Net cash inflow from operating activities	<u>5,401</u>	<u>18,621</u>	<u>12,840</u>
Financing			
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)
Net cash outflow from financing activities	<u>(30,723)</u>	<u>(7,852)</u>	<u>(13,570)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(25,322)</u>	<u>10,769</u>	<u>(730)</u>
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	<u>123,800</u>	<u>161,613</u>	<u>149,436</u>

Consolidated Statement of Changes in Equity

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

Notes

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.

2 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		Year to 31 December
	2007 £'000s	2006 £'000s	2006 £'000s
Dividends paid or approved in the period	5,243	3,650	3,650

5 EARNINGS PER SHARE

	Half year to 30 June		Year to 31 December
	2007	2006	2006
Revenue return per ordinary share	2.91p	3.39p	7.44p
Capital return per ordinary share	30.44p	20.64p	51.22p
Earnings per ordinary share (basic and diluted)	33.35p	24.04p	58.66p
Weighted average number of shares	80,718,407	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		Year to 31 December
	2007	2006	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	£2,594,000	£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.

Copies of the Interim Report will be posted to all shareholders on or around 28 September 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

19 September 2007