

GRAPHITE ENTERPRISE TRUST PLC  
INTERIM MANAGEMENT STATEMENT  
QUARTER ENDED 30 SEPTEMBER 2008

Graphite Enterprise Trust PLC ('Graphite Enterprise' or 'the Company') presents its Interim Management Statement for the quarter ended 30 September 2008. This is the Company's second interim management statement for the financial year ending 31 December 2008, as required by the UK Listing Authority's Disclosure and Transparency Rule 4.3.

**Investment objective**

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

**Unaudited net asset value per share**

The unaudited net asset value per share as at 30 September 2008 was 511.3p. This represents a fall of 1.8% from the level at 30 June 2008. On 3 November, the Company announced that it had exchanged contracts to sell interests in ten funds (the "Interests") to funds managed by AlInvest Partners NV. The effect of this is set out later in this statement.

**Share price and discount**

The share price fell by 15.5% to 355.0p in the period from 30 June to 30 September. This compares with a fall of 13.0% in the FTSE All-Share Index in the same period. The discount to the net asset value per share increased from 19.3% to 30.6%.

Since the quarter end stock markets have been volatile. Listed private equity share prices have fallen sharply and discounts to net asset values have widened significantly. Graphite Enterprise has not been immune from these developments and its share price and discount to net asset value have followed these trends.

The share price at the close of business on 18 November was 197.0p, which was 44.5% lower than at 30 September, but 13.2% higher than immediately prior to the announcement of the sale of the Interests. The share price of 197.0p represented a discount of 61.5% to the 30 September net asset value per share and at a discount of 60.2% to the pro forma net asset value per share adjusted for the sale of the Interests (see below).

## Balance sheet

The summary balance sheet as at 30 September 2008 (excluding the effect of the sale of the Interests) is set out below:

	£m	% of total assets
Fund investments	252.1	66.4%
Direct investments	49.2	12.9%
Total portfolio	301.3	79.3%
Cash and near cash	78.7	20.7%
Total assets	380.0	100.0%
Net asset value per share	511.3p	

The investment portfolio accounted for 79.3% of total assets at 30 September 2008 (72.4% at 30 June 2008). On 18 November cash and near cash was £75.2 million.

## Valuations

The investment portfolio has been valued using the latest available managers' reports, with 33.8% by value based on managers' reports as at 30 September. The great majority of the remaining portfolio has been valued using managers' reports as at 30 June as subsequent reports have not yet been received.

The portfolio fell in value by 2.5% in the quarter to 30 September. The net reduction in underlying portfolio valuations of 3.0% was partially offset by the positive impact of currency movements of 0.5%.

## Commitments

Outstanding commitments fell by 9.8% from £346.4 million to £312.4 million during the period. Overcommitment, the level by which commitments exceed cash and near cash, decreased to £233.7 million, or 61.5% of net assets. No new commitments were made in the quarter.

## Investments and realisations

In the three months to 30 September 2008, net cash invested in the investment portfolio was £28.5 million. The Company made new investments of £35.0 million, almost all of which was into funds, and the portfolio generated proceeds of £6.5 million.

## Pro forma impact of sale of part of fund portfolio

On 3 November, the Company announced that it had exchanged contracts to sell interests in ten funds (the "Interests") to funds managed by Alpinvest Partners NV. The sale is expected to generate proceeds of approximately £47.1 million and to release the Company from undrawn commitments of approximately £45.2 million. The net asset value of the Interests was £60.2 million.

The sale agreement included a price adjustment mechanism under which the price would have fallen if the MXEU Europe Index had fallen below a certain level. That mechanism has not been triggered and the expected proceeds are unchanged from those set out above.

The net asset value per share and balance sheet as at 30 September do not take account of the sale of the Interests. If the transaction had occurred at 30 September, the balance sheet and commitments would have been as shown below:

	£m	% of total assets
Fund investments	191.9	52.3%
Direct investments	49.2	13.4%
Total portfolio	241.1	65.7%
Cash and near cash	125.8	34.3%
Total assets	366.9	100.0%
Net asset value per share	494.5p	
Commitments	267.2	
Overcommitment	141.4	
Overcommitment as % of total assets	38.5%	

If the sale had completed at the quarter end it would have reduced the level of overcommitment at 30 September from 61.5% of net assets to 38.5% and would have increased cash and near cash balances from £78.7 million to £125.8 million.

The Directors are not aware of any other events or transactions which have taken place between 30 September 2008 and the date of publication of this statement which have had a material effect on the financial position of the company.

This information has not been audited or reviewed by the Company's auditors.

Enquires:

Stephen Cavell

Tim Spence

0207 825 5300