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Objective

Dunedin Enterprise Investment Trust PLC specialises in the provision of equity finance for management buyouts, management buyins and growing businesses.

The company's primary objective is to achieve substantial long term growth in its assets through capital gains from its investments.

Financial Highlights

Net asset value per share fell by 5.3% over the year

Net asset value per share outperforms benchmark by 23.1%

Net asset value per share rose 8.5% in the second half of the year

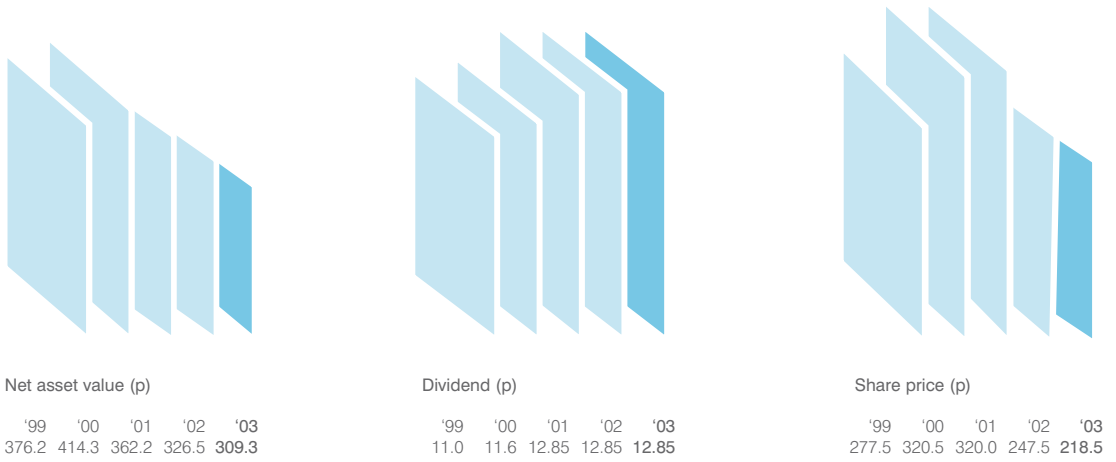
Realisations for the year totalling £28.5 million

New investments during the year of £10.4 million

Financial Record

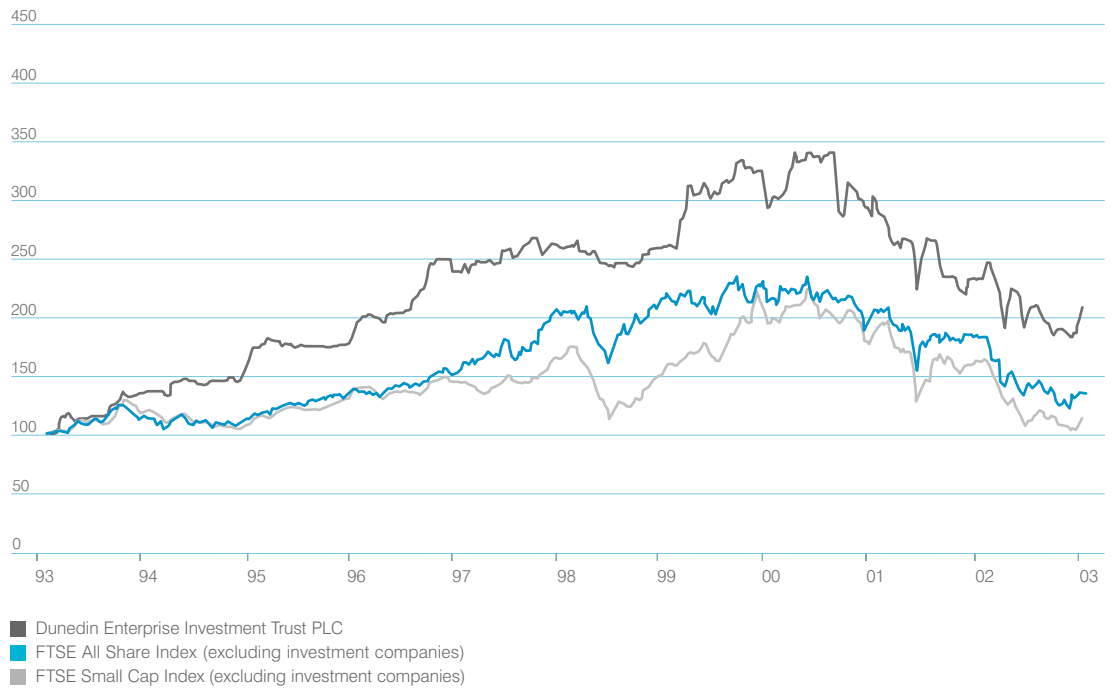
Five Year Record

Record from 30 April 1999 to 30 April 2003



Ten Year Record

Share price relative performance from 30 April 1993 to 30 April 2003



Source: Thomson Datastream



Goals Soccer Centres Limited

During the past twelve months Dunedin Enterprise Investment Trust PLC (“Dunedin Enterprise”) has increased its commitment to the rapidly expanding Goals Soccer Centres Limited (“Goals”). Since the original investment in November 2000, Goals has witnessed rapid growth through acquisition. A further positive benefit from the involvement with Dunedin Enterprise has been the appointment of Sir Rodney Walker as chairman and Graham Wilson, chairman of Parkdean Holidays plc, as a non-executive director.



Keith Rogers
Managing Director
Goals Soccer Centres Limited

“Our business plan is predicated on tripling the number of units we manage. With the support of Dunedin Enterprise, we have been able to expand the business with our estate doubling to 10 sites within 30 months of the buyin.

Dunedin Enterprise has been fundamental to our success and provides all the qualities we look for in a private equity house: an experienced and supportive team with the ability to make quick decisions based on good business acumen.”

Shaun Middleton
Director
Dunedin Capital Partners Limited

“Five-a-side football is a growing market and this transaction has allowed Dunedin Enterprise to back a proven operator in the UK. Keith Rogers’ excellent management skills, sales orientation, and in-depth knowledge of the sector, together with the backing of Dunedin Enterprise, has provided Goals with a solid platform to build a highly successful business.”



C.G.I. International Limited

In 1998, Dunedin Enterprise led the £10 million management buyout of C.G.I. International Limited (previously Colebrand Glass), a leading UK manufacturer and supplier of fire resistant glass used in the construction industry. The buyout opportunity arose when its then parent company wished to raise money to focus on its core business. The MBO was led by Tom Ritchie, who had previously run the glass division. Since the buyout was completed progress at the company has been significant with profits more than doubling, new markets being opened and a new purpose built factory being brought to completion.



Tom Ritchie
Managing Director
C.G.I. International Limited

“The support from Dunedin Enterprise has been invaluable and I have been particularly impressed with their pragmatic approach right from the start. In addition to the financial benefits of the investment, we have found Dunedin Enterprise very open and honest and easy to get along with.”

Brian Scouler
Director
Dunedin Capital Partners Limited

“C.G.I. International has an outstanding record of business growth. We are pleased to have invested in this very successful and growing company.”

Dunedin Enterprise continues to demonstrate the ability to achieve exits from its portfolio which will be used to finance future investment activity.



Overview

Net asset value per share increased by 8.5% in the second half of the year, following a decline of 12.7% in the first half. This result has been achieved through a combination of strong realisations and profit growth across the portfolio. The results for the full year show a decline in net asset value per share of 5.3% (2002: -9.9%).

Dunedin Enterprise has had an active year with new investment in unquoted companies of £10.4 million (2002: £11.1 million) and realisations of £28.5 million (2002: £34.2 million). In addition, the portfolio has been given greater focus with the disposal of a number of small investments, the sale of all quoted holdings and a greater proportion of assets committed to the UK buyout market.

The share price fell from 247.5p at the start of the year to its low point of 194.5p during March 2003, recovering to 218.5p by the year end and to 236.0p at the time of writing this review.

Comparison with Benchmark

The year's results have meant that your Company significantly outperformed its benchmark index, the FTSE Small Cap Index (excluding investment companies), for the second successive year. In the year to 30 April 2003, the net asset value per share of Dunedin Enterprise fell by 5.3% (2002: -9.9%) compared to a fall of 28.4% in its benchmark index (2002: -15.2%).

The net asset total return to Dunedin Enterprise shareholders, which includes dividends paid in the period, was a reduction of 1.4% (2002: -6.6%) which also compares favourably with a fall of 26.2% (2002: -13.0%) in the total return of its benchmark index.

Over the past five years, the total return to shareholders of Dunedin Enterprise has been 9.2% compared with a negative return of 20.0% in its benchmark.

Investment Activity

In previous statements, I have commented on the slow down in the private equity and M&A markets. This continued during 2002 and the early months of 2003. However, I am pleased to report that Dunedin Enterprise has invested £6.7 million in two new companies, Gardner Group and Jessops. In addition, your Company has invested a further £3.7 million in existing portfolio companies giving total investment of £10.4 million (2002: £11.1 million) in the year.

Gardner is one of the UK's leading aerospace machining businesses. Dunedin Enterprise supported the £21.5 million management buyout of the company in March 2003 from the receiver of its parent company, L Gardner Group plc. Your Company invested £3.6 million in the transaction. The long term prospects for the aerospace industry remain positive and the company was acquired at a substantial discount to asset value. Early trading has been good and the company is performing in line with expectations.

Jessops is the UK's leading specialist photographic retailer with 243 stores throughout the UK. The company was the subject of a £147 million secondary buyout in October 2002 led by ABN Amro Capital. Dunedin Enterprise invested £3.1 million in the company in April 2003. Jessop's growth prospects are supported by strong demand for digital cameras and an ongoing store opening programme. Like Gardner, early trading has been good and the company is performing in line with expectations.

Realisations

I commented last year on the excellent record of Dunedin Enterprise in obtaining exits from its investment portfolio. This has continued in the year under review and, as a result, your Company realised £28.5 million of cash.

The disposals during the year included your Company's holdings in the John Wood Group, Latchways and Clee Hill Plant Holdings.

John Wood Group floated on the London Stock Exchange in May 2002 and Dunedin Enterprise's entire holding was disposed of by August 2002, prior to the stock market fall later in the year, for a total of £11.2 million. In addition, Dunedin Enterprise's holding in Latchways, which was also listed on the London Stock Exchange, was disposed of in December 2002 for £5.0 million. Your Company's investment in Clee Hill Plant Holdings, where Dunedin Enterprise had supported the management buyout in 1997, was sold for £2.6 million in a secondary buyout in February 2003.

I should draw particular attention to your investment in Latchways. Dunedin Enterprise first invested in Latchways in 1983 and in total invested £1 million. Up to the date of disposal of Dunedin Enterprise's stake in December 2002, your Company had realised £12 million in capital and dividends over the 20 year life of the investment. This represents a 20% annual return on the original investment and demonstrates the long term outperformance that investment in private companies can achieve.

Since the year end, your Company has disposed of its shareholding in Thomson Brothers, a distributor of architectural ironmongery. Dunedin Enterprise led the buyout of Thomson Brothers in March 1999 and supported the company's further growth through acquisition. It was sold to Wolseley plc in May 2003 and Dunedin Enterprise realised a profit of £1.6 million over its valuation at 31 October 2002 of £3.4 million. Your Company continues to demonstrate the ability to achieve exits from its portfolio thereby generating cash which will be used to finance future investment activity.

Following the disposal of its holdings in John Wood Group and Latchways, and a small number of other quoted investments, your Company now has no listed investments in its portfolio (2002: 6.8%).

Portfolio and Net Asset Value Movement

The net asset value of your Company fell by £6.3 million during the year. The main components of the reduction were as follows:

	£'m
Unrealised value increase	13.2
Unrealised value decrease	(15.7)
Realised profit over opening valuation	0.4
Share buy-ins (Note 1)	(0.6)
Profit attributable to shareholders less expenses charged to capital and exchange movements	0.4
Dividends paid to shareholders	(4.0)
	(6.3)

Note 1

During the year, your Board approved the buy-in of 320,000 shares, for a total consideration of £0.6 million, at levels which have enhanced net asset value by 1.1p per ordinary share. Your Board will continue to look for opportunities to buy-in shares where it believes that it is in the best interest of all shareholders.

The unrealised value increase in the portfolio has been driven principally by profit growth across a significant number of portfolio companies. This demonstrates that the portfolio is in good health and provides a solid base for future value growth. The unrealised value decrease largely relates to three portfolio companies which have produced disappointing trading results in the year.

Over the past five years, your Company has increasingly focused on investing in management buyouts and buyins. At 30 April 2003, 83.3% (2002: 63.4%) of the portfolio was invested directly in this category of company with a further 8.0% (2002: 6.2%) invested in limited partnership funds committed to the buyout market. Only 2.1% (2002: 2.2%) of the portfolio is invested in technology companies through limited partnership funds.

The strategy of investing in management buyouts of established, profitable companies has been the main reason why your Company has outperformed its benchmark over the past two years.

Revenue and Dividend

In the year to 30 April 2003, profit after tax amounted to £3.5 million (2002: £4.1 million). The principal reason for this decrease was the reduction in income from unlisted investments due mainly to the active disposal programme carried out during the past two years. Part of this income was replaced by interest on bank deposits but this has been at a lower yield than was previously earned.

Interest rates in the UK have fallen over the past five years to their lowest level in over forty years and there are no indications of an imminent increase. In addition, there is an increasing trend in the private equity market to structure investments to maximise capital growth rather than to generate income. This has meant that the dividend yield on more recent investments is lower than the yield on investments made in the early and mid-1990's and it is expected that this trend will continue. The combination of these two factors is likely to reduce the yield on your Company's unquoted portfolio in future.

Under Investment Trust legislation your Company is obliged to distribute at least 85% of its eligible investment income to shareholders by way of dividend. Historically, the high level of income from the portfolio has allowed your Company to pay dividends higher than other investment trusts and shareholders have benefited from this greater level of distribution. However, the primary purpose of Dunedin Enterprise has been expressed for some years as the creation of substantial long term growth in assets through capital gains on its investments. Your Board will continue to focus on investing in companies with strong capital growth prospects and will only seek attractive dividends from new investments when market conditions allow.

In light of the above, your Board felt it appropriate to review your Company's future dividend policy to reflect current and expected market conditions. In particular, it does not consider it prudent to maintain a dividend that would increasingly have to be paid out of retained profits rather than out of current earnings.

Your Board declared an interim dividend of 2.85p (2002: 2.85p) per ordinary share in December 2002 and will recommend an unchanged final dividend of 10.0p (2002: 10.0p) per ordinary share giving a total of 12.85p for the year. It is too early to assess the dividend for next year but it is unlikely to be greater than two thirds of the level of the current year.

Outlook

There does not appear to be any prospect of an increase in M&A activity in the near future and there is low growth forecast for the UK economy over the coming year. Although prices have fallen to some extent, vendors' price expectations remain high and do not reflect the uncertain economic outlook. In addition, transactions are taking longer to complete and this extended timescale adds further uncertainty to the process.

Nevertheless, your Manager continues to originate a strong flow of investment opportunities for consideration and your Company has sufficient cash resources to invest in those businesses which will provide an attractive return for shareholders.

Shareholders

Your Company continues to enjoy the support of over 5,000 shareholders despite the disappointing experience of many investors involved in equity markets in 2002/2003.

In the past year, communication with shareholders has been increased by an extension of our website presence at www.dunedin.com, and with updates on new investment and portfolio companies being circulated to both private and institutional shareholders. In addition, a programme of ongoing communication with fund managers interested in private equity is underway.

During the year, concerns over corporate governance of other types of investment trust have been much in the news. The impact of initiatives by the Financial Services Authority and the Association of Investment Trust Companies are as yet not fully formulated. Your Board continues to consider these matters and to encourage representations by the Association of Investment Trust Companies and the British Venture Capital Association aimed at producing recommendations appropriate to private equity Investment Trusts.

Annual General Meeting

The Annual General Meeting will take place at 12 noon on Wednesday 20 August 2003 at The Royal Society of Edinburgh, 22-26 George Street, Edinburgh EH2 2PQ. The Directors of Dunedin Enterprise and of the Manager look forward to meeting you then.



Edward Dawnay, Chairman
18 June 2003

Board of Directors



01



02

01
Edward W Dawnay, FCA, (53)*#
was appointed in 1995 and became chairman in 1999. He is chairman of one of Dunedin Enterprise's investments, Travel & General Holdings Limited. He is also chairman of Treatt plc.

02
Alexander S Dudgeon, MA, CA, (45)*#
was appointed in 1998. He became managing director of Thornhill Investment Management Limited following its merger with Martin Currie Private Clients Limited in January 2003. He is also a non-executive director of Man Alternative Investments Limited, a London-listed fund of hedge funds.



03



04

03
David J Gamble, (59)*#
was appointed in 2001. He is chief executive of British Airways Pension Investment Management Limited. He is also a non-executive director and Trustee of IBM (UK) Pension Trust Limited and a non-executive director of Foreign and Colonial Emerging Markets Investment Trust Plc.

04
Stefan G Kay, OBE, BSc, CEng, FI Mech.E, CI Mgmt, (58)*#
was appointed in 1995. He was previously managing director of Inveresk PLC and led the management buyout of that company in 1990. He is a non-executive director of Edinburgh Business School, Georgia-Pacific Britain Limited, Servisan Limited (registered in Ireland), The Paper Trail Project and Edinburgh Conference Centre Limited, and is a court member of Heriot Watt University.



05

05
Simon E C Miller, (50)#
was appointed in 1999 and is chairman of Dunedin Capital Partners Limited. He is also chairman of JP Morgan Fleming Managed Income PLC and Sigma Technology Group PLC, and a non-executive director of Adam & Company Group PLC and Goshawk Insurance Holdings PLC.

* Members of the Audit and Management Engagement Committee.
Members of the Nomination Committee.

The Manager



Ross Marshall (45) is the Principal Fund Director for Dunedin Enterprise and the Managing Director of DCP. He has been involved in over 30 MBOs and MBIs over the past 15 years, including leading the negotiations for the MBO of DCP.

Ross previously spent ten years with 3i in Glasgow, Edinburgh and Birmingham, where he was an investment director for UK private equity. He joined DCP in 1994 as a Director.

Dunedin Enterprise is managed by Dunedin Capital Partners Limited.

Dunedin Capital Partners Limited ("DCP") is an independent private equity company owned by its directors. The company specialises in providing equity finance for management buyouts ("MBO"), management buyins ("MBI") and growing businesses with a transaction size of £10-30 million. It operates throughout the UK from its offices in Edinburgh and London.

DCP is itself the result of a management buyout which took place in 1996. DCP also manages a £54 million buyout fund launched in 2001, which co-invests alongside Dunedin Enterprise.

Manager's Review

Overview

The year ended 30 April 2003 was, like 2002, a year of two contrasting halves. The first six months, as described in the interim report to 31 October 2002, saw a net asset value per share fall of 12.7% (2001: -10.2%). This was caused by a combination of a sharp fall in earnings of a small number of portfolio companies and a reduction in the price earnings ratios used to value other portfolio companies, which followed the stock market fall in the second half of 2002.

The second six months, to 30 April 2003, produced a net asset value per share increase of 8.5% (2002: 0.4%) through a combination of strong realisations and profit growth in a number of portfolio companies.

The results for the full year show a decline of 5.3% in net asset value per share (2002: -9.9%) which compares favourably with a decrease of 28.4% in your Company's benchmark index, the FTSE Small Cap Index (excluding investment companies).

The net asset total return to shareholders for the year to 30 April 2003 was -1.4%, and over five years 9.2% compared with equivalent movements of -26.2% and -20.0% in the FTSE Small Cap Index (excluding investment companies) over the same periods.

The total movements in net assets was as follows:

	£'m
Net Assets at 30 April 2002	101.8
Unrealised value increases	13.2
Unrealised value decreases	(15.7)
Realised profit over opening valuation	0.4
Share buy-ins	(0.6)
Profit attributable to shareholders less expenses charged to capital and foreign currency movements	0.4
Dividends paid to shareholders	(4.0)
Net Assets at 30 April 2003	95.5

Your Company achieved a number of important realisations in the year, principally the complete disposal of its interests in John Wood Group and Latchways. Thomson Brothers, in which your Company had a material equity interest, was sold on 31 May 2003.

Investment activity during the year included a £3.6 million investment in Gardner Group in March 2003 and a £3.1 million investment in the UK's leading photographic retailer, Jessops, in April 2003. A further £3.7 million of follow-on investments to portfolio companies were made in the period giving total investment of £10.4 million (2002: £11.1 million).

Realisations

Realisations and redemptions created the movements in value during the year to 30 April 2003 as detailed in table 2.

A number of companies were sold at a profit over cost during the year. The major ones were Latchways, John Wood Group and Cleve Hill Plant Holdings.

Latchways was a small private company when Dunedin Enterprise first invested in it in 1983. During the 1980's, your Company invested further amounts to support Latchways' growth until its flotation on the London Stock Exchange in 1997. Your Company disposed of its residual holding in late 2002. Over twenty years, Dunedin Enterprise received capital and dividends of £12.1 million in return for £1.0 million invested. This represents a multiple of 12 times money invested and an annual return of 20%.

Dunedin Enterprise first invested in John Wood Group, the diversified oil services support company, in 1991. The company floated on the London Stock Exchange in May 2002 and Dunedin Enterprise disposed of its shares partly on flotation and during the subsequent three months. Over eleven years, your Company received capital and dividends of £12.1 million in return for £3.8 million invested. This represents a multiple of 3.2 times money invested and an annual return of 27%.

Cleve Hill Plant Holdings was the subject of a management buyout, led by Dunedin Enterprise, in 1997. The company is one of the UK's leading compaction equipment hire businesses. Dunedin Enterprise disposed of its holding to a secondary buyout in early 2003. Over six years, your Company received capital and dividends of £3.8 million in return for £1.7 million invested. This represents a multiple of 2.2 times money invested and an annual return of 17%.

Four companies were sold at a loss against cost during the year. The principal losses were attributable to Ehrmanns, CRT Displays, Deutsche Woolworth and Emtec. Dunedin Enterprise's investment in each of these companies had been fully written down at 30 April 2002 and so their disposal or failure has not affected the net asset value of your Company this year.

Ehrmanns is an importer and distributor of wine to a number of major UK retail multiples. The company had traded below business plan and required further investment to support its future growth. A further investment could not be recommended given the increasingly competitive nature of the wine distribution sector. Consequently, your Company disposed of its holding for a nominal sum.

As reported in last year's accounts, CRT Displays was placed in receivership in June 2002 following a slowdown in demand for digital projection equipment. The receivership will not result in any recovery for your Company.

Deutsche Woolworth and Emtec were investments acquired in the Group Trust portfolio in 2001 and both have been adversely affected by the economic slowdown in Europe. Your Company's investment in each of these businesses has been disposed of for a nominal value.

New Investments

In the year to 30 April 2003, your Company invested £10.4 million (2002: £11.1 million).

In March 2003, your Company invested £3.6 million in the £21.5 million management buyout of Gardner Aerospace, one of the UK's leading

aerospace machining businesses with sales of £54 million. The company has three divisions specialising in aero engines, aero structures and specialist aftermarket supply. The company principally supplies the civil aerospace market and customers include Rolls-Royce, BAe Systems, Airbus and Lockheed Martin. The worldwide recession and 2001 terrorist attacks caused a significant and sudden downturn in civil aerospace from which the industry is still suffering. The aerospace industry is known to be cyclical; however, the long term prospects for the sector are positive and Gardner is well placed to capitalise on emerging industry consolidation and outsourcing opportunities.

Your Company invested £3.1 million in the £147 million secondary management buyout of Jessops, the UK's leading specialist retailer of photographic equipment and accessories. It is one of the fastest growing retailers in the country, operating in one of the highest growth segments of the retail industry - digital cameras. The number of stores operated by Jessops in the UK in the last five years has more than tripled, to a total of 243. The business has an experienced management team, which has led the company's development of the digital market, grown sales and profitability over the last five years, successfully integrated acquisitions, and managed a new store opening programme. The principal opportunity is to continue the expansion of the business through an ongoing store opening programme supported by the continued growth in the digital photographic market.

There was further investment of £1.3 million in a number of portfolio companies including MGE Finances, Goals Soccer Centres and Blaze. Buyout and technology fund drawdowns in the year totalled £2.4 million.

02. Realisations

	Cost £'m	Valuation at 30 April 2002 £'m	Proceeds received £'m	Uplift over value £'m	Profit/(loss) over cost £'m
Quoted disposals	2.6	12.3	12.3	-	9.7
Unquoted disposals at a profit over cost	8.1	12.1	12.5	0.4	4.4
Unquoted disposals at a loss against cost	11.1	0.1	0.1	-	(11.0)
	21.8	24.5	24.9	0.4	3.1
Loan stock redemptions	3.6	3.6	3.6	-	-
	25.4	28.1	28.5	0.4	3.1

Unrealised Value Movements

Table 3 below summarises the main components of the unrealised value movement.

Valuation increases in the year occurred due to a combination of trading performance, price earnings ratio movements and other factors (including currency movements, fund revaluations and technology fund write downs).

Increased profitability at a number of portfolio companies, principally Letts Filofax, Portman and Blaze, added £10.4 million to the value of the portfolio during the year.

A further £2.0 million was added by an increase in comparable quoted company price earnings ratio multiples used to derive the value of a number of portfolio companies. The final £0.8 million of unrealised value growth was due to the increase in valuation of the underlying companies in the various buyout funds in which your Company is invested.

Poor trading in three portfolio companies accounted for £11.7 million of the £12.4 million value decrease attributable to trading performance. It appears unlikely that any recovery in value will be made in two of these three companies and the value of your Company's investment has been fully written down to reflect this.

Decreases in comparable price earnings ratios account for £1.4 million of the net asset value reduction, with a further £1.9 million decrease being due mainly to write downs in the value of the underlying companies in the four technology funds in which your Company is invested. In addition to specific company write downs recommended by the managers of these funds, your Manager thought it was appropriate to recommend further write downs, in line with the fall in technology indices, since the date these funds invested in the underlying companies.

This approach may be viewed as conservative but it is consistent with your Manager's prudent approach to portfolio valuation.

03. Unrealised Value Movements

	£'m	£'m
Value Increases		
• trading performance	10.4	
• price earnings ratio increases	2.0	
• other	0.8	
		13.2
Value Decreases		
• trading performance	(12.4)	
• price earnings ratio decreases	(1.4)	
• other	(1.9)	
		(15.7)
Net Unrealised Value Movement		(2.5)

Portfolio Analysis

As table 4 below demonstrates, over the past year, a great deal of work has gone into rationalising the portfolio through the disposal of all quoted stocks and the sale of a significant number of holdings in small unquoted companies. These were in addition to the major realisations described in more detail above.

The disposal of old, illiquid stocks, with little or no upside potential, gives more focus to the portfolio.

Valuation Basis

Your Company's portfolio is valued in accordance with the guidelines issued by the British Venture Capital Association. Investments are held at cost for the first year and then are generally valued on an earnings basis using comparable quoted company price earnings ratios, discounted for lack of marketability.

The weighted average price earnings multiple used to value your Company's portfolio at 30 April 2003 was 8.6, a discount of 50.9% to the FTSE All Share price earnings multiple of 17.5 on that date.

If a portfolio company is performing below plan, or is forecasting lower profits in the current year than it achieved in the previous year, the value of your Company's investment is written down to an appropriate level.

When a portfolio company is sold or floated between Dunedin Enterprise's year end and the date on which its results are released, that company will be valued on the basis of the imminent sale or flotation. This was the basis used for Thomson Brothers this year and John Wood Group last year.

04. Portfolio Analysis

The table below analyses your Company's portfolio by asset category.

At 30 April	No.	2003 £'m	No.	2002 £'m
Unquoted companies	47	75.2	61	88.0
Quoted companies	-	-	6	7.1
Buyout funds	7	6.7	7	6.4
Technology Funds	4	1.7	4	2.3
	58	83.6	78	103.8

05. Valuation Basis

Your Company's portfolio was valued on the following basis:

At 30 April	£'m	2003 %	£'m	2002 %
Quoted companies	-	-	7.1	6.8
Unquoted companies				
• earnings basis	41.7	49.9	55.4	53.4
• cost	11.9	14.2	9.6	9.3
• imminent sale/flotation	5.4	6.5	12.2	11.7
• written-down value	7.1	8.5	7.6	7.3
• 3rd party transaction	5.6	6.7	-	-
• net asset value	3.5	4.1	3.2	3.1
	75.2	89.9	95.1	91.6
Buyout funds	6.7	8.0	6.4	6.2
Technology funds	1.7	2.1	2.3	2.2
	83.6	100.0	103.8	100.0

Investment Category

Dunedin Enterprise's objective in recent years has been to provide equity finance for management buyouts, management buyins and growing businesses. As a consequence of this, at 30 April 2003, 83.3% of your Company's portfolio was invested directly in management buyout and buyin companies.

In addition, through your Company's investment in seven buyout funds representing 8.0% of the portfolio, the total proportion of the portfolio invested in buyouts and buyins is now 91.3% (2002: 69.6%).

The British Venture Capital Association Performance Measurement Survey 2002 shows that private equity, as an asset class, has outperformed total UK Pension Fund Assets

and the principal stock market indices over one, three, five and ten years.

By focusing its investment on management buyouts and buyins, a sub-set of private equity, your Company's net asset performance has also significantly outperformed stock market indices over the same periods.

The portfolio is broadly spread across industry sectors with the largest weighting being in construction and building materials. The weighting in this sector was reduced by one third upon the sale of Thomson Brothers one month after your Company's year end.

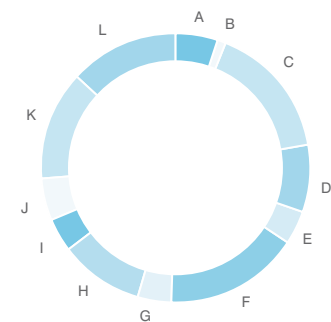
It is your Board's policy to maintain a broadly based portfolio.

06. Investment Category

	£'m	2003 %	£'m	2002 %
Management buyouts/buyins	69.7	83.3	65.8	63.4
Buyout funds	6.7	8.0	6.4	6.2
Technology funds	1.7	2.1	2.3	2.2
Other	5.5	6.6	29.3	28.2
	83.6	100.0	103.8	100.0

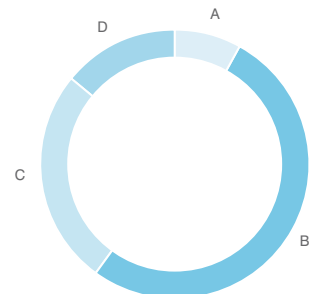
Portfolio analysed by Industry Sector

A	Aerospace & Defence	5%
B	Automobiles & Parts	1%
C	Construction & Building Materials	16%
D	Electronic & Electrical Equipment	8%
E	General Retailers	4%
F	Household Goods & Textiles	16%
G	Insurance	4%
H	Leisure & Hotels	10%
I	Personal Care & Household Products	4%
J	Software & Computer Services	5%
K	Speciality & Other Finance	13%
L	Support Services	14%



Portfolio analysed by age

A	< 1 Year	8%
B	1-3 Years	52%
C	3-5 years	26%
D	> 5 years	14%



Portfolio analysed by age

The age of the underlying portfolio companies from the date of original investment is shown in the table opposite.

The active disposal programme over the past two years has resulted in 86% of the portfolio being five years old or less. Your Manager is working with the boards of all portfolio companies to realise value at the appropriate time. Almost 90% of the portfolio is now in companies in which Dunedin Enterprise and other private equity institutions have a controlling stake. As a result, your Manager anticipates a continuing flow of realisations in future.

Market Outlook

The past three years have seen falling stock markets and slowing economic growth. Merger and acquisition activity has decreased considerably and private equity activity has done likewise. The UK private equity industry has experienced falling investment levels since the peak in 2000.

Against this background, your Company has realised a number of investments, made two new commitments and largely preserved the value of the remaining portfolio. Dunedin Enterprise is in a strong position to move forward. The portfolio is in good health, further realisations are probable within the next year and your Company has cash and bank facilities to finance new investment. Despite the general downturn in the market, there was an increase in the number of investment opportunities originated and appraised by your Manager in the year to 30 April 2003.

In times of economic uncertainty and stock market turbulence, private equity investments can be made at very attractive prices. Your Company made some extremely profitable investments in these sorts of conditions in the early 1990's.

Two factors in particular are preventing more transactions from taking place. Firstly, vendors' price aspirations, particularly of smaller private companies, remain unrealistically high. There are signs that this is changing and this should generate opportunities in the current year. Secondly, the uncertain economic outlook is causing transaction times to lengthen as both purchasers and sellers seek comfort on the current trading of target companies. This may cause the seller to withdraw a company from sale only to remarket it at a lower price several months later.

In markets such as these, good investments are made by patient investors who are not prepared to compromise investment quality in order to deploy capital quickly. This is the approach that your Manager is taking.

Further Analysis

Investors are able to review further information and data relating to Dunedin Enterprise at our web site www.dunedin.com.

Dunedin Capital Partners Limited

18 June 2003

Ten Largest Investments

Letts Filofax Group Limited

Dunedin Enterprise backed the management buyout of Letts, the desk and pocket diary supplier, in June 2000. Dunedin then funded the acquisition by Letts of Filofax Group in August 2001. Filofax Group supplies the world famous personal organiser to all major international markets. It also manufactures and sells Yard-O-Led writing instruments and has recently extended the Filofax brand into small leather goods, bags and briefcases.

The consolidation of Letts and Filofax creates a substantial global quality branded products group with a UK manufacturing facility, a Far East sourcing operation, eight overseas subsidiaries and a worldwide network of distributors. This infrastructure has provided a number of commercial synergies which are being realised from the combined companies.

In the year ended 31 January 2003, the audited net profit after tax of Letts Filofax was £2.5 million (2002: £1.7 million) on turnover of £53.7 million (2002: £40.2 million). Dividends and loan interest of £402,869 were received by Dunedin Enterprise in the year to 30 April 2003 (2002: £339,235). The net assets of Letts Filofax at 31 January 2003 amounted to £7.0 million (2002: £4.7 million).

41.1%	Percentage of equity
3,961	Cost of investment £'000
10,256	Directors' valuation £'000
12.3%	Percentage of portfolio at valuation

Davenham Group Holdings PLC

In June 2000, Dunedin Enterprise invested £5.0 million to support the £60 million management buyout of Davenham Group. Davenham Group is a provider of niche, short-term lending products to growing businesses throughout the UK. It has particular expertise in trade finance, short-term property lending, sale and lease back of equipment and debt factoring. Facilities are provided in the range of £50,000 to £2 million.

Davenham Group is based in Manchester but also has offices in Leeds and Watford. The business has continued to expand rapidly during 2003.

In the year ended 30 June 2002, the audited net profit after tax of Davenham Group was £1.9 million (2001: £1.3 million) on turnover of £12.3 million (2001: £9.0 million). Loan interest of £239,499 was received by Dunedin Enterprise in the year to 30 April 2003 (2002: £279,649). The net assets of Davenham Group at 30 June 2002 amounted to £3.9 million (2001: £2.0 million).

34.4%	Percentage of equity
4,960	Cost of investment £'000
10,238	Directors' valuation £'000
12.3%	Percentage of portfolio at valuation



Portman Holdings Limited

Portman operates the UK's most extensive business travel branch network and is the second largest UK owned travel management specialist.

Portman has progressed its business during 2002 by the retention of a broad client base, served by complementary service offerings via the branch network, implant offices within the clients' own premises, and through bespoke internet and management information platforms.

In 2003, Portman has acquired Sealforce Limited, which traded as Travelforce, extending the office network to Docklands and Reading. Despite margin pressure and the impact of reduced travel spend, Portman continues to sustain its margins through operational efficiencies.

In the year ended 31 December 2002, the audited net profit after tax of Portman was £3.3 million (2001: £2.8 million) on turnover of £174 million (2001: £219 million). Dividends of £393,585 were received by Dunedin Enterprise during the year to 30 April 2003 (2002: £233,505). The net assets of Portman at 31 December 2002 were £11.5 million (2001: £10.5 million).

16.8%	Percentage of equity
2,516	Cost of investment £'000
6,099	Directors' valuation £'000
7.3%	Percentage of portfolio at valuation

MGE Finances

MGE manufactures and sells UPS systems (un-interruptible power supply) and a wide range of power-protection systems for sensitive applications such as computers, telecommunications systems and Internet infrastructures and services. With production sites in France, the USA and China, MGE is one of the front-rankers on the UPS market and has become the world leader in large and mid-sized systems.

Dunedin Enterprise acquired its stake in MGE as part of the Group Trust plc portfolio acquired in 2001.

In the year ended 30 September 2002, MGE reported an operating profit of €70.1 million (2001: €73.5 million) on turnover of €568.4 million (2001: €782.9 million). Loan interest of £134,702 was received by Dunedin Enterprise in the year to 30 April 2003 (2002: £87,731). The net assets of MGE at 30 September 2002 amounted to €163.3 million (2001: €199.7 million).

1.4%	Percentage of equity
3,897	Cost of investment £'000
5,560	Directors' valuation £'000
6.7%	Percentage of portfolio at valuation



C.G.I. International Limited

In December 1998, Dunedin Enterprise invested £2.8 million in C.G.I. International. The company, which recently moved to a new purpose-built factory in Haydock, Merseyside, manufactures and supplies specialist glass, mainly fire resistant, to a worldwide market. Some 65% of the company's sales are made to export markets in Europe, the Far East and elsewhere.

The company's principal fire glass product is Pyroguard, which features a unique, patented, wire-free protection glass. This glass is particularly versatile as it can be readily cut locally to the desired size. This product type is increasingly demanded by international building codes and regulations.

In the year ended 31 December 2002, the audited net profit after tax of C.G.I. International was £1.4 million (2001: £1.2 million) on turnover of £8.7 million (2001: £7.6 million). Dividends of £298,063 were received by Dunedin Enterprise during the year to 30 April 2003 (2002: £250,700). The net assets of C.G.I. International at 31 December 2002 amounted to £5.5 million (2001: £5.3 million).

46.5%	Percentage of equity
1,303	Cost of investment £'000
5,240	Directors' valuation £'000
6.3%	Percentage of portfolio at valuation

Thomson Brothers Limited

In March 1999, Dunedin Enterprise invested £3.5 million in the management buyout of Thomson Brothers from Fife Group plc. Thomson Brothers is a distributor of architectural ironmongery, workwear, abrasives and welding products. The main product is architectural ironmongery in which Thomson Brothers is the leading supplier in Scotland. It operates out of eleven depots in Scotland and seven in England.

In the year ended 31 December 2002, the audited net profit after tax of Thomson Brothers was £0.7 million (2001: £0.3 million) on turnover of £32.9 million (2001: £32.1 million). Dividends and loan interest of £336,654 were received by Dunedin Enterprise during the year to 30 April 2003 (2002: £277,847). The net assets of Thomson Brothers at 31 December 2002 amounted to £1.5 million (2001: £1.0 million).

Thomson Brothers was sold to Wolseley plc on 31 May 2003 and Dunedin Enterprise realised £5.0 million for its shareholding.

44.6%	Percentage of equity
3,535	Cost of investment £'000
4,990	Directors' valuation £'000
6.0%	Percentage of portfolio at valuation



Goals Soccer Centres Limited

In November 2000, Dunedin Enterprise supported the management buyin of Goals Soccer Centres, the operator of five-a-side football and multi-sport complexes. The company is the UK's second largest five-a-side football operator.

Since the management buyin, Dunedin Enterprise has provided further development finance and now has a £4.8 million investment, which has allowed the business to expand from five football centres to eight. Two new sites in London and Leicester will open in July and August this year. These augment the original centres in Aberdeen; Shawlands and Clydebank in Glasgow; and Wembley and Dagenham in London. Two further sites are under development and a further five are planned over the next year.

In the year ended 31 December 2002, the audited net profit after tax of Goals Soccer Centres was £0.1 million (2001: loss of £0.5 million) on turnover of £4.7 million (2001: £2.9 million). Loan interest of £238,880 was received by Dunedin Enterprise during the year to 30 April 2003 (2002: £166,680). The net assets of Goals Soccer Centres at 31 December 2002 amounted to £0.2 million (2001: £0.1 million).

39.7%	Percentage of equity
4,807	Cost of investment £'000
4,807	Directors' valuation £'000
5.8%	Percentage of portfolio at valuation

Gardner Group Limited

In March 2003, Dunedin Enterprise invested £3.6 million to support the £21.5 million management buyout of Gardner, one of the UK's largest aerospace machining groups. Gardner was bought from the Receiver of its parent company L. Gardner Group plc. The deal was co-led with ABN Amro Capital.

Gardner produces a wide range of machined components for airframes and aircraft engines, ranging from small detail parts to full-length aircraft wing skins and highly complex jet engine casings. Customers include Rolls-Royce, BAE Systems, Airbus and GKN. The business has eleven sites throughout England and Wales, and in Poland. The business employs 1,000 people and is headquartered in Nuneaton.

In the year ended August 2001, Gardner, as a division of L. Gardner Group plc, made an operating profit in excess of £7.0 million, on turnover of c.£65.0 million. In the year to August 2002, turnover reduced to c.£56.0 million and Gardner made an operating loss. Gardner was acquired at a discount of c.£8.0 million to net assets. The company has now been returned to operating profitability and sees significant opportunities in the short to medium term to win business from competitors and market growth.

15.0%	Percentage of equity
3,610	Cost of investment £'000
3,610	Directors' valuation £'000
4.3%	Percentage of portfolio at valuation



Blaze Signs International Limited

In August 2000, Dunedin Enterprise invested £3.8 million in the management buyout of Blaze Signs International. Blaze designs, manufactures and installs signs for a wide range of clients throughout the UK and Europe from its factories in Broadstairs and Birmingham.

Blaze is continuing to invest in its business, with new funding allowing the company to increase its presence in the UK signage market. The company has made a return to profitability following a difficult 2002.

In the year ended 31 March 2003, the audited net profit after tax of Blaze was £0.2 million (2002: loss £1.7 million) on turnover of £14.6 million (2002: £13.0 million). Loan interest of £3,328 was received by Dunedin Enterprise in the year to 30 April 2003 (2002: £44,013). The net assets of Blaze at 31 March 2003 amounted to £(0.4 million) (2002: £(0.6 million)).

40.8%	Percentage of equity
3,801	Cost of investment £'000
3,513	Directors' valuation £'000
4.2%	Percentage of portfolio at valuation

Jessops Limited

In April 2003, Dunedin Enterprise invested £3.1 million in the secondary buyout of Jessops. This deal was led by ABN Amro Capital and completed in October 2002.

Jessops is the UK's leading specialist photographic retailer with 243 stores throughout the UK. It is one of the fastest growing retailers in the country, operating in one of the highest growth segments of the retail industry – digital cameras. The number of stores operated by Jessops in the UK has more than trebled over the past five years. The principal opportunity for the business is to continue the roll out programme of new stores (26 over the next two years) supported by the continued growth in the digital photographic market.

In the year ended 30 September 2002, the operating profit of Jessops was £13 million on turnover of £240 million.

4.0%	Percentage of equity
3,139	Cost of investment £'000
3,139	Directors' valuation £'000
3.8%	Percentage of portfolio at valuation



Long Term Record

Year ended 30 April	Net assets £'000	Revenue available for ordinary shareholders £'000	Per Ordinary Share			
			Net asset value p	Earnings p	Dividend p	Share price p
1988	25,794	488	138.2	2.6	2.0	98.0
1989	26,323	640	141.0	3.4	3.0	88.0
1990	29,860	898	160.0	4.8	4.0	94.0
1991	27,165	885	145.6	4.7	4.5	90.0
1992	28,002	791	150.0	4.2	4.0	91.0
1993	26,181	801	140.3	4.3	4.0	107.0
1994	34,873	951	*179.9	5.1	4.2	146.0
1995	48,763	1,201	207.5	5.6	4.4	181.0
1996	58,699	2,061	245.7	8.7	7.2	207.0
1997	70,430	2,597	294.7	10.9	9.1	254.5
1998	79,746	2,698	333.7	11.3	10.0	276.0
1999	89,887	2,731	376.2	11.4	11.0	277.5
2000	99,002	2,986	414.3	12.5	11.6	320.5
2001	86,474	3,269	362.2	13.7	12.85	320.0
2002	101,840	4,115	326.5	13.5	12.85	247.5
2003	95,492	3,475	309.3	11.1	12.85	218.5

* Restated taking account of the dilution following the issue of shares as a result of the exercise of warrants on 31 August 1994.

The Twenty Largest Investments

Company Year end	Proportion of fully diluted capital owned %	Book cost £'000	Valuation £'000	Dividend per share p	Dividend cover	Fully diluted net asset value per share £
Letts Filofax Group Limited 31.01.03						
Desk and pocket diary supplier	41.1	3,961	10,256	A Ord 14.5	28.7	8.4
Davenham Group Holdings PLC 30.06.02						
Provider of niche short-term lending products	34.4	4,960	10,238	Nil	n/a	n/a ¹
Portman Holdings Limited 31.12.02						
Business travel agency	16.8	2,516	6,099	A Ord 82.3 Pref 6.0	5.9 6.9	3.6
MGE Finances 30.9.02						
Supplier of power protection systems	1.4	3,897	5,560	Nil	n/a	56.0
C.G.I. International Limited 31.12.02						
Manufacture and supply of fire resistant glass	46.5	1,303	5,240	A Ord 59.7 Pref 8.0	5.7 5.0	5.9
Thomson Brothers Limited 31.12.02						
Distribution of architectural ironmongery	44.6	3,535	4,990	A Ord 74.9	6.8	1.9
Goals Soccer Centres Limited 31.12.02						
Operator of five-a-side football pitches	39.7	4,807	4,807	Nil	n/a	0.2
Gardner Group Limited MBO investment made in March 2003						
Manufacturer of machined aerospace components	15.0	3,610	3,610	Nil	n/a	n/a ²
Blaze Signs International Limited 31.3.03						
Manufacture, distribution and installation of signs	40.8	3,801	3,513	A Ord 28.0	3.5	n/a ¹
Jessops Limited MBO investment made in April 2003						
Specialist photographic retailer	4.0	3,139	3,139	Nil	n/a	n/a ²

Company Year end	Proportion of fully diluted capital owned %	Book cost £'000	Valuation £'000	Dividend per share p	Dividend cover	Fully diluted net asset value per share £
Travel & General Holdings Limited 31.10.02	25.9	691	3,122	Ord 11.1 Pref 7.0	7.4 11.6	3.7
Underwriting of insurance bonds for UK tour operators						
Accantia Limited 31.12.02	2.9	1,949	2,874	Nil	n/a	n/a ^{*1}
Sale of health and beauty products						
Cheynet S.A 31.12.02	11.3	2,541	2,419	Nil	n/a	35.5
Manufacturer of narrow elastic fibres						
Hayley Conference Centres Holdings Limited 31.03.02	5.4	1,649	2,407	Ord 35.4 Pref 3.0	4.7 3.6	6.3
Provision of conference facilities						
LGV1 Private Equity Fund 31.12.02	2.2	1,764	2,265	Nil	n/a	n/a
Unquoted equity partnership fund						
AIM Group Holdings Limited 30.4.02	37.5	768	2,060	Nil	n/a	3.7
Computer systems and software design for legal, debt collection and retail markets						
LGV2 Private Equity Fund 31.12.02	1.9	1,746	1,938	Nil	n/a	n/a
Unquoted equity partnership fund						
Dunedin Buyout Fund 30.4.03	13.0	1,571	1,883	Nil	n/a	n/a
Unquoted equity partnership fund						
OSS Environmental Holdings Limited 31.12.02	27.9	5,372	1,194	Nil	n/a	1.5
Waste oil collection and recycling						
Trident Components Group Limited 31.12.02	3.2	2,754	1,016	Nil	n/a	n/a ^{*1}
Manufacturer of die-cast components						

*1 no funds available to equity shareholders

*2 no financial statements available

Information for Investors

Dunedin Enterprise is managed by DCP. All enquiries in relation to the company, other than those related to Edinburgh Fund Managers products, should be directed to DCP at:- 10 George Street, Edinburgh, EH2 2DW.

The company's share price appears under the heading 'Investment Companies' in The Financial Times, The Daily Telegraph, The Scotsman and The Herald. Prices are also available on various websites such as www.trustnet.com.

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. However, in order to facilitate investment in the company, arrangements have been put in place for Dunedin Enterprise to be part of the Edinburgh Fund Managers Investment Trust Savings Plan, ISA, Pension and PEP.

InvestIT – the Edinburgh Fund Managers investment trust savings plan offers a simple means of investing in Dunedin Enterprise for both adults and on behalf of children. Investors can make regular monthly payments (minimum £30 per month, (£20 per month in InvestIT for

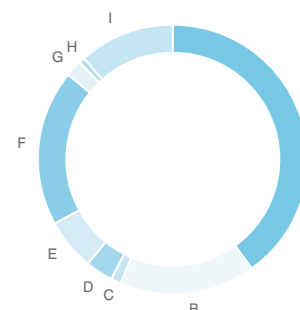
Children)) or invest occasional lump sums (minimum £250 initially and £30 thereafter (£150 initially and £20 thereafter in InvestIT for Children)). Existing shareholders can also transfer their shares into the InvestIT plan and have their dividends re-invested. There are no charges for running your plan. However, government stamp duty of 0.5% is payable on all share purchases. A transaction fee of £10 plus VAT is charged on all sales.

Individual Savings Account (ISA) – the Edinburgh Fund Managers Investment Trust ISA is a low-cost, tax-efficient savings vehicle. Two types of ISA are available, the Maxi (which for the tax year 2003/04 allows investors to invest up to £7,000 in Dunedin Enterprise) and the Mini (which for the tax year 2003/04 allows investors to invest up to £3,000 in Dunedin Enterprise). The initial charge is £30 plus VAT and the annual management charge is 0.5% plus VAT. This annual ISA management charge is capped at £60 plus VAT. In addition, government stamp duty of 0.5% is payable on all share purchases. An ISA transfer facility is also available.

Personal Equity Plan (PEP) – it is no longer possible to open new PEPs, but existing investors

Shareholder Analysis

A	Insurance	40.0%
B	Pension Funds	16.3%
C	Unit Trusts	1.2%
D	Other Institutions	3.3%
E	EFM Investment Trust Savings Plan - InvestIT	6.2%
F	EFM Investment Trust PEP/ISA	18.7%
G	EFM Investment Trust Pensions	2.1%
H	Alliance Trust Savings Scheme	0.7%
I	Other Retail Investors	11.5%



can transfer between different PEP funds and providers without losing their tax advantages. A transfer plan is available whereby investors can transfer into a PEP invested in Dunedin Enterprise. No initial fee is charged, except government stamp duty of 0.5% which is payable on all share purchases, and the annual management fee of 0.5% is capped at £40 plus VAT.

Pension – the Edinburgh Fund Managers Investment Trust Pension enables investors to save for retirement by investing in Dunedin Enterprise. With the changes in Pension Regulations introduced in April 2001, an even wider range of investors can now enjoy the benefits of a Personal Pension. Contributions can be made regularly or by lump sums.

To obtain further information about any of the above plans, please call the Edinburgh Fund Managers Helpline free of charge on 0800 028 6789, email response@edfd.com or visit www.edfd.com.

For information and application forms on the InvestIT, ISA, Pension and PEP transfer and enquiries relating to existing holdings please contact:

Client Services Team

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Pension Administrator

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Personal Pension Management Limited
141 Castle Street
Salisbury, Wiltshire SP1 3TB
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Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trust shares purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs/PEPs, may be changed by future legislation. Investments made in smaller companies or specialist sectors such as technology related stocks can be more volatile than

investments in developed markets and more established companies, and above average price movements can be expected. Exposure to a single country market also increases potential volatility. An investment trust which gears may have a more volatile share price than one which does not.

The information on pages 28 and 29 is issued and has been approved for the purposes of Section 21 (Restrictions on Financial Promotion) of the Financial Services and Markets Act 2000 by Edinburgh Fund Managers plc which is authorised and regulated in the UK by the Financial Services Authority. DCP is authorised and regulated in the conduct of its investment business by the Financial Services Authority.



The company is a member of
The Association of Investment
Trust Companies

Corporate Information

Directors

Edward W Dawnay, Chairman
Alexander S Dudgeon
David J Gamble
Stefan G Kay
Simon E C Miller

Manager, Secretary & Registered Office

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Bankers

Bank of Scotland

Solicitors

Dundas & Wilson CS

Auditors

KPMG Audit Plc

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Directors' Report

The directors have pleasure in submitting to shareholders the accounts for the year to 30 April 2003.

Revenue

Consolidated revenue for the year was £5.3 million compared with £5.5 million last year. Revenue available for shareholders was £3.5 million compared with £4.1 million representing earnings per share of 11.1p compared with 13.5p last year.

Dividend

A final dividend of 10.0p is recommended for payment on 22 August 2003 to shareholders on the register at close of business on 1 August 2003. The ex-dividend date is 30 July 2003. The final dividend together with the interim dividend of 2.85p paid during the year, makes a total of 12.85p per ordinary share costing £4.0 million (2002: 12.85p per ordinary share costing £4.0 million) leaving a loss of £0.5 million (2002: profit of £0.1 million) to be transferred to revenue reserves.

Valuation

The valuation of investments at 30 April 2003 was £112.5 million (2002: £103.8 million). Shareholders' funds amounted to £95.5 million (2002: £101.8 million) giving a net asset value of 309.3p per share (2002: 326.5p per share).

Principal Activity and Status

The company is an investment company within the meaning of Section 266 of the Companies Act 1985.

During the year under review the company carried on the business of an investment trust. The last accounting period for which the company has been approved by the Inland Revenue in accordance with the provisions of Section 842 of the Income and Corporation Taxes Act 1988 was the year ended 30 April 2002. The directors have managed the affairs of the company with the intention that it will continue to qualify for approval as an investment trust.

Review of the Business

A review of the business is given in the Chairman's Statement on pages 8 to 11.

Share Capital

During the year to 30 April 2003, the company bought back 320,000 ordinary shares of 25p each (representing 1.0% of the issued share capital at 30 April 2002) on the London Stock Exchange for cancellation. The total cost of these shares was £0.6 million. At 18 June 2003 no further shares have been repurchased.

The directors of the company at 30 April 2003 and their interests in the ordinary shares of the company are shown below:

Ordinary Shares	30.4.03	30.4.02
E W Dawnay	-	-
A S Dudgeon	4,000	4,000
D J Gamble	5,000	-
S G Kay	13,198	12,498
S E C Miller	3,000	3,000

All of these interests are beneficially held. There have been no changes in the above holdings between 1 May 2003 and 18 June 2003.

Contracts of Service

No director has a service contract with the company. Mr SEC Miller has an interest in the management agreement.

Directors' and Officers' Insurance

The company maintains insurance cover in respect of directors' liability.

Substantial Share Interests

Detailed in the table below are the substantial interests in the ordinary share capital notified to the company at 18 June 2003.

	Number of ordinary shares	Percentage of total issued ordinary shares
Legal & General Assurance Society	9,073,782	29.4
British Airways Pension Trustees Limited	3,726,514	12.1
The Standard Life Assurance Company	3,260,645	10.6

Going Concern

The directors consider that the group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason they continue to use the going concern basis in preparing the accounts.

Risk Management

The risks associated with the company are credit, currency, interest rate, liquidity and market risk. The management of each of these risks by the board is detailed on pages 51 to 52.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the revenue for that period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Manager's Incentive Scheme ("the Scheme")

Dunedin Enterprise operates a co-investment scheme for DCP executives. Under the Scheme, selected executives invest their own funds in ordinary shares (and, on occasion, other financial instruments) alongside Dunedin Enterprise. Co-investment schemes are a common feature in the private equity sector. Details of the Scheme are shown on page 53.

Creditors Policy

The company agrees terms and conditions for its business transactions with suppliers. Payment is made on these terms, provided the supplier meets its obligations. The company has no trade creditors.

Contributions

In accordance with its normal practice, the company has made no contributions to political or charitable organisations during the year.

Annual General Meeting ("AGM")

The AGM of the company will be held at The Royal Society of Edinburgh, 22-26 George Street, Edinburgh, EH2 2PQ on Wednesday 20 August 2003 at 12 noon. Notice of the AGM is given on page 54 of this report.

Authority of directors to allot shares

Resolution 6 to be proposed at the AGM relates to the issue of shares. Resolution 6 contains a renewal for a period up to 15 months from this year's AGM of the disapplication of shareholders' pre-emption rights granted to the directors on 21 August 2002. If approved, this resolution would empower the directors to issue shares for cash without applying pre-emption rights if the issue were made either in connection with a rights issue or would not exceed 5% cent of the issued share capital as at the date of this notice convening the AGM.

Authority to buy back shares

The directors' authority to buy back shares for cancellation was renewed at last year's AGM, and will expire on 20 August 2003.

During the year ended 30 April 2003, 320,000 ordinary shares were bought back for cancellation. The directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase up to 4,630,791 ordinary shares (being 14.99% of the issued share capital). This authority will expire at the conclusion of the AGM of the company in 2004.

Purchases of ordinary shares will only be made through the market for cash at prices below the prevailing net asset value per ordinary share. Under the Listing Rules of the Financial Services Authority, the maximum price that can be paid is 5% above the average of the market values of the ordinary shares for the five business days before the purchase is made. The minimum price that may be paid will be 25p per share (being the nominal value of a share). Ordinary shares that are purchased will be cancelled. In making purchases, the company will deal only with member firms of the London Stock Exchange.

Auditors

The auditors, KPMG Audit Plc, have indicated their willingness to continue in office and a resolution re-appointing them and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board,
Dunedin Capital Partners Limited,
Secretary,
Edinburgh, 18 June 2003

Directors' Remuneration Report

This report is prepared in accordance with Schedule 7A of the Companies Act 1985, which applies to the company for the first time this year.

The company's auditors are required to report on certain information contained within this report. Where information set out below has been audited it is indicated as such. The auditors' opinion is included within the auditors' report on page 38.

The board currently comprises five non-executive directors. The board as a whole considers directors' remuneration and a Remuneration Committee has not been established. The board has access to independent advice where it considers it appropriate.

The remuneration policy set by the board is described below.

Remuneration policy

The board's policy is that the remuneration of non-executive directors should reflect time spent and the responsibilities borne by the directors on the company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The company's articles of association limit fees payable to the directors to £120,000 in aggregate. Directors' fees payable during the year totalled £85,000 (excluding VAT and employers NIC), as set out in the table below. No directors' remuneration is performance related and directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits. It is considered appropriate that no aspect of directors' remuneration should be performance related in light of the directors' non-executive status.

It is the intention of the board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

Directors' fees

The information in this section has been subject to audit.

The directors who served during the year received the following emoluments:

	2003 £'000	2002 £'000
Edward Dawnay	25	22
Alexander Dudgeon	15	13
David Gamble	15	6
Stefan Kay	15	13
Simon Miller	15	13
	85	67

There has been no increase in the remuneration of directors during the year. With effect from 1 September 2001, fees payable to the chairman

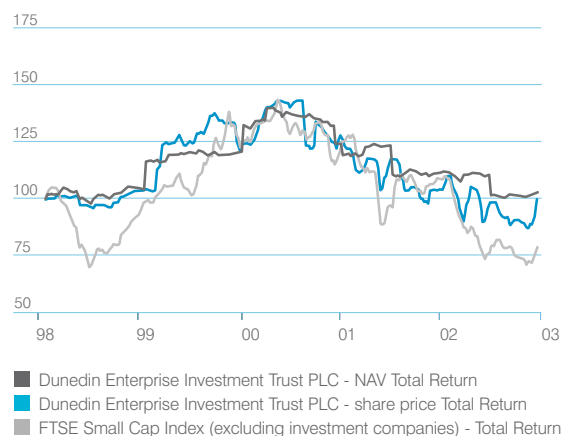
were increased from £15,000 to £25,000 per annum and for other directors from £10,000 to £15,000 per annum. Included in the above are fees totalling £15,000 payable to Dunedin Capital Partners Limited, the company's investment manager, for making available the services of Mr SEC Miller as a director of the company.

Service contracts

None of the directors has a service contract with the company. The company's articles of association provide that directors shall retire and be subject to re-election at the first annual general meeting after their appointment, and at least every three years thereafter. No compensation is payable to directors on leaving office.

Total shareholder return

The graph below charts the cumulative share price and net asset value total return (on the assumption that all dividends are reinvested) to ordinary shareholders since 1 May 1998. This return is compared to the cumulative total shareholder return on a notional investment in the FTSE Small Cap Index (excluding investment companies) which is the benchmark against which the company's performance is measured. The data has been rebased to 100 at the start of the period covered by the graph.



Source: Thomson Datastream

Approval of the report

This directors' remuneration report was approved by the board of directors on 18 June 2003, and was signed on its behalf by Mr E Dawnay (Chairman).

An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming AGM.

By order of the board,
Dunedin Capital Partners Limited
 Secretary
 18 June 2003

Corporate Governance

The company is committed to high standards of corporate governance. The board has put in place a framework for corporate governance which it believes is suitable for an investment trust and which enables the group to comply with the Principles of Good Governance and Code of Best Practice ("the Combined Code") prepared by the Committee on Corporate Governance, published in June 1998.

The board considers that the group has complied with the provisions contained within the Combined Code throughout this accounting period, and this statement describes how the relevant principles of governance are applied to the group.

The Board

The board determines the strategic direction of the group. It meets on a quarterly basis to review the investment performance of the group's underlying investments and the financial position of the group. The board has a formal schedule of matters specifically reserved for discussion. The schedule of matters is reviewed annually by the board. The directors receive quarterly management accounts outlining the group's financial position and investment performance. The investment manager's evaluation procedure and financial analysis of portfolio companies includes a review of environmental performance and detailed research and appraisal. The investment management of the group is governed by an investment management agreement between the group and DCP.

Directors

There is a clear division of responsibility between the chairman, the directors and the investment manager. The investment manager's role is defined within the investment management agreement.

The remuneration of the directors consists only of fees. At 30 April 2003, there were five directors, four of whom were independent. Their biographies, on page 12, highlight their wide range of business experience. The structure of the board is such that it is considered unnecessary to identify a senior non-executive director other than the chairman.

The directors have access to any information, the advice and services of the company secretary and, if required, external advice

at the expense of the group. All directors are subject to election by shareholders at the first Annual General Meeting after their appointment and thereafter no less frequently than at every third subsequent Annual General Meeting.

Board Committees

The board has appointed two committees, the Audit and Management Engagement Committee and the Nomination Committee.

The Audit and Management Engagement Committee comprises the independent non-executive directors. The committee has specific terms of reference and plays an important role in reviewing the quality of financial reporting and DCP's internal controls. Its responsibilities are:-

- to review and advise the board on the interim and annual financial statements, on matters relating to accounting policy, and the control of the financial and business risks affecting the group;
- to review the nature and scope of the work to be performed by the external auditors;
- to make recommendations as to the appointment and remuneration of the external auditors; and
- to annually review and advise the board on the terms of the investment management agreement.

The Audit and Management Engagement Committee meets privately with the external auditors. Senior representatives of the DCP management team attend the Audit and Management Engagement Committee meetings as appropriate. The terms of reference of the Audit and Management Engagement Committee include all matters indicated by the Combined Code.

As all the directors of the group are non-executive, the board as a whole fulfils the function of the Nomination Committee which meets when necessary to select and propose suitable candidates for appointment to the board.

Membership of Board Committees

Audit and Management Engagement Committee

Edward W Dawnay (Chairman)

Alexander S Dudgeon

David J Gamble

Stefan G Kay

Nomination Committee

Edward W Dawnay (Chairman)
Alexander S Dudgeon
David J Gamble
Stefan G Kay
Simon E C Miller

Relations with Shareholders

All shareholders have the opportunity to attend and vote at the Annual General Meeting ("AGM"). The notice of the AGM sets out the business of the meeting and any item not of an entirely routine nature is explained in the Directors' Report on pages 32 to 34. Separate resolutions are proposed for substantive issues. In addition, both the board and representatives of the investment manager are available to answer shareholders' questions at the AGM. Proxy voting figures are announced to the shareholders at the AGM.

The investment manager holds regular discussions with major shareholders, the feedback from which is greatly valued by the board. In addition, the chairman and directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the group. The section entitled "Information for Investors", on pages 28 and 29, provides an overview of useful information available to shareholders.

Internal Control

DCP has responsibility for the day-to-day running of the group. The framework of internal control is designed to provide reasonable, but not absolute, assurance that:

- transactions are executed in accordance with the delegated authority under the management agreement;
- transactions are appropriately recorded to permit the preparation of reliable financial statements;
- the assets of the group are protected, and fraud is prevented or detected; and
- the group is managed effectively and efficiently in accordance with the directions of the board.

In assessing what constitutes reasonable assurance, DCP and the board have regard to materiality and the cost of, and the benefit from particular aspects of control. Internal control is

the overall responsibility of the board. The investment management agreement defines the tasks delegated to DCP.

DCP reports at each board meeting on the operation of its internal controls and risk management within DCP, in so far as it impacts on the group. This enables the board to address any issues, regarding the management of the group, as and when they arise.

Review of internal controls

The Combined Code requires directors to review and report to shareholders on the group's system of internal control, including financial, operational and compliance controls and risk management.

In September 1999 the Institute of Chartered Accountants in England and Wales published 'Internal Control: Guidance for Directors on the Combined Code' (known as the Turnbull Committee guidance). The board developed, in conjunction with its investment manager, a mechanism for reviewing the group's systems of internal control to comply with the objectives of the guidance.

The board confirms that since 1 May 2002 to the date of this report, appropriate procedures to review the effectiveness of the group's system of internal control have been in place which cover all controls including financial, operational and compliance controls and risk management.

These procedures include an ongoing process for monitoring internal controls. This assessment includes a review of the significant risks faced by the group and an assessment of their impact and likelihood. In addition, an assessment of the effectiveness of internal controls in managing risks is conducted based on FRAG 21/94 (revised) control reports from DCP and other relevant service providers. Other than as disclosed above, the group has complied with the provisions set out in Section 1 of the Combined Code throughout the financial year ended 30 April 2003.

There is no Internal Audit function within DCP. Given the size and level of complexity of the business, it is not considered necessary.

Independent Auditors' Report

To the members of Dunedin Enterprise Investment Trust PLC

We have audited the financial statements on pages 39 to 52. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the directors' remuneration report. As described on page 34, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on pages 36 and 37 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the

group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the directors' remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2003 and of its total return for the year then ended; and
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
Edinburgh
18 June 2003

Consolidated Statement of Total Return

For the year ended 30 April				2003			2002
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments		-	(2,694)	(2,694)	-	(8,268)	(8,268)
Income	2	5,287	-	5,287	5,544	-	5,544
Investment management fee	3	(651)	(1,952)	(2,603)	(733)	(2,200)	(2,933)
Other expenses	4	(432)	(36)	(468)	(361)	-	(361)
Net return before finance costs and tax		4,204	(4,682)	(478)	4,450	(10,468)	(6,018)
Interest payable and similar charges	5	(314)	(941)	(1,255)	(335)	(1,004)	(1,339)
Return on ordinary activities before tax		3,890	(5,623)	(1,733)	4,115	(11,472)	(7,357)
Tax on ordinary activities	6	(415)	415	-	-	-	-
Return attributable to equity shareholders		3,475	(5,208)	(1,733)	4,115	(11,472)	(7,357)
Dividends in respect of equity shares	7	(3,975)	-	(3,975)	(4,005)	-	(4,005)
Transfer to reserves		(500)	(5,208)	(5,708)	110	(11,472)	(11,362)
Basic return per ordinary share	8	11.1p	(16.7p)	(5.6p)	13.5p	(37.6p)	(24.1p)

The revenue account column is the profit and loss account of the group.

The notes on pages 43 to 52 form part of the financial statements.

Consolidated Balance Sheet

At 30 April	Notes	£'000	2003 £'000	£'000	2002 £'000
Fixed asset investments	9		112,468		103,752
Current assets					
Debtors	10	1,092		1,861	
Cash at bank		5,587		22,904	
		6,679		24,765	
Current liabilities					
Creditors: amounts falling due within one year	11	(3,278)		(11,677)	
Net current assets			3,401		13,088
Total assets less current liabilities			115,869		116,840
Creditors: amounts falling due after more than one year	12		(20,377)		(15,000)
			95,492		101,840
Capital and reserves					
Called up share capital	13		7,718		7,798
Share premium account	14		47,600		47,600
Capital reserves:					
Capital redemption reserve	14		208		128
Capital reserve – realised	14		39,281		39,954
Capital reserve – unrealised	14		(1,380)		3,795
Revenue reserve	14		2,065		2,565
Total equity shareholders' funds			95,492		101,840
Net asset value per share	15		309.3p		326.5p

The financial statements were approved by the board of directors on 18 June 2003.
E.W. Dawnay, Chairman

The notes on pages 43 to 52 form part of the financial statements.

Company Balance Sheet

At 30 April	Notes	£'000	2003 £'000	£'000	2002 £'000
Fixed asset investments	9		102,375		103,752
Investment in subsidiary	9		14,000		14,000
Current assets					
Debtors	10	1,092		1,848	
Cash at bank		1,076		8,814	
		2,168		10,662	
Current liabilities					
Creditors: amounts falling due within one year	11	(3,278)		(11,677)	
Net current liabilities			(1,110)		(1,015)
Total assets less current liabilities			115,265		116,737
Creditors: amounts falling due after more than one year	12		(20,377)		(15,000)
			94,888		101,737
Capital and reserves					
Called up share capital	13		7,718		7,798
Share premium account	14		47,600		47,600
Capital reserves:					
Capital redemption reserve	14		208		128
Capital reserve – realised	14		39,281		39,954
Capital reserve – unrealised	14		(1,380)		3,795
Revenue reserve	14		1,461		2,462
Total equity shareholders' funds			94,888		101,737

The financial statements were approved by the board of directors on 18 June 2003.

E.W. Dawnay, Chairman

The notes on pages 43 to 52 form part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	£'000	2003 £'000	£'000	2002 £'000
Net cash inflow from operating activities	17		2,541		1,676
Servicing of finance					
Interest paid			(1,255)		(1,619)
Taxation					
Tax paid		(203)		-	
Tax recovered		55		452	
Net cash (outflow)/inflow from taxation			(148)		452
Financial Investment					
Purchase of investments		(10,078)		(11,084)	
Purchase of 'AAA' rated money market funds		(28,899)		-	
Sale of investments		28,483		34,184	
Net cash (outflow)/inflow from financial investment			(10,494)		23,100
Acquisitions					
Cash consideration on purchase of Group Trust plc		-		(7,500)	
Costs incurred on purchase of Group Trust plc		(31)		(995)	
			(31)		(8,495)
Equity dividends paid			(4,007)		(3,772)
Net cash (outflow)/inflow before financing			(13,394)		11,342
Financing					
Purchase of ordinary shares		(640)		(1,302)	
Currency loan reduction		(3,283)		-	
			(3,923)		(1,302)
Cash on short term deposits assumed on purchase of Group Trust plc			-		6,317
(Decrease)/increase in cash for the period			(17,317)		16,357
Reconciliation of net cash flow to movement in net funds					
(Decrease)/increase in cash as above			(17,317)		16,357
Cash at bank and in hand at 1 May			22,904		6,547
Cash at bank and in hand at 30 April			5,587		22,904

The notes on pages 43 to 52 form part of the financial statements.

Notes on the Accounts

1. Accounting basis and policies

a. Accounting convention

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice ("SORP") for Investment Trust Companies.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Dunedin Enterprise Investment Trust PLC and its subsidiary Dunedin Enterprise Limited. No separate Profit and Loss Account is presented for the company as permitted by section 230 of the Companies Act 1985.

c. Associated undertakings

Those private equity investments that may be termed associated undertakings are carried at cost or valuation in accordance with the company's normal policy and are not equity accounted as required by the Companies Act 1985. The directors consider that, as these investments are held as part of the company's portfolio with a view to the ultimate realisation of capital gains, equity accounting would not give a true and fair view of the company's interests in these investments. The quantification of the effect of this departure is not practicable. The policy to continue to investment account is specifically permitted under FRS 9 "Associates and Joint Ventures", where venture capital entities hold investments as part of a portfolio.

d. Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are transferred directly to the capital reserve.

e. Investment income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is applicable are brought into account when the group's right to receive payment is established. Interest income is accounted for on an accruals basis except where there is uncertainty as to whether the interest will be received. Franked investment income is reported net of tax credits in accordance with FRS 16 "Current Tax".

f. Management and finance expenses

The accounting method for management fees (inclusive of any irrecoverable VAT thereon) and finance expenses is to charge 75% to capital. This represents the capital element of the board's expected long term return from the portfolio.

g. Valuation policy

Investments listed on the London Stock Exchange are valued at middle market quotations derived from the Stock Exchange Daily Official List on the relevant date, although in certain circumstances a discount may be applied. Unquoted equity investments are initially valued at cost, provided there are no adverse factors, or relative to the price at which transactions have taken place in, or an offer has been made for, securities of the relevant company. In other circumstances, investments may be valued relative to earnings subject, where appropriate, to a discount for lack of marketability or relative to the price at which new capital has been subscribed. Non-convertible fixed income securities are valued at cost provided there are no adverse factors. The valuation policy accords with the principles set out by the British Venture Capital Association.

h. Capital reserves

Gains and losses on realisation of investments are dealt with in the capital reserve together with the proportion of management fee and finance expenses charged to capital.

i. Deferred taxation

Deferred taxation is provided on the liability method on all timing differences, calculated at the rate at which it is estimated that tax will be payable. A deferred tax asset is not set up for unrelieved management expenses which are not expected to be recovered against future profits.

Notes on the Accounts

2. Income

	Group 2003 £'000	Group 2002 £'000
Income from investments		
Franked investment income – UK	1,656	2,222
Income from 'AAA' rated money market funds	284	-
Unfranked investment income – UK	1,485	2,206
Unfranked investment income – Overseas	502	610
Corporate bonds – UK	-	36
Limited partnership income – UK	305	2
	4,232	5,076
Other income		
Deposit interest	1,026	378
Arrangement fees	29	90
	1,055	468
Total income	5,287	5,544
Income from investments		
Listed – UK	127	309
Income from 'AAA' rated money market funds	284	-
Unlisted – UK	3,319	4,157
Unlisted – Overseas	502	610
	4,232	5,076

3. Investment management fee

	Revenue £'000	Capital £'000	Group 2003 Total £'000	Revenue £'000	Capital £'000	Group 2002 Total £'000
Investment management fee	554	1,662	2,216	624	1,872	2,496
Irrecoverable VAT thereon	97	290	387	109	328	437
	651	1,952	2,603	733	2,200	2,933

DCP provides investment management and general administrative services to the group for a quarterly fee payable in advance equal to 1/2% of gross assets. The notice period on the management agreement is two years.

Mr SEC Miller is chairman of Dunedin Capital Partners Limited, the investment manager, and is therefore deemed to have an interest in the management agreement. Mr SEC Miller participates in the co-investment scheme operated by Dunedin Enterprise for DCP executives.

4. Other expenses

Profit on ordinary activities before taxation is shown after charging the following amounts:

	Group 2003 £'000	Group 2002 £'000
Directors' fees	96	77
Amounts paid to auditors and their associates:		
– audit services	15	14
– taxation services	10	17
– accounting and other advisory services	7	12
Administration expenses	269	238
Deal abort fees	23	3
Banking arrangement fees	12	-
	432	361

Fees of £40,000 payable to the auditors in connection with the acquisition and subsequent liquidation of Group Trust plc have been allocated to "Capital Reserve - Realised" (Note 14).

The group does not directly employ any staff.

5. Interest Payable

	Revenue £'000	Capital £'000	Group 2003 Total £'000	Revenue £'000	Capital £'000	Group 2002 Total £'000
On bank loans and overdraft:						
Repayable within 5 years	-	-	-	106	316	422
Repayable in more than 5 years	314	941	1,255	229	688	917
	314	941	1,255	335	1,004	1,339

6. Taxation on profit on ordinary activities

	Group 2003 £'000	Group 2002 £'000
UK corporation tax at 30% (2002: 30.0%)	415	-
Factors affecting the tax charge for the year:		
Return on ordinary activities before tax	3,890	4,115
UK Corporation Tax at 30%	1,167	1,234
Effects of:		
Non taxable income	(612)	(609)
Expenses disallowed for tax purposes	10	1
Group relief for no payment	(150)	(395)
Revenue management expenses brought forward	-	(231)
	415	-
UK corporation tax at 30% (2002: 30%) charged to capital	(415)	-
	-	-

At April 2003 the company had net surplus management expenses of £4,425,670 (2002: £3,416,669) in respect of which a deferred tax asset has not been recognised. This is because the company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the company will be able to reduce future tax liabilities through the use of existing surplus expenses.

The company qualifies as an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988. In the opinion of the directors the company has conducted and intends to continue to conduct its affairs so as to enable it to retain investment trust approval. Given the company's status as an investment trust no provision has been made for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7. Dividends

	Pence per share	Group 2003 £'000	Pence per share	Group 2002 £'000
Interim paid	2.85	888	2.85	892
Final proposed	10.00	3,087	10.00	3,119
Adjustment for prior years	-	-	-	(6)
	12.85	3,975	12.85	4,005

8. Return per ordinary share

Basic revenue return per ordinary share is based on revenue return attributable to equity shareholders of £3,475,098 (2002: £4,114,754) and on 31,106,557, (2002: 30,581,580) being the weighted average number of ordinary shares in issue during the year.

Basic capital return per ordinary share is based on capital return attributable to equity shareholders for the financial year of £(5,208,286), (2002: £(11,471,690)) and on 31,106,557, (2002: 30,581,580) being the weighted average number of ordinary shares in issue at the year end.

Notes on the Accounts

9. Investments

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Listed UK investments	-	6,966	-	6,966
Listed Overseas investments	-	91	-	91
Unlisted UK investments	75,591	85,237	75,591	85,237
Unlisted Overseas investments	7,978	11,458	7,978	11,458
	83,569	103,752	83,569	103,752
'AAA' rated money market funds	28,899	-	18,806	-
	112,468	103,752	102,375	103,752

The company owns 100% of the share capital and voting rights of Dunedin Enterprise Limited. Dunedin Enterprise Limited is registered in Scotland and its business is to manage short-term deposits for the group. The investment in Dunedin Enterprise Limited of £14,000,000 is valued at cost at 30 April 2003.

Funds realised from listed and unlisted investments have been utilised to make investments in 'AAA' rated money market funds. The board intend to realise these investments as and when new unlisted investment opportunities arise.

	Listed £'000	Unlisted £'000	Group and Company Total £'000
Book cost at 30 April 2002	1,746	98,211	99,957
Unrealised appreciation	5,311	(1,516)	3,795
Valuation at 30 April 2002	7,057	96,695	103,752
Movements in the year:			
Purchases at cost	-	10,359	10,359
Transfer	5,288	(5,288)	-
Sales – proceeds	(12,298)	(16,186)	(28,484)
– realised gains on sales	(47)	490	443
Unrealised foreign currency movements	-	761	761
Decrease in unrealised appreciation	-	(2,981)	(2,981)
Group Trust plc fair value adjustment	-	(281)	(281)
Valuation at 30 April 2003	-	83,569	83,569
Book cost at 30 April 2003	-	84,949	84,949
Closing unrealised appreciation	-	(1,380)	(1,380)
	-	83,569	83,569

Included within unlisted investments are investments valued at £46,165,547 (2002: £47,462,788) where the company's interest is between 20% and 50% of the equity. These have not been accounted for as associates for the reason set out in note 1(c). These investments are listed on page 47.

	Group and Company 2003 £'000	Group and Company 2002 £'000
Realised gains based on cost	3,117	7,438
Unrealised appreciation recognised in prior periods	(2,674)	(6,257)
	443	1,181
Unrealised foreign currency movements	761	(60)
Decrease in unrealised appreciation	(2,981)	(10,401)
Group Trust plc fair value adjustment	(281)	830
	(2,058)	(8,450)

The Group Trust plc fair value adjustment relates to non recoverable accrued loan interest.

9. Investments (continued)

The portfolio at valuation comprises the following:

	Group and Company 2003 £'000	Group and Company 2002 £'000
Ordinary shares	34,064	47,563
Preference shares	5,524	11,015
Limited partnership funds	8,471	8,706
Fixed interest rate loan stock	33,642	31,041
Floating interest rate loan stock	1,868	5,427
	83,569	103,752

Significant interests

- (a) At 30 April 2003 Dunedin Enterprise Investment Trust PLC held between 20% and 50% of the allotted share capital of the following companies:

Name	Country of incorporation or registration	Class of capital	% of class held	% of equity held	Latest available accounts	Share Capital & reserves £'000	Profit/(loss) for year* £'000
AIM Group Holdings Limited	England	'A' Ordinary	50.0	37.5	30.4.02	3,677	(88)
Blaze Signs International Limited	England	Ordinary	3.2	40.8	31.3.03	(426)	215
		'A' Ordinary	92.5				
C.G.I. International Limited	England	'A' Ordinary	63.1	46.5	31.12.02	5,500	1,432
		CRP	63.1				
Central Scotland Finance Limited	Scotland	Ordinary	47.1	47.1	31.12.02	2,354	196
Davenham Group Holdings Limited	England	'A' Ordinary	69.9	34.4	30.6.02	3,935	1,941
		'B' Ordinary	19.4				
Goals Soccer Centres Limited	Scotland	'A' Ordinary	58.0	39.7	31.12.02	167	117
Letts Filofax Group Limited	Scotland	'A' Ordinary	57.8	41.1	31.1.03	7,018	2,480
OSS Environmental Holdings Limited	England	'A' Ordinary	92.5	27.9	31.12.02	2,146	(640)
Outreach plc	Scotland	Pref Ord	100.0	47.4	30.4.02	1,047	(198)
		CRP	50.0				
Thomson Brothers Limited	Scotland	'A' Ordinary	100.0	44.6	31.12.02	1,467	704
Travel & General Holdings Limited	England	Ordinary	23.7	25.9	31.10.02	6,903	1,372
		'A' Ordinary	32.7				
		CRP	57.8				

*after taxation

- (b) Other interests of 10% or more of any class of allotted share capital:

Name	Country of incorporation or registration	Class of capital	% of class held	% of equity held
Cheyne S.A.	France	Ordinary	11.3	11.3
Dynamic Imaging Limited	Scotland	Ordinary	18.7	18.7
Gardner Group Limited	England	Ordinary	15.0	15.0
Motherwell Bridge Holdings Limited	Scotland	Ordinary	14.1	14.1
Portman Holdings Limited	England	'A' Ordinary	25.0	16.8
		CRP	25.0	
Spec Chem (Holdings) Limited	England	'B' Ordinary	19.7	19.7

Abbreviations shown above:

CRP	Cumulative Redeemable Preference Shares
Pref Ord	Preferred Ordinary Shares
n/a ¹	No financial statements available
n/a ²	First year of investment

Equity percentages shown are fully diluted, based on the latest audited accounts available, to take account of options and warrants, which have been issued, and conversion rights.

Notes on the Accounts

9. Investments (continued)

Sector Analysis of Investments

At 30 April	2003 £'000	2002 £'000
Aerospace and defence	4,081	-
Automobiles and parts	1,016	3,031
Construction and building materials	13,744	13,079
Electronic and electrical equipment	6,345	4,362
Engineering and machinery	-	2,336
General retailers	3,139	285
Household goods and textiles	13,627	10,071
Insurance	3,541	3,300
Investment companies	-	467
Leisure and hotels	7,911	10,973
Oil and gas	407	11,025
Personal care and household products	3,605	2,729
Pharmaceuticals and biotech	5	239
Software and computer services	3,797	4,268
Speciality and other finance	11,113	10,523
Support services	11,238	27,064
'AAA' rated money market funds	28,899	-
Total of investments	112,468	103,752
Cash at bank and on deposit	5,587	22,904
Net current liabilities	(2,186)	(9,816)
Bank debt	(20,377)	(15,000)
Ordinary shareholders' funds	95,492	101,840

10. Debtors

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Prepayments and accrued income	1,092	1,806	1,092	1,793
Taxation recoverable	-	55	-	55
	1,092	1,861	1,092	1,848

11. Creditors: Amounts falling due within one year

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Multi currency loan	-	8,102	-	8,102
Proposed dividend	3,087	3,119	3,087	3,119
Corporation Tax	-	196	-	196
Accruals	191	260	191	260
	3,278	11,677	3,278	11,677

12. Creditors: Amounts falling due after more than one year

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Term loan	15,000	15,000	15,000	15,000
Revolving credit facility	5,377	-	5,377	-
	20,377	15,000	20,377	15,000

The term loan was drawn down on 28 April 2000 and is repayable on 28 April 2010. The rate of interest on the term loan has been fixed at 6.31% by an interest rate swap. The rate of interest is fixed for eight years with a break option after five years.

A revolving credit facility of £24 million is available to the company until 28 April 2010. The rate of interest on the revolving credit facility is 1.1% above LIBOR.

13. Called-up share capital

	Nominal No.	Group and Company 2003 £'000	Nominal No.	Group and Company 2002 £'000
Authorised:-				
Ordinary shares of 25p each	40,000,000	10,000	40,000,000	10,000
Allotted, called-up and fully paid:-				
Ordinary shares at 1 May 2002	31,191,941	7,798	23,872,488	5,968
Shares issued on acquisition of Group Trust plc	-	-	7,810,727	1,953
Shares purchased and cancelled during year	(320,000)	(80)	(491,274)	(123)
Ordinary shares at 30 April 2003	30,871,941	7,718	31,191,941	7,798

During the year the company repurchased 320,000 ordinary shares at an aggregate cost of £639,831. This represented 1.0% of the company's issued ordinary share capital at 30 April 2002. The effect of these movements is to reduce the number of ordinary shares in issue from 31,191,941 to 30,871,941. At 18 June 2003 no further ordinary shares have been repurchased.

14. Reserves

Group	Share premium account £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue account £'000
At 30 April 2002	47,600	128	39,954	3,795	2,565
Retained net loss for the year	-	-	-	-	(500)
Transfer on disposal of investments	-	-	2,674	(2,674)	-
Net gain on realisation of investments	-	-	443	-	-
Revaluation movements	-	-	-	(2,501)	-
Foreign currency movements	-	-	(558)	-	-
Management fees charged to capital	-	-	(1,952)	-	-
Finance arrangement fees charged to capital	-	-	(36)	-	-
Loan interest charged to capital	-	-	(941)	-	-
Costs incurred on purchase of Group Trust plc	-	-	(78)	-	-
Purchase and cancellation of ordinary shares	-	80	(640)	-	-
Tax effect of capital items	-	-	415	-	-
At 30 April 2003	47,600	208	39,281	(1,380)	2,065
Company	Share premium account £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue account £'000
At 30 April 2002	47,600	128	39,954	3,795	2,462
Retained net loss for the year	-	-	-	-	(1,001)
Transfer on disposal of investments	-	-	2,674	(2,674)	-
Net gain on realisation of investments	-	-	443	-	-
Revaluation movements	-	-	-	(2,501)	-
Foreign currency movements	-	-	(558)	-	-
Management fees charged to capital	-	-	(1,952)	-	-
Finance arrangement fees charged to capital	-	-	(36)	-	-
Loan interest charged to capital	-	-	(941)	-	-
Costs incurred on purchase of Group Trust plc	-	-	(78)	-	-
Purchase and cancellation of ordinary shares	-	80	(640)	-	-
Tax effect of capital items	-	-	415	-	-
At 30 April 2003	47,600	208	39,281	(1,380)	1,461

Notes on the Accounts

15. Net asset value per share

The net asset value per share is calculated on shareholders funds of £95,492,046 (2002: £101,839,803) and on 30,871,941 ordinary shares in issue at the year end (2002: 31,191,941).

16. Reconciliation of movements in shareholders' funds

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Opening shareholders' funds	101,840	86,474	101,737	86,469
Total recognised gains and losses: revenue	(500)	110	(1,001)	12
Total recognised gains and losses: capital	(5,208)	(11,472)	(5,208)	(11,472)
Issue of ordinary shares	-	28,290	-	28,290
Costs of issuing new ordinary shares	-	(260)	-	(260)
Purchase and cancellation of ordinary shares	(640)	(1,302)	(640)	(1,302)
Closing shareholders' funds	95,492	101,840	94,888	101,737

17. Reconciliation of income to net cash inflow from operating activities

	Group 2003 £'000	Group 2002 £'000
Net revenue before finance costs and tax	4,204	4,450
Decrease/(increase) in accrued income	701	(673)
Decrease/(increase) in other debtors	14	(12)
(Decrease)/increase in creditors	(390)	111
Management fees charged to capital	(1,952)	(2,200)
Finance arrangement fees charged to capital	(36)	-
Net cash inflow from operating activities	2,541	1,676

18. Capital Commitments

There were outstanding capital commitments of £12,007,791 (2002: £14,237,196) in respect of investments at the end of the year.

19. Contingent Liabilities

The company is the subject of a legal action by certain shareholders of an investee company who were dismissed as directors of that company. On the basis of legal advice, Dunedin Enterprise is confident of its position and the action is being vigorously defended.

An offer has been made to purchase the directors' shareholdings. No provision is considered necessary and any costs incurred in defending the action will be treated as part of the investment cost, dealt with in the capital account.

20. Manager's Incentive Scheme

(a) With effect from 1 May 1999, the manager's incentive scheme ("the Scheme"), described on page 53 was introduced to Dunedin Enterprise.

(b) During the year qualifying directors and managers of DCP have invested £32,644 (2002: £18,870) in companies in which Dunedin Enterprise also has an interest. In the same period Mr SEC Miller, a director, invested £2,285 (2002: £1,546) in these unquoted companies.

21. Financial Instruments

The company is an investment company as defined by Section 266 of the Companies Act 1985 and conducts its affairs so as to qualify as an investment trust under the provisions of Section 842 of the Income and Corporation Taxes Act 1988. The company's current objective is to provide shareholders with long term capital growth through investment in unquoted companies. Investments are made with an anticipated holding period of between three and five years. Investment agreements will, however, usually provide that any loans advanced to investee companies are for a longer period than this. The agreements will usually provide for repayments to be made by instalments with provision for full repayment on the sale or flotation of investee companies.

In pursuing the group's objectives, the group faces risks to both assets and revenue. These risks and the board's approach to the management of risks are as follows:

Risk		Management of risk
Credit	Failure of investee companies to pay interest on, or to repay debt securities within the prescribed time	The board manages credit risk inherent in the group's portfolio by ensuring full and timely access to relevant information from the manager. The board meets quarterly and reviews investment performance and the financial results of the underlying investee companies.
	Failure by counterparties to deliver securities for which the group has paid, or to pay for securities which the group has delivered.	Transactions in unquoted securities are generally either settled through lawyers or paid to existing portfolio companies. Transactions in quoted securities are settled on the basis of delivery against payment.
Liquidity	Difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments.	The group has significant investments in unquoted companies which are inherently illiquid. The group seeks to have cash generally available to meet short term financial needs. The group currently has cash balances of £5.6 million, investments in 'AAA' rated money market funds of £28.9 million and access to loan facilities totalling £39.0 million, of which £20.4 million were drawn at 30 April 2003.
Currency	The group's assets consist principally of sterling investments. The value of non sterling investments and the income from them can change according to movements in exchange rates.	A portion of the group's non sterling investments have been hedged using currency borrowings to take the investment. The board monitors the currency risk inherent in the remainder of the group's portfolio by ensuring that it has full and timely access to relevant information from the manager. The board meets quarterly and at each meeting reviews the group's currency exposure.
Interest Rate	Exposure to interest rate movements on assets and liabilities which are subject to floating interest rates.	The board has fixed the rate of interest payable on the group's term loan borrowings. The board monitors the interest rate risk inherent in other group assets and liabilities by ensuring that it has full and timely access to relevant information from the manager. The board meets quarterly and at each meeting reviews the group's interest exposure.
Market	The group's assets consist principally of quoted and unquoted investments. The value of quoted investments is determined by market forces and the valuation of the unquoted investments is indirectly derived from market values.	The board monitors market risk inherent in the group's portfolio by ensuring that it has full and timely access to relevant information from the manager. The board meets quarterly and at each meeting reviews investment performance and financial results. It monitors compliance with the group's objective and is responsible for investment strategy.

Notes on the Accounts

21. Financial Instruments (continued)

The foreign currency exposure of the group at 30 April 2003 was:

Currency	Foreign currency assets £'000	Foreign currency liabilities £'000	Net foreign currency assets £'000
Euro	9,886	(5,377)	4,509

The foreign currency exposure of the group at 30 April 2002 was:

Currency	Foreign currency assets £'000	Foreign currency liabilities £'000	Net foreign currency assets £'000
Euro	11,168	(4,816)	6,352
US dollars	4,845	(2,386)	2,459
Total	16,013	(7,202)	8,811

The interest rate profiles for financial assets of the group at 30 April 2003 was:

Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	35,785	34,486	37,898	108,169
Euro	3,381	1,868	4,637	9,886
Total	39,166	36,354	42,535	118,055

The interest rate profiles for financial assets of the group at 30 April 2002 was:

Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	35,093	23,116	52,434	110,643
Euro	4,368	3,056	3,744	11,168
US Dollars	2,595	2,159	91	4,845
Total	42,056	28,331	56,269	126,656

The profile of the fixed rate financial assets at 30 April 2003 was:

Currency	Weighted average interest rate	Weighted average years to maturity
Sterling	8%	4.9
Euro	4%	5.9
	7%	5.0

The profile of the fixed rate financial assets at 30 April 2002 was:

Currency	Weighted average interest rate	Weighted average years to maturity
Sterling	7%	5.3
Euro	6%	5.4
US Dollars	5%	0.1
	7%	5.0

The group has a term loan facility of £15 million (2002: £15 million) which is subject to a fixed rate of interest of 6.31%. The group has a revolving credit facility of £24 million which is subject to a floating rate of interest linked to LIBOR.

Nil rate assets include ordinary shares and limited partnership fund investments.

The group does not trade in financial instruments.

Summary of Manager's Incentive Scheme ("the Scheme")

Introduction

The Scheme is designed to allow executives of DCP responsible for the investment of Dunedin Enterprise funds to co-invest alongside such funds by investing in ordinary equity shares (and occasionally, other financial instruments).

Participation

Selected employees of DCP participate in the Scheme (following consultation with the board of Dunedin Enterprise) subject to an overall investment limit, presently 100% of the participant's basic salary. Employees who accept the invitation to participate shall be entitled and bound to do so for the whole of the relevant year.

Investment

Each participant shall invest in every investment offered under the Scheme during the relevant year. Participants invest in proportion to amounts determined by DCP's Remuneration Committee. Participants shall acquire investments at the price at which Dunedin Enterprise acquires the same investment.

Payment

Each participant must advance the money required for the acquisition of investments on completion and in default shall cease to participate in any further investment opportunities for the remainder of that year and for up to six months of the following year.

Disposal of Investments

Participants shall dispose of investments at the same time and at the same price as Dunedin Enterprise and to the extent required pursuant to a flotation.

Restriction

Prior to an exit, investments acquired pursuant to the Scheme may not be sold, charged, assigned, transferred or otherwise alienated by a participant, except to connected persons. A participant shall cease to participate as regards new investments on reaching his overall investment limit, on the breach of any of the rules and on the date on which notice is given by either party of termination of the participant's employment.

Leavers

A participant who leaves DCP retains all investments held by him pursuant to the Scheme up to the date when disposal is required alongside Dunedin Enterprise.

Amendment

Each year DCP may amend the Scheme with the consent of the company.

Notice of Annual General Meeting

Notice is hereby given that the twenty ninth Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at The Royal Society of Edinburgh, 22-26 George Street, Edinburgh, EH2 2PQ on Wednesday 20 August 2003 at 12 noon for the following purposes:-

Ordinary Business

1. To receive and consider the report of the directors and the financial statements for the year to 30 April 2003.
2. To declare a final dividend for the year ended 30 April 2003.
3. To approve the directors' remuneration report for the year ended 30 April 2003.
4. To re-elect as a Director Mr E W Dawnay who retires by rotation in accordance with the articles of association.
5. To re-appoint KPMG Audit Plc as auditors and to authorise the directors to determine the auditors' remuneration.

Special Business

To consider and, if thought fit, to pass the following special resolutions:

6. That, in substitution for any existing power under Section 95 of the Companies Act 1985 (the "Act") where they are generally authorised for the purposes of Section 80 of the Act the Directors be and they are hereby empowered, pursuant to Section 95(1) of the Act, to allot equity securities (as defined in Section 94(2) of the Act) for cash as if Section 89(1) of the Act did not apply to any such allotment, provided that this power is limited:
 - (i) to the allotment of equity securities in connection with a rights issue in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly may be) to the respective numbers of ordinary shares held or deemed held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise; and
 - (ii) to the allotment (other than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £385,899;

and shall expire on the conclusion of the next Annual General Meeting of the company after the passing of this resolution (or, if earlier, the date which is 15 months after the passing of this resolution) save that the company may, before this authority expires or is replaced, make an offer or agreement which would or might require equity securities to be allotted after such expiry or replacement and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired or, as the case may be, been replaced.

7. That the company be and it is hereby authorised in accordance with section 166 of the Act to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 25 pence each provided that:
 - (i) the maximum number of ordinary shares hereby authorised to be purchased is 4,630,791;
 - (ii) the minimum price which may be paid for an ordinary share shall be 25 pence;
 - (iii) the maximum price (exclusive of expenses) which shall be paid for an ordinary share shall be an amount equal to 105 per cent of the average middle market quotations for a share taken from and calculated by reference to the London Stock Exchange Daily Official list for the five business days immediately preceding the day on which the shares are purchased;
 - (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the company in 2004 unless the authority is issued, revoked or renewed prior to such time; and
 - (v) the company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

By Order of the Board
Dunedin Capital Partners Limited
Secretary
18 June 2003

Registered Office:
10 George Street, Edinburgh EH2 2DW

Notes

1. A member entitled to attend and vote at the Annual General Meeting ("AGM") may appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the company.
2. Proxy forms must be lodged not less than 48 hours before the meeting with the company's registrars, Lloyds TSB Registrars Scotland, PO Box 28448, Finance House, Orchard Brae, Edinburgh, EH4 1WQ. Completion of the form of proxy does not preclude a member from attending the meeting and voting in person.
3. There are special arrangements for holders of shares through the Edinburgh Fund Managers Investment Trust Savings Plan and the Edinburgh Fund Managers Investment Trust PEP or ISA. These are explained in the 'Letter of Directions' which such holders will have received with this report.
4. Pursuant to regulations 34 of the Uncertificated Securities Regulations 1995, the company has specified that to be entitled to attend and vote at the meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the register of members at 12 noon on 18 August 2003. If the meeting is adjourned then, to be so entitled, members must be entered on the register of members 48 hours before the time fixed for the adjourned meeting, or, if the company gives notice of the adjourned meeting, at any other time specified in that notice.

Financial Calendar

Announcements, dividend payments and the issue of the annual and interim reports may normally be expected in the months shown below:

June

Preliminary figures and recommended final dividend for the year announced.

July

Annual Report and accounts published.

August

Annual General Meeting and final dividend paid.

December

Interim dividend announced and interim report for half year to 31 October published.

January

Interim dividend paid.

