Dunedin Enterprise Investment Trust PLC

Half year results to 30 June 2011

Dunedin

Dunedin Enterprise – Performance

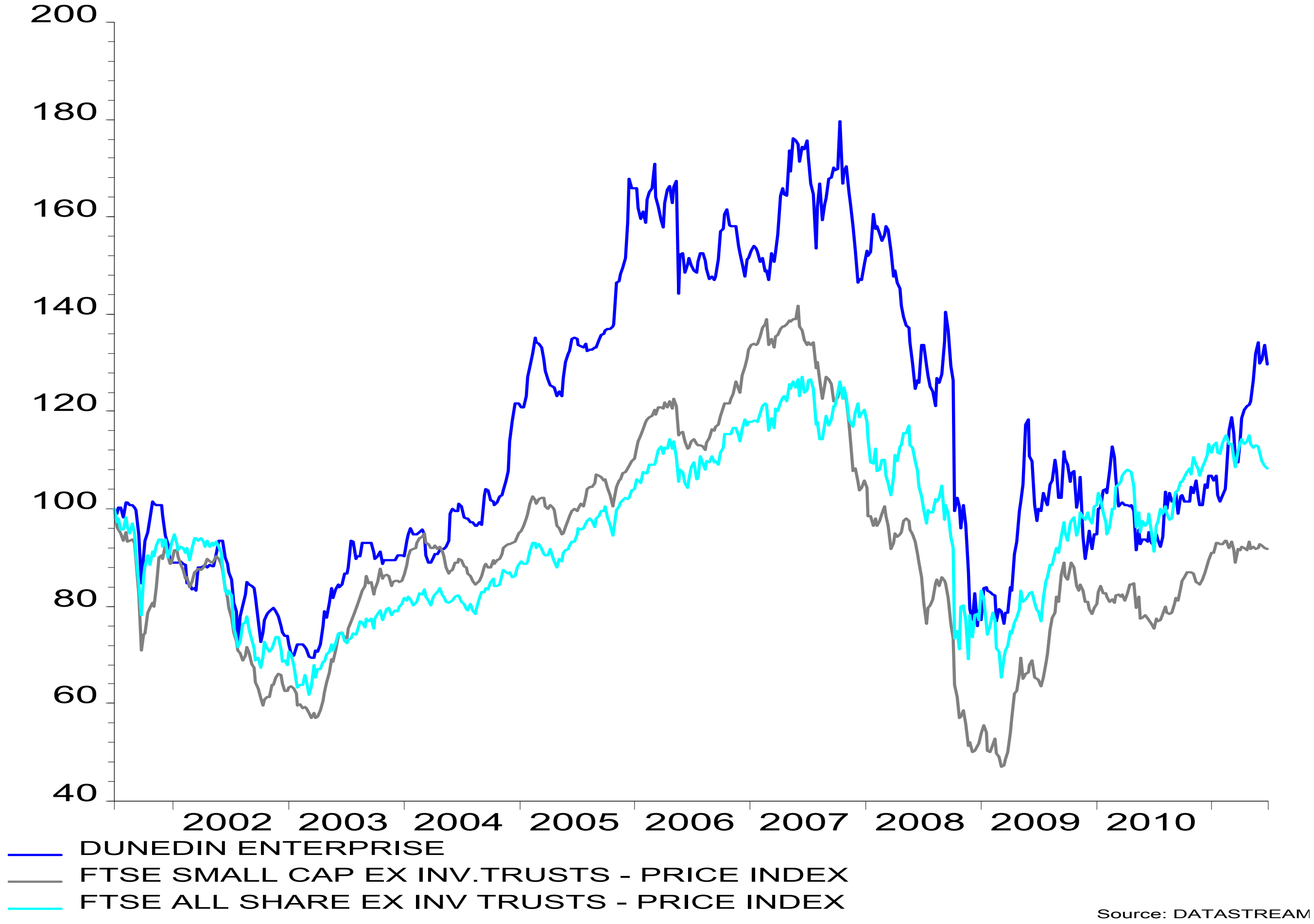
- NAV per share up by 5.6% to 525.0p

  FTSE Small Cap up 1.0%

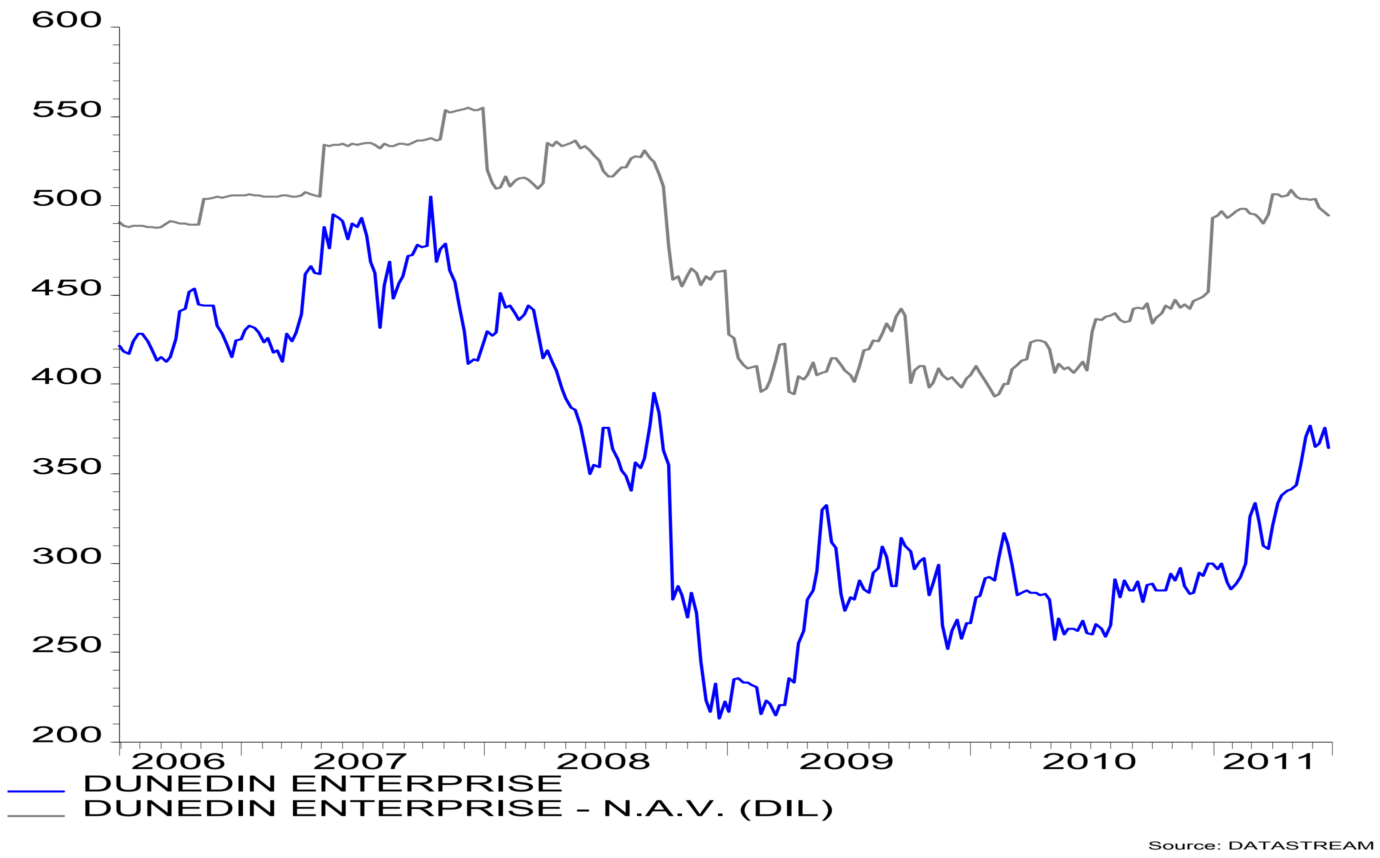
  FTSE All Share up 1.1%

- Share price up by 21.0% from 300p to 363p at 30 June 2011
- Discount reduced from 39.7% at 31 December 2010 to 30.9% at 30 June 2011
- Share price 333p at 2 August 2011
- Investment of £8.0m post 30 June 2011 in Red Commerce

Dunedin Enterprise – Share Price Return over 10 years to 30.06.11



Dunedin Enterprise – NAV and Share price

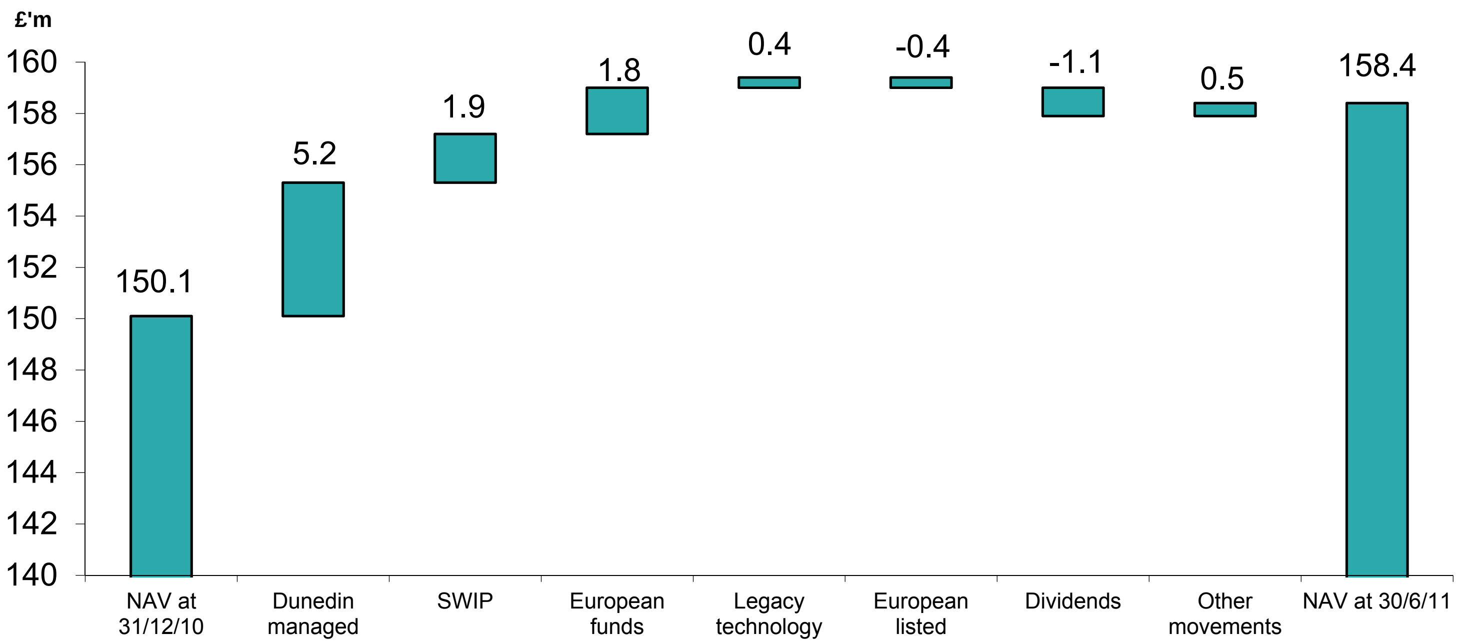


Dunedin Enterprise – Investment portfolio

£m

	Valuation at 31-12-10 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-06-11 £'m
Dunedin managed	87.2	0.8	-	0.1	5.1	93.2
Third party European funds	12.5	6.0	(0.9)	-	1.8	19.4
European listed private equity	11.6	-	(11.2)	(0.4)	-	-
SWIP Private Equity Fund of Funds	14.4	-	-	-	1.9	16.3
Legacy technology funds	1.7	-	(0.1)	-	0.4	2.0
	127.4	**6.8**	**(12.2)**	**(0.3)**	**9.2**	**130.9**

Dunedin Enterprise – NAV Performance Attribution



Dunedin Enterprise – Portfolio Valuation Movements

Company	Reason for movement	£m change
Capula	Strong level of new order generation	3.0
WFEL	Strong cash generation on mature contracts	2.2
SWIP	Increase in net asset value from €0.76 to €0.82	1.9
Practice Plan	Increase in maintainable earnings	1.6
Realza	Significant de-gearing at portfolio company	1.0
Egeria	Portfolio companies valued upwards from cost of investment	0.9
RSL Steeper	Challenging market conditions but Bebionic Hand selling well	(1.7)
Formaplex	Trading in one area impacted by inefficiencies but these are being resolved	(0.9)
Other movements		1.2
		9.2

Earnings-based Valuation

- Comply with IPEV guidelines
- Maintainable earnings
- Accrued interest of £10.7m (31/12/10: £8.2m)
- 10 out of 13 companies budgeting for increased profits
- 3 companies budgeting flat profits

Average Valuation Multiples – Dunedin Managed Direct Investments

Weighted Average	30 June 2011	31 December 2010	30 June 2010
EBITA	8.1	7.8	6.7
EBITDA	6.6	6.4	5.1

At 30 June 2011 EBITA multiples range from 5.9x to 9.7x

EBITDA multiples range from 4.4x to 9.6x

Average Valuation Multiples – Dunedin Managed Direct Investments

Key Sector Comparison	30 June 2011	31 December 2010	30 June 2010
Support Services	20.7	20.5	19.3

Represents 53% of the aggregate portfolio value (48% at 31 December 2010)

Portfolio Gearing – Dunedin Managed Direct Investments

Debt multiples	30 June 2011	31 December 2010	30 June 2010
EBITA multiple	1.9x	2.1x	2.0x
EBITDA multiple	1.5x	1.7x	1.5x

Note

Debt defined as banking facilities drawn less cash at 30 June 2011

EBITA and EBITDA per investment valuation

Portfolio Gearing – Dunedin Managed Direct Investments

Gearing as multiple of EBITDA	No. of companies	% of total valuation
Multiple < 1	5	44%
Multiple 1 to 2	3	29%
Multiple 2 to 3	3	20%
Multiple > 3	1	7%

Portfolio Gearing – Dunedin Managed Direct Investments

Maturity of Portfolio Company Debt	
Repayable in 2011	14%
Repayable in 2012	12%
Repayable in 2013	14%
Repayable in 2014	10%
Repayable in 2015	9%
Repayable thereafter	41%
	100%

All companies are covenant compliant and all are expecting to repay debt as scheduled

Dunedin Enterprise – Currency Factors

Euro Exchange Rate	at 30 June 2011	€1.11 to £1	
	at 31 December 2010	€1.16 to £1	
	at 30 June 2011	£: 72%	€: 28%
	at 31 December 2010	£: 63%	€: 37%

Increase in Sterling weighting reflects valuation uplifts and the sale of European quoted holdings offsetting European fund drawdowns

Impact of exchange rate movement on portfolio valuations in the half year was £1.3m (equates to 4p per share)

Dunedin Enterprise – Movement out of European Quoted Holdings

Valuation Realised ('m)	30 June 2011		31 December 2010		Movement	
	€	£	€	£	€	£
GIMV (Belgium)	3.4	3.0	3.5	3.0	(0.1)	-
DBAG (Germany)	4.9	4.2	5.0	4.4	(0.1)	(0.2)
CapMan (Scandinavia)	3.4	2.9	3.5	3.0	(0.1)	(0.1)
Dinamia (Spain)	1.3	1.1	1.3	1.2	-	(0.1)
Realised	13.0	11.2	13.3	11.6	(0.3)	(0.4)
SWIP (Fund of Funds)	18.0	16.3	16.7	14.4	1.3	1.9
	31.0	27.5	30.0	26.0	1.0	1.5

30 June 2011	€1.11 to £1, SWIP share price €0.82
31 December 2010	€1.16 to £1, SWIP share price €0.76

Dunedin Enterprise – Third party European fund movements

	Commitment	Drawn to date (No. of investment)	Outstanding commitment	Valuation at 30 June 2011	
	€m	€m	€m	€m	£m
FSN Capital (Nordic - €375m)	12.7	6.3 (7)	6.4	5.2	4.7
Realza (Iberia - €170m)	15.0	3.8 (2)	11.2	5.4	4.9
Egeria (Netherlands - €500m)	10.0	5.5 (5)	4.5	5.6	5.1
Innova (Eastern Europe - €450m)	15.0	2.6 (3)	12.4	2.5	2.2
Capiton (Germany - €350m)	15.0	3.2 (2)	11.8	2.8	2.5
	67.7	**21.4 (19)**	**46.3**	**21.5**	**19.4**

Dunedin Enterprise – Strategy and Commitments

- Dunedin managed funds

  DBF II : £75m commitment of which 71% drawn - o/s commitment £21.9m

  Investment period expires Sept 2011, extension of investment period to Sept 2012 approved.

  DBF I & EHF : investment periods expired, £1.1m remains undrawn and available

- Third party European funds
  - 5 commitments made to date
  - No new commitments in 2010
  - Commitments to date €67.7m, being £61.1m
  - Drawdowns to date £19.3m – o/s commitment £41.8m
  - Considering market carefully

Commitment Strategy

	30 June 2011 £m	Current £m
Cash and near cash	27.9	19.9
Undrawn commitments - Dunedin	(31.0)	(23.0)
Undrawn commitments - Europe	(41.8)	(41.8)
Unfunded commitments	(44.9)	(44.9)

The current cash position is stated post the Red Commerce investment.

Projections continue to show no borrowing requirement for the foreseeable future.

Dunedin Enterprise – New Investment Activity

- New investment of £6.8m to 30 June 2011
    - £6.0m in Third party European funds
    - £0.8m in Dunedin managed funds

- £8.0m invested in management buyout of Red Commerce on 2 July 2011

Dunedin Enterprise – New Investment Activity post 30 June 2011

- Red Commerce
  - £42.5m secondary management buyout
  - Global supplier of SAP experts to international corporations and consultancies
  - global footprint with access to over 200,000 SAP experts in 80 countries, and offices in the UK, Germany, France, Scandinavia, Switzerland and Brazil.
  - Clients include Bosch, Johnson & Johnson and Novartis. Included within the Sunday Times Fast Track 100 for three consecutive years
  - Dunedin DebtBridge™ facilitated certainty of completion
  - Dunedin equity stake 65% (Dunedin Enterprise – 19.3%)
  - Organic and acquisitions growth
  - Year to 31 March 2011:- Turnover £60.3m (net fee income £15.0m) EBITA £5.4m
  - Valuation 7.8x EBITA and 7.9x EBITDA

www.redcommerce.com

Dunedin Enterprise – Realisations

- Total realisations of £12.2m
- Including £11.2m from sale of entire remaining holding in European listed stocks

Dunedin Enterprise – Ten Largest Investments

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors' valuation £m	% of net assets %
SWIP Private Equity Fund of Funds II Plc	4.0	4.0	15.0	16.3	10.3
Practice Plan Group Holdings Limited	49.6	26.2	10.4	14.9	9.4
OSS Environmental Holdings Limited	40.2	40.2	6.0	11.4	7.2
CitySprint Group Limited	40.0	11.9	9.8	10.7	6.8
WFEL Holdings Limited	74.0	23.2	7.3	9.9	6.3
Weldex (International) Offshore Limited	51.0	15.1	9.5	9.8	6.2
Capula Group Limited	73.8	37.5	8.4	7.5	4.7
etc.venues Group Limited	53.4	27.9	3.4	7.1	4.5
CGI Group Limited	41.4	41.4	8.5	6.0	3.8
U-Pol Group Limited	17.5	5.2	5.7	5.8	3.6
			84.0	**99.4**	**62.8**

Dunedin Enterprise – Outlook

- Portfolio is in good shape
- Upturn in realisation prospects
- DBFII and European funds active in the new investment market
- Sufficient funds to meet forecast drawdowns