**Dunedin Enterprise Investment Trust PLC**
**Half Year Report 2012**

# Investing in Private Equity


Dunedin

## Dunedin Enterprise Investment Trust PLC specialises in the provision of private equity finance. Private equity is medium to long term finance provided in return for an equity stake in established, potentially high growth private companies.

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

**Contents**



References in this interim report to 'Dunedin Enterprise' or to 'the Company' or to 'the Parent Company' or to 'the Group' or the 'Trust' mean Dunedin Enterprise Investment Trust PLC. References to 'Dunedin' or to 'the Manager' or to the 'Investment Manager' mean Dunedin LLP.

# Financial Highlights

Net asset value per share increased by 7.6% to 582.2p per share in the six months to 30 June 2012

Realisations of £40.9m in the half year

New investment of £3.0m in the half year

£25m commitment to Dunedin's next fund

Intention to commit up to a further £25m

Tender offer undertaken for £14.3m

Tender offer proposed for £6.8m

Special dividend of 16p per share declared

£1.6m available to fund share buy-backs

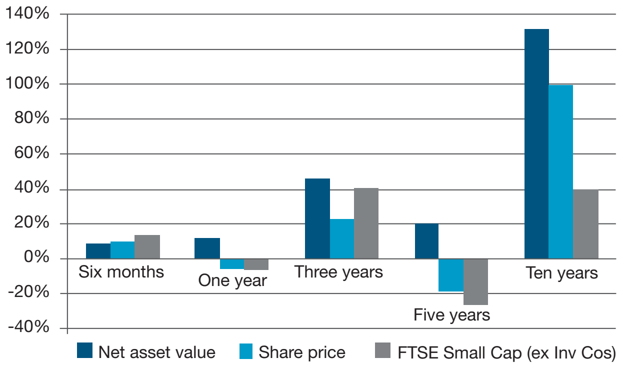
# Comparative Total Return Performance

| Periods to 30 June 2012 | Net Asset value* | Share price | FTSE Small Cap (ex Inv Cos) Index |
|---|---|---|---|
| Six months | 8.6% | 9.3% | 13.4% |
| One year | 11.9% | -5.6% | -6.4% |
| Three years | 45.8% | 23.5% | 40.3% |
| Five years | 20.2% | -18.8% | -26.3% |
| Ten years | 131.2% | 99.1% | 40.0% |

* taken from 30 April for five and ten years

The Trust achieved top quartile net asset value total return performance among its peers over the 12 months ended 30 June 2012

The Trust's net asset value total return outperformed its benchmark, the FTSE Small Cap (ex Inv Cos), over one year, three years, five years and ten years



# Chairman's Statement

One of the principal reasons for the change of strategy approved by shareholders in November 2011 was the need to address the substantial discount of the share price to net asset value. The Trust is now focussing primarily on investments managed by Dunedin in the UK as well as returning cash from realisations to shareholders in accordance with its new distribution policy.

The first step in this process was the sale of the Trust's stake in SWIP Private Equity Fund of Funds II PLC ("SWIP") for £14.5m, which represented a discount of 8% on the most recently published net asset value prior to sale. Following this realisation a tender offer for 10% of the share capital at a price of 475p resulted in the return of £14.3m to shareholders.

During the first half of the year the Trust's investments in Capula and WFEL were sold generating capital proceeds of £25.5m. The gain over cost generated by these realisations amounted to £10.2m. Following the half year end the investment in Capiton, one of the European funds, was realised for £3.3m generating an uplift of £0.2m on the valuation as at 31 December 2011.

As a result there is outstanding some £13.9m for distribution to shareholders, representing £8.4m of capital and £5.5m of income. The Board accordingly resolved to pay £4.3m by way of a special dividend of 16p per share on 28 September 2012 to shareholders on the register at 7 September 2012. In addition the Board proposes to recommend a tender offer to shareholders for 5% of the issued share capital at a price of 500p per share. This would represent a discount to net asset value per share after payment of the dividend of 12%. The balance of the capital currently available to be returned may be used to fund share buy-backs in the coming months or will be otherwise returned to shareholders in due course in accordance with the distribution policy.

In order to continue to deliver on the strategy approved by shareholders, the Trust committed £25m in March 2012 to the UK lower mid-market through Dunedin's next buyout fund. Following the successful realisations achieved this year, the Trust intends to commit a further amount of up to £25m to Dunedin's next buyout fund, bringing the Trust's total potential commitment to the new fund to £50m. Dunedin Buyout Fund II LP, to which the Trust committed £75m in 2006, is substantially invested and gross realised returns to date have generated 2.6 times money invested.

Following shareholder approval, the Court approved the cancellation of the Share Premium Account on 15 March 2012. The balance has been transferred to a special reserve.

The Trust has increased the size of its revolving credit facility to £20m in order to provide greater flexibility. The facility, which is currently undrawn, is available until 31 August 2013.

**David Gamble**
Chairman

30 August 2012

# Manager's Review

## Results for the six months to 30 June 2012

In the six months to 30 June 2012, Dunedin Enterprise's unaudited net asset value per share increased from 541.0p to 582.2p, an increase of 7.6%. When dividends paid in the half year are included, this equates to a total return of 8.6%.

During the six months to 30 June 2012 the share price of Dunedin Enterprise increased by 7.8% from 313.5p to 338.0p. The FTSE Small Cap index rose by 11.5% over the same period. The share price of 338p equates to a discount of 41.9% to net asset value and has reduced from 42.1% at 31 December 2011. At the date of writing the share price stands at 371.75p which equates to a discount of 36.1% to net asset value per share. Discounts throughout the sector generally remain high.

In the six months to 30 June 2012 Dunedin Enterprise invested a total of £3.0m and realised £40.9m from investments. Realisations in the half year generated a gain of £1.8m over opening valuations.

The Company had outstanding commitments to limited partnership funds of £76.0m at 30 June 2012. This consists of £49.8m to Dunedin managed funds and £26.2m to European funds. Outstanding commitments are stated following the sale of Capiton in August 2012.

## Net asset and cash movements in the half year to 30 June 2012

The movement in net asset value is summarised in the table below:-

| | £'m |
|---|---|
| Net asset value at 31 December 2011 | 163.0 |
| Unrealised value increases | 7.9 |
| Unrealised value decreases | (3.6) |
| Realised gain over opening valuation | 1.8 |
| Dividends paid to shareholders | (1.4) |
| Tender offer to shareholders | (14.3) |
| Other movements | 4.4 |
| Net asset value at 30 June 2012 | 157.8 |

Cash movements in the half year to 30 June 2012 can be summarised as follows:-

| | £'m |
|---|---|
| Cash and near cash balances at 31 December 2011 | 23.5 |
| Investments made | (3.0) |
| Investments realised | 40.9 |
| Tender offer to shareholders | (14.3) |
| Dividends paid to shareholders | (1.4) |
| Operating activities | 3.4 |
| Cash and near cash balances at 30 June 2012 | 49.1 |

## Portfolio composition and movements

Dunedin Enterprise holds investments in unquoted companies through:-

- Dunedin managed funds (including direct investments),
- Third party managed funds,
- Legacy technology funds.

The portfolio movements can be analysed as shown in the table below:-

| | Valuation at 31-12-11 £'m | Additions in half year £'m | Disposals in half year £'m | Realised movement £'m | Unrealised movement £'m | Valuation at 30-6-12 £'m |
|---|---|---|---|---|---|---|
| Dunedin managed | 103.9 | 1.6 | (25.6) | 1.9 | 4.0 | 85.8 |
| Third party managed | 19.8 | 1.4 | (0.5) | – | 0.4 | 21.1 |
| SWIP | 14.5 | – | (14.5) | (0.1) | 0.1 | – |
| Legacy technology funds | 1.5 | – | (0.3) | – | (0.2) | 1.0 |
| | 139.7 | 3.0 | (40.9) | 1.8 | 4.3 | 107.9 |

In the half year a total of £3.0m was invested by Dunedin Enterprise. The majority of new investment was made into Dunedin managed investments. A further £1.0m was invested in Enrich as the Trust continued to support the operations of the company and £0.2m was invested in Hawksford to finance the company's acquisition strategy. The remaining £0.4m was drawndown for management fees by Dunedin managed funds.

A total of £1.4m was drawn down by European funds to which the Company has made commitments. The most significant drawdown was made by FSN Capital III LP (£0.8m) for an investment in a leading Norwegian women's retailer.

In the six months to 30 June 2012 a total of £40.9m was realised from investments. The most significant realisations were SWIP (£14.5m), WFEL (£14.0m) and Capula (£11.5m). The proceeds realised from SWIP were returned to shareholders via a tender offer in April 2012.

WFEL was sold to KMW, a German land defence systems provider. In addition to the capital proceeds, income totalling £3.2m was received taking the total realised to £17.2m. This compares to a valuation of capital and accrued interest at 31 December 2011 of £12.2m.

Capula was sold to Imtech, a Dutch listed company. In addition to the capital proceeds, income totalling £2.3m was received taking the total realised to £13.8m. This compares to a valuation of capital and accrued interest at 31 December 2011 of £11.5m.

## Unrealised movements in valuation

Unrealised movements in portfolio company valuations in the half year totalled £4.3m. The largest increases within this total were in the valuation of Formaplex (£2.7m), CGI (£1.4m), etc.venues (£0.8m) and Hawksford (£0.6m). The net movement on the European fund investments was £0.3m. There were reductions in value at Enrich (£1.0m) and Red Commerce (£0.5m).

Formaplex is benefitting from strong demand in its Import Tooling and Composites divisions as well as for the new Foxhound vehicle supplied to the UK MoD. This has led to a 50% increase in the level of maintainable earnings. The valuation of CGI has benefitted from an increased multiple applied to the valuation on the back of an expanded product offering from the company and also a lower level of debt. The maintainable earnings of etc.venues have increased by 13% due to a combination of successful new venue openings and existing venues continuing to trade strongly. Hawksford's acquisition strategy has led to an increase in maintainable earnings of 41%.

Maintainable earnings at Red Commerce have been impacted by a softening in the market and costs associated with its expansion into the USA and Brazil. Further funding has been provided to Enrich as the company continues to find trading difficult. This additional funding has been fully provided against.

The average earnings multiple applied to the valuation of the Dunedin managed portfolio was 6.9x EBITDA (31 December 2011: 6.8x) or 8.4x EBITA (31 December 2011: 8.1x). These multiples are applied to the maintainable earnings of portfolio companies. Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.3x EBITDA (31 December 2011: 2.1x) or 2.8x EBITA (31 December 2011: 2.5x).

The portfolio continues to be valued in accordance with the International Private Equity Venture Capital valuation guidelines.

The principal risks which the Company faces include continued weakness and volatility in the financial markets, currency movements and some portfolio companies facing difficult trading conditions.

The Board and the Manager remain satisfied with the balance between cash resources and outstanding commitments to limited partnership funds given the expected rate of new investment and therefore continues to adopt a going concern basis in preparing the half year report and accounts.

## Outlook

Investment activity in the UK buyout market in the £10m to £100m range has held up in 2012 with 54 deals completed in the first half of 2012 compared to a total of 98 for the whole of 2011. Dunedin continues to pursue investment opportunities. There remains substantial competition for deals both from the Private Equity sector and from trade buyers.

Exit activity in this part of the market also compares well with 132 exits achieved in the first half of 2012 (a total of 268 for the whole of 2011). The majority have been achieved either through trade sales or secondary buyouts.

The economic background remains challenging. It is however encouraging to note that the Dunedin managed portfolio remains well positioned with 10 out of 12 companies forecasting increased profits in 2012.

**Dunedin LLP**
30 August 2012

# Ten Largest Investments

### (both held directly and via Dunedin managed funds) by value at 30 June 2012

| Company name | Approx. percentage of equity % | Cost of investment £'000 | Directors valuation £'000 | Percentage of net assets % |
|---|---|---|---|---|
| CitySprint (UK) Group Limited | 11.9 | 9,838 | 11,314 | 7.2 |
| Practice Plan Holdings Limited | 26.2 | 5,602 | 11,270 | 7.1 |
| OSS Environmental Holdings Limited | 40.2 | 5,951 | 9,998 | 6.4 |
| Red Commerce Limited | 18.7 | 7,878 | 8,997 | 5.7 |
| etc.venues Group Limited | 27.9 | 3,388 | 8,838 | 5.6 |
| Weldex (International) Offshore Holdings Limited | 15.1 | 9,505 | 8,029 | 5.1 |
| CGI Group Holdings Limited | 41.4 | 8,509 | 7,015 | 4.4 |
| Formaplex Group Limited | 17.7 | 1,732 | 6,180 | 3.9 |
| Hawksford International Limited | 16.0 | 3,839 | 5,892 | 3.7 |
| Egeria Private Equity Fund III LP | 3.4 | 4,521 | 5,702 | 3.6 |
| | | 60,763 | 83,235 | 52.7 |

# Overview of Portfolio

## Analysed by category of investment (including cash)

| | 30 June 2012 % | 31 December 2011 % |
|---|---|---|
| Dunedin managed | **55** | 70 |
| Third party managed | **13** | 13 |
| Legacy technology funds | **1** | 1 |
| Cash | **31** | 16 |

## Analysed by valuation method

| | 30 June 2012 % | 31 December 2011 % |
|---|---|---|
| Cost/written down | **5** | 8 |
| Earnings – provision | **19** | 15 |
| Earnings – uplift | **73** | 77 |
| Exit value | **3** | – |

## Analysed by geographic location

| | 30 June 2012 % | 31 December 2011 % |
|---|---|---|
| UK | **80** | 84 |
| Rest of Europe | **20** | 16 |

## Analysed by sector

| | 30 June 2012 % | 31 December 2011 % |
|---|---|---|
| Construction and building materials | **8** | 6 |
| Consumer products & services | **4** | 3 |
| Financial services | **8** | 6 |
| Healthcare | **3** | 3 |
| Industrials | **13** | 19 |
| Retail | **1** | – |
| Support services | **57** | 60 |
| Technology, media & telecoms | **6** | 3 |

## Analysed by deal type

| | 30 June 2012 % | 31 December 2011 % |
|---|---|---|
| Management buyouts/buyins | **99** | 99 |
| Technology | **1** | 1 |

## Analysed by age of investment

| | 30 June 2012 % | 31 December 2011 % |
|---|---|---|
| <1 year | **10** | 12 |
| 1-3 years | **35** | 30 |
| 3-5 years | **17** | 9 |
| >5 years | **38** | 49 |

# Consolidated Income Statement
## for the six months ended 30 June 2012

| | | | Unaudited<br>Six months ended 30 June 2012 |
|---|---|---|---|
| | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 |
| Investment income | 6,077 | – | 6,077 |
| Gains on investments | – | 5,890 | 5,890 |
| **Total Income** | 6,077 | 5,890 | 11,967 |
| **Expenses** | | | |
| Investment management fees | (155) | (465) | (620) |
| VAT on investment management fee | – | – | – |
| Other expenses | (367) | (223) | (590) |
| **Profit before finance costs and tax** | 5,555 | 5,202 | 10,757 |
| Finance costs | (50) | (150) | (200) |
| **Profit before tax** | 5,505 | 5,052 | 10,557 |
| Taxation | (322) | 295 | (27) |
| **Profit for the period** | 5,183 | 5,347 | 10,530 |
| Earnings per ordinary share (basic & diluted) | 17.9p | 18.4p | 36.3p |

The Total column of this statement represents the Income Statement of the Group, prepared in accordance with International Financial Reporting Standards as adopted by the EU. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Dunedin Enterprise Investment Trust PLC.

| Unaudited Six months ended 30 June 2011 | | | Audited Year ended 31 December 2011 | | |
|---|---|---|---|---|---|
| Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| 1,028 | – | 1,028 | 2,102 | – | 2,102 |
| – | 9,591 | 9,591 | – | 13,404 | 13,404 |
| 1,028 | 9,591 | 10,619 | 2,102 | 13,404 | 15,506 |
| (169) | (507) | (676) | (345) | (1,036) | (1,381) |
| – | – | – | 185 | 556 | 741 |
| (325) | – | (325) | (677) | (111) | (788) |
| 534 | 9,084 | 9,618 | 1,265 | 12,813 | 14,078 |
| (14) | (43) | (57) | (38) | (114) | (152) |
| 520 | 9,041 | 9,561 | 1,227 | 12,699 | 13,926 |
| (156) | 103 | (53) | 80 | 195 | 275 |
| 364 | 9,144 | 9,508 | 1,307 | 12,894 | 14,201 |
| 1.2p | 30.3p | 31.5p | 4.3p | 42.8p | 47.1p |

# Consolidated Statement of Changes in Equity
## for the six months ended 30 June 2012

### Six months ended 30 June 2012 (unaudited)

| | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 |
|---|---|---|---|
| At 31 December 2011 | 7,530 | 47,600 | 396 |
| Profit/(loss) for the period | – | – | – |
| Cancellation of share premium account | – | (47,600) | – |
| Purchase and cancellation of shares | (753) | – | 753 |
| Dividends paid | – | – | – |
| At 30 June 2012 | 6,777 | – | 1,149 |

### Six months ended 30 June 2011 (unaudited)

| | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 |
|---|---|---|---|
| At 31 December 2010 | 7,544 | 47,600 | 382 |
| Profit/(loss) for the period | – | – | – |
| Dividends paid | – | – | – |
| At 30 June 2011 | 7,544 | 47,600 | 382 |

### Year ended 31 December 2011 (audited)

| | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 |
|---|---|---|---|
| At 31 December 2010 | 7,544 | 47,600 | 382 |
| Profit/(loss) for the year | – | – | – |
| Purchase and cancellation of shares | (14) | – | 14 |
| Dividends paid | – | – | – |
| At 31 December 2011 | 7,530 | 47,600 | 396 |

| Capital reserve - realised £'000 | Capital reserve - unrealised £'000 | Special distributable reserve £'000 | Revenue account £'000 | Total retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| 91,112 | 9,952 | – | 6,366 | 107,430 | 162,956 |
| 8,436 | (3,089) | – | 5,183 | 10,530 | 10,530 |
| – | – | 47,600 | – | 47,600 | – |
| (14,308) | – | – | – | (14,308) | (14,308) |
| – | – | – | (1,355) | (1,355) | (1,355) |
| 85,240 | 6,863 | 47,600 | 10,194 | 149,897 | 157,823 |

| Capital reserve - realised £'000 | Capital reserve - unrealised £'000 | Revenue account £'000 | Total retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|
| 96,460 | (8,109) | 6,206 | 94,557 | 150,083 |
| (4,219) | 13,363 | 364 | 9,508 | 9,508 |
| – | – | (1,147) | (1,147) | (1,147) |
| 92,241 | 5,254 | 5,423 | 102,918 | 158,444 |

| Capital reserve - realised £'000 | Capital reserve - unrealised £'000 | Revenue account £'000 | Total retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|
| 96,460 | (8,109) | 6,206 | 94,557 | 150,083 |
| (5,167) | 18,061 | 1,307 | 14,201 | 14,201 |
| (181) | – | – | (181) | (181) |
| – | – | (1,147) | (1,147) | (1,147) |
| 91,112 | 9,952 | 6,366 | 107,430 | 162,956 |

# Consolidated Balance Sheet
## As at 30 June 2012

| | **Unaudited 30 June 2012 £'000** | Unaudited 30 June 2011 £'000 | Audited 31 December 2011 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments held at fair value | **120,299** | 157,009 | 148,167 |
| **Current assets** | | | |
| Other receivables | **993** | 110 | 359 |
| Cash and cash equivalents | **36,763** | 1,876 | 14,961 |
| | **37,756** | 1,986 | 15,320 |
| **Total assets** | **158,055** | 158,995 | 163,487 |
| **Current liabilities** | | | |
| Other liabilities | **(102)** | (94) | (428) |
| Current tax liabilities | **(130)** | (457) | (103) |
| **Net assets** | **157,823** | 158,444 | 162,956 |
| **Equity attributable to equity holders** | | | |
| Share capital | **6,777** | 7,544 | 7,530 |
| Share premium | **–** | 47,600 | 47,600 |
| Capital redemption reserve | **1,149** | 382 | 396 |
| Capital reserve – realised | **85,240** | 92,241 | 91,112 |
| Capital reserve – unrealised | **6,863** | 5,254 | 9,952 |
| Special distributable reserve | **47,600** | – | – |
| Revenue reserve | **10,194** | 5,423 | 6,366 |
| **Total equity** | **157,823** | 158,444 | 162,956 |
| Net asset value per ordinary share (basic and diluted) | **582.2p** | 525.0p | 541.0p |

# Consolidated Cash Flow Statement
## for the six months ended 30 June 2012

| | **Unaudited 30 June 2012 £'000** | Unaudited 30 June 2011 £'000 | Audited 31 December 2011 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | **10,557** | 9,561 | 13,926 |
| (Gains) on investments | **(5,890)** | (9,591) | (13,404) |
| Interest paid | **200** | 57 | 152 |
| (Increase)/decrease in debtors | **(634)** | 131 | (118) |
| (Decrease) in creditors | **(326)** | (6,176) | (5,842) |
| Tax recovered | **–** | 27 | – |
| **Net cash inflow/(outflow) from operating activities** | **3,907** | (5,991) | (5,286) |
| **Servicing of finance** | | | |
| Interest paid | **(200)** | (57) | (152) |
| **Investing activities** | | | |
| Purchase of investments | **(3,041)** | (6,901) | (17,197) |
| Purchase of 'AAA' rated money market funds | **(13,603)** | (10,744) | (22,398) |
| Sale of investments | **40,905** | 12,230 | 18,367 |
| Sale of 'AAA' rated money market funds | **9,497** | 10,309 | 38,778 |
| **Net cash inflow from investing activities** | **33,758** | 4,894 | 17,550 |
| **Financing activities** | | | |
| Purchase of ordinary shares | **(14,308)** | – | (181) |
| Dividends paid | **(1,355)** | (1,147) | (1,147) |
| **Net cash (outflow) from financing activities** | **(15,663)** | (1,147) | (1,328) |
| **Net increase/(decrease) in cash and cash equivalents** | **21,802** | (2,301) | 10,784 |
| Cash and cash equivalents at the start of period | **14,961** | 4,177 | 4,177 |
| Net increase/(decrease) in cash and cash equivalents | **21,802** | (2,301) | 10,784 |
| Cash and cash equivalents at the end of period | **36,763** | 1,876 | 14,961 |

# Responsibility statement of the Directors
## in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

– the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

– the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board
**David Gamble**
Chairman
30 August 2012

# Notes to the Accounts

## 1. Unaudited Interim Report

The financial information contained in this report does not constitute the Company's statutory accounts for the year ended 31 December 2011 but is derived from those accounts. Statutory accounts for the year ended 31 December 2011 have been delivered to the Registrar of Companies. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements for the six months ended 30 June 2011 and 30 June 2012 have not been audited.

## 2. Basis of Preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the group's published consolidated financial statements for the year ended 31 December 2011.

## 3. Dividends

| | **Six months to 30 June 2012 £'000** | Six months to 30 June 2011 £'000 | Year to 31 December 2011 £'000 |
|---|---|---|---|
| Dividends paid in the period | **1,355** | 1,147 | 1,147 |

A special dividend of 16p per share is payable on 28 September 2012 to shareholder on the register at 7 September 2012. The ex-dividend date is 5 September 2012.

## 4. Earnings per share

| | **Six months to 30 June 2012** | Six months to 30 June 2011 | Year to 31 December 2011 |
|---|---|---|---|
| Revenue return per ordinary share (p) | **17.9** | 1.2 | 4.3 |
| Capital return per ordinary share (p) | **18.4** | 30.3 | 42.8 |
| Earnings per ordinary share (p) | **36.3** | 31.5 | 47.1 |
| Weighted average number of shares | **28,996,928** | 30,177,380 | 30,173,462 |

The earnings per share figures are based on the weighted average numbers of shares set out above. Earnings per share is based on the revenue profit in the period as shown in the consolidated income statement.

## 5. Contingent assets

Following the repayment of VAT on management fees received in 2011 discussions are ongoing with HMRC regarding the payment of interest on a compound basis. The amount and timing of any recovery remains uncertain and accordingly no amount has been provided for in the financial statements.

# Independent Review Report to
## Dunedin Enterprise Investment Trust PLC

### Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

### Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

### Catherine Burnet
**for and on behalf of KPMG Audit Plc**
Chartered Accountants
Edinburgh

30 August 2012

# Information for Investors

The information on pages 17 and 18 has been issued by Alliance Trust Savings Limited, which is registered in Scotland No. SC 98767, registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP. It is authorised and regulated by the Financial Services Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS firm reference number 116115. It gives no financial or investment advice. The Company is managed by Dunedin LLP ("Dunedin") and marketed by Alliance Trust Savings Limited which is authorised and regulated by the Financial Services Authority in the United Kingdom. An investment trust should be considered only as part of a balanced portfolio.
Under no circumstances should this information be considered as an offer or solicitation to deal in investments.

Dunedin Enterprise is managed by Dunedin LLP. Dunedin is authorised and regulated by the Financial Services Authority. All enquiries in relation to Dunedin Enterprise, other than those related to Alliance Trust Savings Limited products, should be directed to Dunedin at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN or info@dunedinenterprise.com.

The Company's share price appears under the heading 'Investment Companies' in The Financial Times, and other national newspapers. Prices are also available on the Company website www.dunedinenterprise.com or on the Alliance Trust Savings website www.alliancetrustsavings.co.uk or else 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 Alliance Trust Savings products.

**Details of the Alliance Trust Savings products are noted below:**

Alliance Trust Savings – Individual Savings Account (ISA) is a low-cost, tax-efficient savings vehicle. Since 6 April 2012, the ISA subscription limit has been £11,680 for anyone eligible to invest. The annual administration charge for an Alliance Trust Savings ISA is £40 plus VAT, which is charged quarterly at £10 plus VAT per quarter.

Alliance Trust Savings – Investment Dealing Account (IDA) offers a simple means of investing in Dunedin Enterprise. The annual administration charge for an Investment Dealing Account is £40 plus VAT, which is charged quarterly at £10 plus VAT per quarter.

Investors may make regular monthly payments (minimum £50 per month) or invest occasional lump sums (minimum £50 in both the ISA and IDA). The charge for regular monthly payments is £1.50. Investors may also make one-off investments by dealing online or by post/telephone. There is an online dealing charge of £12.50 and a postal/telephone dealing charge of £40.00 to buy and sell shares within an IDA/ISA.

Investors can transfer in shares to their IDA or ISA from other providers. They can also have their dividends reinvested and request to receive income from dividends to their bank account. IDA and ISA are considered to be medium to long term investments, there is no restriction on how long an investor need invest and investors can choose to close their account by instructing Alliance Trust Savings in writing at any time.

In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

For information relating to the above savings plans please contact:

**Alliance Trust Savings Limited**
PO Box 164
8 West Marketgait
Dundee
DD1 9YP

Telephone 01382 573737
Email contact@alliancetrust.co.uk

For information regarding a shareholding not held through a savings plan, please contact:

**Registrar**
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone: 0871 384 2440

## Important Information

Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- The Company invests in small companies, and/or companies investing in technology or venture and development capital stocks, where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- The Company invests in a specialist market sector and is likely to carry higher risks than a more widely invested fund.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Company will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread.
- If you are unsure as to the suitability of any particular investment or product, you should seek professional financial advice.
- You should remember that the amount of tax relief depends on your individual circumstances and that the beneficial tax treatment of ISAs may not continue in the future.
- Charges may be subject to change in the future.

# Financial Calendar

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

### February
Preliminary figures and recommended dividend for the year announced.

### April
Annual Report and Accounts published.

### May
Annual General Meeting and dividend paid.

### August
Half year report published.

# Corporate Information

## Directors
David Gamble, Chairman
Liz Airey
Duncan Budge
Brian Finlayson
Federico Marescotti

## Manager and Secretary
Dunedin LLP
(Authorised and Regulated by the Financial Services Authority)

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