



**Dunedin Enterprise Investment Trust PLC**  
Half Year Report 2018

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 conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to shareholders.

#### Contents

1	Financial Highlights
2	Chairman's Statement
4	Manager's Review
6	Ten Largest Investments
10	Overview of Portfolio
12	Income Statement
14	Statement of Changes in Equity
16	Balance Sheet
17	Cash Flow Statement
18	Responsibility Statement of the Directors
19	Notes to the Accounts
23	Information for Investors
24	Financial Calendar
25	Corporate Information

## Financial Highlights

Net asset value per share at 30 June 2018: 447.5p (489.2p at 31/12/17), after 5.5p dividend and 50p return of capital

Share price at 30 June 2018: 386p (396.5p at 31/12/17)

Net asset value total return: 2.8% in the six months to 30 June 2018

Share price total return: 15.9% in the six months to 30 June 2018

Realisations: £2.6m in the half year

New investments: £10.0m in the half year

Pyroguard realised in September 2018 generating proceeds of £9.3m

Further £10.3m to be returned via B shares in October 2018

## Comparative Total Return Performance

Periods to 30 June 2018	Net Asset value (per share)	Share price	FTSE Small Cap (ex Inv Cos) Index	FTSE All-Share (ex Inv Cos) Index
Six months	2.8%	15.9%	0.1%	1.6%
One year	20.4%	67.5%	6.4%	9.0%
Three years	31.0%	104.7%	31.6%	31.2%
Five years	28.7%	63.4%	78.7%	51.9%
Ten years	47.8%	124.8%	174.6%	110.1%

## Chairman's Statement

In the half year to 30 June 2018 your Company's net asset value per share decreased from 489.2p to 447.5p. After allowing for the return of capital in February 2018 of 50p per share and a final dividend for 2017 of 5.5p paid in May 2018, the total return to shareholders was 2.8%, in terms of net asset value, and 15.9% in terms of share price.

The share price of 386p at 30 June 2018 represents a discount of 13.7% to the net asset value of 447.5p per share.

Following the half year end, on 27 September 2018 the successful realisation of Pyroguard, the specialist fire resistant glass manufacturer, was completed. Total proceeds from the sale amounted to £9.3m which represents an uplift of £0.4m over the valuation of £8.9m at 31 March 2018. The original cost of the investment was £3.8m and, over its life, a total of £22.5m has been received by Dunedin Enterprise, representing a 5.9 times return and an IRR of 35%.

### Portfolio

During the half year one new investment was made and following the half year end one realisation was achieved.

An investment of £6.4m was made in GPS, the global payments processor which supports a number of digital banks, challenger banks, fintechs and financial institutions. GPS is a market leader in issuer processing, enabling next generation payment technology.

Deferred proceeds were received from the realisation of Steeper and there was a recapitalisation of Dolz which is held within the Realza portfolio.

As noted above, Pyroguard was successfully realised in September 2018.

The trading performance of our portfolio companies has generally improved in the half year. Unrealised value increases of £7.8m were partially offset by value decreases of £4.9m. Valuation uplifts were achieved at Red, FRA, Pyroguard and Realza. In the case of Pyroguard the valuation at 30 June 2018 reflects the proceeds received in September. The valuation of the other businesses benefitted from good organic growth.

The most significant valuation reduction in the half year to 30 June 2018 was at Formaplex. Further details are provided in the Manager's Review.

### Commitments & Liquidity

The Company had outstanding commitments to limited partnership funds of £42.2m at 30 June 2018 which was reduced to £35.5m following a drawdown in July 2018 by Dunedin Buyout Fund III LP ("DBFIII") for the investment in GPS. The outstanding commitment position following this drawdown consisted of £33.3m to Dunedin managed funds and £2.2m to the European funds. Assuming these funds are held to maturity, it is estimated that only some £23m of this total outstanding commitment will be drawn over the remaining life of the funds.

The majority of the Company's assets are held by way of limited partnership interests in Dunedin's funds, one of which is still actively investing. Although DBFIII's investment period ceases on 7 November 2018 the fund may make a new investment after that date provided the transaction was already at an advanced stage.

The Company has a revolving credit facility with Lloyds Bank of £10m which was undrawn at 30 June 2018 and is available until 31 May 2019. This facility was reduced from £20m to £10m at 31 May 2018 and the Board will keep under review the need to retain a credit facility depending upon the timing of further realisations from the portfolio.

### B shares

Following the realisation of Pyroguard, the Company holds cash and cash equivalents of £24.3m. In light of the outstanding commitments to limited partnership funds, the Board has decided to return £10.3m to shareholders via a further issue of B Shares of 50p each. These B Shares will be paid up from capital and issued to all shareholders by way of a bonus issue pro-rata to their holding of Ordinary Shares on the basis of one B Share for every one Ordinary Share held at the record date of 6.00pm on 8 October 2018. The B Shares will be issued on 9 October 2018 and immediately redeemed at 50p each. The Ordinary Shares will trade ex-B Share entitlement with effect from 5 October 2018. The proceeds from the redemption of the B Shares will be sent to shareholders on 23 October 2018, either through CREST to uncertificated shareholders or via cheque to certificated shareholders.

### **Dividends**

A final dividend of 5.5p per share relating to the year ended 31 December 2017 was paid to shareholders in May 2018 amounting to £1.1m.

### **Outlook**

The Board will continue to maximise shareholder value through the orderly wind-down of the remaining investments held by the Company. This policy has served shareholders well to date.

The Board will continue to monitor the secondary market for interests in private equity funds to evaluate whether shareholders' interests are best served by realising our fund interests or whether continuing to hold them is likely to provide better returns.

The Board is encouraged that the pricing of realisations of quality businesses and fund interests remains buoyant, and by the improving trading performance in the majority of the portfolio.

### **Duncan Budge**

28 September 2018

## Manager's Review

### Results for the six months to 30 June 2018

In the six months to 30 June 2018, Dunedin Enterprise's net asset value per share total return was 2.8%, after taking account of dividends paid for 2017 of 5.5p per share (paid in May 2018) and an issue and redemption of B shares equivalent to 50p per share (paid in February 2018). This compares with an

increase in the FTSE Small Cap Index (ex Inv. Cos) over the same period of 0.1%.

In the six months to 30 June 2018 Dunedin Enterprise invested a total of £10.0m and realised £2.6m from investments.

### Net asset and cash movements in the half year to 30 June 2018

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

	£'m
Net asset value at 31 December 2017	100.9
Unrealised value increases	7.8
Unrealised value decreases	(4.9)
Realised profit over opening valuation	0.3
Dividends paid to shareholders	(1.1)
B share redemption	(10.3)
Other movements	(0.3)
Net asset value at 30 June 2018	92.4

Cash movements in the half year to 30 June 2018 can be summarised as follows: -

	£'m
Cash & near cash balances at 31 December 2017	32.9
Investments made <sup>*1</sup>	(3.3)
Investments realised	2.6
B share redemption	(10.3)
Dividends paid to shareholders	(1.1)
Operating activities	0.9
Cash & near cash balances at 30 June 2018	21.7

<sup>\*1</sup> - excludes £6.7m drawn down by DBFIII following the half year end for the investment in GPS and ongoing costs

### Portfolio composition and movements

Dunedin Enterprise holds investments in unquoted companies through:-

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

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

	Valuation at 31-12-17 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-18 £'m
Dunedin managed	57.2	9.9	(1.6)	0.3	2.3	68.1
Third party managed	10.0	0.1	(1.0)	-	0.6	9.7
Investment portfolio	67.2	10.0	(2.6)	0.3	2.9	77.8
AAA rated money market funds <sup>*2</sup>	23.5	-	(2.1)	-	-	21.4
Total	90.7	10.0	(4.7)	0.3	2.9	99.2

<sup>\*2</sup> - includes £6.7m drawn down by DBFIII following the half year end for the investment in GPS ongoing costs

### New investment activity

In June 2018, the Company made an investment of £6.4m through Dunedin Buyout Fund III LP in GPS, the global payments processor which supports a number of digital banks, challenger banks, fintechs and financial institutions. GPS is a market leader in issuer processing, enabling next generation payment technology. It provides a single, global integrated platform, GPS Apex, that powers and enables functionality of next generation fin-tech payment companies. GPS employs circa 150 people based in London and Newcastle.

There were follow-on investments into Formaplex (£1.5m), Hawksford (£1.1m) and Premier Hytemp (£0.5m). A follow-on investment was made into Formaplex, the designer and manufacturer of injection-moulded tooling, composite tooling and lightweight components for the automotive industry, to provide ongoing working capital support. Hawksford, the provider of corporate, private client and specialist fund services, completed an acquisition in Asia which was funded by a combination of bank debt and investment from Dunedin managed funds. An investment was made in Premier Hytemp, the provider of highly engineered steel and nickel alloys and components for the oil and gas industry, to fund the acquisition of a facility in Malaysia.

A further £0.5m was drawn down by Dunedin and third party managed funds to meet management fees and ongoing expenses.

### Realisations

In the half year a total of £2.6m was realised from the portfolio of investments.

Deferred realisation proceeds of £1.3m were received from Steeper during the half year. A further £0.3m was also received in August 2018. Red repaid £0.3m of loan stock following a period of strong trading.

There was a £1.0m repayment of loan stock from within the Realza portfolio following a recapitalisation of Dolz, the automotive pump manufacturer.

### Unrealised movements in valuations

Unrealised valuation increases in the half year amounted to £7.8m. There were valuation uplifts at Red (£2.5m), FRA (£2.2m), Pyroguard (£1.2m) and Steeper (£1.1m).

Red, the supplier of SAP software experts on both a contract and permanent basis, has continued to experience a strengthening demand for its services particularly in the contracting division. This has resulted in a 24% increase in maintainable EBITDA in the half year.

FRA, the provider of forensic accounting, data analytics and e-discovery expertise, continues to experience a strong demand for its services since the buyout was completed in March 2017. The company is significantly outperforming the original business plan with maintainable EBITDA increasing a further 15% during the half year. This performance has been driven by a combination of growth in existing projects and new project wins. The pipeline for new projects remains strong.

Pyroguard, the manufacturer and distributor of fire resistant glass, has been valued at the realised proceeds received in September 2018.

The principal valuation reduction was at Formaplex (£2.8m). The maintainable EBITDA of Formaplex has suffered in the period from a number of lost and delayed orders. This has resulted in maintainable EBITDA being reduced by 28% in the half year.

The average earnings multiple applied to the valuation of the Dunedin managed portfolio was 7.9x EBITDA (31 December 2017: 7.6x) or 9.6x EBITA (31 December 2017: 9.3x). These multiples are applied to the maintainable earnings of portfolio companies. Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.9x EBITDA (31 December 2017: 3.1x) or 3.5x EBITA (31 December 2017: 3.7x).

The portfolio continues to be valued in accordance with the International Private Equity Venture Capital valuation guidelines ([www.privateequityvaluation.com](http://www.privateequityvaluation.com)).

### Dunedin LLP

28 September 2018

## Ten Largest Investments

by value at 30 June 2018

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors valuation £'000	Percentage of net assets %
Hawksford	17.8	6,746	11,488	12.4
FRA	5.4	6,035	11,410	12.4
Weldex	15.1	9,505	9,611	10.4
Realza	8.9	6,649	9,394	10.2
Pyroguard	41.7	9,450	9,266	10.0
Kingsbridge	12.7	4,112	6,963	7.5
GPS	8.2	6,357	6,357	6.9
CitySprint	5.1	7,308	5,964	6.5
RED	20.1	9,665	4,918	5.3
U-POL	5.0	5,657	3,743	4.1
		71,484	79,114	85.7

## Total return of ten largest investments

at 30 June 2018

Company name	Original cost of investment £'000	Realised to date £'000	Directors valuation £'000	Total return £'000
Hawksford	6,910	362	11,488	11,850
FRA	6,035	28	11,410	11,438
Weldex	9,505	119	9,611	9,730
Realza	11,545	6,081	9,394	15,475
Pyroguard	3,791	13,262	9,266	22,528
Kingsbridge	4,212	105	6,963	7,068
GPS	6,357	–	6,357	6,357
CitySprint	9,838	19,763	5,964	25,727
RED	10,844	1,405	4,918	6,323
U-POL	5,657	2,590	3,743	6,333
	74,694	43,715	79,114	122,829



## Top ten investments (held via funds and direct investments)

### Hawksford

Percentage of equity held	<b>17.8%</b>
Cost of Investment	<b>£6.7m</b>
Directors' valuation	<b>£11.5m</b>
Percentage of net assets	<b>12.4%</b>

#### Hawksford

Hawksford is a leading international provider of corporate, private client and funds services. The business offers a comprehensive range of services to, and solutions for, trusts, companies, foundations, partnerships, family offices and investment funds.

Hawksford completed the acquisition of P&P, a Hong Kong based trust business in June 2018. Hawksford's international clients will now have access to a greater depth of service across Asia, while P&P clients will be able to utilise Hawksford's wider services in other locations. To date Hawksford has completed six major acquisitions in Jersey, the Middle East and the Far East and further extended the company's global reach in the Far East by opening an office in Hong Kong in 2015. These acquisitions have further enhanced Hawksford's market leading-position through additional high-quality people and clients. The focus of the business remains on providing excellent service and increasing client choice by growing the international footprint.

### FRA

Percentage of equity held	<b>5.4%</b>
Cost of Investment	<b>£6.0m</b>
Directors' valuation	<b>£11.4m</b>
Percentage of net assets	<b>12.4%</b>

#### FRA

FRA is an international consultancy business that provides forensic accounting, data analytics and e-discovery expertise to help businesses respond to major regulatory investigations in an increasingly regulated global environment.

FRA works on some of the largest and most complex regulatory investigations globally. Its clients are typically blue-chip multinational corporates seeking advice to help navigate regulatory scrutiny, effect compliant cross border data transfer and manage risk. It has offices in London, Providence (Rhode Island), Paris, Dallas and Washington DC. It also runs data centres near each office location as well as in Montreal and Zurich.

### WELDEX

Percentage of equity held	<b>15.1%</b>
Cost of Investment	<b>£9.5m</b>
Directors' valuation	<b>£9.6m</b>
Percentage of net assets	<b>10.4%</b>

#### Weldex

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. The company employs over 100 staff and operates nationwide and overseas from its headquarters in Inverness and its depot at Alfreton. The company provides its customers with an established team of fully accredited operators, site managers and service engineers and also supplies associated lifting equipment including wheeled cranes, forklifts, lorry loaders and trailers.

Weldex serves the offshore wind, oil & gas, commercial construction and infrastructure markets. Its cranes, including two of the largest in the UK, have been used in a number of significant construction projects including Heathrow Terminal 5, the iconic arch at the new Wembley Stadium, the 2012 Olympic site and Crossrail. More recent projects include erecting a Mitsubishi wind turbine at the offshore test facility at Hunterston, North Ayrshire and refurbishing the blast furnace at the Tata steel works in Scunthorpe.



Percentage of equity held	<b>8.9%</b>
Cost of Investment	<b>£6.6m</b>
Directors' valuation	<b>£9.4m</b>
Percentage of net assets	<b>10.2%</b>

### Realza Capital

Realza Capital is a Spanish private equity fund making investments in Spain and Portugal. The fund is limited to investing 15% of commitments in Portugal. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

The fund invests in companies with leading market positions and attractive growth prospects either through organic growth or through merger & acquisition activity. Realza seeks to invest in companies with an enterprise value normally ranging from €20m to €100m. The fund's typical equity investment ranges from €10m to €25m.



Percentage of equity held	<b>41.7%</b>
Cost of Investment	<b>£9.5m</b>
Directors' valuation	<b>£9.3m</b>
Percentage of net assets	<b>10.0%</b>

### CGI (trading as Pyroguard)

CGI, trading under the Pyroguard brand, is a leading designer, manufacturer and supplier of specialist fire resistant glass. The company serves the construction markets in the UK, Ireland, France, Holland, Scandinavia, Iberia and the Middle East from its manufacturing bases in Haydock, UK and Seingbouse, France. Significant recent projects completed by CGI include the installation of fire-resistant glass at Here East (the multipurpose redevelopment of the former 2012 Olympic site), the Biomedicum medical facility in Stockholm, the Paris Expo redevelopment project, and Zaanstad Prison in the Netherlands.

The investment in Pyroguard was realised in September 2018 and over the life of the investment, a total of £22.5m has been received by Dunedin Enterprise, representing a 5.9 times return and an IRR of 35%.



Percentage of equity held	<b>12.7%</b>
Cost of Investment	<b>£4.1m</b>
Directors' valuation	<b>£7.0m</b>
Percentage of net assets	<b>7.5%</b>

### Kingsbridge

Kingsbridge is a market leading FCA regulated specialist insurance intermediary which operates through two core divisions; a contractor insurance division and a corporate brokerage division.

Working alongside its strong partner network, Kingsbridge covers a broad range of industry sectors in its market, including aerospace, banking and finance, rail, automotive, nuclear, oil and gas and information technology.

Kingsbridge is forecast to continue to grow the market as insurance becomes more of a standard requirement for both contractors and corporates alike. This growth will come through expansion into new occupations and through the introduction of new products that are tailored for the contractor market.



Percentage of equity held	<b>8.2%</b>
Cost of Investment	<b>£6.4m</b>
Directors' valuation	<b>£6.4m</b>
Percentage of net assets	<b>6.9%</b>

### GPS

Global Processing Services ("GPS"), is a global payments processor which supports a number of digital banks, challenger banks, fintechs and financial institutions. GPS is the market leader in issuer processing, enabling next generation payment technology with 100+ clients including Starling Bank, Revolut, Pockit, Volt Bank, Loot, Stocard, Glint, Osper and Curve. GPS provides a single, global integrated platform, GPS Apex, that powers and enables functionality of next generation fintech payment companies.

GPS has demonstrated rapid growth, driven by market and customer demand for its market leading technical functionality and speed in getting customers' new products to market. The addressable international market for GPS is large, serving innovative and emerging fintech/challenger bank offerings and gaining traction with traditional providers. The Company has circa 150 employees based in London and Newcastle.



Percentage of equity held	<b>5.1%</b>
Cost of Investment	<b>£7.3m</b>
Directors' valuation	<b>£6.0m</b>
Percentage of net assets	<b>6.5%</b>

### CitySprint

CitySprint is the UK's largest national time-critical and same day distribution network. It benefits from an asset-light business model with over 3,000 self-employed couriers, making the business both highly flexible and scalable. It operates from 40 service centres in the UK and handles over ten million critical same day deliveries a year.

CitySprint offers a range of services including SameDay Courier, UK Overnight and International courier services, as well as more complex logistics services. It services a number of different sectors, including healthcare, online retail fulfilment and parts fulfilment such as outsourced supply chain services for engineering and servicing companies. During the period of Dunedin's investment, CitySprint has completed 29 acquisitions. CitySprint now has the UK's largest same day healthcare courier network. In February 2016 the investment in CitySprint was partially realised in a sale to LDC. On completion Dunedin Enterprise received proceeds totalling £26.1m of which £22.8m was capital and £3.3m was loan interest. A total of £7.3m has been rolled into a CitySprint Newco alongside LDC, resulting in net cash proceeds received of £18.8m by Dunedin Enterprise. Dunedin Enterprise retains a 5% interest in the Newco. The overall return to Dunedin Enterprise was 2.8 times the original investment of £9.8m over five years.



Percentage of equity held	<b>20.1%</b>
Cost of Investment	<b>£9.7m</b>
Directors' valuation	<b>£4.9m</b>
Percentage of net assets	<b>5.3%</b>

### RED

RED is a global supplier of SAP experts to international corporations and consultancies. SAP stands for Systems, Applications and Products in data processing. SAP is the market leader in ERP software (Enterprise Resource Planning software), which helps companies of all sizes and industries operate more efficiently, including many of the world's largest organisations. Red, which was founded in 2000, now has a global footprint with access to over 200,000 SAP experts in 80 countries, and has offices in the UK, Germany, Switzerland and the US. Clients include Bosch, Johnson & Johnson and Novartis.



Percentage of equity held	<b>5.0%</b>
Cost of Investment	<b>£5.7m</b>
Directors' valuation	<b>£3.7m</b>
Percentage of net assets	<b>4.1%</b>

### U-POL

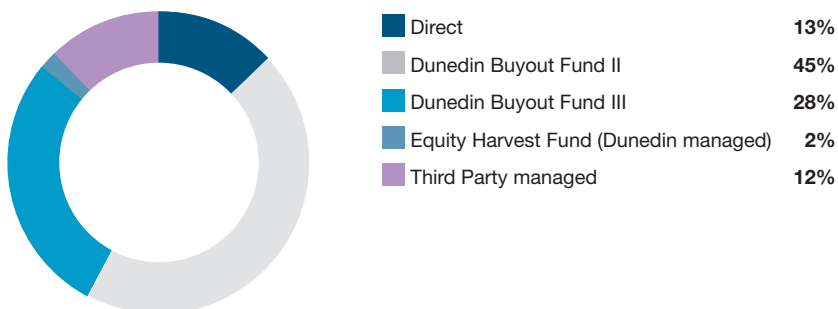
U-POL is a leading independent manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and consumables. Included in the product range is RAPTOR™, a tough protective coating product which can be used over a multitude of surfaces. Sales of RAPTOR™ continue to grow steadily and the business is exploring opportunities to sell this product into adjacent sectors.

From its UK manufacturing base in Wellingborough, U-POL exports a range of products to 120 countries worldwide. The company has a strong market position in the UK and a growing position in other large markets such as the USA, the Far East, the Middle East, Africa and Russia. Its growth strategy is to continue expanding in both developed and emerging markets.

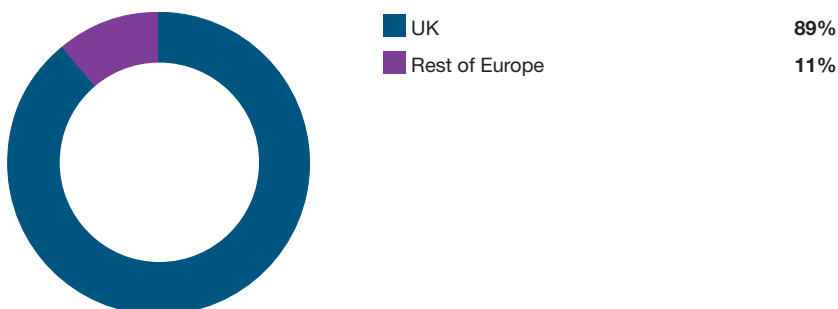
In August 2016 a re-financing of the business was undertaken with Dunedin Enterprise receiving proceeds of £2.6m.

## Overview of Portfolio

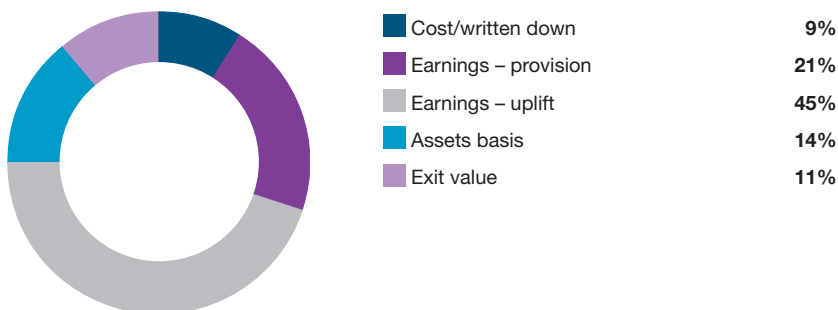
### Fund Analysis



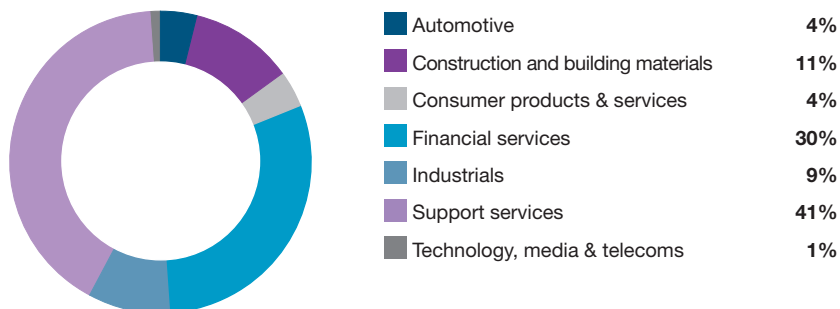
### Geographic Location



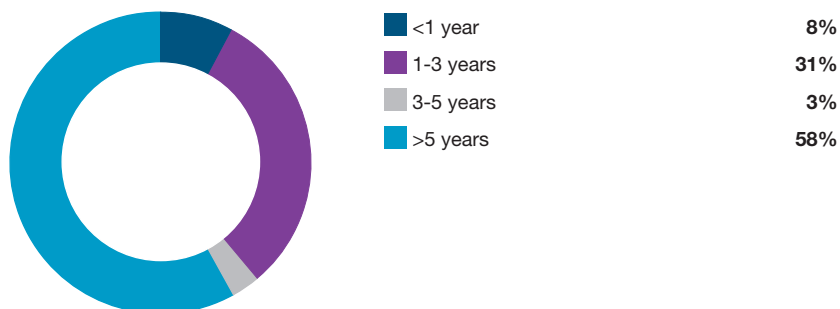
### Valuation Method



## Sector Analysis



## Year of Investment



## Income Statement (unaudited) for the six months ended 30 June 2018

		Six months ended 30 June 2018		
	Note	Revenue £'000	Capital £'000	Total £'000
Investment income	3	156	–	156
Gain on investments		–	3,267	3,267
<b>Total Income</b>		<b>156</b>	<b>3,267</b>	<b>3,423</b>
<b>Expenses</b>				
Investment management fees		(30)	(89)	(119)
Other expenses		(221)	(60)	(281)
<b>Profit/(loss) before finance costs and tax</b>		<b>(95)</b>	<b>3,118</b>	<b>3,023</b>
Finance costs		(45)	(136)	(181)
<b>Profit/(loss) before tax</b>		<b>(140)</b>	<b>2,982</b>	<b>2,842</b>
Taxation		–	–	–
<b>Profit/(loss) for the period</b>		<b>(140)</b>	<b>2,982</b>	<b>2,842</b>
Earnings per ordinary share (basic & diluted)	7	<b>(0.7)p</b>	<b>14.5p</b>	<b>13.8p</b>

The Total column of this statement represents the Income Statement of the Company, 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 income is attributable to the equity shareholders of Dunedin Enterprise Investment Trust PLC.

Six months ended 30 June 2017			Year ended 31 December 2017		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
2,687	–	2,687	4,589	–	4,589
–	3,858	3,858	–	20,573	20,573
2,687	3,858	6,545	4,589	20,573	25,162
(15)	(44)	(59)	(26)	(77)	(103)
(230)	(47)	(277)	(490)	(63)	(553)
2,442	3,767	6,209	4,073	20,433	24,506
(47)	(141)	(188)	(94)	(284)	(378)
2,395	3,626	6,021	3,979	20,149	24,128
(167)	167	–	(52)	55	3
2,228	3,793	6,021	3,927	20,204	24,131
10.8p	18.4p	29.2p	19.0p	97.9p	116.9p

## Statement of Changes in Equity (unaudited) for the six months ended 30 June 2018

### Six months ended 30 June 2018

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2017	5,161	23,409
Profit/(loss) for the period	–	–
B shares issued during the period	10,322	(10,322)
B shares redeemed during the period	(10,322)	10,322
Dividends paid	–	–
At 30 June 2018	5,161	23,409

### Six months ended 30 June 2017

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2016	5,161	2,765
Profit/(loss) for the period	–	–
Dividends paid	–	–
At 30 June 2017	5,161	2,765

### Year ended 31 December 2017

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2016	5,161	2,765
Profit/(loss) for the year	–	–
B shares issued during the year	20,644	–
B shares redeemed during the year	(20,644)	20,644
Dividends paid	–	–
At 31 December 2017	5,161	23,409



Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
57,936	(18,752)	26,956	6,278	72,418	100,988
576	2,406	–	(140)	2,842	2,842
–	–	–	–	–	–
–	–	(10,322)	–	(10,322)	(10,322)
–	–	–	(1,135)	(1,135)	(1,135)
58,512	(16,346)	16,634	5,003	63,803	92,373

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
49,204	(9,580)	47,600	8,751	95,975	103,901
4,472	(679)	–	2,228	6,021	6,021
–	–	–	(3,613)	(3,613)	(3,613)
53,676	(10,259)	47,600	7,366	98,383	106,309

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
49,204	(9,580)	47,600	8,751	95,975	103,901
29,376	(9,172)	–	3,927	24,131	24,131
(20,644)	–	–	–	(20,644)	–
–	–	(20,644)	–	(20,644)	(20,644)
–	–	–	(6,400)	(6,400)	(6,400)
57,936	(18,752)	26,956	6,278	72,418	100,988

## Balance Sheet (unaudited)

As at 30 June 2018

	Note	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
<b>Non-current assets</b>				
Investments held at fair value through profit or loss	5	99,211	103,621	90,690
<b>Current assets</b>				
Other receivables		38	66	1,032
Cash and cash equivalents		294	3,904	9,441
		332	3,970	10,473
<b>Total assets</b>		99,543	107,591	101,163
<b>Current liabilities</b>				
Other liabilities		(7,170)	(1,282)	(175)
<b>Net assets</b>		92,373	106,309	100,988
<b>Equity attributable to equity holders</b>				
Share capital		5,161	5,161	5,161
Capital redemption reserve		23,409	2,765	23,409
Capital reserve – realised		58,512	53,676	57,936
Capital reserve – unrealised		(16,346)	(10,259)	(18,752)
Special distributable reserve		16,634	47,600	26,956
Revenue reserve		5,003	7,366	6,278
<b>Total equity</b>		92,373	106,309	100,988
Net asset value per ordinary share (basic and diluted)		447.5p	515.0p	489.2p

## Cash Flow Statement (unaudited) for the six months ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
<b>Cash flows from operating activities</b>			
Profit before tax	2,842	6,021	24,128
Adjustments for:			
(Gain) on investments	(3,267)	(3,858)	(20,573)
Interest paid	181	188	378
(Increase)/decrease in debtors	994	39	(927)
Increase/(decrease) in creditors	291	171	(935)
<b>Net cash from operating activities</b>	<b>1,041</b>	<b>2,561</b>	<b>2,071</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	(3,151)	(8,223)	(9,393)
Drawdown from subsidiary	(82)	(291)	(385)
Purchase of 'AAA' rated money market funds	(31)	(10,604)	(42,117)
Sale of investments	1,604	7,960	53,142
Distribution from subsidiary	1,014	4,606	13,794
Sale of 'AAA' rated money market funds	2,100	11,606	19,658
<b>Net cash used in investing activities</b>	<b>1,454</b>	<b>5,054</b>	<b>34,699</b>
<b>Taxation</b>			
Tax recovered	–	–	3
<b>Cash flows from financing activities</b>			
Redemption of B shares	(10,322)	–	(20,644)
Dividends paid	(1,135)	(3,613)	(6,400)
Interest paid	(181)	(188)	(378)
<b>Net cash used in financing activities</b>	<b>(11,638)</b>	<b>(3,801)</b>	<b>(27,422)</b>
Net increase/(decrease) in cash and cash equivalents	<b>(9,143)</b>	3,814	9,351
Cash and cash equivalents at the start of period	9,441	90	90
Effect of exchange rate fluctuations on cash held	(4)	–	–
Cash and cash equivalents at the end of period	<b>294</b>	3,904	9,441

---

## **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 Guidance 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 Guidance 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

**Duncan Budge**

Chairman

28 September 2018

## Notes to the Accounts

### 1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2017 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2017 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 2017 and 30 June 2018 have not been audited.

### 2. Basis of Preparation

These condensed set of financial statements for the six months ended 30 June 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA) and IAS 34 Interim Financial Reporting as adopted by the European Union (EU). They do not include all the information required by International Financial Reporting Standards (IFRS) in full annual financial statements and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2017.

The Association of Investment Companies ('AIC') issued a revised Statement of Recommended Practice for the Financial Statements of Investment Trust Companies and Venture Capital Trusts in February 2018 ('SORP') applicable to accounting periods commencing on or after 1 January 2019. Where presentational guidance set out in the SORP is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

In May 2016 shareholders approved a change in the investment policy of the Company. The Company's new investment objective is to conduct an orderly realisation of its relatively illiquid assets, to be effected in a manner that seeks to achieve a balance between maximising the value of its assets and progressively returning cash to shareholders. As it is likely this process, which is expected to have a duration of several years, will ultimately lead to the liquidation of the Company, these financial statements have not been prepared on a going concern basis. No adjustments were necessary to the investment valuations or other assets and liabilities included in the financial statement as a consequence of the change in the basis of preparation.

### 3. Income

	Six months to 30 June 2018 £'000	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
Dividend income – UK	–	967	967
Interest income – UK	23	611	635
Limited Partnership income - UK	99	946	2,807
AAA rated money market funds	31	4	17
Deposit interest	3	–	4
Other income	–	159	159
	<b>156</b>	<b>2,687</b>	<b>4,589</b>

### 4. Dividends

	Six months to 30 June 2018 £'000	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
Dividends paid in the period	<b>1,135</b>	<b>3,613</b>	<b>6,400</b>

## 5. Investments

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses that arise on investments are designated at fair value through profit or loss. Given the nature of the Company's investments the fair value gains recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and therefore the movement in these fair values are treated as unrealised.

### Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	At 30 June 2018 £'000	At 30 June 2017 £'000	At 31 December 2017 £'000
<b>Level 1</b>			
'AAA' rated money market funds OEICS	21,398	6	23,467
<b>Level 2</b>	–	–	–
<b>Level 3</b>			
Unlisted investments	77,813	103,615	67,223
	<b>99,211</b>	<b>103,621</b>	<b>90,690</b>

The Company recognises transfers between the levels of the fair value hierarchy as of the end of the reporting period during which the transfer occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six months ended 30 June 2018.

### Level 3 fair values

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the six months ended 30 June 2018 are set out below: -

	<b>Level 3 £'000</b>
Book cost at 31 December 2017	85,975
Unrealised depreciation	(18,752)
Valuation at 31 December 2017	67,223
Purchases at cost	9,937
Sales – proceeds	(2,618)
Sales – realised gain on sales	865
Increase in unrealised appreciation	2,406
Valuation at 30 June 2018	77,813
Book cost at 30 June 2018	94,159
Closing unrealised depreciation	(16,346)

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the six months ended 30 June 2017 are set out below: -

	<b>Level 3 £'000</b>
Book cost at 31 December 2016	113,388
Unrealised depreciation	(9,580)
Valuation at 31 December 2016	103,808
Purchases at cost	8,514
Sales – proceeds	(12,566)
Sales – realised gains on sales	4,538
Decrease in unrealised appreciation	(679)
Valuation at 30 June 2017	103,615
Book cost at 30 June 2017	113,874
Closing unrealised depreciation	(10,259)

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the year ended 31 December 2017 are set out below: -

	<b>Level 3 £'000</b>
Book cost at 31 December 2016	113,388
Unrealised depreciation	(9,580)
Valuation at 31 December 2016	103,808
Purchases at cost	9,778
Sales – proceeds	(66,936)
Sales – realised gain on sales	29,745
Increase in unrealised appreciation	(9,172)
Valuation at 31 December 2017	67,223
Book cost at 31 December 2017	85,975
Closing unrealised depreciation	(18,752)

## Valuation of investments

Unquoted investments are fair valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines:

- Investments are only valued at cost for a limited period after the date of acquisition, otherwise investments are valued on one of the other basis detailed below. Generally, the earnings multiple basis of valuation will be used.
- When valuing on an earnings basis, the maintainable earnings of a company are multiplied by an appropriate multiple.
- An investment may be valued by reference to the value of its net assets. This is appropriate for businesses whose value derives mainly from the underlying value of its assets rather than its earnings.
- When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of the relevant accounts (interim or final), the valuation is based on the exit valuation.
- Accrued interest on loans to portfolio companies is included in valuations where there is an expectation that the interest will be received.

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. On that basis the Board believe that the impact of changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

The Directors consider the carrying value of financial instruments in the financial statements to represent their fair value.

## 6. Statement of Principal Risks and Uncertainties

The Directors believe that the principal risks and uncertainties faced by the Company include investment and strategic, liquidity, cash drag, people and loss of investment trust status risks. These risks and other risks, and the way in which they are managed, are described in more detail under the heading "Principal Risks, Risk Management and Regulatory Environment" in the Strategic Report Review in the Company's Annual Report and Accounts for the year ended 31 December 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report. These principal risks and uncertainties are not expected to change materially for the remaining six months of the Company's financial year.

## 7. Earnings per share

	Six months to 30 June 2018	Six months to 30 June 2017	Year to 31 December 2017
Revenue return per ordinary share (p)	<b>(0.7)</b>	10.8	19.0
Capital return per ordinary share (p)	<b>14.5</b>	18.4	97.9
Earnings per ordinary share (p)	<b>13.8</b>	29.2	116.9
Weighted average number of shares	<b>20,644,062</b>	20,644,062	20,644,062

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.

## 8. Related party transactions

There have been no material changes to the related party transactions described in the last annual report.



## Information for Investors

Dunedin Enterprise is managed by Dunedin. Dunedin is authorised and regulated by the Financial Conduct 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](mailto:info@dunedinenterprise.com).

The Company's share price appears in various national newspapers and is also available on the Company website [www.dunedinenterprise.com](http://www.dunedinenterprise.com) or on the Alliance Trust Savings website [www.alliancetrustsavings.co.uk](http://www.alliancetrustsavings.co.uk) or else on various websites such as [www.trustnet.com](http://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. 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.

### 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 2018 the ISA subscription limit has been £20,000. The monthly administration charge for an Alliance Trust Savings ISA is £10. This includes four online trades per year.

Alliance Trust Savings – Investment Dealing Account (IDA) offers a means of investing in Dunedin Enterprise outside a tax efficient wrapper. The monthly administration charge for an Alliance Trust Savings IDA is £10. This includes four online trades per year.

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 online regular monthly payments is £1.50 and £5 for offline payments instructed by post. Investors may also make one-off investments by

dealing online or by post/telephone. There is a maximum online dealing charge of £9.99 and a postal/telephone dealing charge of £50 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 re-invested and request to receive income from dividends to their bank account. Although Alliance Trust Savings consider the IDA and ISA to be a medium to long term investment, 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 Marketgate  
Dundee  
DD1 9YP

Telephone 01382 573737  
Website [www.alliancetrustsavings.co.uk](http://www.alliancetrustsavings.co.uk)  
Email [contact@alliancetrust.co.uk](mailto: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: 0371 384 2440  
International: +44 121 415 7047  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)

---

## 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.
- If bank borrowing is unavailable, then investment activity will be curtailed.
- 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.

**Other Important Information:** The information contained on pages 23 to 24 has been issued by Alliance Trust Savings Limited. Alliance Trust Savings Limited is a subsidiary of Alliance Trust PLC and is registered in Scotland No. SC 98767, registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP; is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number 116115. Alliance Trust Savings gives no financial or investment advice.

The Company is managed by Dunedin and marketed by Alliance Trust Savings Limited which is authorised and regulated by the Financial Conduct 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.

---

## 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:

### March

Preliminary figures and recommended dividend for the year announced.

### April

Annual Report and Accounts published.

### May

Annual General Meeting and dividend paid.

### September

Half year report published.

---

## Corporate Information

### Directors

Duncan Budge, Chairman  
Brian Finlayson  
Michael Meyer Jensen  
Angela Lane, Senior Independent Director

### Manager and Secretary

Dunedin LLP  
(Authorised and Regulated by the  
Financial Conduct Authority)

### Registered Office

Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EN  
Telephone 0131 225 6699  
Registered No. 52844 Scotland  
Email [info@dunedinenterprise.com](mailto:info@dunedinenterprise.com)  
Website [www.dunedinenterprise.com](http://www.dunedinenterprise.com)

### Broker

Cantor Fitzgerald Europe  
One Churchill Place  
London  
E14 5RB

### Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone 0371 384 2440

### Alliance Trust Savings Limited

PO Box 164  
8 West Marketgait  
Dundee  
DD1 9YP  
Telephone 01382 573737  
Email [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

Telephone +44 (0)131 225 6699  
Facsimile +44 (0)131 718 2300

[www.dunedinenterprise.com](http://www.dunedinenterprise.com)