



Dunedin Enterprise Investment Trust PLC
Half Year Report 2019

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.

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Financial Highlights

Net asset value total return: 3.6% in the six months to 30 June 2019

Share price total return: 20.9% in the six months to 30 June 2019

Net asset value per share at 30 June 2019: 400.9p (412.9p at 31/12/18), after 2.0p dividend and 25p return of capital

Share price at 30 June 2019: 368p (328p at 31/12/18)

Realisations: £7.3m in the half year

£5.2m returned to shareholders via B shares in June 2019

£114m returned to shareholders since 2012

Comparative Total Return Performance

Periods to 30 June 2019	Net Asset value (per share)	Share price	FTSE Small Cap (ex Inv Cos) Index	FTSE All-Share (ex Inv Cos) Index
Six months	3.6%	20.9%	6.1%	13.0%
One year	7.2%	14.2%	-8.6%	0.3%
Three years	44.5%	126.7%	24.8%	28.7%
Five years	41.8%	77.2%	30.3%	34.7%
Ten years	92.6%	202.1%	217.5%	165.1%

Chairman's Statement

The total return in the half year to 30 June 2019 was 3.6% and 20.9% in terms of net asset value per share and share price respectively. This is stated after allowing for a return of capital in June 2019 of 25p per share and a final dividend for 2018 of 2.0p paid in May 2019. Your Company's net asset value per share decreased from 412.9p to 400.9p in the half year.

The share price of 368p at 30 June 2019 represents a discount of 8.2% to the net asset value of 400.9p per share.

Portfolio

During the half year there were two follow-on investments. An additional £1m was invested in GPS, the payments processing business, and £0.3m in EV, the provider of high performance video cameras for the oil and gas industry.

From within the Realza fund portfolio, Litalsa, a Spanish printing company, was realised generating £3.9m and a return of 2.9 times original cost. There were also re-financings undertaken at Kingsbridge and FRA generating proceeds of £3.2m and £1.8m respectively.

Overall the trading performance of the portfolio has improved during the half year. Unrealised valuation increases of £6.5m were partially offset by value decreases of £4.1m. Valuation uplifts were achieved at Red, FRA, Formaplex, EV and U-POL offset by a reduction in the valuation of CitySprint. Further details are provided in the Manager's Review.

Commitments & Liquidity

The Company had outstanding commitments to limited partnership funds of £22.2m at 30 June 2019. The outstanding commitment position consisted of £21.4m to Dunedin managed funds and £0.8m to Realza. Assuming these funds are held to maturity, it is estimated that only some £7.2m of this total outstanding commitment will be drawn over the remaining life of the funds to meet follow-on investments and ongoing expenses.

The Company has a revolving credit facility with Lloyds Bank of £5m which was undrawn at 30 June 2019 and is available until 31 May 2020. This facility was reduced from £10m to £5m at 31 May 2019 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

In June 2019 £5.2m was returned to shareholders via a further issue of B Shares of 1p each. This follows the re-financings at FRA and Kingsbridge, the realisation of Litalsa and the renewal of the banking facility. These B Shares were 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 25 B Shares for every one Ordinary Share held at the record date of 6.00pm on 11 June 2019. The B Shares were issued on 12 June 2019 and immediately redeemed at 1p each. The proceeds from the redemption of the B Shares were sent to shareholders on 26 June 2019, either through CREST to uncertificated shareholders or via cheque to certificated shareholders.

Following this fourth return of capital a total of £114m has been returned to shareholders since 2012 via dividends and returns of capital.

The Board regularly reviews the possibility of further returns of capital.

Dividends

A final dividend of 2.0p per share relating to the year ended 31 December 2018 was paid to shareholders in May 2019 amounting to £0.4m.

Outlook

There remains significant uncertainty regarding the final outcome of Brexit. While the Board does not expect there to be any significant impact from Brexit on the operations of the Company itself, each of our portfolio companies has developed plans to cater for a variety of outcomes which will be continually reviewed as the course of Brexit negotiations become clearer.

More generally, the Board welcomes the continued strong trading performance of a number of portfolio companies and the returns which have been delivered for shareholders by the underlying investment performance of the portfolio and the returns of capital.

Duncan Budge

12 September 2019

Manager's Review

Results for the six months to 30 June 2019

In the six months to 30 June 2019, Dunedin Enterprise's net asset value per share total return was 3.6%, after taking account of dividends paid for 2018 of 2.0p per share (paid in May 2019) and an issue and redemption of B shares equivalent to 25p per share (paid in June 2019). This compares with an increase in the FTSE

Small Cap Index (ex Inv. Cos) over the same period of 6.1%.

In the six months to 30 June 2019 Dunedin Enterprise invested a total of £1.7m and realised £7.3m from investments.

Net asset and cash movements in the half year to 30 June 2019

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

	£'m
Net asset value at 31 December 2018	85.2
Unrealised value increases	6.5
Unrealised value decreases	(4.1)
Realised profit over opening valuation	(0.4)
Dividends paid to shareholders	(0.4)
B share redemption	(5.2)
Other movements	1.2
Net asset value at 30 June 2019	82.8

Cash movements in the half year to 30 June 2019 can be summarised as follows:-

	£'m
Cash & near cash balances at 31 December 2018	5.7
Investments made	(1.7)
Investments realised	7.3
B share redemption	(5.2)
Dividends paid to shareholders	(0.4)
Release of un-used drawdown by Dunedin Buyout Fund III	4.8
Operating activities	1.2
Cash & near cash balances at 30 June 2019	11.7

Portfolio composition and movements

Dunedin Enterprise holds investments in unquoted companies through:-

- Dunedin managed funds, and
- Third party managed funds.

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

	Valuation at 31-12-18 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-19 £'m
Dunedin managed	64.8	1.6	(3.4)	(0.4)	2.8	65.4
Third party managed	10.5	0.1	(3.9)	–	(0.4)	6.3
Investment portfolio	75.3	1.7	(7.3)	(0.4)	2.4	71.7
AAA rated money market funds	2.1	11.6	(5.7)	–	–	8.0
Total	77.4	13.3	(13.0)	(0.4)	2.4	79.7

Investment activity

During the six months to 30 June 2019 a follow-on investment of £1.0m was made in GPS, the payments processing business, to facilitate further investment in GPS's payments processing platform. There was also a follow-on investment made in EV, the provider of high performance ruggedised video cameras for the oil and gas industry, to support the ongoing development of EV's camera fleet.

A further £0.4m 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 £7.3m was realised from the portfolio of investments.

In January 2019 Litalsa, an investment held within the Realza portfolio, was realised. Litalsa is a leading independent provider of printing and varnishing services for metal can and closure manufacturers in Spain. Total proceeds from the sale amounted to £3.9m (£4.5m). The original cost of the investment in Litalsa was £1.4m (£1.9m) and, over its life, a total of £3.9m (£4.5m) will have been received by Dunedin Enterprise representing a 2.9 times return.

During the half year there were two re-financings undertaken of portfolio companies following a period of strong trading. In January 2019 a re-financing of FRA, the provider of forensic accounting, data analytics and e-discovery expertise, was completed. A total of £1.8m was received by Dunedin Enterprise consisting of £1.1m capital and £0.7m income. In February 2019 a re-financing of Kingsbridge, the provider of insurance services to contractors, was completed. A total of £3.2m was received by Dunedin Enterprise consisting of £2.3m capital and £0.9m income.

Following the half year end in August 2019 there was a further realisation from the Realza portfolio. Quimi Romar, the manufacturer of household cleaning and personal care products, was realised generating proceeds of £1.5m which represent a return of 1.2x original cost. At 30 June 2019 Quimi Romar has been valued at the realised proceeds received in August 2019.

Unrealised movements in valuations

Unrealised valuation increases in the half year amounted to £6.5m. There were valuation uplifts at Red (£2.4m), FRA (£1.3m), Formaplex (£0.9m), EV (£0.8m) and U-Pol (£0.7m).

Red, the supplier of SAP software experts on both a contract and permanent basis, has performed strongly in the half year with a 36% increase in maintainable

EBITDA (maintainable EBITDA being EBITDA for the last twelve months adjusted for exceptional items). The contracting division continues to perform well in the UK, Germany and US markets. New business written in the current year is 20% up on the same period last year.

FRA has achieved an 11% increase in maintainable EBITDA in the half year. The company continues to experience a strong demand for its services with a robust pipeline of new projects. During 2019 FRA has opened an office in Stockholm further expanding its global footprint.

Formaplex, the provider of tooling and lightweight component solutions, has seen profits recover strongly in the half year. This has been achieved by winning new contracts in the components division and improved cost control. The sales pipeline is strong with 80% of 2019/20 sales covered by confirmed orders. The improved maintainable EBITDA has allowed Formaplex to be valued on an earnings basis rather than a net assets basis.

EV, has achieved a 29% increase in maintainable EBITDA in the half year. The company has benefitted from a stable oil price and a tight control over costs.

U-Pol, the manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and components, has achieved an 8% increase in maintainable EBITDA during the half year. Performance in the half year has been boosted by a new UK sales team and sales to two significant US retailers.

The principal valuation reduction was at CitySprint (£3.0m), the same day courier. Increased competition in a low growth market and the loss of a significant customer has impacted EBITDA which reduced by 18% in the half year. Both the company's management team and the institutional investors are proactively taking steps to manage costs within the business and return CitySprint to historic levels of profitability.

The average earnings multiple applied to the valuation of the Dunedin managed portfolio was 9.4x EBITDA (31 December 2018: 9.6x). These multiples are applied to the maintainable earnings of portfolio companies. Within the Dunedin managed portfolio, the weighted average gearing of the companies was 3.2x EBITDA (31 December 2018: 2.7x).

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

Dunedin LLP

12 September 2019

Ten Largest Investments

by value at 30 June 2019

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors valuation £'000	Percentage of net assets %
FRA	5.4	4,894	12,987	15.7
Hawksford	17.8	6,746	11,200	13.5
Weldex	15.1	9,505	9,611	11.6
GPS	8.2	7,338	7,338	8.9
RED	20.1	9,665	6,937	8.4
Kingsbridge	12.4	1,852	6,010	7.3
Realza	8.9	5,444	5,986	7.2
U-POL	5.0	5,657	4,293	5.2
CitySprint	5.2	7,308	3,378	4.1
EV	10.6	8,321	3,257	3.9
		66,730	70,997	85.8

Total return of ten largest investments

at 30 June 2019

Company name	Original cost of investment £'000	Realised to date* £'000	Directors valuation £'000	Total return £'000
FRA	6,035	1,540	12,987	14,527
Hawksford	6,910	362	11,200	11,562
Weldex	9,505	119	9,611	9,730
GPS	7,338	–	7,338	7,338
RED	10,844	1,405	6,937	8,342
Kingsbridge	4,212	3,292	6,010	9,302
Realza	11,545	10,000	5,986	15,986
U-POL	5,657	2,590	4,293	6,883
CitySprint	9,838	19,763	3,378	23,141
EV	8,321	–	3,257	3,257
	80,205	39,071	70,997	110,068

* – dividends and capital

Top ten investments (held via funds and direct investments)



Percentage of equity held	5.4%
Cost of Investment	£4.9m
Directors' valuation	£13.0m
Percentage of net assets	15.7%

FRA

FRA is an international consultancy business that provides forensic accounting, data analytics and e-discovery expertise, helping 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 opened an office in Stockholm in June 2019, adding to its offices in London, Providence (Rhode Island), Paris, Dallas, New York, Helsinki and Washington DC. It also runs data centres near each office location as well as in Montreal and Zurich.

In January 2019 a re-financing of the business was undertaken with Dunedin Enterprise receiving proceeds of £1.8m.



Percentage of equity held	17.8%
Cost of Investment	£6.7m
Directors' valuation	£11.2m
Percentage of net assets	13.5%

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.

During 2018 Hawksford completed the acquisitions of P&P, a Hong Kong based trust business; and the corporate services division of audit and accountancy practice SH Landes. The P&P acquisition increased Hawksford's Asian presence, giving the company new representation in China and Japan, building on its existing presence in Singapore and Hong Kong. Hawksford's international clients now have access to a greater depth of services across Asia, while P&P clients are able to utilise Hawksford's wider services in other locations. As a result of the SH Landes acquisition, Hawksford can now provide specialist corporate services from its central London offices.

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.

WELDEX

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£9.6m
Percentage of net assets	11.6%

Weldex

Weldex is a market-leading crawler crane hire business in the UK, with the tenth largest lifting capacity globally. It 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 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.

Weldex 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.



Percentage of equity held	8.2%
Cost of Investment	£7.3m
Directors' valuation	£7.3m
Percentage of net assets	8.9%

GPS

Global Processing Services ("GPS") is a UK headquartered payments processing business providing customers with leading edge payment processing and ancillary services. Customers include new emerging fintech or challenger banks, offering a significantly differentiated proposition for their clients; as well as specialist payment firms serving the travel, insurance and foreign exchange markets. It offers a best in class, scalable payment processing platform with flexibility, innovative features and an accelerated speed to market for new market entrants. It has over 100 clients, including many UK fintech and challenger banks, and is seeing significant growth opportunities from emerging overseas challenger banks as they seek to disrupt their own domestic banking markets.

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	20.1%
Cost of Investment	£9.7m
Directors' valuation	£6.9m
Percentage of net assets	8.4%

RED

RED is a global supplier of SAP contract and permanent staff to international corporations and consultancies. SAP is the market leader in ERP software (Enterprise Resource Planning), which enables companies of all sizes and industries to 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 candidates in 80 countries, and has offices in the UK, Germany, Switzerland and the USA.



KINGSBRIDGE

Percentage of equity held	12.4%
Cost of Investment	£1.9m
Directors' valuation	£6.0m
Percentage of net assets	7.3%

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. Founded in 2007, the business offers various insurance products specifically designed for the contractor market and has enjoyed strong growth. Kingsbridge completed the acquisitions of Larsen Howie, a specialist online provider of insurance and IR35 and tax related services, in 2018 and in 2019 acquired InsurTech pioneer, Dinghy.

There is a significant and growing market opportunity for contractor insurance, with contractors becoming an increasingly prevalent component of the UK workforce. Long-term growth in demand points towards a broad-based workforce shift as more people embrace flexible working. Kingsbridge is a high growth, high margin, cash generative and innovative insurance services firm with an impressive financial growth track record. Kingsbridge Contractor Insurance is the clear market leader in the specialist provision of insurance for contractors and freelancers.

In February 2019 a re-financing of the business was undertaken with Dunedin Enterprise receiving proceeds of £3.2m.



Percentage of equity held	8.9%
Cost of Investment	£5.4m
Directors' valuation	£6.0m
Percentage of net assets	7.2%

Realza Capital

Realza Capital FCR 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.

Following the sale of Quimi Romar the fund has two investments remaining:–

- a manufacturer of water pumps for the automotive industry; and
- a producer of premium tomatoes.



Percentage of equity held	5.0%
Cost of Investment	£5.7m
Directors' valuation	£4.3m
Percentage of net assets	5.2%

U-POL

U-POL is a leading independent manufacturer of automotive refinishing 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.

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



Percentage of equity held	5.2%
Cost of Investment	£7.3m
Directors' valuation	£3.4m
Percentage of net assets	4.1%

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	10.6%
Cost of Investment	£8.3m
Directors' valuation	£3.3m
Percentage of net assets	3.9%

EV

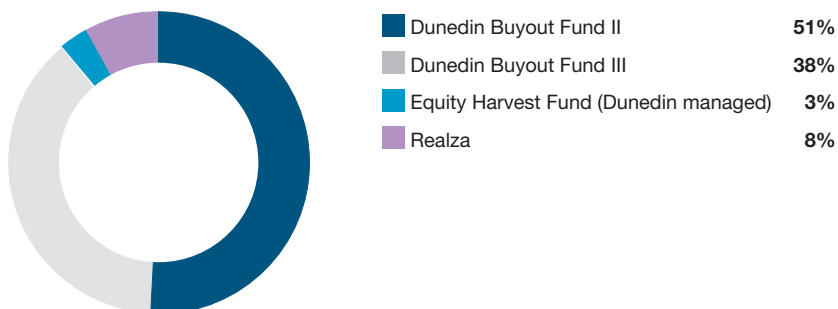
EV is the global market leader in high definition visualisation technology for the oil and gas industry, producing cameras and other 'big data' sensors for diagnosing and analysing problems in oil and gas wells.

In April 2016, EV acquired Epidote, a software company specialising in presenting and analysing oil and gas well integrity data. This move has enabled EV to diagnose problems in oil and gas wells faster and more effectively. The acquisition has allowed EV to enhance its technological offer, with the aim of reducing costs and improving results for its clients.

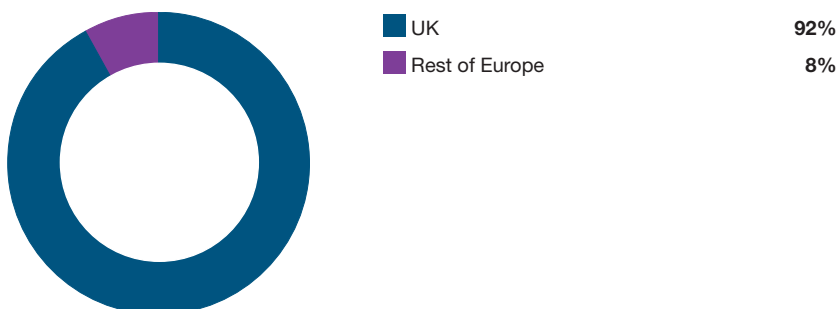
Based in Aberdeen, Houston and Norwich, EV continues to expand, and currently serves blue-chip clients in more than 35 countries across Europe, Canada, the USA, West Africa, the Middle East, Asia and Australasia. With a significant technological competitive edge, the company operates in a predominantly untapped global market, where there is opportunity to broaden its products and services.

Overview of Portfolio

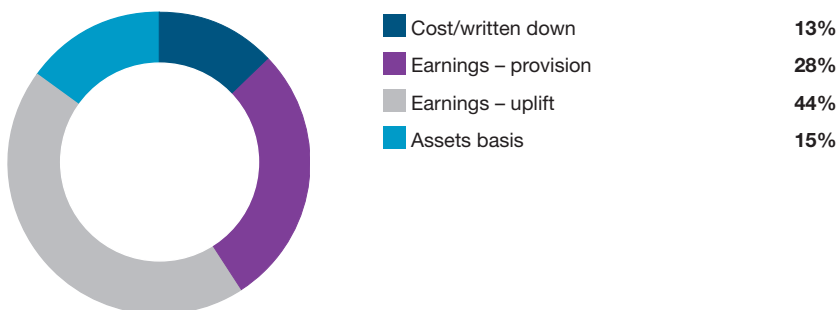
Fund Analysis



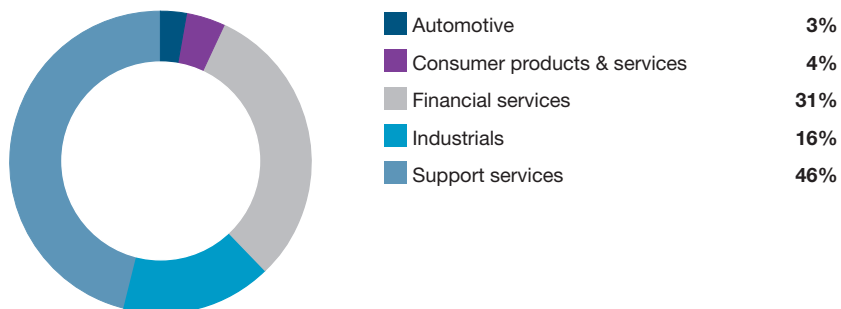
Geographic Location



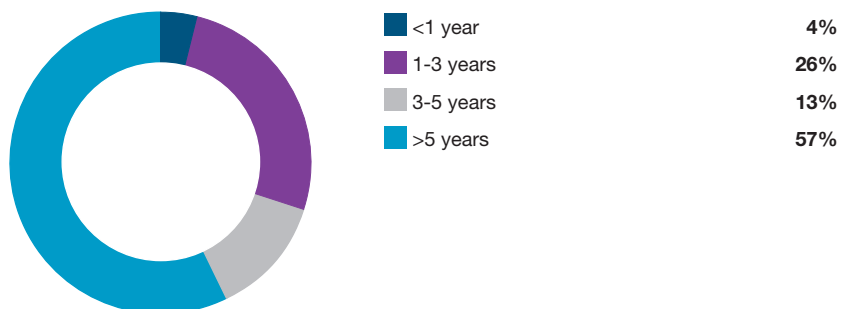
Valuation Method



Sector Analysis



Year of Investment



Statement of Comprehensive Income

for the six months ended 30 June 2019

		Six months ended 30 June 2019 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000
Investment income	3	1,343	–	1,343
Gain on investments		–	2,063	2,063
Total Income		1,343	2,063	3,406
Expenses				
Investment management fees		(7)	(22)	(29)
Other expenses		(193)	(3)	(196)
Profit/(loss) before finance costs and tax		1,143	2,038	3,181
Finance costs		(20)	(60)	(80)
Profit/(loss) before tax		1,123	1,978	3,101
Taxation		–	–	–
Profit/(loss) for the period		1,123	1,978	3,101
Earnings per ordinary share (basic & diluted)	6	5.44p	9.58p	15.02p

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 2018 (unaudited)			Year ended 31 December 2018 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
156	–	156	778	–	778
–	3,267	3,267	–	6,269	6,269
156	3,267	3,423	778	6,269	7,047
(30)	(89)	(119)	(49)	(148)	(197)
(221)	(60)	(281)	(448)	(113)	(561)
(95)	3,118	3,023	281	6,008	6,289
(45)	(136)	(181)	(66)	(197)	(263)
(140)	2,982	2,842	215	5,811	6,026
–	–	–	(38)	38	–
(140)	2,982	2,842	177	5,849	6,026
(0.67)p	14.44p	13.77p	0.86p	28.33p	29.19p

Statement of Changes in Equity for the six months ended 30 June 2019

Six months ended 30 June 2019 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2018	5,161	23,409
Profit/(loss) for the period	–	–
B shares issued during the period	5,161	(5,161)
B shares redeemed during the period	(5,161)	5,161
Dividends paid	–	–
At 30 June 2019	5,161	23,409

Six months ended 30 June 2018 (unaudited)

	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

Year ended 31 December 2018 (audited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2017	5,161	23,409
Profit/(loss) for the year	–	–
B shares issued during the year	20,644	(20,644)
B shares redeemed during the year	(20,644)	20,644
Dividends paid	–	–
At 31 December 2018	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
58,063	(13,030)	6,312	5,320	56,665	85,235
2,131	(153)	–	1,123	3,101	3,101
–	–	–	–	–	–
–	–	(5,161)	–	(5,161)	(5,161)
–	–	–	(413)	(413)	(413)
60,194	(13,183)	1,151	6,030	54,192	82,762

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
57,936	(18,752)	26,956	6,278	72,418	100,988
127	5,722	–	177	6,026	6,026
–	–	–	–	–	–
–	–	(20,644)	–	(20,644)	(20,644)
–	–	–	(1,135)	(1,135)	(1,135)
58,063	(13,030)	6,312	5,320	56,665	85,235

Balance Sheet

As at 30 June 2019

	Note	30 June 2019 (unaudited) £'000	30 June 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss	5	79,754	99,211	77,431
Current assets				
Other receivables		1,092	38	5,731
Cash and cash equivalents		3,658	294	3,645
		4,750	332	9,376
Total assets		84,504	99,543	86,807
Current liabilities				
Other liabilities		(1,742)	(7,170)	(1,572)
Net assets		82,762	92,373	85,235
Equity attributable to equity holders				
Share capital		5,161	5,161	5,161
Capital redemption reserve		23,409	23,409	23,409
Capital reserve – realised		60,194	58,512	58,063
Capital reserve – unrealised		(13,183)	(16,346)	(13,030)
Special distributable reserve		1,151	16,634	6,312
Revenue reserve		6,030	5,003	5,320
Total equity		82,762	92,373	85,235
Net asset value per ordinary share (basic and diluted)		400.9p	447.5p	412.9p

Cash Flow Statement

for the six months ended 30 June 2019

	30 June 2019 (unaudited) £'000	30 June 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Cash flows from operating activities			
Profit before tax	3,101	2,842	6,026
Adjustments for:			
Gains on investments	(2,063)	(3,267)	(6,269)
Interest paid	80	181	263
(Increase)/decrease in debtors	4,639	994	(4,699)
Increase in creditors	169	291	1,398
Net cash from operating activities	5,926	1,041	(3,281)
Cash flows from investing activities			
Purchase of investments	(1,590)	(3,151)	(13,942)
Drawdown from subsidiary	(67)	(82)	(162)
Purchase of 'AAA' rated money market funds	(11,632)	(31)	(47)
Sale of investments	3,401	1,604	11,251
Distribution from subsidiary	3,919	1,014	1,014
Sale of 'AAA' rated money market funds	5,710	2,100	21,413
Net cash used in investing activities	(259)	1,454	19,527
Taxation			
Tax recovered	-	-	-
Cash flows from financing activities			
Redemption of B shares	(5,161)	(10,322)	(20,644)
Dividends paid	(413)	(1,135)	(1,135)
Interest paid	(80)	(181)	(263)
Net cash used in financing activities	(5,654)	(11,638)	(22,042)
Net increase/(decrease) in cash and cash equivalents	13	(9,143)	(5,796)
Cash and cash equivalents at the start of period	3,645	9,441	9,441
Effect of exchange rate fluctuations on cash held	-	(4)	-
Cash and cash equivalents at the end of period	3,658	294	3,645

Statement of Principal Risks and Uncertainties

The Directors have an ongoing process for identifying, evaluating and managing principal risks, emerging risks and uncertainties of the Company. The principal risks faced by the Company related to the Company's investment activities and these are set out below:-

- Brexit
- investment and liquidity risk
- portfolio concentration risk
- financial risk
- economic risk
- credit risk

- currency risk
- internal control risk

Information on each of these risks, and an explanation of how they are managed, is on pages 24 to 25 of the Company's Annual Report for the year ended 31 December 2018.

The Company's principal risks, emerging risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

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*' and give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement and Manger's Review (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and

- the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the 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
12 September 2019

Notes to the Accounts

1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2018 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2018 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 2018 and 30 June 2019 have not been audited.

2. Basis of Preparation

These condensed set of financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA) and IAS 34 'Interim Financial Reporting'. 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 2018.

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 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
Interest income – UK	–	23	603
Limited Partnership income – UK	1,299	99	101
AAA rated money market funds	32	31	47
Deposit interest	12	3	26
Other income	–	–	1
	1,343	156	778

4. Dividends

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
Dividends paid in the period	413	1,135	1,135

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 2019 £'000	At 30 June 2018 £'000	At 31 December 2018 £'000
Level 1			
'AAA' rated money market funds OEICS	8,023	21,398	2,101
Level 2	–	–	–
Level 3			
Unlisted investments	71,731	77,813	75,330
	79,754	99,211	77,431

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 2019.

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 2019 are set out below:-

	Level 3 £'000
Book cost at 31 December 2018	88,360
Unrealised depreciation	(13,030)
Valuation at 31 December 2018	75,330
Purchases at cost	1,657
Sales – proceeds	(7,319)
Sales – realised gain on sales	2,216
Decrease in unrealised appreciation	(153)
Valuation at 30 June 2019	71,731
Book cost at 30 June 2019	84,914
Closing unrealised depreciation	(13,183)

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:-

	Level 3 £'000
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 year ended 31 December 2018 are set out below:-

	Level 3 £'000
Book cost at 31 December 2017	85,975
Unrealised depreciation	(18,752)
Valuation at 31 December 2017	67,223
Purchases at cost	14,104
Sales – proceeds	(12,265)
Sales – realised gain on sales	546
Increase in unrealised appreciation	5,722
Valuation at 31 December 2018	75,330
Book cost at 31 December 2018	88,360
Closing unrealised depreciation	(13,030)

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. Earnings per share

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
Revenue return per ordinary share (p)	5.44	(0.67)	0.86
Capital return per ordinary share (p)	9.58	14.44	28.33
Earnings per ordinary share (p)	15.02	13.77	29.19
Weighted average number of shares	20,644,062	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.

7. 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.

The Company's share price is 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. 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.

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.

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 Marketgait
Dundee
DD1 9YP

Telephone: 01382 573737
Website: www.alliancetrustsavings.co.uk
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: 0371 384 2440
International: +44 121 415 7047
Website: 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.
- 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 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 Limited gives no financial or investment advice. 'Alliance Trust Savings', 'ATS' and 'AT Savings' are all brand names of Alliance Trust Savings Limited together with the 'Alliance Trust Savings' logo are owned by and used with the permission of Alliance Trust PLC, the previous owner of 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.

Glossary of Terms and Definitions and Alternative Performance Measures

Buy-out fund

A fund which acquires stakes in established unquoted companies.

Commitment

The amount committed by the Company to a fund investment, whether or not such amount has been advanced in whole or in part by or repaid in whole or in part to the Company.

Distribution

A return that an investor in a private equity fund receives.

Draw down

A portion of a commitment which is called to pay for an investment.

EBITDA

Earnings before interest expense, taxes, depreciation and amortisation.

Enterprise value

The value of the financial instruments representing ownership interests in a company plus the net financial debt of the company.

Net Asset Value ("NAV") per Ordinary Share

The value of the Company's assets and cash held less any liabilities for which the Company is responsible divided by the number of shares in issue.

NAV Total Return

The NAV total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the net asset value. The dividends or capital returned are assumed to be re-invested in the quarter that the dividend or capital return is paid.

Ongoing Charges

Management fees and all other recurring operating expenses that are payable by the Company excluding the costs of purchasing and selling investments, finance costs, taxation, non-recurring costs and costs of returning capital to shareholders, expressed as a percentage of the average net asset value during the period.

Premium/Discount

The amount by which the market price per share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Secondary transaction

The purchase or sale of an investment and its undrawn commitment (if any) to a fund or collection of fund interests in the market.

Share buy-back transaction

The repurchase by the Company of its own shares which will reduce the number of shares on the market.

Share price total return

The share price total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the share price. The dividends or capital returned are assumed to be re-invested on the day the share price goes ex-dividend.

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

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