



Dunedin Enterprise Investment Trust PLC
Half Year Report 2022

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: 4.0%

Net asset value per share at 30 June 2022: 567.5p, after 14.5p dividend (558.8p at 31/12/21)

Share price at 30 June 2022: 502p (473p at 31/12/21)

Realisations: £8.6m in the half year

Post half year sale of RED

£156.8m returned to shareholders since 2012

Comparative Total Return Performance

Periods to 30 June 2022	Net Asset value (per share)	Share price	FTSE Small Cap (ex Inv Cos) Index	FTSE All-Share (ex Inv Cos) Index
Six months	4.0%	9.4%	-15.8%	-3.7%
One year	20.5%	54.8%	-14.6%	2.9%
Three years	51.9%	46.6%	23.7%	7.0%
Five years	95.3%	180.3%	20.2%	16.9%
Ten years	100.0%	230.7%	179.9%	92.2%

Chairman's Statement

The total return in the half year to 30 June 2022 was 4.0% in terms of net asset value per share which increased from 558.8p to 567.5p in the half year. This is stated after allowing for a second interim dividend of 12.6p (paid in March 2022) and a final dividend of 1.9p (paid in May 2022), both relating to the year ended 31 December 2021.

The share price total return was 9.4% during the period under review. The price of 502p at 30 June 2022 represented a discount of 11.5% to the net asset value of 567.5p per share. The latest share price available was 520p, representing a discount of 8.4%.

Portfolio

The realisation of Incremental, the market-leading IT services platform, was completed in March 2022, generating proceeds of £7.9m. The investment was valued at £5.6m at 31 December 2021. Further proceeds are expected to be received from the sale as a result of an earn-out provision.

The sale of our remaining holding in CitySprint, the same day courier, was completed in January 2022 with proceeds received of £1.5m.

Following the half year it was announced that Dunedin Buyout Fund II LP has entered into a legally binding agreement to realise the investment in RED, the provider of SAP contract and permanent staff. The transaction is subject to funding and regulatory approvals and is expected to complete in the second half of 2022. The investment in RED was valued at £23.7m in the Preliminary Unaudited Net Asset Value at 30 June 2022 published on 1 August 2022. Proceeds from the sale are expected to amount to £23.7m. There are also future potential proceeds from an earn-out arrangement which are dependent upon RED achieving profit targets in the year to 31 March 2023. No valuation has been placed on the earn-out at 30 June 2022.

Unrealised valuation increases totalling £7.7m were offset by value decreases of £6.1m. The valuation uplift was primarily generated from RED and Incremental. The principal valuation reduction was at GPS (£5.9m). A partial sale of GPS, a market leader in payment processing technology, was achieved in December 2021 generating a gross return of 2.2x

original cost. In the half year GPS's revenue has continued to increase by 13%. However, since December 2021 the valuation multiples applied to fintech companies have suffered a significant downturn. This has resulted in a full provision being made against the investment.

Further details are provided in the Manager's Review.

Cash, Commitments & Liquidity

At 30 June 2022 the Company held cash and near cash equivalents totalling £30.0m out of total net assets of £74.6m. Following completion of the RED realisation cash reserves are expected to increase to £53.7m. There are outstanding commitments to limited partnership funds of £9.7m at 30 June 2022, consisting of £9.0m to Dunedin-managed funds and £0.7m to Realza.

Tender Offer

The Board is committed to returning proceeds of asset sales to shareholders and doing so efficiently. While the portfolio realisation process continues, the Board will look at opportunities to combine the proceeds of more than one sale before conducting a tender to achieve economies in the process. Once funding and regulatory approvals are received on the realisation of RED the Board intends to announce a distribution to shareholders.

Dividends

A second interim dividend of 12.6p per share relating to the year ended 31 December 2021 was paid to shareholders in March 2022, amounting to £1.7m. A final dividend of 1.9p per share also relating to that year was paid to shareholders in May 2022, amounting to £0.3m.

Outlook

Following the invasion of Ukraine our portfolio companies have had to contend with a level of uncertainty seldom seen. Inflationary pressures and economic disruption have provided a headwind which looks likely to continue for some time.

Duncan Budge

16 September 2022

Manager's Review

Results for the six months to 30 June 2022

In the six months to 30 June 2022, the net asset value per share total return was 4.0%, after taking account of dividends paid for 2021 of 14.5p per share (paid in March/May 2022). This compares with a decrease in the FTSE Small Cap Index (ex Inv. Cos) over the same period of 15.8%.

In the six months to 30 June 2022 the Company realised £8.6m from investments.

Net asset and cash movements in the half year to 30 June 2022

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

	£'m
Net asset value at 31 December 2021	73.4
Unrealised value increases	7.7
Unrealised value decreases	(6.1)
Realised gain over opening valuation	0.9
Dividends paid to shareholders	(1.9)
Other movements	0.6
Net asset value at 30 June 2022	74.6

Cash movements in the half year to 30 June 2022 can be summarised as follows:-

	£'m
Cash & near cash balances at 31 December 2021	24.4
Investments made	(0.3)
Investments realised	8.6
Dividends paid to shareholders	(1.9)
Operating activities	(0.8)
Cash & near cash balances at 30 June 2022	30.0

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 31-12-21 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-22 £'m
Dunedin managed	43.6	0.2	(8.6)	0.9	1.5	37.6
Third party managed	5.2	0.1	–	–	0.1	5.4
Investment portfolio	48.8	0.3	(8.6)	0.9	1.6	43.0
AAA rated money market funds (excluding cash on deposit)	11.8	12.3	(9.1)	–	–	15.0
Total	60.6	12.6	(17.7)	0.9	1.6	58.0

Realisations

In the half year a total of £8.6m was realised from the portfolio of investments.

In March 2022 Incremental, the market-leading IT services platform which designs, implements and supports clients with ERP/CRM systems and cloud infrastructure, was realised by a trade sale to Telefonica. Proceeds from the realisation amounted to £7.9m, consisting of capital of £7.1m and income of £0.8m. At 30 June 2022 the investment has been valued at the additional deferred proceeds of £1.4m which are expected to be received by the year end. The investment in Incremental was valued at £5.6m at 31 December 2021 and has generated a return of £9.9m, representing a gross return of 2.5x original cost.

In January 2022 the remaining investment in CitySprint, the same day courier, was realised delivering proceeds of £1.5m. Total proceeds from the original investment totalled £21.3m and generated a 2.1x return on cost of £9.8m.

Following the half year it was announced that Dunedin Buyout Fund II LP has entered into a legally binding agreement to realise the investment in RED, the provider of SAP contract and permanent staff. The transaction is subject to funding and regulatory approvals and is expected to complete in the second half of 2022. The investment in RED was valued at £23.7m in the Preliminary Unaudited Net Asset Value at 30 June 2022 published on 1 August 2022. Proceeds from the sale are expected to amount to £23.7m, consisting of capital of £19.7m and income of £4.0m. Additionally, there are future potential proceeds from an earn-out arrangement which are dependent upon RED achieving profit targets in the year to 31 March 2023.

Investment activity

A further £0.2m was drawn down by Dunedin and third-party managed funds to meet management fees and ongoing expenses.

Unrealised movements in valuations

Unrealised valuation increases in the half year amounted to £7.7m. There were valuation uplifts at RED (£3.0m), Incremental (£1.4m) and Premier (£0.6m).

RED, the provider of SAP contract and permanent staff, has been valued at the expected proceeds from the sale announced in August 2022.

As noted above, Incremental was realised in March 2022. There are future potential proceeds from an earn-out arrangement which are dependent upon Incremental achieving profit targets in 2022 and 2023. It is expected that this earn-out will generate £1.4m of further proceeds in 2022 which is included in the current valuation.

Premier Hytemp, the provider of highly engineered components to the oil and gas industry, has experienced a recovery in profitability following an increase in margins both in the UK and Singapore. As the market outlook improves the company is tendering for some significant contracts. The investment continues to be valued on a discounted net assets basis.

The principal valuation reduction was at GPS (£5.9m). A partial sale of GPS, a market leader in payment processing technology, was achieved in December 2021 generating a gross return of 2.2x original cost. In the half year GPS's revenue has continued to increase by 13%. However, since December 2021 the valuation multiples applied to fintech companies have suffered a significant downturn. This has resulted in a full provision being made against the remaining investment.

The average earnings multiple applied to the valuation of the Dunedin managed portfolio was 8.8x EBITDA (31 December 2021: 9.7x). These multiples are applied to the maintainable earnings of portfolio companies. Within the Dunedin managed portfolio, the weighted average gearing of the companies was 3.1x EBITDA (31 December 2021: 3.3x).

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

Dunedin LLP

16 September 2022

Current Investments

by value at 30 June 2022

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors valuation £'000	Percentage of net assets %
RED	20.1	9,665	23,726	31.8
Weldex	15.1	9,505	6,612	8.9
Realza	8.9	4,321	5,428	7.3
FRA	5.2	1,413	3,848	5.2
Premier Hytemp	23.0	10,136	2,328	3.1
EV	10.6	8,321	1,921	2.6
Incremental	–	–	1,422	1.9
GPS	1.5	1,994	–	–
Hawksford	3.7	–	–	–
		45,355	45,285	60.8

Total return of current investments

at 30 June 2022

Company name	Cost of investment £'000	Gross realised to date* £'000	Directors valuation £'000	Total return £'000
RED	11,438	1,432	23,726	25,158
Weldex	9,505	119	6,612	6,731
Realza	11,545	11,651	5,428	17,079
FRA	6,035	5,504	3,848	9,352
Premier Hytemp	10,136	178	2,328	2,506
EV	8,321	–	1,921	1,921
Incremental	3,875	9,852	1,422	11,274
GPS	8,220	18,203	–	18,203
Hawksford	6,910	7,087	–	7,087
	75,985	54,026	45,285	99,311

* – dividends and capital

Top Investments



Percentage of equity held	20.1%
Cost of Investment	£9.7m
Directors' valuation	£23.7m
Percentage of net assets	31.8%

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.

RED has a highly scalable business model. Growth is expected to come from deeper penetration of the existing client base, development of new clients, continued focus on service differentiation and increasing market share in existing geographical markets. Additional growth opportunities include expansion to support high growth technologies complementary to SAP.

In August 2022 it was announced that a legally binding agreement to realise the investment in RED had been entered into by Dunedin Buyout Fund II LP. Proceeds from the sale are expected to amount to £23.7m.

WELDEX

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£6.6m
Percentage of net assets	8.9%

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 some 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. Recent projects include the HS2 railway, the Thames Tideway Tunnel in London, and the Peterborough Railway Tunnel where a curved concrete box weighing more than the Eiffel Tower will be pushed underground to form a new railway tunnel.

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.



Percentage of equity held	8.9%
Cost of Investment	£4.3m
Directors' valuation	£5.4m
Percentage of net assets	7.3%

Realza

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.

Realza has three investments remaining:–

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



Percentage of equity held	5.2%
Cost of Investment	£1.4m
Directors' valuation	£3.8m
Percentage of net assets	5.2%

FRA

FRA is an international consultancy that provides forensic accounting, data analytics and e-discovery expertise, helping businesses respond to 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. The company has offices in London, Dallas, New York, Washington DC, Philadelphia, Paris, Helsinki and Stockholm. It also runs data centres near each office location as well as in Montreal and Zurich.

Two re-financings of the business have been undertaken with Dunedin Enterprise receiving proceeds of £5.5m.



Percentage of equity held	23.0%
Cost of Investment	£10.1m
Directors' valuation	£2.3m
Percentage of net assets	3.1%

Premier Hytemp

Premier Hytemp is a global market leader in the manufacture and supply of engineered metal solutions. It is a specialist in the provision of low alloy and nickel alloy steel components for the upstream oil and gas industry. Its components are used in complex engineered assemblies required to extract and control the flow of oil and gas from new reserves, often sub-sea.

Premier Hytemp is headquartered in Edinburgh with manufacturing facilities in Singapore and Malaysia.



Percentage of equity held	10.6%
Cost of Investment	£8.3m
Directors' valuation	£1.9m
Percentage of net assets	2.6%

EV

EV is a UK headquartered, global market leader in the provision of high performance, harsh environment, video cameras and quantitative visual analytics to the global energy industry.

It offers a highly specialist service, providing skilled engineers to operate its market leading cameras in the most difficult down-hole conditions. The high-resolution video images produced by EV's cameras allow oil and gas well operators to identify, quantify and solve problems rapidly. EV is based in Dubai, Perth, Kuala Lumpur, Calgary, Aberdeen, Houston and Norwich. It has a further presence in seventeen worldwide locations across Europe, Canada, USA, South America, West Africa, the Middle East, Asia and Australasia. The business employs more than 100 staff.

EV's high value Visual Analytics services and products hold a significant technological competitive advantage operating in a growing marketplace as global leader in this field of optical data analytics. The business has a key technological competitive advantage delivering full 360 degree top to toe wellbore images in HD colour employing the EV proprietary Optis Infinity Multi-Side-View-Camera technology. EV are focussed on increasing customer well performance and providing detailed well integrity information helping customers extend well life and thereby decrease the global carbon footprint.

Hawksford

Percentage of equity held	3.7%
Cost of Investment	£-m
Directors' valuation	£-m
Percentage of net assets	-%

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 will now have access to a greater depth of services across Asia, while P&P clients will be able to utilise Hawksford's wider services in other locations. As a result of the SH Landes acquisition, Hawksford is able to provide specialist corporate services from its central London offices.

To date Hawksford has completed seven major acquisitions in Jersey, the UK, the Middle East and the Far East. These acquisitions have further enhanced Hawksford's 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.

In February 2021 Hawksford completed a refinancing where proceeds of 1.0x cost were received. Dunedin Enterprise retains a 3.7% interest in Hawksford.



Percentage of equity held	1.5%
Cost of Investment	£2.0m
Directors' valuation	£-m
Percentage of net assets	—%

GPS

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.

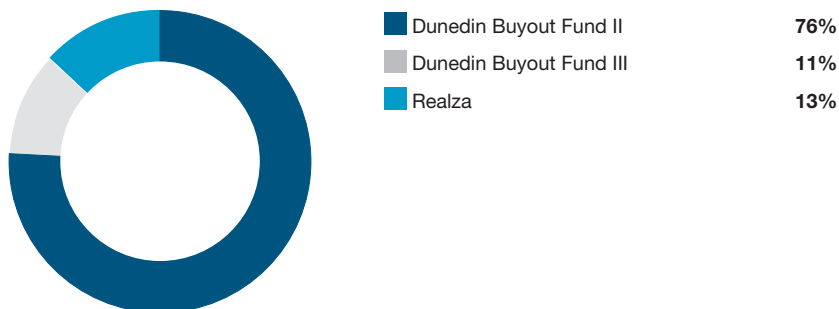
GPS has a large and growing addressable market. Challenger banks and fintech companies needing leading edge payment processing services are being created in all major geographical markets. Many are seeking help from GPS as they start to disrupt their own domestic markets. As the winners emerge, the volume of payments that they generate also increases, thereby adding further volume of processing to the GPS platform. In general, the payments market is growing globally through a reduction in the use of cash and an increase in the use of mobile methods of payment (e.g. phones and 'tap to pay' debit cards).

GPS has an increasingly international target market, with recent client wins in Europe and Australia. GPS has signed a strategic partnership with Visa to provide fintech clients with payments technology in the Asia Pacific region. It has also been selected by Mastercard as its chosen processing partner in its Fintech Express Programme. In 2020 GPS was selected by the Department for International Trade (DIT) to become a London Export Champion.

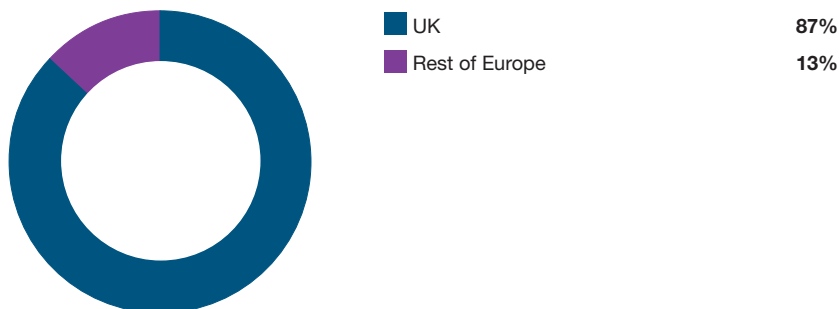
In December 2021 a refinancing of GPS was completed with new investors providing additional capital to finance future growth. Gross proceeds from the refinancing of 2.2x original cost were received by Dunedin Enterprise, which retains a 1.5% interest in GPS Newco.

Overview of Portfolio

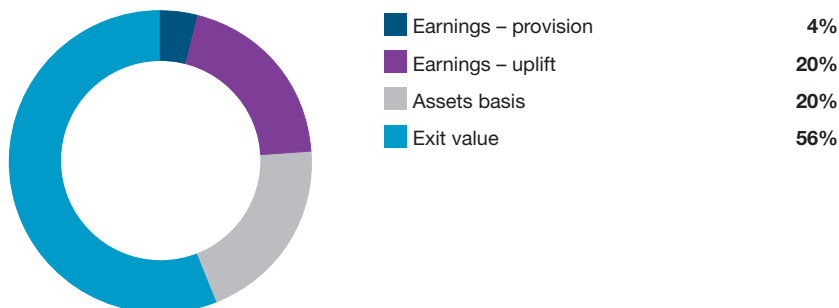
Fund Analysis



Geographic Location



Valuation Method

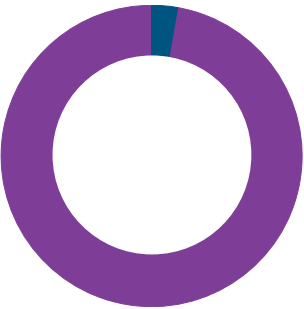


Sector Analysis



Automotive	7%
Consumer products & services	5%
Industrials	9%
Support services	79%

Year of Investment



1-3 years	3%
>5 years	97%

Statement of Comprehensive Income

for the six months ended 30 June 2022

		Six months ended 30 June 2022 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000
Investment income	3	791	–	791
Gain on investments		–	2,551	2,551
Total Income		791	2,551	3,342
Expenses				
Investment management fees		(17)	(50)	(67)
Other expenses		(180)	(52)	(232)
Profit before finance costs and tax		594	2,449	3,043
Finance costs		–	–	–
Profit before tax		594	2,449	3,043
Taxation		–	–	–
Profit for the period		594	2,449	3,043
Earnings per ordinary share (basic & diluted)	6	4.52p	19.04p	23.56p

The Total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 2021 (unaudited)			Year ended 31 December 2021 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
590	–	590	4,800	–	4,800
–	15,003	15,003	–	23,408	23,408
590	15,003	15,593	4,800	23,408	28,208
(10)	(31)	(41)	(29)	(88)	(117)
(193)	(2)	(195)	(384)	(23)	(407)
387	14,970	15,357	4,387	23,297	27,684
(12)	(37)	(49)	(10)	(32)	(42)
375	14,933	15,308	4,377	23,265	27,642
–	–	–	272	70	342
375	14,933	15,308	4,649	23,335	27,984
2.07p	82.50p	84.57p	26.56p	133.33p	159.89p

Statement of Changes in Equity for the six months ended 30 June 2022

Six months ended 30 June 2022 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2021	3,284	1,241
Profit/(loss) for the period	–	–
Dividends paid	–	–
At 30 June 2022	3,284	1,241

Six months ended 30 June 2021 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2020	4,525	49,850
Profit/(loss) for the period	–	–
Dividends paid	–	–
At 30 June 2021	4,525	49,850

Year ended 31 December 2021 (audited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2020	4,525	49,850
Profit for the year	–	–
Cancellation of Capital Redemption Reserve	–	(49,850)
Purchase and cancellation of shares	(1,241)	1,241
Dividends paid	–	–
At 31 December 2021	3,284	1,241

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
19,721	(8,378)	51,001	6,544	68,888	73,413
(3,544)	5,993	–	594	3,043	3,043
–	–	–	(1,905)	(1,905)	(1,905)
16,177	(2,385)	51,001	5,233	70,026	74,551

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
30,600	(16,357)	1,151	5,153	20,547	74,922
(4,163)	19,096	–	375	15,308	15,308
–	–	–	(362)	(362)	(362)
26,437	2,739	1,151	5,166	35,493	89,868

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
30,600	(16,357)	1,151	5,153	20,547	74,922
15,356	7,979	–	4,649	27,984	27,984
–	–	49,850	–	49,850	–
(26,235)	–	–	–	(26,235)	(26,235)
–	–	–	(3,258)	(3,258)	(3,258)
19,721	(8,378)	51,001	6,544	68,888	73,413

Balance Sheet

As at 30 June 2022

	Note	30 June 2022 (unaudited) £'000	30 June 2021 (unaudited) £'000	31 December 2021 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss	5	57,993	90,821	60,588
Current assets				
Other receivables		1,650	401	297
Cash and cash equivalents		14,936	171	12,616
		16,586	572	12,913
Total assets		74,579	91,393	73,501
Current liabilities				
Other liabilities		(28)	(1,525)	(88)
Net assets		74,551	89,868	73,413
Equity attributable to equity holders				
Share capital		3,284	4,525	3,284
Capital redemption reserve		1,241	49,850	1,241
Capital reserve – realised		16,177	26,437	19,721
Capital reserve – unrealised		(2,385)	2,739	(8,378)
Special distributable reserve		51,001	1,151	51,001
Revenue reserve		5,233	5,166	6,544
Total equity		74,551	89,868	73,413
Net asset value per ordinary share (basic and diluted)		567.5p	496.5p	558.8p

Cash Flow Statement

for the six months ended 30 June 2022

	30 June 2022 (unaudited) £'000	30 June 2021 (unaudited) £'000	31 December 2021 (audited) £'000
Operating activities			
Profit before tax	3,043	15,308	27,642
Adjustments for:			
(Gains) on investments	(2,551)	(15,003)	(23,408)
Interest paid	–	49	42
Increase/(decrease) in debtors	(1,352)	656	760
Increase in creditors	(60)	(746)	(2,183)
Net cash (outflow)/inflow from operating activities	(920)	264	2,853
Investing activities			
Purchase of investments	(231)	(1,342)	(1,550)
Drawdown from subsidiary	(53)	(35)	(79)
Purchase of 'AAA' rated money market funds	(12,327)	(6,208)	(6,213)
Sale of investments	8,641	6,753	38,547
Distribution from subsidiary	–	–	–
Sale of 'AAA' rated money market funds	9,115	1,000	8,100
Net cash inflows from investing activities	5,145	168	38,805
Tax			
Tax recovered	–	342	–
Financing activities			
Tender offer	–	(1)	(26,235)
Dividends paid	(1,905)	(362)	(3,258)
Interest paid	–	(49)	(42)
Net cash outflows from financing activities	(1,905)	(412)	(29,535)
Net increase in cash and cash equivalents	2,320	20	12,465
Cash and cash equivalents at the start of period	12,616	151	151
Cash and cash equivalents at the end of period	14,936	171	12,616

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:-

- COVID
- war in Ukraine
- 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 page 22 of the Company's Annual Report for the year ended 31 December 2021.

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.

On behalf of the Board
Duncan Budge
Chairman

Statement of Directors' Responsibilities in respect of the half-yearly financial report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable International Financial Reporting Standards, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the financial statements;

- the Directors' Statement of Principal Risks and Uncertainties shown on page 18 is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Duncan Budge
Chairman

Notes to the Accounts

1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2021 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2021 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 2021 and 30 June 2022 have not been audited.

2. Basis of Preparation

These condensed set of financial statements for the six months ended 30 June 2022 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 2021.

In May 2016 shareholders approved a change in the investment policy of the Company. The Company's 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 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 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Limited Partnership income – UK	747	582	4,788
AAA rated money market funds	27	1	1
Deposit interest	17	7	11
	791	590	4,800

4. Dividends

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Dividends paid in the period	1,905	362	3,258

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 2022 £'000	At 30 June 2021 £'000	At 31 December 2021 £'000
Level 1			
'AAA' rated money market funds OEICS	15,024	18,907	11,812
Level 2	–	–	–
Level 3			
Unlisted investments	42,969	71,914	48,776
	57,993	90,821	60,588

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 2022.

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 2022 are set out below:-

	Level 3 £'000
Book cost at 31 December 2021	57,154
Unrealised depreciation	(8,378)
Valuation at 31 December 2021	48,776
Purchases at cost	284
Sales – proceeds	(8,641)
Sales – realised gain on sales	(3,443)
Increase in unrealised appreciation	5,993
Valuation at 30 June 2022	42,969
Book cost at 30 June 2022	45,354
Closing unrealised appreciation	(2,385)

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 2021 are set out below:-

	Level 3 £'000
Book cost at 31 December 2020	78,643
Unrealised depreciation	(16,357)
Valuation at 31 December 2020	62,286
Purchases at cost	1,377
Sales – proceeds	(6,753)
Sales – realised gain on sales	(4,092)
Increase in unrealised appreciation	19,096
Valuation at 30 June 2021	71,914
Book cost at 30 June 2021	69,175
Closing unrealised appreciation	2,739

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the year ended 31 December 2021 are set out below:-

	Level 3 £'000
Book cost at 31 December 2020	78,643
Unrealised depreciation	(16,357)
Valuation at 31 December 2020	62,286
Purchases at cost	1,629
Sales – proceeds	(38,547)
Sales – realised gain on sales	15,429
Increase in unrealised appreciation	7,979
Valuation at 31 December 2021	48,776
Book cost at 31 December 2021	57,154
Closing unrealised depreciation	(8,378)

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.
- When valuing on a revenue basis, the maintainable revenue of a company is 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 2022	Six months to 30 June 2021	Year to 31 December 2021
Revenue return per ordinary share (p)	4.52	2.07	26.56
Capital return per ordinary share (p)	19.04	82.50	133.33
Earnings per ordinary share (p)	23.56	84.57	159.89
Weighted average number of shares	13,136,810	18,100,180	17,501,856

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 should be directed to Dunedin at Easter Dalry House, 3 Distillery Lane, Edinburgh, EH11 2BD or info@dunedinenterprise.com.

The Company's share price is available on the Company website www.dunedinenterprise.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. An investment trust should be considered only as part of a balanced portfolio.

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

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
Angela Lane, Senior Independent Director

Manager and Secretary

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

Registered Office

Easter Dalry House
3 Distillery Lane
Edinburgh EH11 2BD
Registered No. 52844 Scotland
Email: info@dunedinenterprise.com
Website: www.dunedinenterprise.com

Broker

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London EC2N 2AX

Registrar

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

Easter Dalry House
3 Distillery Lane
Edinburgh
EH11 2BD

www.dunedinenterprise.com