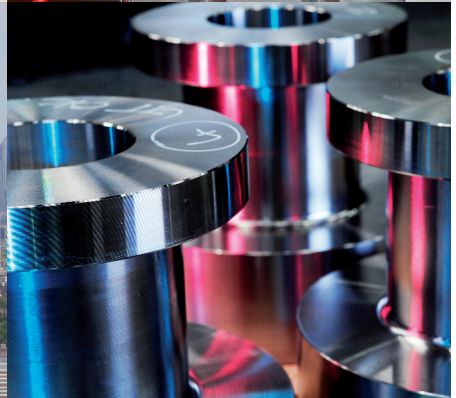
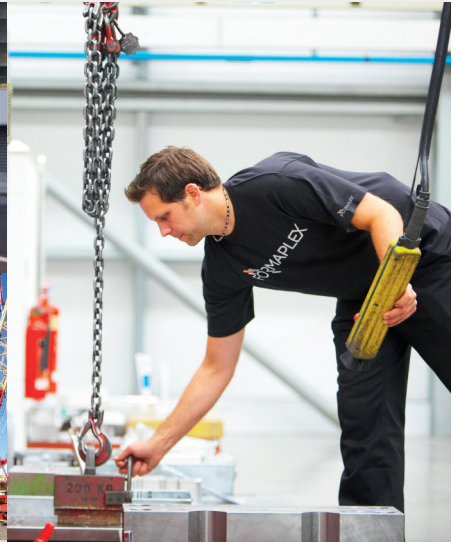


# Investing in Private Equity



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

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

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## Financial Highlights

Net asset value total return of -0.1% in the six months to 30 June 2015

Realisations of £3.0m in the half year

New investment of £10.6m in the half year

£0.7m returned to shareholders by way of share buyback

Final dividend for 2014 paid of 4.7p per share

## Comparative Total Return Performance

Periods to 30 June 2015	Net Asset value	Share price	FTSE Small Cap (ex Inv Cos) Index
Six months	-0.1%	-9.1%	11.9%
One year	1.0%	-24.2%	8.4%
Three years	-5.9%	4.6%	88.3%
Five years	28.8%	39.0%	119.5%
Ten years	45.6%*	15.8%	95.2%

\* taken from 31 July for ten years

## Chairman's Statement

Between your Company's half year end and the time of writing this statement, market conditions have been turbulent following negative economic news mainly from China. As a consequence, the share price has declined from a recent high of 354.5p at 31 July 2015 to 316.9p at the time of writing.

The market for unquoted businesses is generally not directly correlated with global stock markets. A continuation of this turbulence could help to lower the multiple required to be paid for new investments, but correspondingly may have a negative impact on the IPO market and potential exit valuations achieved.

### Performance

The Board is acutely aware of the extent of your Company's underperformance and in particular of the lack of profitable realisations from Dunedin Buyout Fund II LP. The portfolio of investments in this fund is now relatively mature and offers the prospect of good realisations in the near future; advisers have been appointed to assist in the sale of several portfolio companies in order to maximise value and capitalise on the positive exit environment for private businesses. Historically, performance has been partly linked to realisations from the portfolio. The Board has emphasised to the Manager the importance of delivering value for shareholders.

Following the change in strategy in November 2011 to invest primarily in Dunedin funds the Company committed £60m to Dunedin Buyout Fund III LP ("DBF III") in 2012/2013. As DBF III still has two and a half years left of its five year investment period and is only 38% invested, it is too early to judge the performance of DBFIII.

### Board Changes

I am pleased to welcome Angela Lane to our Board from 1 June this year. Angela has worked as an independent director and adviser to private companies and private equity firms. She spent 18 years working in private equity at 3i and has extensive experience of business and financial services, healthcare, travel and aviation, media, consumer goods and infrastructure. I am sure that her experience will prove invaluable.

### Duncan Budge

27 August 2015

## Manager's Review

### Results for the six months to 30 June 2015

The results for the six months to 30 June 2015 show strong contributions from CitySprint, Hawksford and Kee Safety as a result of earnings growth and an increase in valuation multiples. This has been offset by the underperformance of Premier Hytemp and EV as a result of trading conditions in the oil and gas sector.

In the six months to 30 June 2015, Dunedin Enterprise's net asset total return per share was -0.1%, after taking account of dividends paid. The unaudited net asset value per share decreased by 1.0% from 510.6p to 505.4p while the FTSE Small Cap Index (ex Inv. Cos) increased by 9.5%.

During the six months to 30 June 2015 the share price decreased by 10.3% from 352.4p to 316.0p, which equates to a discount of 37.5% to net asset value. This compared with a discount of 31.0% at 31 December 2014.

During June 2015 Dunedin Enterprise no longer qualified for inclusion in the FTSE All-Share Index due to a reduction in the market capitalisation of the Company. This resulted in a number of tracker funds which held shares being required to dispose of their shareholding within a short period of time, resulting in downward pressure on the share price. The majority

of these shares were placed with the assistance of the Company's brokers. The balance of shares remaining (£0.7m) were bought back by the Company at a price of 309.8p, a discount of 39% to the net asset value as at 31 December 2014. The removal of these sellers led to a recovery in the share price after the half year end. However, following recent market declines, the share price now stands at 316.9p.

In the six months to 30 June 2015 Dunedin Enterprise invested a total of £10.6m and realised £3.0m from investments.

The Company had outstanding commitments to limited partnership funds of £56.2m at 30 June 2015. This consists of £49.2m to Dunedin managed funds and £7.0m to European funds. It is expected that approximately £34m of this total commitment will be drawn over the next two and a half years. The £20m revolving credit facility is available to the Company until 27 February 2017 and is undrawn at 30 June 2015. The Board and the Manager remain satisfied with the balance between cash resources and outstanding commitments given the expected rate of new investment and potential realisations of existing investments. The Company therefore continues to adopt a going concern basis in preparing the half year report and accounts.

### Net asset and cash movements in the half year to 30 June 2015

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

	£'m
Net asset value at 31 December 2014	106.6
Unrealised value increases	6.5
Unrealised value decreases	(5.1)
Realised loss over opening valuation	(1.2)
Dividends paid to shareholders	(1.0)
Share buyback (including costs)	(0.7)
Other movements	(0.8)
Net asset value at 30 June 2015	104.3

Cash movements in the half year to 30 June 2015 can be summarised as follows:-

	£'m
Cash and near cash balances at 31 December 2014	9.9
Investments made	(10.6)
Investments realised	3.0
Dividends paid to shareholders	(1.0)
Share buyback (including costs)	(0.7)
Operating activities	(0.1)
Cash and near cash balances at 30 June 2015	0.5

## Portfolio composition and movements

Dunedin Enterprise holds investments in unquoted companies through:-

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

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

	Valuation at 31-12-14 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-15 £'m
Dunedin managed	84.0	7.8	(1.7)	(1.2)	1.6	90.5
Third party managed	13.2	2.8	(1.3)	-	(0.2)	14.5
	97.2	10.6	(3.0)	(1.2)	1.4	105.0

## New investment activity

In March 2015 an investment of £4.9m was made in Blackrock Programme Management ("Blackrock PM"). Blackrock PM is a professional services firm that provides independent expert witness and construction consulting services for large, international construction projects. The company is headquartered in London and is widely recognised as a market leader, employing individual directors who are experts in their field. Blackrock PM has worked on an extensive range of projects around the globe, including airports, roads, railways, power stations, process plants, manufacturing facilities, health and educational facilities and commercial buildings.

Two follow-on investments were made in the half year. A further investment of £1.5m was made in Red, the IT staffing business, to assist with working capital and a re-setting of bank covenants. An investment of £0.3m was made in Steeper, the provider of prosthetic, orthotic and assistive technology products and services, to assist with a factory improvement programme. There were drawdowns totalling £1.1m made during the half year by Dunedin managed funds for management fees.

Within the European funds a total of £2.6m was drawn down by Realza for two new investments. It invested £1.4m in Litalsa, a provider of packaging finishes. Realza invested a further £1.2m in Cualin Quality, a leading producer of premium tomatoes and a further £0.2m was drawn by the two European funds to meet management fees and operating expenses.

## Realisations

In the six months to 30 June 2015 a total of £3.0m was realised from investments. £1.7m was received from Enrich following the successful outcome of the court case against the vendor of the business. A total of £1.0m

was returned from Innova /5. This was primarily the result of a successful IPO of the internet portal service provider Wirtualna Polska on the Polish stock exchange with a partial realisation of the stock on flotation. A further distribution of £0.3m was made by Realza as a result of strong cash generation by GTT, the provider of management services to local public entities in Spain.

## Unrealised movements in valuation

Unrealised movements in portfolio company valuations in the half year amounted to £1.4m. The largest increases within this total were in the valuation of CitySprint (£3.3m), Hawksford (£1.6m) and Kee Safety (£0.8m). There were reductions in value at the two oil and gas related investments, EV (£2.6m) and Premier Hytemp (£1.0m).

CitySprint continues to grow both organically and through an ongoing programme of bolt-on acquisitions. Organic growth has been generated from services to the healthcare industry and retail sector. In July 2015 the company completed its 20th acquisition whilst under Dunedin's ownership. The earnings multiple applied to the investment has been increased from 8.0x to 9.0x, reflecting the increasing scale of the business. Hawksford has benefited from a reduced level of net external debt and an increase in the multiple applied from 7.0x to 8.0x, to reflect recent transactions in the sector, where multiples of 9x to 10x and above have been paid. The valuation of Kee Safety has benefited from strong earnings growth of 10% in the half year. This is the result of both organic growth and bolt-on acquisitions. The company continues to invest in product development to generate future growth. Since Dunedin's investment the company has completed six acquisitions, expanding the global foot-print of the business.

The maintainable profits of both Premier Hytemp and EV have been impacted by the reduced oil price and the consequent reduced level of demand and lower margins. Premier Hytemp supplies the oil exploration sector and has been significantly impacted since the price of oil fell in late 2014. EV primarily supplies the production side of the oil industry where the market has been impacted to a lesser extent.

The average earnings multiple applied to the valuation of the Dunedin managed portfolio was 7.9x EBITDA (31 December 2014: 7.6x) or 9.9x EBITA (31 December 2014: 9.3x). These multiples are applied to the maintainable earnings of portfolio companies. Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.1x EBITDA (31 December 2014: 2.2x) or 2.6x EBITA (31 December 2014: 2.7x).

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

**Dunedin LLP**  
27 August 2015

## Ten Largest Investments

(both held directly and via Dunedin managed funds) by value at 30 June 2015

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors valuation £'000	Percentage of net assets %
CitySprint (UK) Group Limited	11.9	9,838	22,256	21.3
Hawksford International Limited	17.8	5,637	10,428	10.0
Weldex (International) Offshore Holdings Limited	15.1	9,505	9,885	9.5
Realza Capital FCR	8.9	8,788	9,008	8.6
CGI Group Holdings Limited (Pyroguard)	41.7	9,450	8,252	7.9
Kee Safety Group Limited	7.2	6,275	8,169	7.8
Formaplex Group Limited	17.7	1,732	6,467	6.2
EV Offshore Limited	10.6	7,078	5,818	5.6
U-POL Group Limited	5.2	5,657	5,106	4.9
Innova /5 LP	3.9	5,758	5,011	4.8
		69,718	90,400	86.6

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



Percentage of equity held	<b>11.9%</b>
Cost of Investment	<b>£9.8m</b>
Directors' valuation	<b>£22.3m</b>
Percentage of net assets	<b>21.3%</b>

### CitySprint (UK) Group Limited

CitySprint is the UK's largest national time critical and same day distribution network. It benefits from an asset light business model with almost 3,000 self-employed couriers, making the business both highly flexible and scalable. It operates from 40 service centres in the UK and can deliver to over 87% of the mainland UK population within 60 minutes. It handles over ten million critical same day deliveries a year, providing flexible, reliable and cost-effective solutions.

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 CitySprint now has the UK's largest SameDay healthcare courier network.

## Hawksford

Percentage of equity held	<b>17.8%</b>
Cost of Investment	<b>£5.6m</b>
Directors' valuation	<b>£10.4m</b>
Percentage of net assets	<b>10.0%</b>

### Hawksford International Limited

Hawksford is one of the largest independent fiduciary services businesses in the Channel Islands, serving high net worth private clients and small and large corporates. It also provides a dedicated range of services for multi-generational families through its family office business and administers specialist investment funds.

In the last four years the business has completed the acquisitions of Key Trust Company Limited, Trustcorp Jersey Limited, L-S&S GmbH, a Swiss boutique private wealth law firm, the funds business of Standard Bank Dubai and Janus Corporate Solutions. 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	<b>15.1%</b>
Cost of Investment	<b>£9.5m</b>
Directors' valuation	<b>£9.9m</b>
Percentage of net assets	<b>9.5%</b>

### Weldex (International) Offshore Holdings Limited

Weldex is a market-leading crawler crane hire business in the UK, with a strong European presence. It serves the offshore wind, oil and gas and commercial construction markets. Its cranes, including two of the largest in the UK, have been used in a number of significant construction projects including the 2012 Olympic site, Crossrail and the new Queensferry crossing over the Firth of Forth.

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. The company employs 102 staff and operates nationwide and overseas from its headquarters in Inverness, its depot at Alfreton and its base at Nigg Energy Park which undertakes oil and gas decommissioning work. 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	<b>8.9%</b>
Cost of Investment	<b>£8.8m</b>
Directors' valuation	<b>£9.0m</b>
Percentage of net assets	<b>8.6%</b>

### Realza Capital FCR

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 subsequent merger & acquisition activity. Realza seeks to invest in companies with an enterprise value normally ranging from €20m to €100m. The fund's typical equity investment ranges from €10m to €25m.



Percentage of equity held	<b>41.7%</b>
Cost of Investment	<b>£9.5m</b>
Directors' valuation	<b>£8.3m</b>
Percentage of net assets	<b>7.9%</b>

### C.G.I. Group Holdings Limited (Pyroguard)

Since Dunedin Enterprise first invested in CGI the company has been through two refinancings allowing Dunedin Enterprise to realise a total of £14.5m in capital and income to date from this investment. CGI, trading under the Pyroguard brand, is a leading designer, manufacturer and supplier of specialist fire resistant glass. The company serves the construction markets in the UK, Ireland, France, Holland, Scandinavia, Eastern Europe and the Middle East from its manufacturing bases in Haydock, UK and Seingbouse, France. Significant projects completed by CGI include the installation of fire resistant glass at Manchester Airport, Heathrow Terminal 5, Hong Kong Airport and the Houses of Parliament.



Percentage of equity held	<b>7.2%</b>
Cost of Investment	<b>£6.3m</b>
Directors' valuation	<b>£8.2m</b>
Percentage of net assets	<b>7.8%</b>

### Kee Safety Group Limited

Kee Safety is a UK head-quartered global market-leading provider of collective fall protection, safety systems and solutions. The business has 271 employees spread across the UK, USA, Canada, Germany, France, Poland, Dubai, China and India and sells its products in more than 50 countries. Its core patent protected product range includes modular barrier systems, guardrails, access platforms and specialist fixings. The business has multiple routes to market through an international direct sales force, direct to OEM, online and through the distributor channel. Kee Safety's customers range from multi-national corporations, to major contractors, distributors and installers.



Percentage of equity held	<b>17.7%</b>
Cost of Investment	<b>£1.7m</b>
Directors' valuation	<b>£6.5m</b>
Percentage of net assets	<b>6.2%</b>

### Formaplex Group Limited

Formaplex is a market-leading engineering company which designs and manufactures integrated tooling and lightweight components for the premium automotive, aerospace, defence and motor sports markets. Operating from three state-of-the-art UK manufacturing facilities in Hampshire, which collectively span over 140,000ft, Formaplex offers a fully integrated service from tool design, prototyping and manufacture, through to final component manufacture, finishing and delivery.



Percentage of equity held	<b>10.6%</b>
Cost of Investment	<b>£7.1m</b>
Directors' valuation	<b>£5.8m</b>
Percentage of net assets	<b>5.6%</b>

### EV Offshore Limited

EV designs, manufactures and provides high performance, ruggedised video cameras that are used to diagnose and analyse problems in oil and gas wells. It offers a highly specialist service, providing skilled engineers to operate its 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 and solve problems rapidly. EV is based in Aberdeen and Norwich. It has a further presence in seventeen worldwide locations across Northern Europe, Canada, USA, West Africa, the Middle East, Asia and Australasia. The business employs more than 100 staff.



Percentage of equity held	<b>5.2%</b>
Cost of Investment	<b>£5.7m</b>
Directors' valuation	<b>£5.1m</b>
Percentage of net assets	<b>4.9%</b>

### U-POL Group Limited

U-POL is a leading independent manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and consumables. The company has a good reputation for product quality and innovation, which is the key to its global success. From its UK manufacturing base in Wellingborough, U-POL exports a range of products to 120 countries worldwide. The company has a strong market position in the UK and a growing position in other large markets such as the USA, the Far East, the Middle East, Africa and Russia. Its growth strategy is to expand in both developed and emerging markets.

U-POL sells primarily through intermediate distributors but has built brand recognition and loyalty with end-users which are mainly comprised of car repair outlets.



Percentage of equity held	<b>3.9%</b>
Cost of Investment	<b>£5.8m</b>
Directors' valuation	<b>£5.0m</b>
Percentage of net assets	<b>4.8%</b>

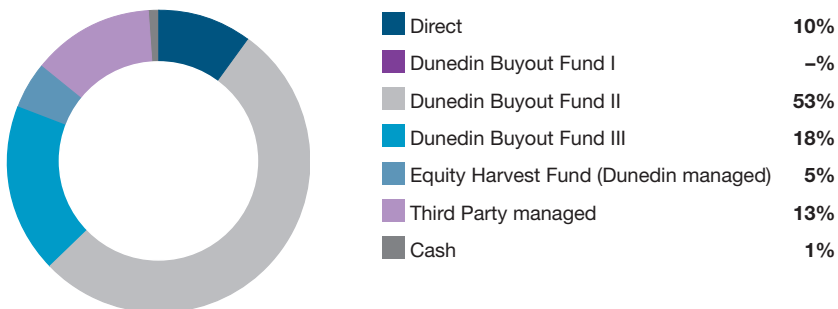
### Innova/5 LP

Innova/5 LP is €380.8m private equity fund based in Warsaw which makes investments in Central Eastern Europe. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

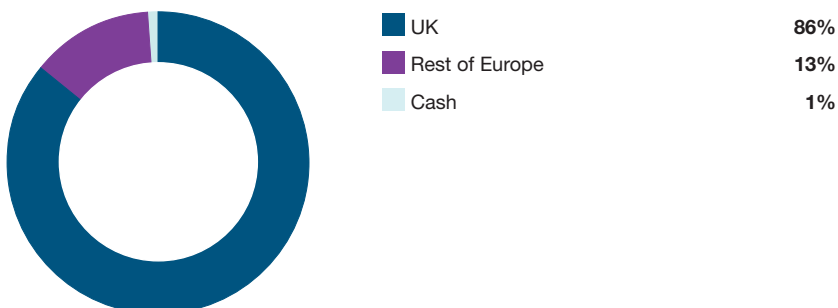
The fund invests in mid-market buyouts in businesses with an enterprise value of between €50m and €125m. Its investment focus is Financial Services; Technology, Media, & Telecommunications; Business Services; Construction; Energy; and Industrial & Automotive.

## Overview of Portfolio

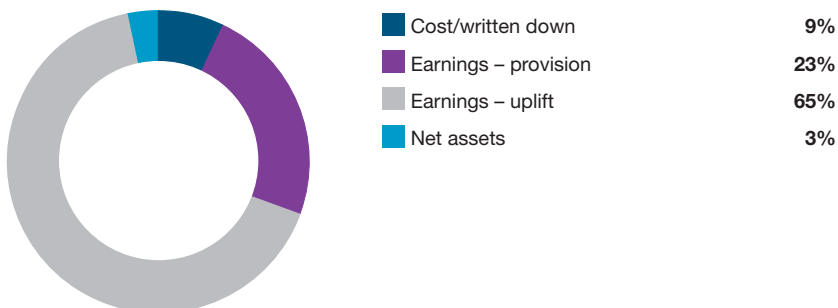
### Fund Analysis



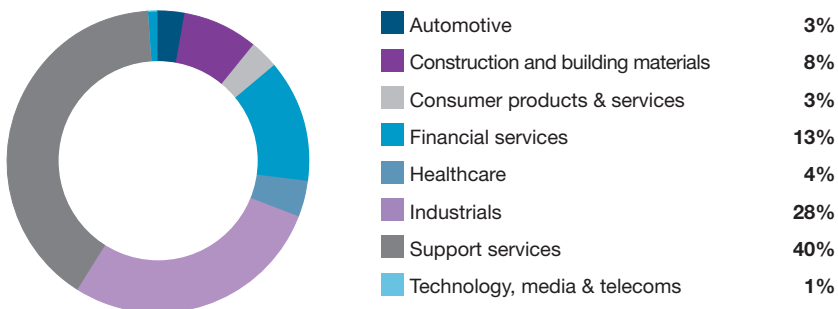
### Geographic Location



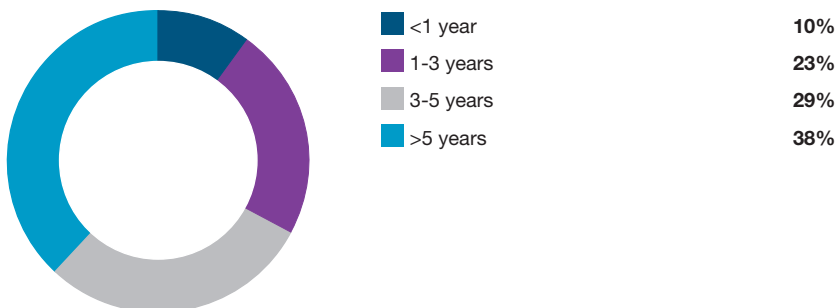
### Valuation Method



### Sector Analysis



### Year of Investment



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## Consolidated Income Statement for the six months ended 30 June 2015

	Unaudited Six months ended 30 June 2015		
	Revenue £'000	Capital £'000	Total £'000
Investment income	98	–	98
Gain/(loss) on investments	–	76	76
<b>Total Income</b>	<b>98</b>	<b>76</b>	<b>174</b>
<b>Expenses</b>			
Investment management fees	(51)	(153)	(204)
Management performance fee	–	–	–
Other expenses	(254)	–	(254)
<b>Profit/(loss) before finance costs and tax</b>	<b>(207)</b>	<b>(77)</b>	<b>(284)</b>
Finance costs	(62)	(187)	(249)
<b>Profit/(loss) before tax</b>	<b>(269)</b>	<b>(264)</b>	<b>(533)</b>
Taxation	–	–	–
<b>Profit/(loss) for the period</b>	<b>(269)</b>	<b>(264)</b>	<b>(533)</b>
Earnings per ordinary share (basic & diluted)	<b>(1.3)p</b>	<b>(1.3)p</b>	<b>(2.6)p</b>

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

All items in the above statement derive from continuing operations.

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

	Unaudited			Audited		
	Six months ended 30 June 2014			Year ended 31 December 2014		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
292	–	292	1,711	–	1,711	
–	(1,430)	(1,430)	–	(1,218)	(1,218)	
292	(1,430)	(1,138)	1,711	(1,218)	493	
(61)	(183)	(244)	(104)	(311)	(415)	
–	–	–	7	22	29	
(323)	–	(323)	(633)	–	(633)	
(92)	(1,613)	(1,705)	981	(1,507)	(526)	
(75)	(225)	(300)	(138)	(413)	(551)	
(167)	(1,838)	(2,005)	843	(1,920)	(1,077)	
–	–	–	137	162	299	
(167)	(1,838)	(2,005)	980	(1,758)	(778)	
(0.8)p	(8.4)p	(9.2)p	4.6p	(8.3)p	(3.7)p	

## Consolidated Statement of Changes in Equity for the six months ended 30 June 2015

### Six months ended 30 June 2015 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2014	5,217	2,709
Profit/(loss) for the period	–	–
Purchase and cancellation of shares	(56)	56
Dividends paid	–	–
At 30 June 2015	5,161	2,765

### Six months ended 30 June 2014 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2013	5,492	2,434
Profit/(loss) for the period	–	–
Purchase and cancellation of shares	(275)	275
Dividends paid	–	–
At 30 June 2014	5,217	2,709

### Year ended 31 December 2014 (audited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2013	5,492	2,434
Profit/(loss) for the year	–	–
Purchase and cancellation of shares	(275)	275
Dividends paid	–	–
At 31 December 2014	5,217	2,709

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
47,552	(3,436)	47,600	6,914	98,630	106,556
(6,750)	6,486	–	(269)	(533)	(533)
(700)	–	–	–	(700)	(700)
–	–	–	(981)	(981)	(981)
40,102	3,050	47,600	5,664	96,416	104,342

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
62,832	(11,649)	47,600	9,558	108,341	116,267
(6,917)	5,079	–	(167)	(2,005)	(2,005)
(5,288)	–	–	–	(5,288)	(5,288)
–	–	–	(3,624)	(3,624)	(3,624)
50,627	(6,570)	47,600	5,767	97,424	105,350

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
62,832	(11,649)	47,600	9,558	108,341	116,267
(9,971)	8,213	–	980	(778)	(778)
(5,309)	–	–	–	(5,309)	(5,309)
–	–	–	(3,624)	(3,624)	(3,624)
47,552	(3,436)	47,600	6,914	98,630	106,556

## Consolidated Balance Sheet

### As at 30 June 2015

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
<b>Non-current assets</b>			
Investments held at fair value	105,061	95,127	98,371
<b>Current assets</b>			
Other receivables	209	905	269
Cash and cash equivalents	396	10,078	8,726
	605	10,983	8,995
<b>Total assets</b>	<b>105,666</b>	106,110	107,366
<b>Current liabilities</b>			
Other liabilities	(1,324)	(626)	(810)
Current tax liabilities	–	(134)	–
<b>Net assets</b>	<b>104,342</b>	105,350	106,556
<b>Equity attributable to equity holders</b>			
Share capital	5,161	5,217	5,217
Capital redemption reserve	2,765	2,709	2,709
Capital reserve – realised	40,102	50,627	47,552
Capital reserve – unrealised	3,050	(6,570)	(3,436)
Special distributable reserve	47,600	47,600	47,600
Revenue reserve	5,664	5,767	6,914
<b>Total equity</b>	<b>104,342</b>	105,350	106,556
Net asset value per ordinary share (basic and diluted)	505.4p	504.8p	510.6p

## Consolidated Cash Flow Statement for the six months ended 30 June 2015

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
<b>Operating activities</b>			
Loss before tax	(533)	(2,005)	(1,077)
Adjustments for:			
(Gain)/loss on investments	(76)	1,430	1,288
Interest paid	249	300	551
Decrease/(increase) in debtors	60	(312)	324
Increase/(decrease) in creditors	514	(44)	140
Other non cash movements	-	-	199
<b>Net cash inflow/(outflow) from operating activities</b>	<b>214</b>	<b>(631)</b>	<b>1,355</b>
<b>Servicing of finance</b>			
Interest paid	(249)	(300)	(551)
<b>Investing activities</b>			
Purchase of investments	(10,636)	(9,768)	(16,025)
Purchase of 'AAA' rated money market funds	(6,707)	(10,379)	(13,395)
Sale of investments	3,045	2,272	6,108
Sale of 'AAA' rated money market funds	7,750	14,379	16,629
<b>Net cash (outflow) from investing activities</b>	<b>(6,548)</b>	<b>(3,496)</b>	<b>(6,683)</b>
<b>Taxation</b>			
Tax	-	(49)	116
<b>Financing activities</b>			
Purchase of ordinary shares	(700)	(5,288)	(5,309)
Dividends paid	(981)	(3,624)	(3,624)
<b>Net cash (outflow) from financing activities</b>	<b>(1,681)</b>	<b>(8,912)</b>	<b>(8,933)</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(66)</b>	<b>(18)</b>	<b>(62)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(8,330)</b>	<b>(13,406)</b>	<b>(14,758)</b>
Cash and cash equivalents at the start of period	8,726	23,484	23,484
Net (decrease) in cash and cash equivalents	(8,330)	(13,406)	(14,758)
Cash and cash equivalents at the end of period	396	10,078	8,726

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

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and gives a true and fair view of the assets, liabilities, financial position and profit of the Company
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

**Duncan Budge**

Chairman

27 August 2015

## Notes to the Accounts

### 1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2014 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2014 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 2014 and 30 June 2015 have not been audited.

### 2. Basis of Preparation

These condensed consolidated set of financial statements for the six months ended 30 June 2015 have been prepared in accordance with the Disclosure Rules and Transparency Rules of the Financial Conduct Authority (FCA) and IAS 34 Interim Financial Reporting as adopted by the European Union (EU). They do not include all the information required by International Financial Reporting Standards (IFRS) in full annual financial statements and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2014.

The Association of Investment Companies ('AIC') issued a revised Statement of Recommended Practice for the Financial Statements of Investment Trust Companies and Venture Capital Trusts in November 2014 ('SORP') applicable to accounting periods commencing on or after 1 January 2015. Where presentational guidance set out in the SORP is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The accounting policies applied in these condensed financial statements are the same as those in the Group's consolidated financial statements as at and for the year ended 31 December 2014, copies of which are available on the Company's website.

### 3. Dividends

	Six months to 30 June 2015 £'000	Six months to 30 June 2014 £'000	Year to 31 December 2014 £'000
Dividends paid in the period	981	3,624	3,624

### 4. 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 Group 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:

	<b>At 30 June 2015</b> £'000
<b>Level 1</b>	
'AAA' rated money market funds OEICS	95
<b>Level 2</b>	–
<b>Level 3</b>	–
Unlisted investments	104,966
	<b>105,061</b>

The Group 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 2015.

### 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 2015 are set out below:-

	<b>Level 3</b> £'000
Book cost at 31 December 2014	100,669
Unrealised (depreciation)	(3,436)
Valuation at 31 December 2014	97,233
Purchases at cost	10,636
Sales – proceeds	(3,045)
Sales – realised (losses) against cost	(6,344)
Increase in unrealised appreciation	6,486
Valuation at 30 June 2015	104,966
Book cost at 30 June 2015	101,916
Closing unrealised appreciation	3,050

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## 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.

## 5. Statement of Principal Risks and Uncertainties

The Directors believe that the principal risks and uncertainties faced by the Company include investment and strategic, liquidity, cash drag, people and loss of investment trust status risks. These risks and other risks, and the way in which they are managed, are described in more detail under the heading "Principal Risks, Risk Management and Regulatory Environment" in the Strategic Report Review in the Company's Annual Report and Accounts for the year ended 31 December 2014. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

## 6. Earnings per share

	Six months to 30 June 2015	Six months to 30 June 2014	Year to 31 December 2014
Revenue return per ordinary share (p)	<b>(1.3)</b>	(0.8)	4.6
Capital return per ordinary share (p)	<b>(1.3)</b>	(8.4)	(8.3)
Earnings per ordinary share (p)	<b>(2.6)</b>	(9.2)	(3.7)
Weighted average number of shares	<b>20,858,639</b>	21,693,838	21,277,808

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. Contingent assets

Discussions are ongoing with HMRC regarding the payment of interest on a compound basis relating to the reclaim of VAT on management fees. The amount and timing of any recovery remains uncertain and accordingly no amount has been provided for in the financial statements.

## 8. Related party transactions

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

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

### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

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

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

### **Our responsibility**

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

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

**Catherine Burnet**  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
Edinburgh

27 August 2015

## Information for Investors

The information on pages 24 and 25 has been issued by Alliance Trust Savings Limited, which is registered in Scotland No. SC 98767, registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP. It is authorised and regulated by the Financial Conduct Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS firm reference number 116115. It gives no financial or investment advice.

The Company is managed by Dunedin LLP ("Dunedin") and marketed by Alliance Trust Savings Limited. Dunedin is authorised and regulated by the Financial Conduct Authority. All enquiries in relation to Dunedin Enterprise, other than those related to Alliance Trust Savings Limited products, should be directed to Dunedin at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN or [info@dunedinenterprise.com](mailto:info@dunedinenterprise.com).

The Company's share price appears under the heading 'Investment Companies' in The Financial Times, and other national newspapers. Prices are also available on the Company website [www.dunedinenterprise.com](http://www.dunedinenterprise.com) or on the Alliance Trust Savings website [www.alliancetrustsavings.co.uk](http://www.alliancetrustsavings.co.uk) or else on various websites such as [www.trustnet.com](http://www.trustnet.com).

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. However, in order to facilitate investment in the Company, arrangements have been put in place for Dunedin Enterprise to be part of the Alliance Trust Savings platform.

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 2015, the ISA subscription limit has been £15,240 for anyone eligible to invest. The quarterly administration charge for an Alliance Trust Savings ISA is £18.75.

Alliance Trust Savings – Investment Dealing Account (IDA) offers a means of investing in Dunedin Enterprise outside a tax efficient wrapper. The quarterly administration charge for an Alliance Trust Savings IDA is £18.75.

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. Investors may also make one-off investments by dealing online or by post/telephone. There is an online dealing charge of £12.50 and a postal/telephone dealing charge of £40 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 consider our IDA and ISA to be medium to long term investments, there is no restriction on how long an investor need invest and investors can choose to close their account by instructing Alliance Trust Savings in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

For information relating to the above savings plans please contact:

**Alliance Trust Savings Limited**

PO Box 164  
8 West Marketgait  
Dundee  
DD1 9YP

Telephone 01382 573737

Website [www.alliancetrustsavings.co.uk](http://www.alliancetrustsavings.co.uk)

Email [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

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.

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

**Registrar**

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

Telephone: 0871 384 2440\*

\*Calls to this number cost 10p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday. The overseas helpline number is +44(0)121 415 7047

**Important Information**

Risk factors you should consider prior to investing:

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

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## 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.

### **August**

Half year report published.

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## Corporate Information

### Directors

Duncan Budge, Chairman  
Liz Airey  
Brian Finlayson  
Angela Lane  
Federico Marescotti

### Manager and Secretary

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

### Registered Office

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Email [info@dunedinenterprise.co.uk](mailto:info@dunedinenterprise.co.uk)  
Website [www.dunedinenterprise.com](http://www.dunedinenterprise.com)

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Cantor Fitzgerald Europe  
One Churchill Place  
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E14 5RB

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Aspect House  
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