Dunedin Enterprise Investment Trust PLC
Annual Report and Accounts 2014

Investing in Private Equity

Dunedin

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

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

Contents

References in this report and accounts to 'Dunedin Enterprise' or to 'the Company' or to 'the Parent Company' or to 'the Group' or the 'Trust' mean Dunedin Enterprise Investment Trust PLC
References to 'Dunedin' or to 'the Manager' or to the 'Investment Manager' mean Dunedin LLP
*EBITDA means – operating profit pre depreciation and amortisation.

Financial Highlights

Total return per ordinary share

-0.4%

0.6% 2013

Net asset value per ordinary share

510.6p

529.3p 2013

Cash returned to shareholders

£5.2m

£18.0m 2013

Annual net asset total return over 10 years

5.7%

8.0% 2013

Share price

352.4p

436.0p 2013

Discount

31.0%

17.6% 2013

Dividend per ordinary share

4.7p

16.5p 2013

Ongoing charges

2.9%

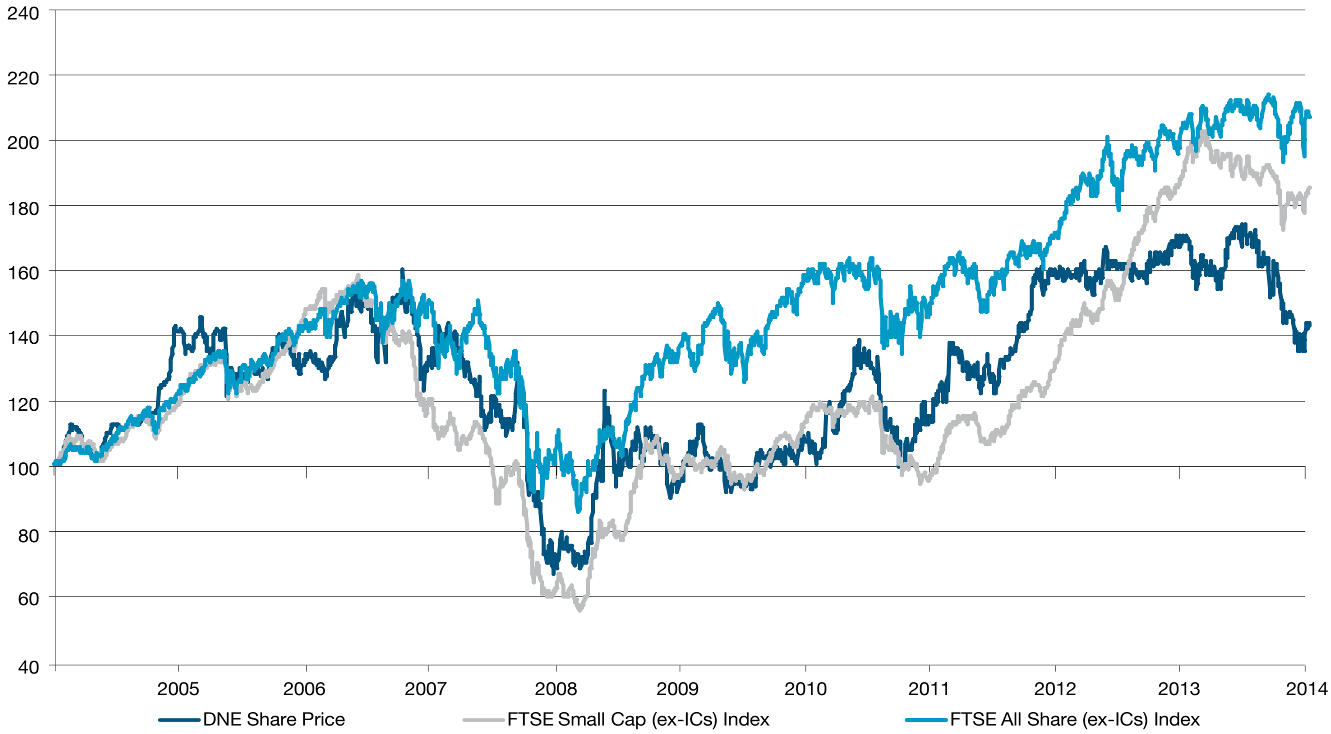
2.8% 2013

Comparative Total Return Peformance

	One year to December 2014 %	Three years to December 2014 %	Five years to December 2014 %	Ten years to December 2014 %
Net asset value per ordinary share	**-0.4**	**2.3**	**37.6**	**70.3***
Share price	**-15.8**	**25.8**	**50.7**	**42.1**
FTSE Small Cap Index (“the Benchmark”)	**-2.7**	**90.8**	**89.2**	**85.0**
FTSE All Share Index	**1.0**	**37.0**	**51.4**	**106.8**

*Ten years from 31 October 2004

Ten year record



Long Term Record

				Per Ordinary Share			
Ended 30 April	Net Assets	Cash returned via tender offer	Revenue available for ordinary shareholders	Net asset value	Earnings	Dividend	Share price
	£'000	£'000	£'000	p	p	p	p
2004	105,687	–	2,846	344.0	9.2	8.57	258.0
2005	126,423	–	3,184	416.3	10.4	9.0	346.0
2006	151,304	–	4,236	498.2	13.9	11.45	457.75
2007	163,717	–	3,727	541.9	12.3	10.7	462.0

Ended 31 December							
2007	159,947	–	2,516	529.5	8.3	7.5	415.75
2008	130,777	–	8,825	433.4	29.2	25.85	211.0
2009	122,856	–	726	407.1	2.4	2.5	266.5
2010	150,083	–	1,125	497.3	3.7	3.8	300.0
2011	162,956	–	1,307	541.0	4.3	5.0	313.5
2012	137,198	21,086	5,801	532.7	20.8	22.5	412.38
2013	116,267	17,992	4,758	529.3	19.9	16.5	436.0
2014	106,556	5,217	980	510.6	4.6	4.7	352.4

Chairman's Statement
Duncan Budge, Chairman

Dunedin Enterprise is the only UK investment trust with an ongoing mandate to invest exclusively in the UK lower mid-market for private (unquoted) businesses. It thus represents for investors a unique opportunity to access this part of the private equity market.

The Trust operates a distribution policy whereby a proportion of capital proceeds from realised investments is returned to shareholders. This aims to maximise the use of capital resources within the Trust. A total of £44.3m has now been returned to shareholders since the introduction of this policy in November 2011 in addition to dividends distributed of £11.0m.

Results

After taking account of dividends paid during the year of 16.5p per share, there has been a small reduction in net assets per share during the year. In addition £5.2m has been returned to shareholders by way of a tender offer at a price of 475p per share, details of which are set out below. The performance is to a material extent a function of the nature of private equity. There tends to be a cycle of investment and consolidation, followed by a period of disposals when uplifts in valuations tend to be greater. As Dunedin Buyout Fund II matures, disposals will be made. Pricing is currently high and the market for good private companies is strong.

The net asset value per share as at 31 December 2014 was 510.6p, after allowing for last year's final dividend of 16.5p, resulting in a total return to shareholders of -0.4%. The share price total return over the same period was -15.8%. At the time of writing the share price is 342p, representing a discount of 33% to the net asset value per share.

The fall in the share price is disappointing. This has led to a wide discount to net asset value and is largely a reflection of the poor recent performance of the Trust.

A final dividend of 4.7p is proposed at a cost of £1.0m, which is payable on 22 May 2015 following the AGM. A reduced dividend is proposed this year due to a lower level of income received from realisations.

Portfolio

One new investment, in EV Offshore, was made during the year representing a total investment of £7.1m. EV designs, manufactures and deploys cameras which are designed to diagnose and analyse problems in oil and gas wells. Follow-on investments were made in Hawksford, Premier Hytemp and Red. The main realisation in the year was Trustmarque, a provider of software management services, which generated a loss of £2.7m. Trustmarque discovered it had accounting system issues which resulted in a material reduction in maintainable earnings. This led to a significant reduction in available bank funding and a trade sale of the business.

Trading performance of the portfolio has been mixed. Substantial upward valuations were made with respect to CitySprint, the same day delivery business, and Weldex, the crawler crane hire company, both of which are trading well. Red, the IT staffing business, was written down substantially due to poor trading. Whilst most other portfolio companies are trading in line with budget, the overall performance has been unremarkable and this is reflected in their valuations.

The UK economy has performed well relative to other European economies during 2014 and the outlook for 2015 is for reasonable growth. This should be reflected in the trading patterns of the portfolio. Whilst the fall in the price of oil should benefit most portfolio companies, it has had an adverse impact on the prospects for Premier Hytemp, the oil and gas services company, which has already taken action to reduce its overhead base. The growth of EV Offshore, which also operates in this sector, is likely to be impacted to a lesser extent by the reduced price of oil.

As at 31 December 2014, the portfolio consisted of Dunedin managed investments representing 79%, European funds 12% and cash 9%. The Trust has outstanding commitments of £54.2m to Dunedin funds, £9.6m to European funds and cash or near cash of £9.9m. In addition the Trust has a bank facility of £20m which expires on 27 February 2017. It is expected that

£40m of the total outstanding commitments will ultimately be drawn down over the remaining life of the funds. The Board is comfortable with the balance between uncalled commitments and cash resources given the expected rate of new investment.

A total of £16.0m was invested during the year of which £11.6m was invested by Dunedin funds and £4.4m was drawn down by European funds. Further details are contained in the Manager's review.

Tender Offer

As reported at the half year, a tender offer was approved by shareholders in May 2014 for 5% of the issued share capital at a price of 475p per share, representing a 10.3% discount to the net asset value per share as at the 31 December 2013. Under the tender offer, £5.2m was returned to shareholders.

A total of £44.3m has now been returned to shareholders since the introduction of the distribution policy in November 2011.

Board Changes

My predecessor, David Gamble, retired from the Board at the end of the AGM last May. He had been a Director of the Trust for thirteen years, and Chairman for the last two years. I should like to thank him, on behalf of shareholders, for his very substantial contribution.

We are currently in the process of recruiting a new non-executive Director with the help of search consultants.

Outlook

The unpredictable outcome of the general election in May 2015 and the possibility of an EU referendum all contribute to a climate of political uncertainty which has existed since the issue of Scottish independence began to dominate the political debate some two years ago.

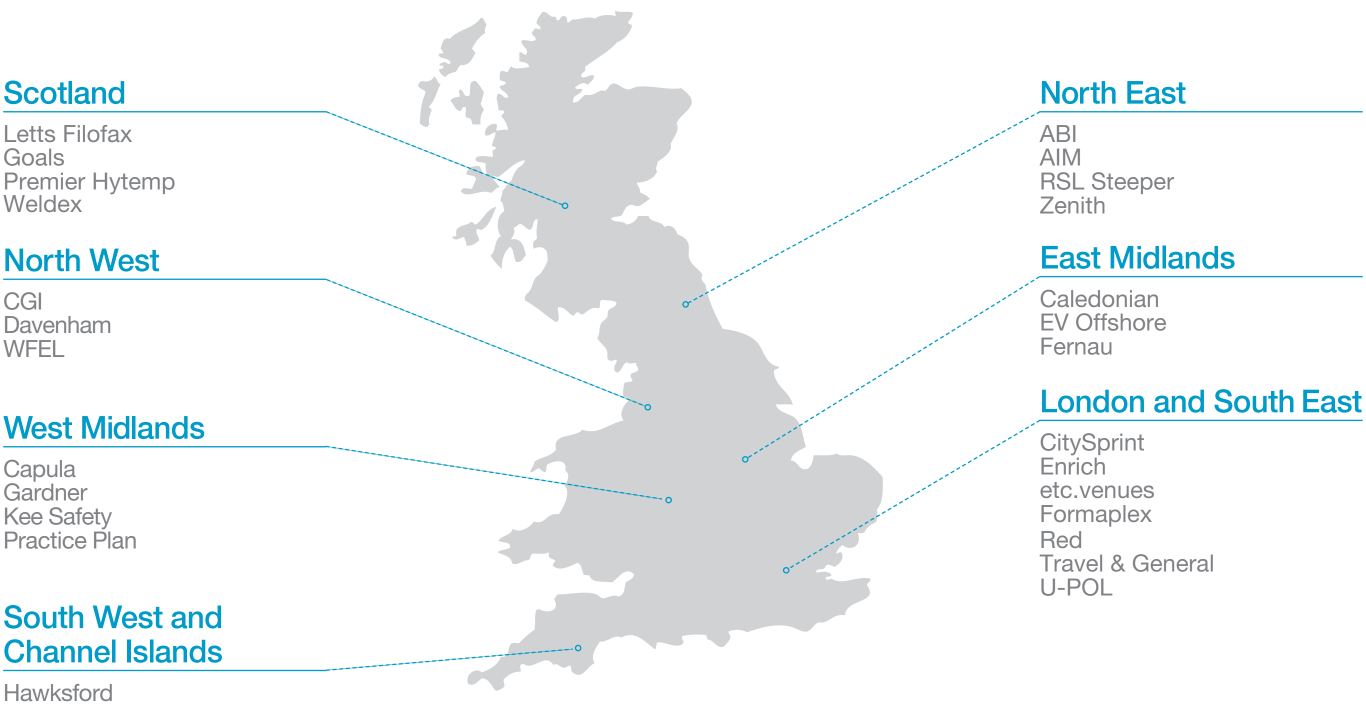
Given this backdrop, it is increasingly hard to predict the prospects for the UK economy. Relative to its European partners, the UK appears to demonstrate reasonable growth and falling unemployment, but it is not immune to external influences, as the fall in the price of oil has demonstrated.

Despite this uncertain backdrop the portfolio is mature and the prospects for exits are good.

Duncan Budge
Chairman

19 March 2015

Delivering deals across the UK over a number of years



Board of Directors

Duncan Budge (59)*#~
was appointed to the Board in April 2012 and became Chairman in May 2014. He retired from his role as an Executive Director and Chief Operating Officer of RIT Capital Partners plc ("RIT") in 2011, having been appointed in 1995. He is Chairman of Spencer House Limited and Artemis Alpha Trust PLC. He is also a non-executive director of Lowland Investment Company plc and The World Trust Fund.

Liz Airey (56)*#~
was appointed to the Board in 2005, and became chairman of the Audit Committee in 2009 and Senior Independent Director in 2012. She has over 30 years' experience in banking, corporate advisory and finance. She was Finance Director of Monument Oil and Gas plc from 1990 to 1999. She is Chairman of Jupiter Fund Management plc and Senior Independent Director of Tate and Lyle plc.

Brian Finlayson (67)*#~
was appointed to the Board in 2007. He has over thirty years of experience in private equity and corporate finance. He was appointed Managing Director of Dunedin Capital Partners in 1990, becoming Deputy Chairman in 1999, retiring in 2002.

Federico Marescotti (58)*#~
was appointed to the Board in 2009. He is Chief Executive of Vela Capital, a specialist private equity management company. He is a non-executive Director of JP Morgan European Smaller Companies and until 2012 was a non-executive Director of Ecofin Water & Power Opportunities Investment Trust Plc. He also sits on the Board of Illy Group, a global coffee and tea retailer. He is an international adviser to ADCO International GMBH. Until 2012 he sat on the Board of AIFI, the Italian Private Equity and Venture Capital Association, and chaired the Infrastructure Committee.

* Member of the Audit Committee
# Member of the Nomination Committee
~ Member of the Management Engagement Committee

The Manager

The Board has appointed Dunedin LLP to manage the Company. In addition to the Trust, Dunedin manages four limited partnership funds and a European fund of funds. The Trust has committed £60m (20%) to Dunedin's latest £306m fund, Dunedin Buyout Fund III LP.

Dunedin provides equity finance for management buyouts and management buyins with a transaction size of £20m – £100m. It is an independent private equity house, owned by the partners, operating throughout the UK from offices in Edinburgh and London. It has an investment team comprising sixteen investment professionals. Seven of the Partners have worked together for more than ten years, giving it an unrivalled depth of experience in the UK lower mid-market buyout market.

Dunedin focuses on a number of sectors, using its depth of knowledge to understand the market drivers and to build relationships with management teams, key industry participants and influencers. The firm has enjoyed particular success in the industrial, business services and financial services sectors, completing 22 portfolio follow-on acquisitions since 2011 in order to drive the growth and internationalisation of its investee businesses.

Dunedin targets buyout investments where it can partner with management teams to build better businesses. Dunedin provides the knowledge, skills and finance to help the companies it backs to develop and attain their full potential. It targets businesses with many of the following characteristics:

- Proven management team with the desire to create and deliver value
- Strong market position, niche or brand
- Clear organic growth potential
- Internationalisation opportunities
- Potential for buy and build or roll-out
- Barriers to entry
- Legislation-driven products or services

Dunedin is authorised and regulated by the Financial Conduct Authority.

Manager's Review

In the year to 31 December 2014 the net asset value per share has moved from 529.3p to 510.6p. After taking account of a final dividend for 2013 of 16.5p (paid in 2014), the movement in the year equates to a total return of -0.4%.

The Trust's net asset value decreased from £116.3m to £106.6m over the year. This movement is stated following a tender offer of £5.2m and dividend payments totalling £3.6m.

This movement in net assets can be explained as follows:

	£m
Net asset value at 1 January 2014	**116.3**
Unrealised value increases	12.1
Unrealised value decreases	(9.8)
Realised loss over opening valuation	(3.7)
Tender offer to shareholders (excluding costs)	(5.2)
Dividends paid to shareholders	(3.6)
Other revenue and capital movements	0.5
Net asset value at 31 December 2014	**106.6**

Tender Offer

In 2014 the Trust undertook a tender offer for 5% of the share capital of the Trust at a price of 475p per share which represented a 10.3% discount to the most recently published net asset value per share as at 31 December 2013. The amount returned to shareholders under the tender offer amounted to £5.2m. This takes the total returned to shareholders via tender offers under the Distribution Policy to £44.3m.

Portfolio Composition

Dunedin Enterprise makes investments in unquoted companies through Dunedin either directly or via its managed funds. In the past the Company has made commitments to funds managed by third parties. The last such commitment was made in 2009 and, following the policy change in November 2011, no further commitments will be made to funds managed by third parties.

The investment portfolio can be analysed as shown in the table below.

	Valuation at 1 January 2014 £'m	Additions in year £'m	Disposals in year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 31 December 2014 £'m
Dunedin managed	75.1	11.6	(2.4)	(4.3)	4.0	84.0
Third party managed	13.6	4.4	(3.7)	0.6	(1.7)	13.2
	88.7	**16.0**	**(6.1)**	**(3.7)**	**2.3**	**97.2**

New Investment Activity

A total of £16.0m was invested in the year to 31 December 2014. Of this total, £11.6m was invested in Dunedin managed funds and £4.4m was drawn down by European third party funds.

In June 2014 an investment of £5.9m was made in EV Offshore Limited ("EV") with a further £1.2m being invested in November 2014. 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 harshest of drilling conditions. The high quality video and still images produced by EV's cameras allow oil and gas well operators to identify problems and design appropriate solutions. This rapid identification of problems provides operators with significant savings. EV is based in Aberdeen and Norwich, with R&D and manufacturing facilities in Norwich. It has a further presence in 17 worldwide locations across Northern Europe, Canada, USA, West Africa, the Middle East, Asia and Australasia. The business currently employs 100 staff.

In March 2014 a further investment of £1.3m was made in Hawksford, enabling the company to acquire the Singapore-based corporate services provider, Janus Corporate Solutions. This is the fifth acquisition made by Hawksford since it was backed by Dunedin in October 2008 and reflects the underlying growth strategy to expand the business internationally. Established in 2009, Janus has over 1,500 clients and has experienced strong growth year-on-year, which is expected to continue.

There were also follow-on investments made in Premier Hytemp (£0.6m) and Red (£0.3m). The investment in Premier Hytemp was to assist with the financing for capital expenditure on machinery to expand the product offering of the business. The investment in Red was made to support the working capital of the business.

Within the European funds, £2.6m was drawn down by Innova/5 and £1.8m by Realza Capital.

Innova made two new investments in the year. In January 2014 an investment of £1.1m was made in Wirtualna Polska, a leading internet portal company operating in Poland. A further £1.1m was invested in Delecta, a leading branded manufacturer of home-baking and home-cooking products and ingredients. The remaining £0.4m was drawn by Innova to meet management expenses and operating costs of the fund.

Realza made one investment during the year. An investment of £1.7m was made in Grupo Dolz a Spanish based manufacturer and seller of aftermarket water pumps for the automotive industry. A European market leader, the company aims to expand via its subsidiaries in Brazil, Argentina and China. A further £0.1m was drawn for management fees and operating expenses of the fund.

There were drawdowns totalling £2.3m made during the year by Dunedin managed funds for management fees.

Realisations

During the year a total of £6.1m was generated from portfolio realisations.

As noted in the Chairman's Statement, the investment in Trustmarque was realised through a trade sale generating proceeds of £1.6m. During the year Trustmarque identified that over a number of years its recognition of revenue had been over-stated due to accounting system issues. This discovery resulted in a material reduction in the maintainable earnings of the company. The company operated with a significant level of bank debt and the reduction in maintainable earnings resulted in the bank requiring its exposure to be reduced materially. We therefore concluded that the best outcome for investors was to seek a sale of the business which was achieved in September 2014. The proceeds of £1.6m compared with a cost at 31 December 2013 of £4.3m.

During the year Innova/5 returned a total of £1.5m to the Trust. The sale of Emitel, the provider of managed analogue digital TV and radio broadcasting in Poland, to a US infrastructure fund generated proceeds of £1.4m. The investment returned 2.0x the original cost.

Realza Capital returned £2.0m during the year of which £1.4m resulted from the sale of Hofmann, a manufacturer and seller of digital photobooks, representing a return of 2.3x on its original cost. In addition £0.6m was distributed by Realza due to strong cash generation from GTT which provides tax management services to local public entities in Spain.

Following a period of disappointing trading the investment in OSS Environmental was realised by way of a trade sale to Hydrodec, generating proceeds of £0.3m.

Deferred proceeds totalling £0.8m were received from the realisations of Capula, etc.venues and Practice Plan.

Cash and commitments

As at 31 December 2014 the Trust had cash and near cash balances of £9.9m all of which are denominated in Sterling. The Trust has a revolving credit facility with Lloyds of £20m. The facility is available until 27 February 2017.

The Trust has undrawn commitments to Dunedin managed funds of £54.2m and a further €12.3m (£9.6m) of undrawn commitments to the two remaining European funds. It is expected that £40m of the total outstanding commitments will ultimately be drawn over the remaining life of the funds.

Unrealised movements in valuations

In the year to 31 December 2014 there were valuation uplifts generated from the following investments: Weldex (£4.0m), CitySprint (£3.0m), Enrich (£1.7m), EV (£1.3m) and Kee Safety (£1.1m).

The maintainable earnings of Weldex have increased by 26% during the year enabling the company to be valued on an earnings rather than net assets basis. The company has benefited from an increase in construction activity during the year across a number of areas. This included construction of a wind turbine test site at Hunterston, an oil and gas re-furbishment at Nigg, a power station re-furbishment at Port Talbot and several other large infra-structure and construction projects.

CitySprint's maintainable earnings have increased by 18% during the year. Growth has been generated both organically and through acquisition. There have been four acquisitions made this year, further expanding the company's network of same day couriers in the UK. Organic growth has been generated from online retail fulfilment and in healthcare. CitySprint now support Hermes in delivery of the John Lewis/Waitrose Click and Collect service and Hermes Parcelshops. Within healthcare, contracts have been won in relation to pathology and home delivery of medicines.

Two of the most recent investments, EV and Kee Safety, have generated strong maintainable earnings growth during the year. Kee Safety's maintainable earnings have increased by 12% during the year, enabling the company to be valued on an earnings basis rather than cost. The increase in maintainable earnings has been driven primarily by organic growth in the US with the growing installation of group fall arrest systems. EV was acquired in June 2014 and has traded strongly since the investment was made, enabling it to also be valued on an earnings basis. Growing demand for its high performance, ruggedised video cameras and engineers to analyse problems in oil and gas wells has been generated globally.

During the year the proceeds from the court action taken against the vendor of Enrich were recovered, leading to a valuation increase of £1.7m.

The most significant valuation reductions in the year to 31 December 2014 were at Red (£5.9m) and U-POL (£1.4m).

Red, the global IT staffing business focussed on the SAP technical recruitment market, experienced a 53% fall in maintainable earnings as a result of continuing lower net margins in the Contracts Division and a lower level of activity in the Permanent Division. This has been compounded by start-up costs incurred in the US for the creation of a Consulting Division. During the year Dunedin commissioned a market and business review by consultants which concluded positively that its target market represents an attractive opportunity.

U-POL, the manufacturer of branded automotive products, was impacted by the strength of Sterling in a number of territories resulting in the erosion of customer margins. This caused delays in payments and the placing of subsequent orders, particularly in Africa. Maintainable earnings fell by 17% in the year.

The majority of portfolio companies are budgeting an increase in maintainable earnings during 2015. Included within portfolio company valuations is accrued interest of £9.1m (£8.5m).

Valuations and Gearing

The average earnings multiple applied in the valuation of the Dunedin managed portfolio was 7.6x EBITDA (2013: 7.1x), or 9.3x EBITA (2013: 8.0x). These multiples continue to be applied to maintainable profits.

Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.2x EBITDA (2013: 2.3x) or 2.7x EBITA (2013: 2.8x). Analysing the portfolio gearing in more detail, the percentage of investment value represented by different gearing levels was as follows:

Less than 1 x EBITDA	24%
Between 1 and 2 x EBITDA	17%
Between 2 and 3 x EBITDA	49%
More than 3 x EBITDA	10%

Of the total acquisition debt in the Dunedin managed portfolio companies the scheduled repayments are spread as follows:

Less than one year	13%
Between one and three years	19%
Between three and five years	37%
More than 5 years	31%

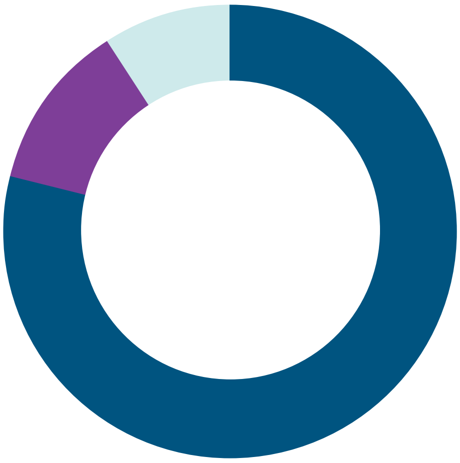
Fund Analysis

The chart below analyses the investment portfolio by investment fund vehicle.

Direct	**11%**
Dunedin Buyout Fund I	**–%**
Dunedin Buyout Fund II	**50%**
Dunedin Buyout Fund III	**15%**
Equity Harvest Fund	**3%**
Third Party managed	**12%**
Cash	**9%**

Portfolio Analysis

Detailed below is an analysis of the investment portfolio by geographic location and cash reserves as at 31 December 2014.



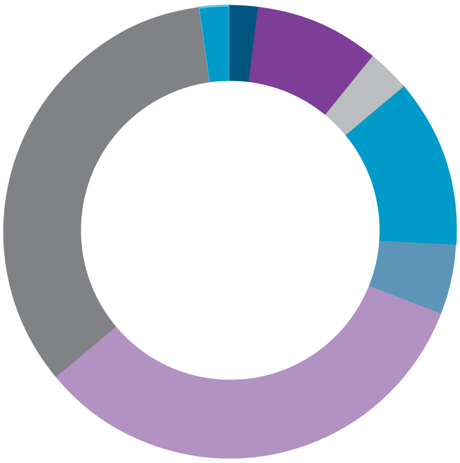
UK	79%
Rest of Europe	12%
Cash	9%

Valuation Method

Cost	7%
Earnings – provision	20%
Earnings – uplift	68%
Net assets	5%

Sector Analysis

The investment portfolio of the Company is broadly diversified. At 31 December 2014 the largest sector exposure of 34% remains to the Support Services sector, a diverse sector in itself.



Automotive	2%
Construction and building materials	9%
Consumer products & services	3%
Financial services	12%
Healthcare	5%
Industrials	33%
Support services	34%
Technology	2%

Year of Investment

In the vintage year chart below, value is allocated to the year in which either Dunedin Enterprise or the third party manager first invested in each portfolio company.

<1 year	13%
1-3 years	19%
3-5 years	37%
>5 years	31%

Dunedin LLP
19 March 2015

Top ten investments (held via funds and direct investments)

Percentage of equity held	11.9%
Cost of Investment	£9.8m
Directors' valuation	£18.9m
Percentage of Dunedin Enterprise's net assets	17.8%

CitySprint

Business description
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 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.

Investment rationale
CitySprint has a unique, highly scalable business model with a sustainable competitive advantage. It is entirely differentiated from next day courier businesses where the market is much more competitive and made up of larger organisations. The company's market leading technology platform underpins its asset light business model. It exploits opportunities in new markets such as pharmacy, healthcare and e-retail and is active in the development of new products and market leading technology, particularly in the retail and healthcare divisions. It has a highly experienced management team with a track record in Buy & Build and organic growth.

Value creation
The company is achieving good revenue and profit growth through its very active buy and build and organic growth strategies. It continues to assess an active pipeline of acquisition opportunities.

What has been achieved
Since the beginning of 2014, CitySprint has made four acquisitions to expand its reach and consolidate its position as the UK's leading private same day distribution company, bringing the number of acquisitions made since Dunedin's buyout to 17. The 2014 acquisitions were Network Logistics, Sky Blue Couriers, Letchworth Couriers and CYC Logistics. These acquisitions bring significant economies of scale and growth in market share. CitySprint has continued to invest in operational and commercial resource to provide a platform for growth.

Performance
CitySprint has seen strong revenue growth of 52% and profit increased by 54% over a two year period since 2011. In the year to 31 December 2013, the EBITDA of CitySprint was £12.4m (2012: £10.7m) on turnover of £112.7m (2012: £101.1m).

WELDEX

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£10.3m
Percentage of Dunedin Enterprise's net assets	9.6%

Weldex

Business description

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 Heathrow Terminal 5, the iconic arch at the new Wembley Stadium, the 2012 Olympic site and Crossrail.

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.

Investment rationale

Weldex is a market leading business serving the renewables and power generation market, where growth is driven by the developing UK energy gap and EU legislation on climate change. The offshore wind installation infrastructure is supply constrained and Weldex services this niche. There are strong barriers to entry: high capital expenditure; long lead times to source cranes; the need for experienced operators; and Weldex's reputation.

Value Creation

Value creation is expected to be generated through continued investment in the crawler crane fleet to meet demand in Weldex's targeted sectors. Key growth areas are in renewable energy infrastructure, oil and gas, power generation and industrial and commercial construction.

What has been achieved

Weldex has continued to invest in its core fleet and has been operating from a base at Nigg Energy Park to undertake oil and gas decommissioning work. A new independent non-executive Chairman was appointed in 2014, with extensive international experience. This breadth of experience compliments the existing management team's operational expertise.

Performance

In the year to 30 November 2013, the EBITDA of Weldex was £13.1m (2012: £14.1m) on turnover of £23.1m (2012: £25.2m).

Hawksford

Percentage of equity held	16.0%
Cost of Investment	£5.6m
Directors' valuation	£8.8m
Percentage of Dunedin Enterprise's net assets	8.2%

Hawksford

Business description

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 company 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.

Investment rationale

Hawksford presented an opportunity to invest in a cash generative company with a stable core business, high levels of repeat business and very good long term client relationships. There was a clear opportunity to create value through increased operational efficiency and marketing capability, proactive business development, international expansion into new geographies and an acquisition strategy in a highly fragmented sector.

Value creation

Growth is expected to be delivered through continued international expansion and continuing the proactive buy-and-build strategy. Dunedin has played a significant role in identifying, evaluating and funding bolt on acquisitions and Hawksford has a strong pipeline of these acquisition opportunities.

What has been achieved

In 2014 Hawksford completed the acquisition of Janus Corporate Solutions in Singapore, the fifth acquisition since the management buyout in October 2008. This followed Hawksford's expansion in Jersey, the Middle East and Switzerland and extended the company's global reach into the Far East.

Dunedin was actively involved in the recruitment of the new CEO. The management team has been further strengthened with the appointment of a new Finance Director and Operations Director.

Performance

In the year to 31 December 2013, the EBITDA of Hawksford was £5.5m (2012: £5.3m) on turnover of £19.6m (2012: £18.8m).

Percentage of equity held	10.7%
Cost of Investment	£7.1m
Directors' valuation	£8.4m
Percentage of Dunedin Enterprise's net assets	7.9%

EV Offshore

Business description
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.

Investment rationale
EV has a significant technological competitive edge operating in a predominantly untapped global market and is a global leader in this field. The business has technological competitive advantage around imaging (it has the only camera that can produce real time HD colour footage from inside an oil well) and around operating conditions (the cameras can operate under extremes of heat, pressure and visibility). EV has a strong, committed management team and a good reputation with its customers.

Value creation
The company is well placed to capitalise on the growing use of cameras in oil well analysis. There is a clear opportunity for the business to broaden its product and service offering and in turn deliver significant additional growth.

What has been achieved
EV continues to invest in its team for long-term growth. During 2014 the business appointed Maurice McBride, a senior private equity oil and gas veteran with international experience, as Chairman. EV has also recruited a Head of the Americas, a Head of Marketing and a Financial Controller.

Performance
The fall in the oil price is likely to impact the business in terms of pricing; with large international oil companies seeking to cut costs. However, the business is well placed given its focus on production efficiency and optimisation; a key consideration for oil companies in the current environment.

Percentage of equity held	41.7%
Cost of Investment	£9.5m
Directors' valuation	£8.1m
Percentage of Dunedin Enterprise's net assets	7.6%

CGI

Business description
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.

Investment rationale
CGI operates in a highly regulated market which creates strong barriers to entry. Pyroguard is manufactured using a patented process which has certain advantages over its competitors such as flexibility, cost and immediate delivery. Pyroguard produces clear glass which is taking market share from wired glass. Fire regulations throughout Europe are becoming stricter and standards demanded by insurance companies are rising, which are advantageous to CGI.

Value creation
CGI has followed a commercial strategy which combines acquisition with organic growth. In 2012 it acquired Interver SA, the French-based manufacturer of fire glass products. The focus for the business going forward is to sell directly to product users rather than to distributors as was the case historically. A number of direct projects have been won recently allowing CGI to demonstrate its future project credentials.

What has been achieved
CGI has invested in people expanding both its European sales team as well as its R&D team. The business has also appointed consultants to improve factory and process efficiencies which has resulted in significant cost savings.

Performance
In the year ended 31 December 2013, the EBITDA of CGI was £2.9m (2012: £2.5m) on turnover of £17.0m (2012: £13.3m). Gross margins continue to improve as CGI sells more of its own manufactured products in place of third party products. The business continues to generate cash and now has a net debt position of less than its maintainable EBITDA.

Percentage of equity held	9.4%
Cost of Investment	£6.3m
Directors' valuation	£7.4m
Percentage of Dunedin Enterprise's net assets	6.9%

Kee Safety

Business description
Kee Safety is a UK headquartered 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.

Investment rationale
Kee Safety services a large growing market, driven by more rigorous enforcement and awareness of health and safety regulations. It has a proven management team supported by regional managing directors in each of its main geographies. Its strong margins are driven by world class service, with 98% of orders available for immediate dispatch and a low cost supply base in China.

Value creation
Further growth is expected through geographic expansion in existing and new territories and bolt-on acquisitions. The business will continue to use a multi route to market model to accelerate growth. Margins will be increased through process engineering, price management and the further deployment of its low cost supply chain.

What has been achieved
Organic growth at Kee Safety is accelerating and the business has made four acquisitions since Dunedin invested.

Performance
The business is trading well with 12% EBITDA growth in 2014 and 11% sales growth.

Percentage of equity held	8.9%
Cost of Investment	£6.5m
Directors' valuation	£7.1m
Percentage of Dunedin Enterprise's net assets	6.6%

Realza Capital

Business description
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.

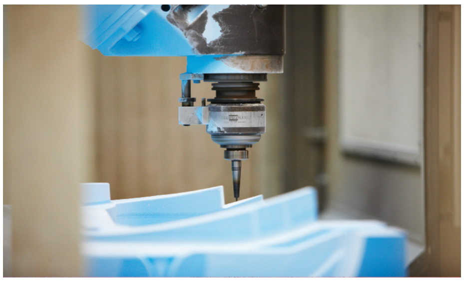
Investment rationale
A €15m commitment was made to Realza in 2008. This commitment was made in accordance with the Trust's investment policy of investing in limited partnership funds with a European investment remit which invested in transactions of a similar nature and size to Dunedin. The Trust's investment strategy has now refocused back to the UK, away from third party managed European funds.

What has been achieved
To date Realza has drawn down 68% of commitments. The fund has made five investments to date. The areas of business in which the fund's five investments operate are the:-

- management and operation of dental clinics,
- manufacture and sale of digital photo-books,
- manufacture and sale of household cleaning and personal care products,
- provision of tax management services to local government, and
- manufacture and sale of water pumps for the automotive industry.

Performance
To date there has been one realisation achieved by the fund. Hofmann, the manufacturer and seller of digital photo-books was realised in 2014 generating a multiple on original cost of 2.3x. The remaining investments are valued at 1.4x cost.

Percentage of equity held	17.7%
Cost of Investment	£1.7m
Directors' valuation	£6.8m
Percentage of Dunedin Enterprise's net assets	6.4%



Formaplex

Business description

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 (Havant, Cosham and Horndean), 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.

Investment rationale

Formaplex presented an opportunity to professionalise processes and structures and to diversify into new sectors and geographies. Formaplex has established a highly differentiated offering through its ability to offer a fully integrated service from tool design and manufacture, through to final component manufacture, finishing and delivery. Customers recognise its expertise in tooling design and ability to deliver innovative solutions. This design is then supported by modern, high quality manufacturing and delivery, underpinned by rigorous project management. This results in high precision tools which are delivered on-time and once in use, enable customers to achieve consistently accurate performance rates which protect their own quality standards and programme timings.

Value creation

The growth of Formaplex is expected to be driven by underlying growth in demand, particularly in the premium automotive and aerospace segment; the trend towards automotive model proliferation and shorter model cycles, both of which both drive demand for additional tooling volumes; and legislative requirements to reduce emissions and improve fuel efficiency. The latter of these trends means an increased usage of lightweight materials and components and, as a result, increased penetration of Formaplex's products on vehicles and aircraft.

What has been achieved

Formaplex's growth has been positively impacted by continual investment in the UK's automotive sector and increased international demand for UK premium car brands. The UK's premium car industry is currently thriving, with Rolls Royce, Bentley and BMW recently posting record sales for 2014. The business has also found opportunities to extend its lightweight components into new sectors such as aerospace and defence. During the Trust's investment the EBITDA of Formaplex has increased from £3.1m to £7.8m.

Performance

The company's turnover has increased from £9.4m in 2009 to £33.2m in 2013 and employee numbers have grown by over six times from 51 to 300 over this period.

In the year to 30 June 2013, the EBITDA of Formaplex was £7.8m (2012: £6.5m) on turnover of £33.2m (2012: £26.7m).

INNOVA CAPITAL

Percentage of equity held	3.9%
Cost of Investment	£6.5m
Directors' valuation	£5.6m
Percentage of Dunedin Enterprise's net assets	5.3%

Innova/5

Business description

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 (TMT); Business Services; Construction; Energy; and Industrial & Automotive.

Investment rationale

A €15m commitment was made to Innova in 2010. This commitment was made in accordance with the Trust's investment policy of investing in limited partnership funds with a European investment remit which invested in transactions of a similar nature and size to Dunedin. The Trust's investment strategy has now refocused back to the UK, away from third party managed European funds.

What has been achieved

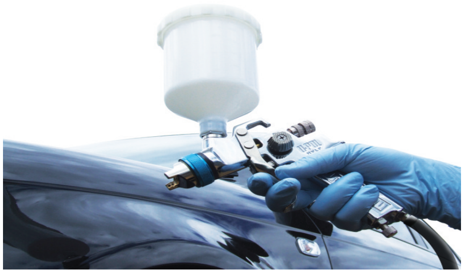
To date Innova has drawn down 51% of commitments. The fund has made six investments to date. The areas of business in which the fund's six investments operate are:-

- manufacture of cast marble bathroom sanitaryware,
- credit card transaction processing, ATM and POS operations and e-commerce services,
- provision of managed analogue digital TV and radio broadcaster;
- provision of obstetric, gynaecological and neonatal services to private hospitals;
- provison of a wide range of electricity related products and services in turnkey project management and engineering to the electricity sector.
- internet portal services, and
- branded manufacturer of home-baking and home-cooking products and ingredients.

Performance

To date there has been one realisation achieved by the fund. Emitel, the provider of managed analogue digital TV and radio broadcaster, was realised in 2014 generating a multiple on original cost of 2.0x.

Percentage of equity held	5.2%
Cost of Investment	£5.7m
Directors' valuation	£4.8m
Percentage of Dunedin Enterprise's net assets	4.5%



U-POL

Business description
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 continue expanding 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 largely comprised of car repair outlets.

Investment rationale
U-POL has a market leading position in the UK and growing market share in other large markets such as the USA. It enjoys a good competitive position globally. Growth was expected through expansion of its range and increased market share in new and existing markets.

Value creation
U-POL is focussing on products with high growth potential. Further growth is expected to be achieved through expansion in both developed and emerging markets.

What has been achieved
U-POL has increased its sales resource in all key geographies. The senior team has been expanded with the appointments of a new Non-executive Director with relevant sector experience, a new Chief Operating Officer and a China manager.

Performance
Following many years of uninterrupted growth, UPOL's trading was significantly affected by adverse exchange rate movements in 2014, with sterling strengthening considerably against all currencies of U-POL's major export markets, resulting in the erosion of customer margins. This has caused delays in payments and the placing of subsequent orders, particularly in Africa. The company continues to be highly cash generative allowing strong pay down of the bank debt.

In the year to 31 December 2013, the EBITDA of U-POL was £15.2m (2012: £12.6m) on turnover of £62.5m (2012: £60.1m).

The Remaining Investments (held directly and via funds)

Company Last reported Description of business	Proportion of fully diluted capital owned %	Book cost £m	Valuation £m	Percentage of net assets %
Premier Hytemp 30.09.13 Provider of highly engineered steel and nickel alloys and machined components for the gas and oil industry	23.0	8.6	4.6	4.3
RSL Steeper 28.02.14 Provider of prosthetic, orthotic and assistive technology products	37.4	5.1	3.7	3.5
Enrich 31.03.13 Employee benefit consultants	30.2	6.9	1.7	1.6
Red 31.03.13 Global provider of SAP experts to international corporations and consultancies	18.7	8.2	0.6	0.6
Alta-Berkeley VI 31.12.13 Technology fund	3.0	0.8	0.2	0.2
Advent Private Equity Fund III 31.12.13 Technology fund	3.0	1.0	0.2	0.2
Add One 31.12.13 Technology fund	2.9	1.2	0.1	0.1

Contents

Strategic Report

This Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Business and Status

The Company carries on business as an investment trust. The last accounting period for which the Company has been treated as approved as an investment trust by HM Revenue & Customs was for the year ended 31 December 2013. In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as to meet the eligibility conditions in Section 1158 of the Corporation Taxes Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instruments 2011/2999).

The Board has contractually delegated the management of the investment portfolio to the Manager, Dunedin LLP ("Dunedin"). A summary of the terms of the Investment Management Agreement is contained in the Directors' Report on pages 25 to 28.

Investment Objective and Business Model

The Company's objective is to target a rate of return on equity in excess of 8% per annum over the long-term. The Company aims to achieve its investment objective by investing principally in private equity funds managed by Dunedin.

Dunedin Enterprise is the only UK listed investment trust with an ongoing mandate to invest exclusively in the UK lower mid-market. It thus represents a unique opportunity to access this part of the private equity market for investors. The Company adopted a Distribution Policy on 28 November 2011. Under the Distribution Policy at least 50% of the capital gains made on realisation of the Company's investments in UK lower mid-market buyout funds will be used to fund share buy-backs, tender offers, returns of capital or other distributions to shareholders. In respect of any sale of the Company's investments in existing third party managed funds, a substantial proportion of the net sales proceeds will be used to fund share buy-backs, tender offers, returns of capital and other distributions to shareholders.

Investment Policy

In 2011 the Company changed its investment policy so that in future it will invest only in direct private equity investments or via private equity funds managed by Dunedin.

In future the Company does not intend to make any new commitments to, or any new investments (other than investments resulting from existing commitments) in private equity funds managed by managers other than Dunedin. Investments in the existing European Funds Portfolio may be held to maturity, with any associated outstanding commitments being met when called, although the Directors reserve the right to sell all or any such investments, together with any associated outstanding commitments, prior to maturity, if they believe that this is in the best interests of shareholders.

Accordingly, the mix of investments by the Group among direct investments and investments via private equity funds managed by Dunedin or by managers other than Dunedin will vary from time to time. In the medium to long term, the exposure to the European Funds Portfolio will decrease as the funds in the portfolio mature or the Group's interests in them are sold.

Ultimately, the Company will invest in private equity funds managed by Dunedin, specialising in the provision of equity finance for management buyouts, management buyins and growing businesses in the UK lower mid-market (i.e. businesses with an enterprise value typically in the region of £20m – £100m). It is anticipated that the Company may also make direct investments in the form of co-investments alongside private equity funds managed by Dunedin in which the Company is also invested.

Not more than 15% of net asset value (measured at the date of investment) will be invested, directly or indirectly, in any single company or group of companies (measured at the date of investment). Investments are made across a range of business sectors. Investments are structured to deliver capital growth for the Company using a variety of financial instruments, including ordinary shares, preference shares, loan stock and mezzanine debt, either directly or through commitments to limited partnership funds.

The Company does not invest in other listed closed-end investment funds. Cash balances are held either on cash deposit or in gilts or cash liquidity funds.

Strategy Implementation

The Company invests principally through commitments made to funds managed by Dunedin. Dunedin has a clear strategy of maintaining a focused investment approach throughout different economic cycles. This distinct investment strategy has allowed Dunedin to concentrate on its core strengths of acquiring businesses and driving value to maximise returns for investors.

Dunedin has concentrated on buyouts in the UK, in which it takes a controlling position to enable it to drive value through active portfolio management in partnership with management teams. Dunedin operates in the most active segment of the UK buyout market, which it believes is less competitive due to the high volume of investment opportunities per market participant. In addition, investing at the small end of the market allows Dunedin to acquire high quality companies at reasonable entry multiples and the opportunity to grow the businesses and sell them on to a larger, more international pool of buyers.

Each fund which Dunedin raises invests in a portfolio of around 10 companies. Dunedin's investment strategy is to focus on market-leading small to medium sized businesses with strong growth strategies and which have a low public profile. This distinct approach to constructing portfolios is founded on Dunedin's experience of identifying growth strategies which are uncorrelated to the UK economy. The growth of many of Dunedin's portfolio companies is generated internationally. This brings the added benefit of attracting more international buyers at the point of exit.

The wider portfolio is carefully constructed to diversify portfolio risk exposure. Dunedin focuses on ensuring that portfolio companies have a low level of correlation to one another.

Principal Risks, Risk Management and Regulatory Environment

The Board has during the year reviewed the principal risks facing the Trust. In addition to the risks faced by all investment trusts, namely, regulatory, reputational, operational and financial, the Board believes that the principal risks faced by the Company are:

- Investment and strategic – an inappropriate strategy, poor asset allocation or consistent weak investment selection might lead to under performance and poor returns to shareholders. Therefore the Company's investment strategy is periodically reviewed by the Board which considers at each meeting the performance of the investment portfolio.
- Economic risk – events such as an economic recession or movement in stock markets and interest rates would affect portfolio company valuations and their ability to access capital for their business.
- Liquidity risk – the Company's investments may be difficult to realise. The majority of investments are in unquoted companies which by their nature are not readily realisable assets. The Company ensures that it has adequate borrowing facilities to mitigate this risk.
- Cash drag – significant levels of cash held by the Company can impact upon performance. The Board performs an ongoing review of the level of cash held by the Company compared to undrawn commitments.
- People risk – key employees leaving Dunedin.
- Loss of approval as an Investment Trust – the Company must comply with Section 1158 of the Corporation Tax Act 2010 which allows it to be exempted from capital gains on investment gains. Any breach of these rules may lead to the Company losing its approval as an Investment Trust and losing its exemption from corporation tax on capital gains. The Company must also comply with the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Board seeks to mitigate the internal risks by setting policy, regularly reviewing performance, enforcing contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance Report on pages 29 to 31.

Borrowings

In common with most investment companies, the Company may borrow to finance further investment. Although the Company is permitted by its Articles of Association to borrow an amount equal to the amount paid up on the issued share capital and the total amounts standing to the credit of the capital and revenue reserves of the Company, the Board's policy is that financial gearing will not exceed 40% of gross asset value.

The Company currently has a £20m revolving credit facility with Lloyds Bank plc which expires on 27 February 2017. The facility is currently not utilised. There are standard bank covenants attached to the facility including a minimum net asset value covenant.

Review of Performance

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the past 10 years, as well as the investment outlook, are provided in the Chairman's Statement on pages 3 and 4 and the Manager's Review on pages 7 to 10. Details of the Company's top ten investments can be found on pages 11 to 20 with the remaining investments detailed on page 21.

Monitoring Performance – Key Performance Indicators

At each Board meeting the Directors consider a number of performance indicators to assess the Company's success in achieving its objectives, which include both absolute and relative performance compared to the market indices and peer group. The key performance indicators ('KPIs') used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- movement in net asset value per ordinary share
- movement in share price
- movement of net asset value and share price performance compared to the Benchmark
- ongoing charges

Details of the KPIs are shown on pages 1 and 2.

Share Buyback

The Board recognises that it is in the long term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is performance. As outlined on page 27, the Board intends to seek renewal of its annual share buyback authority. The Board does not intend to issue a precise discount target at which shares might be bought back as it believes that the announcement of specific targets would be likely to hinder the successful execution of a buyback policy.

Social, Community, Human Rights, Employee Responsibilities and Environmental Policy

As an investment trust, the Group has no direct social, community, or employee responsibilities. Dunedin, with the support of the Board, does however take environmental, social and governance factors and human rights issues into consideration with regard to investment decisions made on behalf of the Company. Further information on Dunedin's policy on sustainable and responsible investing is provided on page 29. The Company has no employees and no requirement to report separately on this area, as the management of the portfolio has been delegated to Dunedin. Details of the Investment Management Agreement are provided on pages 26 and 60.

Diversity

At 31 December 2014, there were three male directors and one female director on the Board. The Board's policy on diversity is set out on page 29.

By order of the Board

Duncan Budge
Chairman
19 March 2015

Directors' Report

The Directors present their report and audited financial statements for the year to 31 December 2014.

The Manager of the Company is Dunedin LLP ("Dunedin"). The Board is independent of Dunedin. The Company's registration number is SC052844.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 3 to 4. The financial position of the Company, its cash flows and liquidity position are described in the Manager's Review on pages 7 to 10. In addition, note 20 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has the appropriate level of financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Share Capital

At 31 December 2014, the Company's issued and paid up share capital was £5,217,141 divided into 20,868,562 fully paid up ordinary shares. During the year a tender offer was undertaken to return realisation proceeds to shareholders which reduced the issued share capital by 1,098,345 (nominal value of £274,586) ordinary shares. The tender offer was undertaken at 475p per share and returned £5.2m to shareholders.

The rights attaching to the Company's shares are set out in the Company's Articles of Association (which may be amended by special resolution) and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 2006 ("2006 Act") and other legislation applying to the Company from time to time.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholding.

Dividends

The ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Directors) and to receive any interim or special dividends which the Directors may resolve to pay.

A final dividend of 4.7p is to be paid to shareholders on 22 May 2015, to shareholders on the register at close of business on 1 May 2015. The ex-dividend date is 30 April 2015. The final dividend for the year to 31 December 2014 of 4.7p compares to 16.5p for 2013.

Voting Rights

Each ordinary shareholder present in person or by proxy is entitled to one vote in a show of hands and, on a poll, to one vote for every share held.

Significant Shareholdings

The significant holdings in the Company's ordinary share capital which have been notified to the Company as at 31 December 2014 are shown below.

	Ordinary shares	% of issued share capital
Legal & General Group	5,529,613	26.5
Alliance Trust Savings	2,991,891	14.3
Baillie Gifford Diversified Growth Fund	1,061,877	5.1
East Riding of Yorkshire Council	872,502	4.2
Brewin Dolphin	793,854	3.8

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the financial year.

Directors

Details of the current Directors of the Company are shown on page 5. All Directors are considered to be independent. No contract or arrangement existed during the period in which any of the Directors had a material interest. No Director has a service contract with the Company. Notwithstanding the Directors' other appointments it is considered that each has sufficient time available to undertake their duties as a Director of the Company.

In accordance with the UK Corporate Governance Code and the AIC's Code of Corporate Governance, Liz Airey and Brian Finlayson will retire from the Board and, being eligible, offer themselves for re-election at the Annual General Meeting ("AGM"). Liz Airey was appointed to the Board on 1 January 2005 and has served for more than nine years and is therefore subject to annual re-election. The Board has carefully considered Liz Airey's independence and believe she retains independence of character and of judgement. Neither Liz Airey nor Brian Finlayson have service contracts with the Company. Following performance evaluation, in the view of the other Directors, Liz Airey and Brian Finlayson continue to perform effectively and to demonstrate commitment to the Company. The re-election of Liz Airey and Brian Finlayson is recommended to shareholders as their skills and experience continues to add to the strength of the Board.

Directors' and Officers' Liability Insurance/Directors' Indemnity
The Company maintains insurance in respect of directors' liabilities in relation to their acts on behalf of the Company.

In line with market practice and the Company's Articles of Association, the Company has agreed to indemnify the Directors in respect of costs, charges, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under section 1157 of the Companies Act 2006 ("2006 Act"), in connection with the performance of their duties as Directors of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' & Officers' insurance maintained by the Company be exhausted.

Director's Conflicts of Interest
Under the 2006 Act, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain provisions to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. The register is reviewed at each Board meeting and the Directors are required to disclose to the Company Secretary any change to conflicts or any potential new conflicts. Where a conflict of interest arises, the Director concerned will not participate in any discussions or decisions in that area.

Corporate Governance
The statement on Corporate Governance on pages 29 to 31 is included in the Directors' Report by reference.

Investment Management Arrangements
The principal terms of the Company's management agreement with Dunedin are set out on page 60.

The Board has thoroughly reviewed Dunedin's investment policy and process. The review covered the performance of the investment manager, their management process, investment style, resources and risk controls. The Board is satisfied with the results of the review and is therefore of the opinion that the continuing appointment of Dunedin on the terms agreed is in the interests of shareholders as a whole. Such a review is carried out on an annual basis. As part of the review this year it was agreed that following a peer group review the notice period on the management agreement be reduced from 18 months to 12 months to reflect more closely market practice. The 12 month notice period reflects the long-term nature of the private equity asset class and the detailed involvement of the Manager in investee companies which therefore requires greater continuity.

In 2008, the Company's shareholders approved management incentive arrangements and the introduction of two investment classes within the overall assets of the Company, the Fund of Funds LP and the Co-Investment LP. The Company is a limited partner in both partnerships as are Dunedin executives who invest in each of these partnerships as a limited partner. Dunedin is the general partner of each partnership.

Dunedin Managed Funds, Dunedin Fund of Funds LP, and Dunedin Co-Investment LP operate carried interest schemes. Dunedin executives participate in these carried interest schemes.

Although the co-investment scheme for Dunedin executives, under which selected Dunedin executives invested their own funds in ordinary shares alongside direct investments by the Company, has been replaced by the new Co-investment Limited Partnership, the co-investment scheme continues to operate for investments made prior to May 2008.

In November 2012, the Company's shareholders approved a new performance fee in relation to the European fund investments held via Dunedin Fund of Funds LP. Dunedin was incentivised to realise the underlying investments and commitments in the European fund investments based both upon the value realised compared to the third party manager's valuation and the timing of the realisation. Details of the performance fee are set out on page 60. Three of the five European funds investments were realised during the period to 31 December 2013 with no further realisations during 2014. The performance fee earned by the Manager amounted to £454,912.

Duration
The Company does not have a fixed life.

Bribery Act
The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The investment manager also adopts a zero tolerance approach and has policies and procedures in place to prevent and detect bribery.

Social, Community and Environmental Policy
The statement on social, community, environmental and human rights policy on page 24 is included in the Directors' Report by reference.

Greenhouse Gas Emissions
All of the Company's activities are outsourced to third parties.

As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

External Auditor
The Directors confirm that so far as each Director is aware there is no relevant audit information of which the Company's external auditors are unaware. Each Director has also taken all reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the external auditors are aware of that information.

The External Auditor, KPMG LLP, have indicated their willingness to continue in office and a resolution re-appointing them and authorising the Directors to fix their remuneration will be proposed as resolutions 6 and 7 at the forthcoming Annual General Meeting.

Annual General Meeting ("AGM")

The AGM of the Company will be held at 11.00 am on 13 May 2015 at The Waldorf Astoria Edinburgh – The Caledonian, Princes Street, Edinburgh, EH1 2AB. Notice of the AGM is given on pages 61 to 63 of this report.

Resolutions to be considered at the AGM

Resolutions 1 to 8 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 9 to 11 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. Each of these resolutions is being proposed to comply with the Company's Articles of Association and to obtain certain authorities required under the 2006 Act from shareholders.

Resolution 1: Receive the audited Report and Accounts

Shareholders are being asked to receive the audited accounts for the year ended 31 December 2014.

Resolution 2: Approve the Directors' Remuneration Report

Shareholders are being asked to approve the Directors' Remuneration Report set out pages 34 to 36 for the year ended 31 December 2014.

Resolution 3: Final Dividend

Shareholders are being asked to approve the Final Dividend of 4.7p per Ordinary Share for the year ended 31 December 2014. If shareholders approve the recommended Final Dividend, it will be paid on 22 May 2015 to shareholders on the Company's register of members at the close of business on 1 May 2015.

Resolutions 4 and 5: Re-election of Directors

Biographical details of Liz Airey and Brian Finlayson who are standing for re-election are set out on page 5. The Board recommends to Shareholders the re-election of the Directors, each of whom the Board regards as possessing the requisite skills and attributes to continue making significant contributions in their respective roles.

Resolutions 6 and 7: Re-appointment and remuneration of external auditors

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders. It is proposed that KPMG LLP be and are hereby re-appointed auditors of the Company and will hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company, and that their remuneration be fixed by the Directors.

Resolution 8: Authority to allot shares

Resolution 8 will, if approved, give Directors a general authority to allot new shares in the Company up to an aggregate nominal amount of £1,739,046 (representing one third of the total Ordinary Share capital of the Company in issue as at 2 April 2015 (being the latest practicable date prior to the publication of this document). The authority will expire at the conclusion of the AGM of the Company to be held in 2016.

Resolution 9: Disapplication of statutory pre-emption rights

Resolution 9 will, if approved, authorise the Directors to allot new Ordinary Shares up to an aggregate nominal amount of £260,857 (representing approximately 5 per cent. of the total ordinary share capital of the Company in issue as at 2 April 2015 being the latest practicable date prior to the publication of this document) for cash without first offering such Ordinary Shares to existing shareholders pro-rata to their existing shareholdings.

The authority given under Resolution 9, which relates to the issue of new Ordinary Shares, will expire on 13 August 2016 or, if earlier, the conclusion of the AGM of the Company to be held in 2016. The Directors will only issue new Ordinary Shares pursuant to these authorities if they believe it is advantageous to the Shareholders to do so and where the issue price exceeds the last published net asset value per Ordinary Share.

Resolution 10: Share buy-backs

The existing buy-back authority, granted at the AGM of the Company held on 14 May 2014, permits the Company to make market purchases of up to 14.99 per cent. of the Company's issued ordinary share capital as at 2 April 2014 and expires at the forthcoming AGM. The authority, under Resolution 10, if conferred, will only be exercised if, in the Directors' opinion, a repurchase would be in the best interests of shareholders as a whole and would result in an increase in the net asset value per Ordinary Share for the remaining shareholders.

The Directors propose to renew the authority at this year's AGM, and seek authority to purchase up to 3,128,197 Ordinary Shares (being 14.99 per cent. of the issued share capital as at 1 April 2015). This authority will expire at the conclusion of the AGM of the Company in 2016 (or, if earlier, the date following 15 months from this year's AGM). Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary Share. Under the Listing Rules of the Financial Conduct Authority, the maximum price that can be paid is not more than the higher of (i) 5 per cent. above the average market values of the ordinary shares for the five business days before the day on which the purchase is made and (ii) that stipulated by Article 5 (i) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid will be 25p per share (being the nominal value of a share). Ordinary shares that are purchased will be cancelled. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

Resolution 11: Notice of General Meetings

The Shareholder Rights Directive ("Directive") was implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. Resolution 11 seeks to renew this shareholder approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice. The Directors only intend to call a general meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be an advantage to shareholders as a whole.

Recommendation of the Board

The Board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and the shareholders as a whole. Your Board will be voting in favour of them in respect of their entire beneficial holdings of Ordinary Shares which amount, in aggregate, to 160,709 Ordinary Shares (representing approximately 0.8 per cent. of the ordinary share capital of the Company in issue) and unanimously recommends that you do so as well.

By order of the Board,

Duncan Budge
Chairman

Corporate Governance Report

Compliance

The Board considers that the Company has complied with the relevant provisions contained in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 and the recommendations of the AIC's Code of Corporate Governance issued in February 2013 (the "AIC Code") by reference to the AIC Corporate Governance Guide for investment companies ("the AIC Guide") throughout this accounting period with the exception of the matters noted below.

The AIC Code and the AIC Guide can both be found on the AIC website (www.theaic.co.uk) and a copy of the UK Corporate Governance Code can be found at www.frc.org.uk.

The UK Corporate Governance Code includes provisions relating to the role of the Chief Executive and Executive Directors' remuneration. For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, which is an externally managed investment company. The Company has not, therefore, reported further in respect of these provisions.

The Board

The Board consists of four non-executive Directors, all of whom the Company deems to be independent, even though the Senior Independent Director, Liz Airey, has served as a Director for over nine years.

On appointment, new Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Following appointment, the Chairman regularly reviews and agrees with Directors, as appropriate, their training and development needs as necessary to enable them to discharge their duties.

The Board determines the strategic direction of the Company. It meets at least four times a year and there is regular contact with Dunedin between these meetings. There is a formal schedule of matters specifically reserved for Board decision. The schedule of matters is reviewed regularly by the Board. The Directors also have access to any information, the advice and services of the Company Secretary and, if required, external advice at the expense of the Company. The Board maintains ongoing dialogue with the Company's legal advisor in relation to corporate governance matters.

There is a clear division of responsibility between the Board and Dunedin. Dunedin's role is defined within the investment management agreement. The Board and investment manager have agreed clearly defined investment criteria and specific levels of authority. Reports on these issues, including performance statistics, investment valuations and management accounts are submitted to the Board at each meeting. Dunedin's evaluation procedure and financial analysis of the companies within the portfolio includes detailed research and appraisal, and also takes into account environmental policies and social, ethical, human rights and other business issues. Dunedin's ESG policy can be found at www.dunedin.com. Dunedin also supports the principles of the UK Stewardship Code and implements these where applicable.

As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to utilise its votes in respect of shares held in the relevant underlying portfolio companies at the annual general meetings of these companies.

The Company's Articles of Association require that all Directors are subject to retirement by rotation and given this and that all of the Directors are non-executive directors, the Board does not consider it necessary for the Directors to be appointed for a fixed term as recommended by provision B.2.3 of the UK Corporate Governance Code. The Board's policy on tenure is that Directors retire by rotation at every third AGM or more frequently as required by the rules of the UK Corporate Governance Code and the AIC's Code of Corporate Governance. The Board does not feel that it would be appropriate to adopt a policy whereby Directors serve for a limited period as the historical knowledge of the portfolio is a key benefit. Any Directors appointed to the Board since the previous AGM also retire and stand for election.

The Board undertakes a formal annual evaluation of its own performance and that of its committees and individual Directors, including the Chairman. An external consultant assists the Board in this evaluation where appropriate. The Board as a whole meets to assess its own performance and that of its Committees. The Chairman undertakes an appraisal of each Director to assess their performance. The appraisals consider, amongst other things, the balance of skills of the Board and its diversity, the contribution of individual Directors and the overall effectiveness of the Board and its committees. The Board believes that it has an appropriate balance of skills and experience, length of service and knowledge of the Company.

The Board supports diversity in the boardroom and is of the opinion that appointments to the Board should be made taking into account a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise. The Board ensures that any recruitment process reflects this view.

The table below details the number of Board, Audit, Nomination and Management Engagement Committee meetings attended by each Director. During the year there were four Board meetings, four Audit Committee meetings, one Nomination Committee meeting and one Management Engagement Committee meeting.

Directors	Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended	Management Engagement Committee meetings attended
Liz Airey	4	4	1	1
Duncan Budge	4	4	1	1
Brian Finlayson	4	4	1	1
Federico Marescotti	4	4	1	1

Board Committees

There are three committees of the Board: the Nomination Committee, the Management Engagement Committee and the Audit Committee. The Board considers that, given the size of the Board, it would be unnecessarily burdensome to establish separate Nomination, Management Engagement and Audit Committees which did not involve the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise. The terms of reference for each committee are available on the Company's website. A report of the activity of each committee is set out below.

The Board has not established a separate Remuneration Committee and, as a whole, fulfils the function of the remuneration committee.

Nomination Committee

Members:
Duncan Budge (Chairman)
Liz Airey
Brian Finlayson
Federico Marescotti

The Nomination Committee comprises all the independent non-executive directors. The Nomination Committee is responsible for identifying and nominating to the Board new Directors and for considering whether existing Directors should be re-elected. The Nomination Committee aims to maintain an appropriate balance of skills and experience within the Board and, together with the Board, supports the principle of diversity in the boardroom. The Nomination Committee uses external specialist search consultants, as appropriate, to assist it in carrying out its responsibilities.

The Nomination Committee comprises all the independent non-executive Directors and is chaired by Duncan Budge, except when the Committee considers his succession and reviews his performance. In such circumstances, the Nomination Committee elects an alternative member to take the Chair. The Nomination Committee met once this year to begin the search for a new non-executive Director. External specialist search consultants are assisting the Board with this task.

Management Engagement Committee

Members:
Duncan Budge (Chairman)
Liz Airey
Brian Finlayson
Federico Marescotti

The Management Engagement Committee comprises all the independent non-executive Directors. The Management Engagement Committee reviews the performance of Dunedin and their compliance with the terms of the investment management agreement. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Management Engagement Committee on an annual basis. Following a peer group review this year the notice period on the investment management agreement was reduced from 18 months written notice to 12 months. The 12 month notice period reflects the long-term nature of the private equity asset class and the detailed involvement of the Manager in investee companies which therefore requires greater continuity.

Audit Committee

Members:
Liz Airey (Chairman)
Duncan Budge
Brian Finlayson
Federico Marescotti

The Audit Committee comprises all the independent non-executive Directors. The Directors believe that it is in the best interests of the Company that its Chairman, Duncan Budge, is a member of the Committee. The Board is satisfied that the Audit Committee has the necessary skills and experience to operate effectively. The Audit Committee Report is set out on pages 32 to 33.

Internal Controls

The Directors have overall responsibility for ensuring that there are in place systems of internal control, both financial and non-financial, and for reviewing their effectiveness. The purpose of the internal financial controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable. Such a system can provide reasonable, but not absolute assurance against material misstatement or loss. The Board regularly reviews financial performance and results with the Manager. The Board monitors and evaluates other service providers.

Review of Internal Controls

The UK Corporate Governance Code requires Directors to review and report to shareholders on the Company's system of internal control, including financial, operational and compliance controls and risk management.

The Board confirms that, since 1 January 2014 to the date of this report, appropriate procedures to review the effectiveness of the Company's system of internal control have been in place which cover all controls including financial, operational and compliance controls and risk management.

These procedures include an ongoing process for monitoring internal controls. This assessment includes a review of the significant risks faced by the Company and an assessment of their impact and likelihood. These risks are detailed in Note 20. In addition, an assessment of the effectiveness of internal controls in managing risks is conducted based on control reports received from the Manager and other relevant service providers.

Relations with Shareholders

All shareholders have the opportunity to attend and vote at the AGM. The notice of the AGM sets out the business of the meeting and items of business are explained in the Directors' Report on pages 27 to 28. Separate resolutions are proposed for each substantive issue. Both the Board and representatives of the Manager are available to answer shareholders' questions at the AGM. Proxy voting figures are announced to the shareholders at the AGM.

The Manager holds regular discussions with major shareholders, the feedback from which is greatly valued by the Board. In addition, the Chairman and Directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company at any point during the year. They can be contacted through the Company Secretary. The section entitled "Information for Investors", on pages 64 to 65, provides an overview of useful information available to shareholders.

The Company's website is www.dunedinenterprise.com. The Manager's presentation to shareholders will be available on the website after the AGM.

By order of the Board,

Duncan Budge
Chairman
19 March 2015

Audit Committee Report

The Audit Committee is chaired by Liz Airey and comprises all of the Directors, all of whom are independent.

The Audit Committee's principal responsibilities are:

- to review the interim and annual financial statements (and consider their integrity), interim management statements, announcements and matters relating to accounting policy, laws and regulations;
- to evaluate the risks to the quality and effectiveness of the financial reporting process;
- to report to the Board if it is not satisfied with any aspect of financial reporting by the Company;
- where requested, to review the content of the Annual Report and Accounts and advise the Board whether the report as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- to review and recommend for approval by the Board the valuation of portfolio investments;
- to review the effectiveness of the internal control systems and the policies and procedures for the identification and assessment of business risks and the management of these risks;
- to review corporate governance compliance;
- to review the nature and scope of the work to be performed by the external auditors, including monitoring the statutory audit of the annual financial statements;
- to evaluate the independence, objectivity, effectiveness, resources and qualifications of the auditors and develop and implement a policy on the engagement of the auditors to provide non audit services and to review such fees having regard to their independence;
- to make recommendations as to the appointment and remuneration of the external auditors; and
- to formally report to the Board on how it has discharged its duties.

The Audit Committee has a schedule which sets out its annual work programme to ensure it covers the areas within its remit appropriately. It met four times during the year to carry out its responsibilities and senior representatives of the investment manager ("the Manager") attended the meetings as required by the Audit Committee. The external auditors attended the Audit Committee's meetings twice in the year and met with the Audit Committee without representatives of the Manager being present. In between meetings, the Audit Committee chairman maintains ongoing dialogue with the Manager and the external audit lead partner.

During the year the Audit Committee carried out a review of its terms of reference and its own effectiveness. It concluded that the Audit Committee is satisfactorily fulfilling its terms of reference and is operating effectively.

Significant accounting matters

The significant issue considered by the Audit Committee during the year in relation to the financial statements of the Company is usually the valuation of unquoted investments and 2014 was no exception.

The Company's accounting policy for valuing unquoted investments is set out in note 2 (h) on page 48. The Audit Committee reviewed and challenged the valuations prepared by the Manager taking account of the latest available information about the Company's investments and the Manager's knowledge of the underlying companies through their ongoing monitoring, position on portfolio company boards and participation on fund advisory committees. The Audit Committee satisfied itself that the valuation of investments had been carried out consistently with prior accounting periods, or that any change in valuation basis was appropriate, and in accordance with published industry guidelines.

The external auditors explained the results of their review of the procedures undertaken by the Manager for the valuation. On the basis of their audit work, no material adjustments were identified by the auditor.

Going Concern

Given the illiquid nature of the Company's underlying investments, going concern will always be a matter of focus for the Board and Audit Committee. As regards the year ended 31 December 2014, the Audit Committee considered the Board's obligation to satisfy itself as to the appropriateness of the adoption of the going concern assumption as a basis for preparing the financial statements. Taking into account the £63.8m of outstanding commitments; the undrawn £20m revolving credit facility with a maturity date of 27 February 2017; the future cash flow projections and the cash balances held by the Company at 31 December 2014, the Audit Committee concluded that the adoption of the going concern basis was appropriate.

External Auditors

The Audit Committee monitored the relationship with the external auditors with a view to ensuring that they did not provide non-audit services to the Company that had the potential to impair or appear to impair the independence of their audit role. The Board has approved a policy which recognises that it will be appropriate and cost effective for the external auditors to provide certain specified categories of non-audit services and has determined that fees in excess of £50,000 for taxation services and £20,000 for non-taxation services require prior approval by the Audit Committee.

The external auditor, KPMG, has provided details of other relationships it has with the Manager and confirmed to the Board that in its opinion it is independent of the Manager. The Audit Committee has reviewed the independence and objectivity of the external auditor and has reviewed the non-audit services provided by the external auditor for the financial year ended 31 December 2014 which comprised the provision of tax advice at a total cost of £31,000, as detailed in Note 5 to the accounts. The Audit Committee is satisfied that the external auditor continues to demonstrate their independence.

The appointment of KPMG has not been put out to tender notwithstanding KPMG's tenure of 19 years, as the Audit Committee, from ongoing direct observation and indirect enquiry of the Manager, remain satisfied that KPMG continue to provide a high quality audit and effective independent challenge in carrying out their responsibilities. Following professional guidelines, the partner rotates after five years and this is the fourth year for the current partner. The Committee is aware of the forthcoming changes in European legislation which are expected to limit the tenure of the Company's auditor to a maximum of 10 years. If the audit is put out for public bid, the member state may allow the auditor to continue for a maximum of 20 years. The Committee will recommend to the Board the timing of a tender once the UK regulations are finalised and enacted.

During the year the Committee completed an external auditor performance evaluation questionaire. The Committee reviewed and discussed the results of the questionaire. Having considered these matters and the effectiveness of the external auditor, the Audit Committee has recommended to the Board that, subject to shareholder approval at the 2015 Annual General Meeting, KPMG LLP be re-appointed as external auditor for the forthcoming year.

Risk Management and Internal Control
The Company does not have an internal audit function. The Committee believes this is appropriate as all of the Company's management functions are delegated to the Manager which has its own internal control and risk monitoring arrangements. A report on these arrangements is prepared by the Manager and submitted to the Audit Committee which it reviews on behalf of the Board to support the Directors' responsibility for overall internal control as set out in the Governance Report on page 30.

The Company does not have a whistleblowing policy and procedure in place. The Company delegates this function to the Manager who is regulated by the FCA and has such policies in place. The Audit Committee has been informed by the Manager that these policies meet the industry standards and no whistleblowing took place during the year.

Liz Airey
Chairman of the Audit Committee
19 March 2015

Directors' Remuneration Report

The Board presents the Directors' Remuneration report for the year ended 31 December 2014 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. In addition, following the publication by the Department of Business, Innovation and Skills (BIS) of final remuneration disclosure regulations effective from 1 October 2013, the report now comprises a Remuneration Policy Report, which is subject to a triennial binding shareholder vote, and a Remuneration Policy Implementation Report, which will be subject to an annual advisory shareholder vote.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, this is indicated. The auditors' opinion is included in their report on pages 38 to 39.

Chairman's Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 ("2013 Regulations"), the Chairman confirms that there have been no major decisions taken on Directors' remuneration and no substantial changes relating to Directors' remuneration made during the previous financial year to 31 December 2014.

1) Directors' Remuneration Policy Report

This Report provides details of the remuneration policy for the Directors of the Company and is the same in all material respects as the policy put into practice by the Board. All Directors are non-executive, appointed under the terms of their letters of appointment and under the same terms as in force at the date of their appointment.

This Remuneration Policy was approved by a resolution of the Company's shareholders at the Annual General Meeting of the Company held on 14 May 2014 and was passed by 98.4% of shareholders voting in favour of the resolution, 1.6% voting against and 0.0% abstaining. Its provisions will apply until the next triennial shareholder vote unless the Company's shareholders approve amendments sooner.

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy, as well as implementation of that policy. A separate Committee has therefore not been established. The Company's Directors are all independent of the Manager.

The non-executive Directors of the Company are entitled to such rates of annual fees, together with any incremental fees payable in recognition of any Director's additional time commitment, as the Board at its discretion shall from time to time determine, subject to the aggregate annual fees not exceeding an amount set by shareholders through the Articles of Association currently set at £200,000, and reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. The level of fees paid to Directors is determined by assessing their time commitment and responsibilities in fulfilling their roles.

The Chairman of the Board, Chairman of the Audit Committee and Senior Independent Director are paid higher fees, reflecting the greater amount of time spent on the Company's business. As well as monitoring the approach by similar investment trusts to fees, suitable external advice is sought where appropriate.

In line with the majority of investment trusts, no component of any Director's remuneration is subject to performance factors, introductory fees or an exit payment. Additionally, Directors are not eligible for pension benefits, share options, long-term incentive schemes or other benefits. As the Company has no employees, no consideration needs to be given to employment conditions in setting Directors' pay. Subject to the triennial shareholder vote, the Company has not sought shareholder views on its remuneration policy.

It is the Company's policy that Directors do not have service contracts. The terms of their appointment provide that in line with the provisions set by the Articles of Association, a Director shall retire and be subject to election by shareholders at the first Annual General Meeting after their appointment and stand for re-election every three years thereafter. The terms also provide that a Director may be removed from office with a notice period of three months. No compensation is payable for loss of office.

The Company indemnifies Directors in respect of costs, charges, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under Section 1157 of the Companies Act 2006, in connection with the performance of their duties as Directors of the Company.

Table of Directors' Remuneration Components[1]

	2014[2] **£**	2013 £
Chairman fee	**34,000**	34,000
Non-executive Director base fee	**23,000**	23,000
Additional fee for chair of the Audit Committee	**3,000**	3,000
Additional fee for Senior Independent Director	**3,000**	3,000

The fees noted above represent the entirety of fees paid to Directors.

[1] The Company's Remuneration Policy (including its future policy) is contained on page 34.

[2] Directors' fees may be increased, subject to the current maximum aggregate limit of £200,000 per annum stated in the Company's Articles of Association.

2) Directors' Remuneration Implementation Report

This report is prepared in accordance with Schedule 8 of the 2013 Regulations.

The rates of Directors' fees for the financial year to 31 December 2014 were set out in the Directors' Remuneration Report contained in the Company's 2013 Annual Report and Accounts. A non-binding ordinary resolution proposing adoption of the Remuneration Report was put to shareholders at the Company's Annual General Meeting held on 14 May 2014 and was passed by 98.4% of shareholders voting in favour of the resolution, 1.4% voting against and 0.2% abstaining.

The Company does not anticipate making any significant changes to implementation of the Remuneration Policy in the current financial year.

Directors' emoluments for the year (audited)

All Directors who served during the year ended 31 December 2014 received the emoluments, in the form of fees, as described in the table below.

Single Total Figure Table (audited)

	2014 Annual Fees £	2013 Annual Fees £
Liz Airey	**29,000**	29,000
Duncan Budge	**29,924**	23,000
Brian Finlayson	**23,000**	23,000
David Gamble (retired 14 May 2014)	**12,641**	34,000
Federico Marescotti	**23,000**	23,000
Total	**117,565**	132,000

The fees noted above represent the entire remuneration paid to Directors.

Relative importance of expenditure on pay

As required by the 2013 Regulations, to allow shareholders to assess the relative importance of expenditure on pay, the table below demonstrates the total remuneration paid to the Directors compared to the distributions to shareholders by way of dividend and any other significant distributions and payments.

	2014 £	2013 £	Difference
Spend on Directors' fees'	**117,565**	132,000	-11%
Distribution to shareholders:			
(a) dividends	**3,624,540**	1,674,051	+117%
(b) tender offer (inc costs)	**5,309,395**	18,224,372	-71%

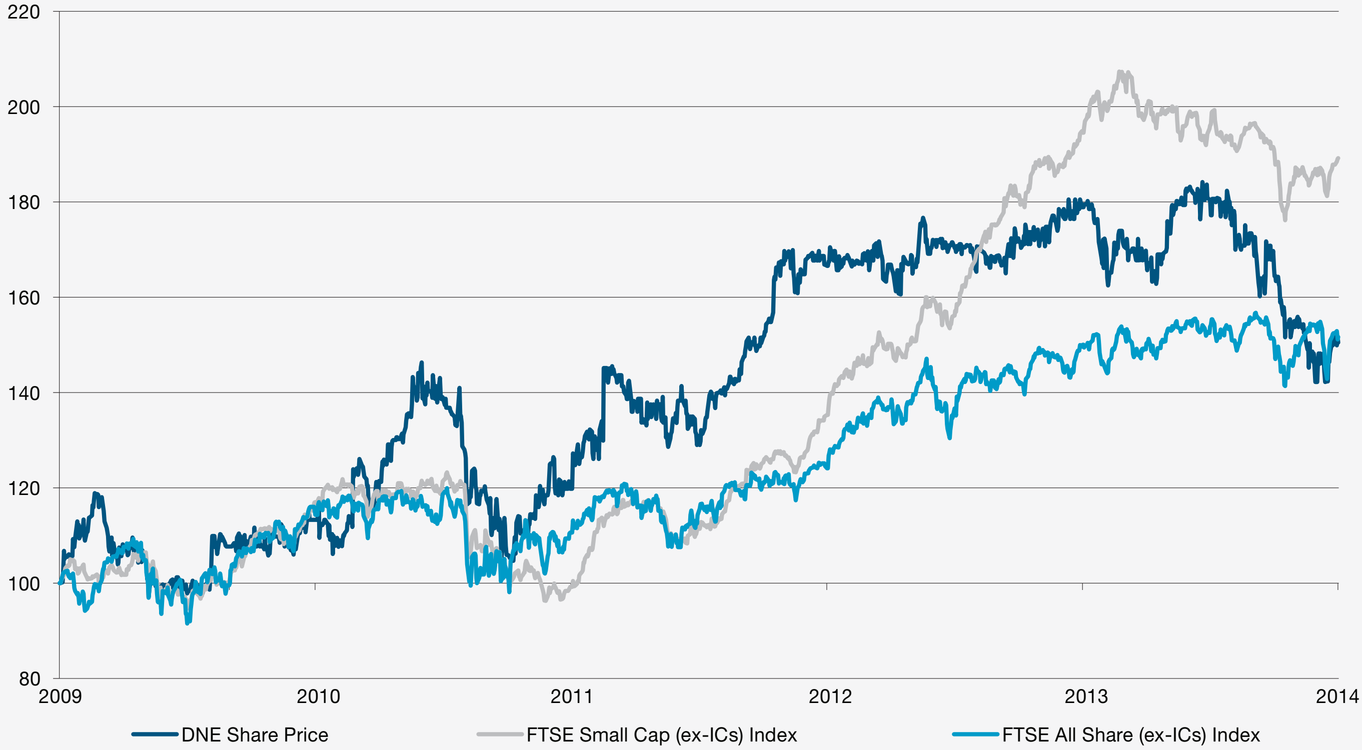
Statement of Directors' shareholding and share interests (audited)

The names of the Directors and their shareholdings in the Company as at 31 December 2014 are shown in the table below. The Company has not been notified of any changes to the Directors' shareholdings between 31 December 2014 and 19 March 2015.

	2014 #	2013 #
Liz Airey	**50,000**	49,800
Duncan Budge	**15,900**	1,900
Brian Finlayson	**90,809**	81,432
Federico Marescotti	**4,000**	4,000

Share price total return

The graph below presents for the period from 31 December 2009 to 31 December 2014 the total shareholder return compared to the total return on the FTSE Small Cap (ex-investment companies) and the FTSE All Share (ex-investment companies). These indices are chosen for comparative purposes only.



The Directors' Remuneration Report on pages 34 to 36 was approved by the Board of Directors and signed on its behalf on 19 March 2015.

Duncan Budge
Chairman
19 March 2015

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

Under the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- that in the opinion of the Directors, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Duncan Budge
Chairman
19 March 2015

Independent Auditor's Report

To the members of Dunedin Enterprise Investment Trust PLC only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified
We have audited the financial statements of Dunedin Enterprise Investment Trust PLC for the year ended 31 December 2014 set out on pages 40 to 60. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement
In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Valuation of Unquoted Investments (£97,233,000)

Refer to pages 32 to 33 (Audit Committee Report), note 2(h) (accounting policy) and note 10 (financial disclosures).

- The risk – 91% of the Group's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments and this is one of the key judgemental areas that our audit focused on.
- Our response – Our procedures included, among others:
  - we documented and assessed the design and implementation of the investment valuation processes and controls in place;
  - assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the approach to valuations;
  - challenging the investment manager on key judgments affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we challenged the appropriateness of the valuation basis selected, including changes in the basis from prior year where applicable, as well as the underlying assumptions, such as discount factors, and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
  - attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unquoted investment valuations; and
  - consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unlisted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

3. Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at £2,100,000. This has been determined with reference to a benchmark of Total Assets (of which it represents 2%). Total Assets, which is primarily composed of the Group's investment portfolio, is considered the key driver of the Group's capital and revenue performance and, as such, we believe that it is one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £106,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audits of the four components of the Group were performed by the group audit team at the Investment Manager, Dunedin LLP's, head office in Edinburgh to materiality levels set individually for each component, which ranged from £45,000 to £2,100,000. These group procedures covered 100% of total group revenue, 100% of group profit before taxation and 100% of total group assets.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or

- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 37, in relation to going concern; and

- the part of the Corporate Governance Statement on pages 29 to 31 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Edinburgh
19 March 2015

Consolidated Income Statement

	Notes	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Investment income	3	**1,711**	**–**	**1,711**	6,487	–	6,487
Gains/(losses) on investments		**–**	**(1,218)**	**(1,218)**	–	(4,990)	(4,990)
Total income		**1,711**	**(1,218)**	**493**	6,487	(4,990)	1,497
Expenses							
Investment management fee	4	**(104)**	**(311)**	**(415)**	(182)	(545)	(727)
Management performance fee	4	**7**	**22**	**29**	(121)	(363)	(484)
Other expenses	5	**(633)**	**–**	**(633)**	(659)	–	(659)
Profit/(loss) before finance costs and tax		**981**	**(1,507)**	**(526)**	5,525	(5,898)	(373)
Finance costs	6	**(138)**	**(413)**	**(551)**	(133)	(399)	(532)
Profit/(loss) before tax		**843**	**(1,920)**	**(1,077)**	5,392	(6,297)	(905)
Taxation	7	**137**	**162**	**299**	(634)	506	(128)
Profit/(loss) for the year		**980**	**(1,758)**	**(778)**	4,758	(5,791)	(1,033)
Basic return per ordinary share (basic & diluted)	9	**4.6p**	**(8.3)p**	**(3.7)p**	19.9p	(24.2)p	(4.3)p

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.

The notes on pages 47 to 59 form part of the financial statements.

Consolidated Balance Sheet

	Notes	£'000	2014 £'000	£'000	2013 £'000
Non-current assets					
Investments at fair value through profit or loss	10		**98,371**		93,043
Current assets					
Other receivables	11	**269**		593	
Cash and cash equivalents		**8,726**		23,484	
		8,995		24,077	
Current liabilities					
Other liabilities	12	**(810)**		(670)	
Current tax liabilities	12	**–**		(183)	
		(810)		(853)	
Net current assets			**8,185**		23,224
Net assets			**106,556**		116,267
Capital and reserves					
Share capital	13		**5,217**		5,492
Capital redemption reserve	14		**2,709**		2,434
Capital reserve – realised	14		**47,552**		62,832
Capital reserve – unrealised	14		**(3,436)**		(11,649)
Special distributable reserve	14		**47,600**		47,600
Revenue reserve	14		**6,914**		9,558
Total equity shareholders' funds			**106,556**		116,267
Net asset value per share (basic & diluted)	15		**510.6p**		529.3p

The financial statements were approved by the Board of Directors on 19 March 2015.

Duncan Budge, Chairman

The notes on pages 47 to 59 form part of the financial statements.

Company Balance Sheet

	Notes	£'000	2014 £'000	£'000	2013 £'000
Non-current assets					
Investments at fair value through profit or loss	10	**85,670**		80,135	
Subsidiary undertakings	21	**13,392**		13,140	
			99,062		93,275
Current assets					
Other receivables	11	**267**		593	
Cash and cash equivalents		**8,031**		23,061	
		8,298		23,654	
Current liabilities					
Other liabilities	12	**(804)**		(662)	
		(804)		(662)	
Net current assets			**7,494**		22,992
Net assets			**106,556**		116,267
Capital and reserves					
Share capital	13		**5,217**		5,492
Capital redemption reserve	14		**2,709**		2,434
Capital reserve – realised	14		**47,177**		62,781
Capital reserve – unrealised	14		**(2,805)**		(11,852)
Special distributable reserve	14		**47,600**		47,600
Revenue reserve	14		**6,658**		9,812
Total equity shareholders' funds			**106,556**		116,267

The financial statements were approved by the Board of Directors on 19 March 2015.

Duncan Budge, Chairman

The notes on pages 47 to 59 form part of the financial statements.

Consolidated Cash Flow Statement

	Notes	£'000	2014 £'000	£'000	2013 £'000
Net cash inflow from operating activities	16		**1,355**		5,536
Servicing of finance					
Finance costs			**(551)**		(532)
Investing activities					
Purchase of investments		**(16,025)**		(18,458)	
Purchase of 'AAA' rated money market funds		**(13,395)**		(17,213)	
Sale of investments		**6,108**		27,276	
Sale of 'AAA' rated money market funds		**16,629**		20,171	
Net cash inflow/(outflow) from financial investment			**(6,683)**		11,776
Taxation					
Tax recovered			**116**		–
Financing activities					
Purchase of ordinary shares		**(5,309)**		(18,224)	
Dividends paid		**(3,624)**		(1,674)	
			(8,933)		(19,898)
Effect of exchange rate fluctuations on cash held			**(62)**		(3)
Net (decrease) in cash and cash equivalents			**(14,758)**		(3,121)
Cash and cash equivalents at start of the year			**23,484**		26,605
Net (decrease) in cash and cash equivalents			**(14,758)**		(3,121)
Cash and cash equivalents at end of the year			**8,726**		23,484

The notes on pages 47 to 59 form part of the financial statements.

Company Cash Flow Statement

	Notes	£'000	2014 £'000	£'000	2013 £'000
Net cash inflow from operating activities	16		**1,048**		5,112
Servicing of finance					
Finance costs			**(551)**		(532)
Investing activities					
Purchase of investments		**(11,610)**		(13,992)	
Subsidiary investment		**(3,841)**		(4,195)	
Purchase of 'AAA' rated money market funds		**(13,395)**		(17,213)	
Sale of investments		**2,609**		4,452	
Subsidiary sale		**2,726**		22,532	
Sale of 'AAA' rated money market funds		**16,629**		20,171	
Net cash inflow/(outflow) from financial investment			**(6,882)**		11,755
Taxation					
Tax recovered			**292**		103
Financing activities					
Purchase of ordinary shares		**(5,309)**		(18,224)	
Dividends paid		**(3,624)**		(1,674)	
			(8,933)		(19,898)
Effect of exchange rate fluctuations on cash held			**(4)**		1
Net (decrease) in cash and cash equivalents			**(15,030)**		(3,459)
Cash and cash equivalents at start of the year			**23,061**		26,520
Net (decrease) in cash and cash equivalents			**(15,030)**		(3,459)
Cash and cash equivalents at end of the year			**8,031**		23,061

The notes on pages 47 to 59 form part of the financial statements.

Consolidated
Statement of Changes in Equity

For the year ended 31 December 2014	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2013	5,492	2,434	62,832	(11,649)	47,600	9,558	108,341	116,267
Profit/(loss) for the year			(9,971)	8,213	–	980	(778)	(778)
Purchase and cancellation of shares	(275)	275	(5,309)	–	–		(5,309)	(5,309)
Dividends paid	–	–	–	–	–	(3,624)	(3,624)	(3,624)
At 31 December 2014	**5,217**	**2,709**	**47,552**	**(3,436)**	**47,600**	**6,914**	**98,630**	**106,556**

For the year ended 31 December 2013	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2012	6,438	1,488	81,915	(6,717)	47,600	6,474	129,272	137,198
Profit/(loss) for the year	–	–	(859)	(4,932)	–	4,758	(1,033)	(1,033)
Purchase and cancellation of shares	(946)	946	(18,224)	–	–	–	(18,224)	(18,224)
Dividends paid	–	–	–	–	–	(1,674)	(1,674)	(1,674)
At 31 December 2013	**5,492**	**2,434**	**62,832**	**(11,649)**	**47,600**	**9,558**	**108,341**	**116,267**

The notes on pages 47 to 59 form part of the financial statements.

Company
Statement of Changes in Equity

For the year ended 31 December 2014	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2013	5,492	2,434	62,781	(11,852)	47,600	9,812	108,341	116,267
Profit/(loss) for the year	–	–	(10,295)	9,047	–	470	(778)	(778)
Purchase and cancellation of shares	(275)	275	(5,309)	–	–	–	(5,309)	(5,309)
Dividends paid	–	–	–	–	–	(3,624)	(3,624)	(3,624)
At 31 December 2014	**5,217**	**2,709**	**47,177**	**(2,805)**	**47,600**	**6,658**	**98,630**	**106,556**

For the year ended 31 December 2013	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2012	6,438	1,488	83,932	(9,521)	47,600	7,261	129,272	137,198
Profit/(loss) for the year	–	–	(2,927)	(2,331)	–	4,225	(1,033)	(1,033)
Purchase and cancellation of shares	(946)	946	(18,224)	–	–	–	(18,224)	(18,224)
Dividends paid	–	–	–	–	–	(1,674)	(1,674)	(1,674)
At 31 December 2013	**5,492**	**2,434**	**62,781**	**(11,852)**	**47,600**	**9,812**	**108,341**	**116,267**

The notes on pages 47 to 59 form part of the financial statements.

Notes to the Accounts

1. Basis of Preparation

Dunedin Enterprise Investment Trust PLC (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

The principal accounting policies adopted by the Group and Company are set out below. The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its income statement and related notes.

Where presentation guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies in January 2009 is consistent with the requirements of IFRSs, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant estimate is the valuation of unlisted investments which is described in note 2(h) below.

The Directors have reviewed forecasts which show the financial position, cash flow and liquidity forecasts for the Company and its subsidiaries. The Directors are confident that they show that the Group will have sufficient resources to meet its liabilities as they fall due. Accordingly the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2. Accounting Policies

a. Consolidation

Subsidiaries are investees controlled by the Company. The Company controls an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead the Company having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Subsidiaries are valued at fair value which is deemed to be net asset value.

The Group holds a number of investments in entities over which it has significant influence which meet the definition of associates in IAS 28 Investment in Associates. The Group has adopted the 'Investment Entities' amendment to IFRS 10 'Consolidated Financial Statements' which requires a qualifying investment entity to account for investments in associates at fair value through profit or loss.

To qualify, an entity is required to meet the following tests:

- The entity obtains funds from one or more of its investors to provide those investors with investment management services;
- The entity commits to its investors that its business purpose is to invest for returns solely from capital appreciation and/or investment income.
- The entity measures and evaluates the performance of substantially all investments on a fair value basis.

In addition, an investment entity has the following characteristics:

- The entity has more than one investment;
- The entity has more than one investor;
- The entity has investors that are not related parties; and
- The entity has ownership interests in the form of equity or similar interests.

The Company meets the requirements of an 'investment entity' and therefore accounts for its investments in associates at fair value through profit or loss. Further details are provided in note 10.

2. Accounting Policies continued

The Company has consolidated its holdings in the entities listed in note 21 for the purposes of these consolidated financial statements as these entities provide investment related services to the Company and are viewed as being simply an extension of the investment entity's investing activities.

b. Associated Undertakings

The Group holds a number of investments in entities over which it has significant influence which meet the definition of associates in IAS28 Investment in Associates. The Company has taken advantage of the exemption from applying IAS28 as these investments are held as part of the Group's portfolio with a view to the ultimate realisation of capital gains. These investments are accounted for at fair value through profit and loss.

c. Revenue/capital

The revenue column of the income statement includes all income and expenses except for the realised and unrealised profit and loss on investments and the proportion of management fee and finance costs charged to capital which are included in the capital column.

d. Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is applicable are brought into account when the Group's right to receive payment is established. Interest income is accounted for on an effective yield basis except where there is uncertainty as to whether the interest will be received.

e. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue column within the Income Statement except that:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column as incurred,

- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, and accordingly the investment management fee, performance fee and finance costs have been allocated 25% to revenue and 75% to capital in order to reflect the Directors' expected long term view of the nature of the investment returns of the Group.

f. Standards, interpretations and amendments to published standards that are not yet effective and the early adoption of standards.

A number of new accounting standards and amendments to accounting standards have been issued by the IASB, however have not been endorsed by the European Union. Those which maybe be relevant to the Group are set out below.

IFRS 10 Consolidated Financial Statements

IFRS 10 introduces a single control model to determine whether an investee company should be consolidated. The new control model focuses on the concept of power, variability of returns and the linkage between the two.

There is no impact on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period. Further detail is included in Note 2(a).

IFRS 11 Joint Arrangements

IFRS 11 introduces a revised model for accounting for joint arrangements. The Group is not currently involved in any joint arrangements and IFRS 11 does not have any impact on the Group.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 does not affect the amounts recognised in the financial statements, but requires new disclosures about judgements made by Management to determine whether control exists and to require summarised information on the Group's subsidiaries. These disclosures are provided in Note 2(a) and Note 21.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendments introduce the concept of an 'investment entity' and exempt an 'investment entity' from the requirement to consolidate the investments that it controls. Instead, an 'investment entity' accounts for these investments at fair value through profit or loss. Further details are provided in Note 2(a)

New accounting standards issued by the IASB which are effective in future periods are presented below.

Future accounting developments

A number of new accounting standards and amendments to accounting standards have been issued by the IASB, however have not been endorsed by the European Union. The one which may be relevant to the Group is set out below.

IFRS 15 'Revenue from contracts with customers' – effective 1 January 2017 (has not been EU endorsed)

Current revenue recognition accounting standards have led to inconsistencies in accounting for similar transactions and inadequate disclosures. IFRS 15 specifies comprehensive principles on whether, how much and when an entity should recognise revenue from customer contracts. Given that the Company has no customer contracts, it is not expected that this standard will have an effect on the Group.

g. Cash and cash equivalents

Cash and cash equivalents comprise current deposits with banks. These are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

h. Valuation of investments

Purchases and sales of investments are recognised at the date of transaction. The Group's investments have been designated by the Directors as fair value through profit or loss and are carried at fair value as determined by the Directors.

2. Accounting Policies continued

Listed investments are valued at bid price unless this is not considered to be an accurate representation of fair value. 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 bases 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.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and are then transferred to the unrealised capital reserve.

Gains or losses on investments realised in the year that have been recognised in the Income Statement are transferred to the realised capital reserve. In addition, any prior unrealised gains or losses on such investments are transferred from the unrealised capital reserve to the realised capital reserve on disposal of the investment.

Gains and losses arising from changes in fair value are considered to be realised only to the extent that they are readily convertible to cash in full on the balance sheet date.

i. Taxation

Corporation tax payable is provided on taxable profits at the current rate. Any tax relief obtained on expenses is allocated between capital and revenue on the assumption that expenses charged to revenue are matched first against taxable revenue items. Tax relief is only reflected in capital to the extent that additional expenses are utilised from capital to reduce or eliminate the Group's tax liability.

Deferred taxation is provided on the balance sheet liability method on all temporary differences, calculated at the rate at which it is estimated that tax will be payable.

Due to the Company's status as an investment company, and its intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or on disposal of investments.

j. Dividend

Dividends payable are recognised as a distribution and recorded in the Statement of Changes in Equity when they become a liability of the Company.

k. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

l. Segmental analysis

The Group has one reportable segment being investing in a portfolio of private equity funds or companies.

3. Income

	Group 2014 £'000	Group 2013 £'000
Dividend income – UK	–	774
Interest income – UK	47	5,352
Limited partnership income – UK	842	125
Limited partnership income – European	707	68
'AAA' rated money market funds	9	41
Other income	28	–
	1,633	6,360
Deposit interest*	78	127
Total income	**1,711**	6,487

*income arising from financial assets that are not investments designated as fair value through profit or loss.

4. Investment management fee

	Revenue £'000	Capital £'000	Group 2014 Total £'000	Revenue £'000	Capital £'000	Group 2013 Total £'000
Investment management fee	**104**	**311**	**415**	182	545	727
Management performance fee	**(7)**	**(22)**	**(29)**	121	363	484
	97	**289**	**386**	303	908	1,211

Dunedin provides investment management and general administration services to the Company. The terms of the management fee arrangements are detailed on page 60. The management performance fee is related to the realisation of the European fund investments as detailed on page 60.

5. Other expenses

Profit/(loss) on ordinary activities before taxation is shown after charging the following amounts:

	Group 2014 £'000	Group 2013 £'000
Directors fees	**118**	132
Administration expenses	**450**	466
Fees payable to the auditor:		
Fees payable to the Company's auditor for audit of Company's annual accounts	**22**	22
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**6**	6
Audit related assurance services	**6**	6
Tax compliance services	**21**	19
Tax advisory services	**10**	8
	633	659

The Company does not directly employ any staff.

6. Finance costs

	Revenue £'000	Capital £'000	Group 2014 Total £'000	Revenue £'000	Capital £'000	Group 2013 Total £'000
On bank loans and overdraft:						
Repayable in less than 5 years	**100**	**299**	**399**	100	299	399
Banking facility arrangement fee	**38**	**114**	**152**	33	100	133
	138	**413**	**551**	133	399	532

The interest paid represents a fee on an undrawn facility.

7. Taxation on profit on ordinary activities

	Revenue £'000	Capital £'000	Group 2014 Total £'000	Revenue £'000	Capital £'000	Group 2013 Total £'000
(a) Analysis of charge/(credit) for the year:						
UK corporation tax at 21.5% (2013: 23.25%)	**162**	**(162)**	**–**	634	(506)	128
Prior year adjustment	**(299)**	**–**	**(299)**	–	–	–
	(137)	**(162)**	**(299)**	634	(506)	128

The UK corporation tax rate was 23% until 31 March 2014 and 21% from 1 April 2014 giving an effective tax rate of 21.5% (2013 – effective tax rate of 23.25%). The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below.

7. Taxation on profit on ordinary activities continued
(b) Factors affecting the tax charge for the year:

	Group 2014 £'000	Group 2013 £'000
Total return on ordinary activities before tax	**(1,276)**	(905)
UK Corporation Tax at 21.5% (2013: 23.25%)	**(274)**	(210)
Effects of:		
Capital losses not subject to corporation tax	**305**	1,160
Dividends not subject to corporation tax	**–**	(180)
Non taxable partnership income and expenses	**21**	(381)
Prior year adjustment	**(299)**	–
Excess management expenses brought forward utilised	**(52)**	(261)
	(299)	128

At 31 December 2014, the Company had net surplus management expenses of £2,392,000 (2013: £2,688,000) in respect of which a deferred tax asset has not been recognised. This is because the Company is not expected to generate taxable income in a future period in excess of deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future liabilities through the use of existing surplus expenses.

8. Dividends
Amounts recognised as distributions to equity holders in the year:

	Group 2014 £'000	Group 2013 £'000
Final dividend for the year ended 31 December 2013 – 16.5p paid 23 May 2014	**3,624**	–
Final dividend for the year ended 31 December 2012 – 6.5p paid 24 May 2013	**–**	1,674
	3,624	1,674

The final dividend has not been included as a liability in these financial statements. The total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered, is noted below.

	Group 2014 £'000	Group 2013 £'000
Final dividend for the year ended 31 December 2014 – 4.7p to be paid on 22 May 2015	**981**	–
Final dividend for the year ended 31 December 2013 – 16.5p paid on 23 May 2014	**–**	3,624
	981	3,624

9. Return per ordinary share
The returns per ordinary share are based on the following figures:

	Group 2014 £'000	Group 2013 £'000
Revenue return	**980**	4,758
Capital return	**(1,758)**	(5,791)
	(778)	(1,033)
Weighted average number of shares in issue	**21,277,808**	23,894,866

10. Investments

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses arise on investments 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.

The Company is a limited partner in Dunedin Buyout Fund, Dunedin Buyout Fund II, Dunedin Buyout Fund III, Equity Harvest Fund and Dunedin Fund of Funds LP. The table below details Dunedin Enterprise's investment holdings by fund entity.

	Group 2014 £'000	Group 2013 £'000
Direct	**10,916**	10,932
Dunedin Buyout Fund LP	**245**	193
Dunedin Buyout Fund II LP	**51,799**	49,191
Dunedin Buyout Fund III LP	**15,835**	10,625
Equity Harvest Fund LP	**5,737**	4,822
Dunedin Fund of Funds LP	**12,701**	12,908
'AAA' rated money market funds	**1,138**	4,372
	98,371	93,043

On a look through basis Dunedin Enterprise's investments are detailed below.

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Unlisted UK investments	**84,532**	**84,532**	75,763	75,763
Unlisted European investments	**12,701**	**–**	12,908	–
'AAA' rated money market funds	**1,138**	**1,138**	4,372	4,372
	98,371	**85,670**	93,043	80,135

Funds realised from listed and unlisted investments have been utilised to make investments in 'AAA' rated money market funds. The Board intends to realise these investments as and when new unlisted investment opportunities arise.

Valuation of financial instruments

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 inputs that are not based on observable market data (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.

10. Investments continued

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:

	2014 £'000	2013 £'000
Level 1		
'AAA' rated money market funds	**1,138**	4,372
Level 2	**–**	–
Level 3	**–**	
Unlisted investments	**97,233**	88,671
	98,371	93,043

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 following shows a reconciliation from the beginning to the end of the year for fair value measurements in Level 1 and Level 3 of the fair value hierarchy.

Group	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2013	88,028	12,292	4,372	104,692
Unrealised appreciation/(depreciation)	(12,265)	616	–	(11,649)
Valuation at 31 December 2013	75,763	12,908	4,372	93,043
Purchases at cost	11,610	4,415	13,395	29,420
Sales – proceeds	(2,609)	(3,499)	(16,629)	(22,737)
Sales – realised gains/(losses) on sales	(10,140)	572	–	(9,568)
Increase/(decrease) in unrealised appreciation	9,908	(1,695)	–	8,213
Valuation at 31 December 2014	84,532	12,701	1,138	98,371
Book cost at 31 December 2014	86,889	13,780	1,138	101,807
Closing unrealised appreciation/(depreciation)	(2,357)	(1,079)	–	(3,436)

Company	Level 3 UK Unlisted £'000	Level 1 'AAA' rated money market funds £'000	Total £'000
Book cost at 31 December 2013	88,028	4,372	92,400
Unrealised appreciation/(depreciation)	(12,265)	–	(12,265)
Valuation at 31 December 2013	75,763	4,372	80,135
Purchases at cost	11,610	13,395	25,005
Sales – proceeds	(2,609)	(16,629)	(19,238)
Sales – realised losses on sales	(10,140)	–	(10,140)
Increase in unrealised appreciation	9,908	–	9,908
Valuation at 31 December 2014	84,532	1,138	85,670
Book cost at 31 December 2014	86,889	1,138	88,027
Closing unrealised appreciation/(depreciation)	(2,357)	–	(2,357)

There have not been any movements between the levels of the fair value hierarchy during the year.

10. Investments continued

Group	UK Unlisted £'000	European Listed £'000	'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2012	85,159	23,806	7,330	116,295
Unrealised appreciation/(depreciation)	(7,805)	1,088	–	(6,717)
Valuation at 31 December 2012	77,354	24,894	7,330	109,578
Purchases at cost	13,992	4,466	17,213	35,671
Sales – proceeds	(9,676)	(17,600)	(20,171)	(47,447)
Sales – realised gains/(losses) on sales	(1,447)	1,620	–	173
(Decrease) in unrealised appreciation	(4,460)	(472)	–	(4,932)
Valuation at 31 December 2013	75,763	12,908	4,372	93,043
Book cost at 31 December 2013	88,028	12,292	4,372	104,692
Closing unrealised appreciation/(depreciation)	(12,265)	616	–	(11,649)

Company	Level 3 UK Unlisted £'000	Level 1 'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2012	79,884	7,330	87,214
Unrealised appreciation/(depreciation)	(9,021)	–	(9,021)
Valuation at 31 December 2012	70,863	7,330	78,193
Purchases at cost	13,992	17,213	31,205
Sales – proceeds	(4,452)	(20,171)	(24,623)
Sales – realised losses on sales	(1,395)	–	(1,395)
(Decrease) in unrealised appreciation	(3,245)	–	(3,245)
Valuation at 31 December 2013	75,763	4,372	80,135
Book cost at 31 December 2013	88,029	4,372	92,401
Closing unrealised appreciation/(depreciation)	(12,266)	–	(12,266)

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Realised gains/(losses) based on cost	**(9,568)**	**(10,140)**	173	(2,138)
Unrealised appreciation/(depreciation) recognised in prior years	**5,843**	**5,843**	(5,081)	(2,298)
	(3,725)	**(4,297)**	(4,908)	(4,436)
Increase/(decrease) in unrealised appreciation	**2,370**	**3,204**	149	(33)
Other movements	**137**	**195**	(231)	(243)
Total losses on investments	**(1,218)**	**(898)**	(4,990)	(4,712)

Included within unlisted investments are investments valued at £69,951,437 (2013: £64,445,994) where the Company's interest is between 20% and 50% of the equity. These investments have been accounted for at fair value through profit or loss as set out in Note 2(a).

10. Investments continued

Significant interests

(a) At 31 December 2014, the Company held between 20% and 50% of the allotted share capital of the following companies:

Name	Country of incorporation or registration	% of equity held	% of equity held directly and through funds	Latest available accounts	Share capital & reserves £'000	EBITDA £'000
CGI Group Holdings Limited	England	41.7	41.7	31.12.13	190	2,869
Dunedin Buyout Fund II LP	Scotland	29.7	29.7	31.12.13	n/a	n/a
Equity Harvest Fund LP	England	47.4	47.4	31.12.13	n/a	n/a
Premier Hytemp Topco Limited	Scotland	–	23.0	30.09.13	(2,369)	(61)
RSL Steeper Holdings Limited	England	22.8	37.4	28.2.13	5,163	2,222
Sycamore Topco Limited	England	–	30.2	31.3.13	(5,283)	(2,639)

(b) Other interests of 10% or more of any class of allotted share capital:

Name	Country of incorporation or registration	% of equity held directly	% of equity held directly and through funds
CitySprint (UK) Group Limited	England	–	11.9
Delia Topco Limited	England	–	10.7
Dunedin Buyout Fund LP	Scotland	13.0	13.0
Dunedin Buyout Fund III LP	Scotland	19.6	19.6
Dunedin Claret Limited	England	–	18.7
Formaplex Group Limited	England	–	17.8
Hawksford International Limited	Jersey	–	16.0
Weldex (International) Offshore Holdings Limited	Scotland	–	15.1

Equity percentages shown are fully diluted, based on the latest audited accounts available, to take account of options and warrants which have been issued, and conversion rights.

11. Other receivables

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Prepayments and accrued income	**269**	**267**	593	593
	269	**267**	593	593

12. Creditors: amounts falling due within one year

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Accruals	**810**	**804**	670	662
Corporation Tax	**–**	**–**	183	–
	810	**804**	853	662

A revolving credit facility of £20m is available to the Company until 27 February 2017. The rate of interest on the revolving credit facility is 3% above LIBOR.

13. Called-up share capital

	Nominal No. '000	Group & Company 31 December 2014 £'000	Nominal No. '000	Group & Company 31 December 2013 £'000
Allotted, called-up and fully paid ordinary shares:				
At 1 January 2014	**21,967**	**5,492**	25,754	6,438
Repurchased during the year	**(1,098)**	**(275)**	(3,787)	(946)
At 31 December 2014	**20,869**	**5,217**	21,967	5,492

The capital of the Company is managed in accordance with its investment policy and objectives which are detailed in the Strategic Report on page 23.

The Company repurchased 1,098,345 ordinary shares in the year to 31 December 2014 (2013: 3,787,728) at a cost of £5,309,395 (2013: £18,224,372). The nominal value of these shares was £274,586 and represented 5.0% of the issued share capital. At 19 March 2015 no ordinary shares have been repurchased since 31 December 2014. The Directors exercise the power to make repurchases only where they believe a repurchase is in the interests of the members as a whole and will result in an increase in the net asset value per ordinary share. The Company does not hold any shares in treasury.

14. Reserves

Group	Share Capital £'000	Capital redemption reserve* £'000	Special distributable reserve £'000	Capital reserve – realised* £'000	Capital reserve – unrealised* £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2013	5,492	2,434	47,600	62,832	(11,649)	9,558	108,341	116,267
Net revenue for the year	–	–	–	–	–	980	980	980
Purchase and cancellation of shares	(275)	275	–	(5,309)	–		(5,309)	(5,309)
Transfer on disposal of investments	–	–	–	(5,843)	5,843		–	–
Net gain/(loss) on realisation of investments	–	–	–	(3,725)	–		(3,725)	(3,725)
Revaluation movements	–	–	–	–	2,370		2,370	2,370
Management fees charged to capital	–	–	–	(289)	–		(289)	(289)
Finance costs charged to capital	–	–	–	(413)	–		(413)	(413)
Dividends paid	–	–	–	–	–	(3,624)	(3,624)	(3,624)
Tax effect of capital items	–	–	–	162	–	–	162	162
Other movements	–	–	–	137	–	–	137	137
At 31 December 2014	**5,217**	**2,709**	**47,600**	**47,552**	**(3,436)**	**6,914**	**98,630**	**106,556**

Company	Share Capital £'000	Capital redemption reserve* £'000	Special distributable reserve £'000	Capital reserve – realised* £'000	Capital reserve – unrealised* £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2013	5,492	2,434	47,600	62,781	(11,852)	9,812	108,341	116,267
Net revenue for the year	–	–	–	–	–	470	470	470
Purchase and cancellation of shares	(275)	275	–	(5,309)	–	–	(5,309)	(5,309)
Transfer on disposal of investments	–	–	–	(5,843)	5,843	–	–	–
Net gain/(loss) on realisation of investments	–	–	–	(4,297)	–	–	(4,297)	(4,297)
Revaluation movements	–	–	–	–	3,204	–	3,204	3,204
Management fees charged to capital	–	–	–	(99)	–	–	(99)	(99)
Finance costs charged to capital				(413)	–	–	(413)	(413)
Dividends paid	–	–	–	–	–	(3,624)	(3,624)	(3,624)
Tax effect of capital items	–	–	–	162	–	–	162	162
Other movements	–	–	–	195	–	–	195	195
At 31 December 2014	**5,217**	**2,709**	**47,600**	**47,177**	**(2,805)**	**6,658**	**98,630**	**106,556**

* – these reserves are non-distributable

15. Net asset value per share

The net asset value per share is calculated on shareholders' funds of £106,555,617 (2013: £116,267,328) and on 20,868,562 ordinary shares in issue at the year end (2013: 21,966,907).

16. Reconciliation of income to net cash inflow from operating activities

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Profit/(loss) before tax	**(1,077)**	**(1,068)**	(905)	(1,033)
Losses on investments	**1,218**	**898**	4,990	4,712
Interest paid	**551**	**551**	532	532
Decrease in debtors	**324**	**326**	708	708
Increase in creditors	**140**	**142**	439	437
Other non cash movements	**199**	**199**	(228)	(244)
Net cash inflow from operating activities	**1,355**	**1,048**	5,536	5,112

17. Capital commitments

There were outstanding capital commitments of £63.8m (2013: £76.3m) in respect of investments at the end of the year.

Outstanding capital commitments are as noted below:-

	2014 £'000	2013 £'000
Dunedin Buyout Fund I LP	**730**	730
Dunedin Buyout Fund II LP	**12,326**	14,551
Dunedin Buyout Fund III LP	**40,908**	47,266
Equity Harvest Fund LP	**224**	107
Innova/5 LP	**5,800**	7,184
Realza Capital FCR	**3,805**	6,507
	63,793	76,345

18. Contingent liabilities

There were no contingent liabilities at the year end (2013: £Nil).

19. 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.

20. Financial instruments and associated risks

The Company's financial instruments comprise ordinary shares, fixed and floating interest rate investments, cash balances and liquid resources. The Company holds financial assets in accordance with its investment policy to invest in unquoted companies both directly and through specialist vehicles. Investments are valued at fair value. For quoted stocks this is at bid price unless this is not considered to be an accurate representation of fair value. In respect of unquoted investments, these are fair valued by the Directors using rules consistent with International Private Equity and Venture Capital Valuation Guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet.

The Company's investing activities expose it to types of risk that are associated with the financial instruments and the market in which it invests. The most important types of financial risk to which the Company is exposed are market risk, interest rate risk, credit risk, liquidity risk and currency risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

Market risk – the risk that the value of a financial instrument will change as a result of changes to market prices is one that is fundamental to the Company's objective. The portfolio is continually monitored to ensure an appropriate balance of risk and reward in order to achieve the Company's objective. Some of the risk can be mitigated by diversifying the portfolio across business sectors, asset classes and regions. Details of the Company's investment portfolio at the balance sheet date are disclosed in the schedule of investments on pages 11 to 21. The Company's overall market positions are monitored by the Manager on an ongoing basis and by the Board quarterly.

20. Financial instruments and associated risks continued

91.3% (2013: 76.3%) of the Company's net assets are in unquoted companies held at fair value. Valuation methodology includes the application of an appropriate multiple to maintainable earnings. A 5% increase in the valuations of unquoted investments at 31 December 2014 would have increased the net assets of the Company by £4.9m (2013: £4.7m).

Interest rate risk – some of the Company's financial assets are interest bearing, at both fixed and variable rates. As a result the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The table below analyses the Company's financial assets and details the weighted average interest rate and life of fixed rate lending.

Financial Assets of the Group

31 December 2014 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	68,918	9,864	15,614	94,396
Euro	8,966	–	3,735	12,701
Total	77,884	9,864	19,349	107,097

31 December 2013 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	65,466	27,856	10,297	103,619
Euro	8,732	–	4,176	12,908
Total	74,198	27,856	14,473	116,527

Financial Assets of the Company

31 December 2014 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	68,918	9,864	15,614	94,396
Euro	8,962	–	3,735	12,697
Total	77,880	9,864	19,349	107,093

31 December 2013 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	65,466	27,856	10,297	103,619
Euro	8,541	–	4,176	12,717
Total	74,007	27,856	14,473	116,336

The fixed rate assets comprise fixed rate lendings to investee companies. Fixed rate lendings have a weighted average interest rate of 9% per annum (2013: 9%) and a weighted average life to maturity of 3.6 years (2013: 4.1 years). The floating rate assets consist of cash and "AAA" rated cash OEIC's. The nil interest rate bearing assets represent the equity content of the investment portfolio. Interest rate risk is managed on an ongoing basis by the Manager and on a quarterly basis by the Board.

Due to the relatively short period to maturity of the floating rate investments held within the portfolio, it is considered that an increase or decrease of 25 basis points in interest rates as at the reporting date would not have had a significant effect on the Group's net assets or total return for the period.

Credit risk – credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The portfolio consists of the following financial instruments:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Unquoted investments	**97,233**	88,671	**97,229**	88,480
AAA rated cash OEICs	**1,138**	4,372	**1,138**	4,372
Cash deposits	**8,726**	23,484	**8,726**	23,484
Total	**107,097**	116,527	**107,093**	116,336

20. Financial instruments and associated risks continued

Investment in unquoted companies either directly, via Dunedin managed funds or via third party managed funds (both limited partnership funds and quoted stocks) is by its nature subject to potential credit losses. The Company's exposure to any one entity is carefully monitored. The unquoted investment portfolio is further diversified by asset class, sector and region. Liquid assets (cash deposits and AAA rated cash OEIC's) are divided between a number of different financial institutions, each of whose credit rating is assessed. Credit risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Liquidity risk – the Company has significant investments in unquoted companies which are inherently illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these companies at an amount close to its fair value in order to meet its liquidity requirements. The Company manages its liquid investments to ensure sufficient cash is available to meet contractual commitments and also seeks to have cash or readily convertible investments available to meet other short term financial needs. The Company has access to a £20m borrowing facility. Liquidity risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Currency risk – the Company is exposed to currency risk as a result of investing in companies and funds denominated in euros. The sterling value of these investments can be influenced by movement's in foreign currency exchange rates. Currency risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

The risks faced by the Group and the Company are not considered to be materially different.

21. Subsidiary undertakings

Name of Subsidiary	Dunedin Enterprise Limited
% of Equity invested	100%
Type of entity	Limited Company
Activity	Private equity investment
Name of Subsidiary	Dunedin Fund of Funds LP
% of Equity invested	100%
Type of entity	Limited Partnership
Activity	Private equity investment
Name of Subsidiary	Dunedin Co-Investment Fund LP
% of Equity invested	99%
Type of entity	Limited Partnership
Activity	Private equity investment

	Dunedin Fund of Funds LP £'000	Dunedin Enterprise Limited £'000	Dunedin Co-Investment LP £'000	Total £'000
Valuation at 31 December 2013	12,998	141	1	13,140
Net capital movements	1,113	–	–	1,133
Valuation movements	(737)	(124)	–	(861)
Valuation at 31 December 2014	13,374	17	1	13,392

22. Related party transactions

The Company has investments in Dunedin Buyout Fund LP, Dunedin Buyout Fund II LP, Dunedin Buyout Fund III LP and Equity Harvest Fund LP. Each of these limited partnerships are managed by Dunedin. The Company has borne a management fee of £2.2m (2013: £2.0m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £2.6m (2013: £2.7m).

A Manager's Incentive Scheme ("the Scheme") was introduced from 1 May 1999. Under the terms of the Scheme qualifying directors and investment executives of Dunedin were entitled to purchase 7.5% of the equity shares (and, occasionally, other financial instruments) in each of the directly held investments subscribed for by the Company. This scheme has now been replaced by the arrangements noted below.

Since the Company began investing in Dunedin Buyout Funds ("the Funds") executives of the Manager have been entitled to participate in a carried interest scheme via the Funds. Performance conditions are applied whereby any gains achieved through the carried interest scheme associated with the Funds are conditional upon a certain minimum return having been generated for the limited partner investors. Additionally, within Dunedin Buyout Fund II LP and Dunedin Buyout Fund III LP the economic interest of the Manager is aligned with that of the limited partner investors by co-investing in this fund.

Brian Finlayson has an interest in the carried interest scheme of Dunedin Buyout Fund LP and received £238 from that scheme during 2014. Brian Finlayson was previously employed by the Manager and retired in 2002. As at 31 December 2014 the remaining value in this scheme attributable to Brian Finlayson is £1,417.

Management Fees

The terms of the management fees are:-

Vehicle	Fee
Fund of Funds Limited Partnership	1.5 per cent on the value of investments plus 0.5 per cent on undrawn commitments to third party funds
Co-investment Limited Partnership	1.5 per cent on the value of investments
Direct investments in individual companies	1.5 per cent on the value of investments
Dunedin Managed Funds	Same fees as paid by third party investors in such Funds
Third party managed funds	1.5 per cent on value of investments
Listed private equity funds	1.5 per cent on the value of investments
Cash	0.5 per cent on cash balances not committed to funds through the Dunedin Fund of Funds LP

After undertaking a review of management contract terms in the private equity investment trust sector, the Board and the Manager have agreed to reduce the notice period on the contract from 18 months to 12 months to reflect more closely market practice. No compensation payment is payable by the Company to the Manager on termination except where the Manager or the Company is required to terminate the agreement as a result of the Manager and the Company not agreeing on proposed changes to agreed thresholds, limits and risk tolerances in which case the Manager is entitled to receive an amount equal to the remuneration it would have received had the full 12 months' termination notice been given.

Management Performance Fee ("performance fee")

In November 2012 Shareholders approved a new performance fee. Under the terms of the performance fee the Manager was incentivised to achieve a realisation of investments held in the Fund of Funds Limited Partnership which contains the investment in European Funds. The performance fee was based upon realisations achieved up to 31 December 2014 and was up to a maximum of 1.5% of Aggregate Gross Proceeds received from the realisation of the investments plus the associated undrawn original commitments from which the Company is released. The fee payable under the terms of the performance fee is £454,912. No further performance fee is payable.

Notice of Annual General Meeting

Notice is hereby given that the fortieth Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at 11.00 am on 13 May 2015 at The Waldorf Astoria Edinburgh – The Caledonian, Princes Street, Edinburgh, EH1 2AB for the following purposes:

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 11 will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the report of the Directors and auditors and the audited accounts for the year ended 31 December 2014.

2. To approve the Directors' remuneration report for the year ended 31 December 2014.

3. To declare a dividend for the year ended 31 December 2014.

4. To re-elect Liz Airey as a Director.

5. To re-elect Brian Finlayson as a Director.

6. To appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

7. To authorise the Directors to fix the remuneration of the auditors.

8. That in substitution for any existing authority of the Directors, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the Act") to allot equity securities (as defined in Section 560 of the Act) up to a maximum nominal amount of £1,739,046 (being one third of the issued share capital of the Company as at 2 April 2015, being the latest practicable date prior to publication of this Notice) provided that the authority hereby given shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may at any time prior to the expiry of such authority make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such authority and the Directors may allot equity securities in pursuance of such an offer or agreement as if such authority had not expired.

9. That, in substitution for any existing power under Section 570 of the Companies Act 2006 (the "Act"), where they are generally authorised pursuant to the authority conferred upon them to allot equity securities (as defined in Section 560 of the Act) by resolution 8, the Directors be and they are hereby empowered, pursuant to Section 570 of the Act, to allot equity securities for cash as if Section 561 of the Act did not apply to any such allotment, provided that this power is limited:

    (i) to the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held or deemed held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise; and

    (ii) to the allotment (other than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £260,857 (representing 5% of the Company's issued share capital as at 2 April 2015, being the latest practicable date prior to publication of this Notice);

    and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or, if earlier, the date which is 15 months after the passing of this resolution) unless the authority is issued, revoked or renewed prior to such time save that the Company may, before this authority expires or is replaced, make an offer or agreement which would or might require equity securities to be allotted after such expiry or replacement and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired or, as the case may be, been replaced.

Special Business

10. That, in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company provided that:

    (i) the maximum number of ordinary shares hereby authorised to be purchased is 3,128,197;

    (ii) the minimum price which may be paid for an ordinary share shall be 25 pence;

    (iii) the maximum price (exclusive of expenses) which shall be paid for an ordinary share shall be not more than the higher of an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the shares are purchased and the amount stipulated by Article 5(1) of the regulation entitled the 'Buy-Back and Stabilisation Regulation';

(iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or, if earlier, the date which is 15 months after the passing of this resolution) unless the authority is issued, revoked or renewed prior to such time; and

(v) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

11. That a general meeting other than an annual general meeting may be called at not less than 14 clear days' notice.

By Order of the Board

Dunedin LLP
Secretary
2 April 2015

Registered Office:
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN

Notes

1. **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action to be taken, you should seek personal financial advice from your independent financial advisor authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate independent financial advisor.
2. If you have sold or otherwise transferred all your shares in Dunedin Enterprise Investment Trust PLC, please forward this document, together with the Form of Proxy enclosed, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.
3. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Appointment of a proxy does not preclude a member from attending the meeting and voting in person.
4. To appoint a proxy using the enclosed Form of Proxy, it must be lodged not less than 48 hours before the meeting with the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.
5. There are special arrangements for holders of shares through the Alliance Trust Investment Trust Share Plan, ISA and PEP. These are explained in the 'Letter of Directions' which such holders will have received with this report.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the register of members at 6.00pm on 11 May 2015. If the meeting is adjourned then, to be so entitled, members must be entered on the register of members 48 hours before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
7. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. As at 2 April 2015 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 20,868,562 ordinary shares of 25 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 2 April 2015 are 20,868,562.
10. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member attending the AGM relating to the business being considered, except if a response would not be in the interests of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the AGM.
11. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.dunedinenterprise.com.
12. Shareholders may require the Company to place on its website a statement, made available also to the Company's auditors, setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which shareholders intend to raise at the Annual General Meeting. The Company becomes required to place such a statement on the website once a) members with at least 5% of the total voting rights of the Company or b) at least 100 members who are entitled to

vote and on whose shares an average sum per member of at least £100 has been paid, have submitted such a request to the Company. Members seeking to do this should write to the Company providing their full name and address.

13. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
15. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00 am on 11 May 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
16. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST manual can be viewed at www.euroclear.com.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. Shareholders who prefer to register the appointment of their proxy electronically via the internet can do so through Equiniti's website at www.sharevote.co.uk where full instructions on the procedure are given. The Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy will be required in order to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and then clicking on the link to vote. The on screen instructions give details on how to complete the appointment process. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 11.00am on 11 May 2015.
19. Under Section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 12, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) The resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) The resolution must not be defamatory of any person, frivolous or vexatious; (iii) The resolution must be received by the Company not later than 6 weeks before the Annual General Meeting; and (iv) Members seeking to do this should write to the Company providing their full name and address.
20. Under Section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 12, may, subject to conditions, require the Company to include in the business to be dealt with at the Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) The matter of business must not be defamatory of any person, frivolous or vexatious; (ii) The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (iii) Must be accompanied by a statement setting out the grounds for the request; (iv) Must be authenticated by the person or persons making it (see note 12); and (v) Must be received by the Company not later than 6 weeks before the Annual General Meeting.
21. Copies of the letters of appointment for directors and the Company's articles of association will be available for inspection at the Annual General Meeting for at least 15 minutes prior to the beginning of the meeting until the end of the meeting.

Information for Investors

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

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

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. However, in order to facilitate investment in the Company, arrangements have been put in place for Dunedin Enterprise to be part of the Alliance Trust Savings products. 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 1 July 2014 the ISA subscription limit has been £15,000 for anyone eligible to invest, rising to £15,240 from 6 April 2015. 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 the IDA and ISA to be a medium to long term investment, there is no restriction on how long an investor need invest and investors can choose to close their account by instructing Alliance Trust Savings in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

For information relating to the above savings plans please contact:

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

Telephone: 01382 573737
Website: www.alliancetrustsavings.co.uk
Email: contact@alliancetrust.co.uk

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

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

Telephone: 0871 384 2440*
International: +44 121 415 7047
Textel/hard of hearing line: 0871 384 2255*
International: +44 121 415 7028
Website: www.shareview.co.uk

* calls to this/these numbers are charged at 8p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday.

Important Information
Risk factors you should consider prior to investing:

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

Other Important Information:
The information contained on pages 64 to 65 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; is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number 116115. Alliance Trust Savings gives no financial or investment advice.

The Company is managed by Dunedin and marketed by Alliance Trust Savings Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. An investment trust should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments.

Financial Calendar

Announcements, dividend payments and the issue of the annual and interim reports for the year ended 31 December 2014 and half year end 30 June 2015 can be expected in the months shown below:

March
Preliminary figures and final dividend for the year announced.

April
Report and accounts published.

May
Annual General Meeting held and payment of final dividend.

August
Interim report for half year to 30 June published.

Corporate Information

Directors
Duncan Budge, Chairman (duncan.budge@dunedinenterprise.com)
Liz Airey
Brian Finlayson
Federico Marescotti

Website
www.dunedinenterprise.com
Email info@dunedinenterprise.com

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Fax 0131 718 2300
Email info@dunedin.com
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Registered No. 52844 Scotland

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Aspect House
Spencer Road
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Tel 0871 384 2440

Bankers
Lloyds TSB Bank plc

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Auditors
KPMG LLP

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www.dunedinenterprise.com

Money Observer Investment Trust Awards 2012
Highly Commended
Best Private Equity Trust
Dunedin Enterprise