SC 052844

Dunedin Enterprise Investment Trust PLC

Annual Report and Accounts 2011

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 Capital Partners Limited.

Financial Highlights

Total return per ordinary share

47.1p

92.2p 2010

Net asset value per ordinary share

541.0p

497.3p 2010

Share price

313.5p

300.0p 2010

Discount

42.1%

39.7% 2010

Dividend per ordinary share

5.0p

3.8p 2010

Total expense ratio

2.1%

2.4% 2010

Comparative Total Return Peformance

	One year to December 2011 %	Three years to December 2011 %	April 2007 to December 2011 %	April 2002 to December 2011 %
Net asset value per ordinary share	9.6	33.8	10.7	113.0
Share price	5.7	66.3	-20.7	79.9
FTSE Small Cap Index ("the Benchmark")	-15.2	56.4	-36.8	11.7
FTSE All Share Index	-3.3	43.6	0.8	58.0

Ten year record

Chairman's Statement
Edward Dawnay, Chairman

I can once again report an uplift in net asset value for the year to 31 December 2011. During the year net assets increased from £150.1m to £163.0m, an increase of 8.8% per share. The share price moved from 300.0p to 313.5p over the same period and was 381p at the time of writing. The discount to net asset value, which had been as high as 48.5%, has fallen to 42.1% by the year end and 29.6% at the time of writing this statement.

A single final dividend of 5.0p per share (2010: 3.8p) is proposed, payable on 25 May 2012 following the AGM.

The need to address the substantial discount of the share price to net asset value was one of the principal reasons for sending out proposals to shareholders in early November 2011. Shareholders approved a change in the strategy of the Company to focus on investments managed by Dunedin in the UK as well as returning cash to shareholders.

As a first step in enacting this new policy, and subsequent to the year end, the stake in SWIP was sold in February 2012. This has enabled the process of returning money to shareholders to begin and as I said in my letter to shareholders on the 1 November 2011, this will continue.

In September 2011, the savings plan schemes, which had for some years been run by Aberdeen Asset Managers, were transferred to the Alliance Trust Savings. These schemes can be accessed via the Dunedin Enterprise website at www.dunedinenterprise.com.

Portfolio
The portfolio at 31 December 2011 consisted of investments made by the Trust directly or through Dunedin managed funds 64%, listed private equity (the stake in SWIP) 9%, third party managed funds 12%, legacy funds 1%, and cash or near cash 14%. At the year end the Trust had outstanding commitments of £60.3m to limited partnership funds, split between Dunedin managed funds 38% and European Funds 62% and cash and near cash resources of £23.5m. In September 2011 the Trust put in place a £10m facility with Lloyds Bank for a period of one year. This is designed to give some leeway should the anticipated drawdown of commitments take place earlier than expected. Both the Board and the Manager are comfortable with the balance between uncalled commitments and cash resources given the expected rate of new investment.

Subsequent to the year end, the SWIP investment was sold at an 8% discount to the net asset value of the investment at 30 September 2011 (the then most recently published net asset value) generating proceeds of £14.5m. The proceeds of this realisation are to be returned to shareholders via a tender offer. It is envisaged that the Tender Offer will be to purchase up to 10% of the ordinary shares in issue at a price of 475p per share. Full details will be sent out to shareholders shortly with realisation proceeds receivable after 6 April 2012.

A total of £17.2m was invested during the year of which £9.9m was invested by Dunedin managed funds and £7.3m was drawn down by European and other third party managed funds. Details are contained in the Manager's Review.

In order to continue to deliver on the strategy approved by shareholders on 28 November 2011 the Trust has committed £25m to the UK lower mid-market through Dunedin.

Market conditions and outlook
The Board and the Manager firmly believe in the long term future of the private equity sector in the UK. Over the past decade private equity funds have developed into an important element of UK and European capital markets. They provide a vehicle for institutions and increasingly private investors to access companies which are not subject to the vicissitudes of the quoted market. Ironically,

companies in private ownership can often take a longer term view than their quoted counterparts and take strategic decisions without fear of short term criticism.

The ability to drive operational improvements in a company, primarily due to private equity investors having a controlling or major stake in a company, differentiates private equity investors from public equity investors. As such they are able to engage management more effectively when the environment becomes difficult.

During 2011 UK private equity buyouts decreased by a third to approximately £12bn. With the exception of 2009, when these amounted to approximately £5bn, this represents the lowest annual figure since 1997. None of this can be considered surprising given the nature of the UK, European and world economies. That said, the lower mid-market was the exception with buyouts rising from a total value of £2.3bn in 2010 to £2.7bn in 2011, in contrast to the upper mid-market, which fell from a total value of £7.4bn in 2010 to £4.5bn in 2011.

Notwithstanding the economic gloom, the UK lower mid-market experienced a strong last quarter in 2011. It is nigh impossible to predict the outcome for 2012, but against a very uncertain backdrop there are some cautious signs for optimism.

Board changes
I will step down as Chairman following the AGM. I have been on the Board since 1995 and Chairman since 1999. David Gamble, who is currently Senior Independent Director, will take over. Liz Airey will become the Senior Independent Director. The search for another Director is underway.

Edward Dawnay

Edward Dawnay
Chairman

29 February 2012

Delivering deals accross the UK

1. Scotland
Letts Filofax
Goals
Weldex

2. North East
ABI
AIM
RSL Steeper
Zenith

3. North West
CGI
Davenham
OSS
WFEL

4. East Midlands
Caledonian
Fernau

5. West Midland
Capula
Gardner
Practice Plan

6. London and South East
CitySprint
Enrich
etc.venues
Formaplex
Travel & General

7. South West and Channel Islands
Hawksford

Board of Directors

Edward W Dawnay, FCA (62)*
was appointed to the Board in 1995 and became Chairman in 1999. A chartered accountant, he worked for Lazards for 19 years until 1993. He is a Director of various private companies.

David Gamble (68)*#
was appointed to the Board in 2001 and became Senior Independent Director in 2008. From 1993 until his retirement in 2003, he was Chief Executive of British Airways Pension Investment Management Limited. He is a non-executive Director of two other investment trusts, JPMorgan Emerging Markets Investment Trust plc and Polar Capital Technology Trust PLC and Chairman of Montanaro UK Smaller Companies Investment Trust PLC. He is also a Director of IBM UK Pensions Trust Limited, Chairman of Hermes Property Unit Trust and a member of the BBC Pension Trust Investment Committee. He also holds other advisory and non-executive positions.

Liz Airey (53)*#
was appointed to the Board in 2005 and became Chairman of the Audit Committee in 2009. 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 non-executive Chairman of Unilever UK Pension Fund and non-executive Director of Tate & Lyle plc and Jupiter Fund Management plc.

Brian Finlayson (64)*#
was appointed to the Board in 2007. He has over 30 years experience in private equity and corporate finance. He was appointed Managing Director of Dunedin Capital Partners in 1990, becoming Deputy Chairman in 1999 and retiring in March 2002. He is currently a non-executive Director of Latchways plc and Quayle Munro Holdings plc.

Federico Marescotti (55)*#
was appointed to the Board in 2009. He is Chief Executive of Vela Capital a specialist PE management company, sits on the Board of AIFI, the Italian Private Equity and Venture Capital Association and chairs the Infrastructure committee. He is also a non-executive Director of Ecofin Water & Power Opportunities and JP Morgan European Smaller Companies Trust plc, and is an international advisor to ADCO International GMBH.

* Members of the Audit Committee.
# Members of the Nomination Committee.

The Manager

The Trust is managed by Dunedin, an independent private equity fund manager. The Manager's senior team has been together since 2001. Dunedin has more than £300m under management. This is managed on behalf of the investment trust and three limited partnership funds.

Dunedin provides equity finance for management buyouts and management buyins with a transaction size of £20m – £75m. It is an independent private equity house, majority owned by the directors and staff, operating throughout the UK from offices in Edinburgh and London. In 2006, it raised a £250m buyout fund which was significantly oversubscribed. Dunedin was awarded "Excellence in Portfolio Management" at the Unquote British Private Equity Awards in 2010.

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 the following characteristics:

- Proven management team with the desire to create and deliver value
- Strong market position, niche or brand
- Clear organic growth potential
- Potential for buy and build or roll-out
- Barriers to entry
- Legislation-driven products or services
- Enterprise value of £20m to £75m

Dunedin is authorised and regulated by the Financial Services Authority.

Objective and Investment Policy

Dunedin Enterprise is managed as an HM Revenue and Customs approved investment trust. Dunedin Enterprise'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 in unquoted companies directly or via private equity funds managed by Dunedin or, pending their realisation, via private equity funds managed by managers other than Dunedin (the "FoF Portfolio").

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 FoF 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 as a whole.

Accordingly, the mix of investments by the Company 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 FoF Portfolio will decrease as the funds in the portfolio mature or the Company's interests in them are sold.

Ultimately, the Company will invest only in direct investments and investments via 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 – £75m). It is anticipated that the Company's direct investments will be 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.

In common with most investment companies, the Company may borrow to finance further investment. Although Dunedin Enterprise 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 Group. Board policy is that financial gearing will not exceed 40% of gross asset value.

Manager's Review

In the year to 31 December 2011 the Company's net asset value increased from £150.1m to £163.0m. This equates to an increase of 8.8% in the net asset value per share from 497.3p to 541.0p. This increase in net assets is explained by:

	£m
Net asset value at 1 January 2011	150.1
Unrealised value increases	21.6
Unrealised value decreases	(8.1)
Realised profit over opening valuation	-
Other revenue and capital movements	0.5
Dividends paid to shareholders	(1.1)
Net asset value at 31 December 2011	163.0

Portfolio Composition
Dunedin Enterprise makes investments in unquoted companies through:

- Dunedin managed funds (including direct investments),
- third party managed funds,
- European listed private equity (including SWIP Private Equity Fund of Funds), and
- legacy technology funds.

The investment portfolio can be analysed as shown on page 8.

New Investment Activity
A total of £17.2m was invested in the year to 31 December 2011. Of this total, £9.9m was invested in Dunedin managed funds, £7.2m was drawn by European third party funds, with the balance of £0.1m drawn by legacy technology funds.

On 2 July 2011 an investment of £8.0m was made in Red Commerce through Dunedin Buyout Fund II LP ("DBFII"). DBFII invested a total of £27.0m for a majority stake in the company. Red Commerce is a global supplier of SAP experts to international corporations and consultancies. It was founded in 2000, and now has a global footprint with access to over 20,000 SAP experts in 80 countries and offices in the UK, Germany, France, Scandinavia, Switzerland and the US.

A further £1.9m was invested in existing portfolio companies, Enrich (£0.8m) and RSL Steeper (£0.2m) and to meet management fees for DBFII (£0.9m).

A total of £7.2m was drawn down by the five European funds to which the Company has made commitments. The most significant drawdowns were made by Capiton (£3.0m), FSN Capital (£2.6m) and Innova (£1.1m). These funds make investments in buyouts in the German mid-market, the Pan-Nordic mid-market and the Central Eastern European mid-markets respectively. A total of six underlying companies were purchased during the year.

Realisations
In the year a total of £18.4m was generated from portfolio realisations. As reported in last year's annual report the European listed securities were realised in January 2011 generating proceeds of £11.2m, £0.4m below their value at 31 December 2010. Within the Dunedin managed portfolio £4.5m was generated from the repayment of loan stock by Practice Plan and other loan stock redemptions generated £0.8m.

A refinancing of a portfolio company within FSN Capital generated proceeds of £1.6m and a capital gain of £0.6m. Other realisations generated £0.3m for the Company during the year.

Cash and commitments
At 31 December 2011 the Company had cash and near cash balances of £23.5m. On 1 September 2011 the Company entered into a £10m revolving credit facility with Lloyds. The term of the facility is for one year and has been taken to ensure that all commitments to funds can be met by the Company. Following the year end the investment in SWIP Private Equity Fund of Funds was realised at €0.79 per share generating proceeds of €17.4m. The investment has been valued at this level as at 31 December 2011. The proceeds from the sale are to be distributed to shareholders in accordance with the general meeting vote in November 2011.

No new commitments have been made to funds during the year. The Company has undrawn commitments to Dunedin managed funds of £22.9m and a further £37.4m of undrawn commitments to the five European funds.

	Valuation at 1 January 2011 £'m	Additions in year £'m	Disposals in year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 31 December 2011 £'m
Dunedin managed	87.2	9.9	(5.3)	(0.3)	12.4	103.9
Third party managed	12.5	7.2	(1.8)	0.6	1.3	19.8
European listed private equity	11.6	–	(11.2)	(0.4)	–	–
Legacy technology funds	1.7	0.1	(0.1)	0.1	(0.3)	1.5
	113.0	**17.2**	**(18.4)**	**–**	**13.4**	**125.2**
SWIP Private Equity Fund of Funds	14.4	–	–	–	0.1	14.5
	127.4	**17.2**	**(18.4)**	**–**	**13.5**	**139.7**

Unrealised movements in valuations
In the year to 31 December 2011 the largest single uplift in unrealised value was generated by Capula. A high level of orders generated in 2010 resulted in strong profit growth at the company during 2011 enabling an increase in valuation of £7.0m. WFEL has also achieved a strong trading performance in 2011 and when combined with good cash generation has enabled the company to repay all its bank debt. The valuation of the company has increased by £5.0m in the year.

Good trading conditions and positive contributions from acquisitions have benefited the valuation of Practice Plan (£2.3m) and CitySprint (£1.1m). The recently acquired Red Commerce has achieved a record number of contracted staff on site leading to a valuation uplift of £1.6m.

On the downside, additional funding of £0.8m made available to Enrich has been fully provided against as the company continues to find trading difficult. The Manager remains supportive of the company. Weldex is experiencing pressure on the rates at which it can hire cranes in to the market at present and this has led us to make a provision of £1.4m against this investment. The valuation of the investment in OSS has been reduced by £1.4m due to a higher level of bank debt in the business to fund acquisitions. The prospects for the company remain positive. Spending constraints within the NHS have impacted margins at RSL Steeper leading to a reduction of £1.7m in valuation.

The European funds provided an overall increase in valuation of £1.3m. The principal contributors to this increase were Realza and Egeria. As was reported at the half year, one portfolio company within the Realza fund benefitted from a significant de-gearing leading to a valuation increase. The Egeria fund made a number of investments during 2010 which have now been valued above cost.

Valuations and Gearing
The average earnings multiple applied in the valuation of the Dunedin managed portfolio was 6.8x EBITDA (2010: 7.0x), or 8.1x EBITA (2010: 8.5x). These multiples continue to be applied to maintainable profits.

Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.1x EBITDA (2010: 2.5x) or 2.5x EBITA (2010: 3.0x). 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	43%
Between 1 and 2 x EBITDA	5%
Between 2 and 3 x EBITDA	38%
More than 3 x EBITDA	14%

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	25%
More than three years	62%

All portfolio companies are currently in compliance with banking covenants.

The analysis of the portfolio detailed below excludes the investment in SWIP since this was realised shortly following the year end.

Geographic Distribution
At 31 December 2011, 84% of the investment portfolio of £125.2m was based in the UK, with the remaining 16% in Continental Europe. The higher exposure to the UK reflects the investment made in Red Commerce, valuation uplifts in UK based companies and the sale of the SWIP investment. SWIP had a worldwide investment remit.

	31 December 2011 %	31 December 2010 %
UK	**84**	72
Europe	**16**	24
USA	**–**	4

Sector Analysis
The investment portfolio of the Company is broadly diversified. At 31 December 2011 the largest sector exposure of 60% remains to the Support Services sector, a diverse sector in itself.

	31 December 2011 %	31 December 2010 %
Construction & building materials	**6**	5
Consumer products & services	**3**	5
Financial services	**6**	5
Healthcare	**3**	5
Industrials	**19**	22
Pharmaceutical, medical, biotech	**–**	3
Real estate	**–**	2
Support Services	**60**	48
Technology	**3**	5

Deal Type

	31 December 2011 %	31 December 2010 %
MBO/MBI	**99**	90
Technology	**1**	5
Life Sciences	**–**	3
Real estate	**–**	2

Valuation Method

	31 December 2011 %	31 December 2010 %
Cost	**8**	15
Earnings – provision	**15**	13
Earnings – uplift	**77**	52
Bid price	**–**	20

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

	31 December 2011 %	31 December 2010 %
Less than one year	**12**	26
One to three years	**30**	15
Three to five years	**9**	22
Greater than five years	**49**	37

Graeme Murray

Dunedin Capital Partners Limited
29 February 2012

Top twenty investments

SWIP Private Equity Fund of Funds II Plc

Percentage of equity held	4.0%
Cost of Investment	£15.0m
Directors' valuation	£14.5m
Percentage of Dunedin Enterprise's net assets	8.9%

In April 2007, Dunedin Enterprise invested £15m in the SWIP Private Equity Fund of Funds II Plc.

The fund of funds is a portfolio of 72 private equity interests in large pan-European buyout funds, mid-market European buyout funds, European and US venture and bioscience funds, a mezzanine and a secondaries fund. No new funds will be added to the portfolio.

SWIP Private Equity Fund of Funds II Plc is listed on the Dublin stock exchange.

The portfolio is spread across a wide range of vintages, from 2001 to 2010. 53% of the underlying funds by value date from 2006 to the present. 28% of the underlying portfolio companies are UK based and 25% are US based. The ten largest underlying companies make up 13% of the total net assets of the fund.

The investment was realised in February 2012.

WFEL Holdings Limited

Percentage of equity held	23.2%
Cost of Investment	£6.9m
Directors' valuation	£12.2m
Percentage of Dunedin Enterprise's net assets	7.5%

In December 2006, Dunedin Enterprise invested £6.4m in the £48m management buyout of WFEL Holdings. Additional funding was provided in 2010.

WFEL is a world leading manufacturer of mobile military bridges. It provides high specification, high functionality, complex bridging systems and has supplied 39 international armed forces over the last 40 years. WFEL's most recent product is the Dry Support Bridge ("DSB") which it supplies to the US Department of Defence under a $500m contract awarded in 2000. In early 2011 it secured its first sale of DSB's to the Turkish military in an £8.5m contract. In December 2011 WFEL also secured a contract to supply £57m of tactical military bridging assets to the Swiss armed forces.

The investment hypothesis (which still applies) was to invest in a business with a strong position in a highly specialised market with a significant potential for growth – both through winning new defence-based customers and through expansion into complementary markets.

WFEL's suite of mobile bridge products also have applications in disaster relief and non-military areas. These bridge systems can be transported by light vehicles or helicopters or dropped by parachute from aircraft.

In addition to the mobile bridge products, WFEL is also the sole supplier of specialist consumable steel rods used in the reactors of the UK's fourteen Advanced Gas Cooled Nuclear reactors.

In the year to 31 December 2010, the audited operating profit of WFEL was £3.0m (2009: £1.0m), on turnover of £34.8m (2009: £38.4m).

Capula Group Limited

Percentage of equity held	37.5%
Cost of Investment	£8.4m
Directors' valuation	£11.5m
Percentage of Dunedin Enterprise's net assets	7.0%

Dunedin Enterprise invested £8.4m in the £30m secondary buyout of Capula Group in August 2006. A £6m recapitalisation of Capula took place in May 2008.

Capula is one of the UK's leading independent providers of real time IT solutions to the energy and utility markets. The company provides real time automation systems to the nuclear, power generation and utilities markets, a specialised business which involves complex software programming and systems engineering.

With a history spanning over 40 years and employing more than 250 engineers, Capula is recognised for innovation, project delivery, quality and safety. Capula designs, delivers and supports systems that are mission critical for its clients.

Following an excellent year for order intake in 2010, Capula had another strong year in 2011 with good order levels coming from the nuclear industry in particular. A strong pipeline of opportunities is currently being pursued for 2012.

In the year ended 31 December 2010, the audited operating profit of Capula was £2.4m (2009: £2.8m), on turnover of £17.6m (2009: £20.3m).

Practice Plan Holdings Limited

Percentage of equity held	26.2%
Cost of Investment	£5.6m
Directors' valuation	£11.3m
Percentage of Dunedin Enterprise's net assets	6.9%

In September 2005, Dunedin Enterprise invested £4.3m in the management buyout of Shropshire-based Practice Plan Group.

A £26m recapitalisation of Practice Plan took place in May 2007, returning £6.6m of proceeds to Dunedin Enterprise. Dunedin Enterprise has re-invested £10.4m in ordinary shares, loan stock and preference shares of which £4.8m was redeemed in 2011.

Practice Plan is one of the UK's leading providers of independent payment schemes to dental practices. The company is involved in the creation and facilitation of healthcare maintenance schemes for healthcare professionals.

Practice Plan works with dental practices in developing a patient cost plan and provides assistance in the production of marketing material and direct debit collection services on behalf of the dental practice.

Practice Plan has an active business expansion strategy based on both organic and acquisition growth. In October 2011 Practice Plan made two acquisitions; Isoplan, a UK dental plan provider, and Medenta, the market leader in dental patient finance. The acquisition of Isoplan means that Practice Plan can expand its UK national footprint and extend its wide service offering to Isoplan members. The acquisition of Medenta allows Practice Plan to widen its service offering to dentists.

Dental patient finance is a growing market and is increasingly relevant to many dental practices. In tough economic conditions, it allows patients to spread the cost of their treatment, while demand for restorative and cosmetic dentistry is predicted to grow substantially in the next 10 years.

In the year ended 30 June 2011, the audited operating profit of Practice Plan was £3.2m (2009: £3.3m) on turnover of £7.5m (2009: £6.3m).

CitySprint (UK) Group Limited

Percentage of equity held	11.9%
Cost of Investment	£9.8m
Directors' valuation	£11.0m
Percentage of Dunedin Enterprise's net assets	6.8%

In December 2010, Dunedin Enterprise invested £9.8m in CitySprint (UK) Group Limited to support the company's ongoing buy and build strategy.

CitySprint is the UK's market leader in the same day delivery sector with a national network of 35 service centres. CitySprint benefits from an asset light business model with over 2,000 self-employed couriers, making the business both highly flexible and scalable.

The business splits its activities into key services of same day courier, same day logistics and International and UK overnight courier to a number of different sectors, including healthcare, online retail fulfilment and parts fulfilment such as outsourced supply chain services for engineering and servicing companies, including delivery of parts and stock forwarding.

In November 2011 CitySprint acquired the UK courier operations of both Lewis Day and Medical Services Limited (formerly known as Medical Couriers), respectively its fourth and fifth acquisitions since the initial investment. The acquisitions strengthen CitySprint's position as the UK's dominant SameDay logistics provider, processing over 15,000 transactions per day. As a result of the Medical Services acquisition CitySprint now has the UK's largest SameDay healthcare courier network, supporting the company's strategy to focus on the key healthcare market for which same day delivery is a critical support service.

Dunedin Claret Limited (Red Commerce)

Percentage of equity held	19.3%
Cost of Investment	£8.0m
Directors' valuation	£9.6m
Percentage of Dunedin Enterprise's net assets	5.9%

In July 2011, Dunedin Enterprise invested £8.0m in the management buyout of London-based Red Commerce.

Red Commerce is a global supplier of SAP experts to international corporations and consultancies. SAP stands for Systems, Applications and Products in data processing. SAP is the market leader in ERP software (Enterprise Resource Planning software), which helps companies of all sizes and industries operate more efficiently, including many of the world's largest organisations.

Red Commerce, which was founded in 2000, now has a global footprint with access to over 200,000 SAP experts in 80 countries, and offices in the UK, Germany, France, Scandinavia, Switzerland and Brazil. Clients include Bosch, Johnson & Johnson and Novartis.

Named one of the best Small Companies to Work For in 2010 and 2011 by the Sunday Times Best 100, Red Commerce prides itself on outstanding customer service with an ability to access the best and most appropriate consultants to cutting edge SAP implementations, locally and globally.

Business growth is expected to come from expanding the international office network and continued focus on service differentiation. Alongside this rapid organic growth plan, Red Commerce will also consider making strategic acquisitions.

Since the initial investment in July 2011, Red Commerce has already opened new offices in New York and Munich.

OSS Environmental Holdings Limited

Percentage of equity held	40.2%
Cost of Investment	£6.0m
Directors' valuation	£9.5m
Percentage of Dunedin Enterprise's net assets	5.9%

In May 2000, Dunedin Enterprise invested £5.2m in OSS to support its acquisition, in a public to private transaction, of Greenway Holdings plc. Additional funding has been provided over a number of years. OSS is the UK's largest waste oil collection and recycling business.

OSS processes a number of special waste streams arising from garages and other industrial premises. Legislation is increasingly recognising that waste oil should be treated as a scarce resource, thereby placing greater emphasis on its collection as a waste product and its subsequent treatment and disposal. OSS, as UK market leader, is at the forefront of the changes taking place in this market and during 2007 the company won a legal test case establishing the principle of deriving a fuel product from recycled waste oil.

In October 2011 OSS acquired the Nottingham based Hall and Campey. Hall and Campey is a well-established waste oil collection business primarily operating in the Midlands and East Anglia; also specialising in garage waste, secure destruction of redundant materials and plastic recycling. The acquisition strengthens the OSS footprint across the UK and also broadens its service offering, helping to diversify the business and build on its successes achieved to date. The plastics recycling and secure materials destruction operated by Hall and Campey will be developed by OSS, with the intention of extending these services nationally.

In the year ended 31 December 2010, the audited operating profit of OSS was £1.7m (2009: loss £0.3m) on turnover of £24.9m (2009: £20.2m).

Weldex (International) Offshore Holdings Limited

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£8.4m
Percentage of Dunedin Enterprise's net assets	5.2%

In June 2010, Dunedin Enterprise invested £9.5m in the secondary buyout of Weldex Holdings Limited.

Weldex is the UK market leading crawler crane hire company. Its cranes, including the two 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 and the 2012 Olympic site. The company is well placed to benefit from the rapid growth in offshore wind farm developments and UK power station construction and decommissioning.

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. Weldex employs 102 employees and operates nationwide and overseas from its headquarters in Inverness and its depot at Alfreton. The company also supplies associated lifting equipment including wheeled cranes, forklifts, lorry loaders and trailers.

In the year to 30 November 2010, the audited operating profit of Weldex was £9.6m on turnover of £22.2m.

etc.venues Group Limited

Percentage of equity held	27.9%
Cost of Investment	£3.4m
Directors' valuation	£8.1m
Percentage of Dunedin Enterprise's net assets	4.9%

In June 2006, Dunedin Enterprise invested £3.2m in the £21m management buyout/management buyin of etc.venues Group. Additional funding was provided in 2007 and 2010.

etc.venues is a provider of meeting, training and event space, operating from nine venues in London and one in Birmingham. All venues are purpose designed and renowned for their well resourced facilities, range of flexible rooms and layouts, central locations and high levels of service.

Funding was provided to facilitate a roll out programme of venues. In 2011 new venues were opened at Paddington and Victoria in London. A lease has also been signed to open a further venue in London in 2012 at Aldersgate. This will meet the need for more quality space in the City and larger conference and exhibition suites holding up to 400 people. This new modern venue will be highly flexible and will be ideal for a range of events including conferences, exhibitions, seminars, meetings, training courses, product launches and dinners.

etc.venues won the "mid sized" category at the 2011 No 1 UK Brand Awards run by BDRC Continental VenueVerdict. The awards are based on customer feedback of over 350 UK conference venues and hotels. The No 1 Brand Awards recognise the best venue group that achieves the highest feedback for customer service.

In the year ended 30 June 2011, the audited operating profit of etc.venues was £2.4m (2010: £2.4m) on turnover of £17.6m (2010: £15.7m).

C.G.I. Group Holdings Limited

Percentage of equity held	41.4%
Cost of Investment	£8.5m
Directors' valuation	£5.7m
Percentage of Dunedin Enterprise's net assets	3.5%

Dunedin Enterprise first invested in CGI in 1998, in support of a management buyout of the company. Since that time the company has been through two refinancings allowing Dunedin Enterprise to realise a total of £12.9m in capital and income to date from this investment.

CGI is a leading manufacturer and supplier of specialist glasses, mainly fire resistant glasses which are either manufactured by CGI or sourced exclusively worldwide. The company exports half of its production primarily to countries across Western Europe from its base in Haydock, Merseyside.

CGI's products have been used in many prestigious buildings throughout the world including Hong Kong Airport, Houses of Parliament, Granada TV Studios, Warwick Castle and most recently Heathrow Terminal 5. CGI has previously received the Queen's Award for Enterprise in recognition of its export achievements. The market is one where there is increasing legislation offering growth to existing players and barriers to entry by new players.

The appointment of a dedicated sales team in Scandinavia, France and the Netherlands is helping to drive sales across Europe.

In the year ended 31 December 2010, the audited operating profit of CGI was £1.4m (2009: £1.4m) on turnover of £11.4m (2009: £11.6m).

The Remaining Investments in the Top Twenty (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 %
U-POL Group Limited 31.12.10 Manufacture of branded automotive refinishing consumables	5.2	5.7	5.7	3.5
Egeria Private Equity Fund III 31.12.10 Dutch private equity fund	3.4	4.7	5.6	3.4
Realza Capital Fondo FCR 31.12.10 Spanish private equity fund	8.9	3.5	5.3	3.3
Hawksford International Limited 31.12.10 Independent wealth structuring company	16.0	3.7	5.1	3.2
FSN Capital III LP 31.12.10 Nordic private equity fund	3.3	4.4	4.0	2.4
Formaplex Limited 30.06.11 Design and manufacture of specialist components for the automotive industry	16.0	1.7	3.5	2.1
Capiton IV 31.12.10 German private equity fund	4.4	3.7	3.1	1.9
RSL Steeper Holdings Limited 28.02.11 Provider of prosthetic, orthotic and assistive technology products	37.1	5.3	2.4	1.5
Innova/5 LP 31.12.10 Central European private equity fund	3.9	2.4	1.8	1.1
ADD One LP 31.12.10 Technology fund	2.9	2.1	0.5	0.3

Long Term Record

			Per Ordinary Share			
Ended 30 April	Net Assets	Revenue available for ordinary shareholders	Net asset value	Earnings	Dividend	Share price
	£'000	£'000	p	p	p	p
1988	25,794	488	138.2	2.6	2.0	98.0
1989	26,323	640	141.0	3.4	3.0	88.0
1990	29,860	898	160.0	4.8	4.0	94.0
1991	27,165	885	145.6	4.7	4.5	90.0
1992	28,002	791	150.0	4.2	4.0	91.0
1993	26,181	801	140.3	4.3	4.0	107.0
1994	34,873	951	*179.9	5.1	4.2	146.0
1995	48,763	1,201	207.5	5.6	4.4	181.0
1996	58,699	2,061	245.7	8.7	7.2	207.0
1997	70,430	2,597	294.7	10.9	9.1	254.5
1998	79,746	2,698	333.7	11.3	10.0	276.0
1999	89,887	2,731	376.2	11.4	11.0	277.5
2000	99,002	2,986	414.3	12.5	11.6	320.5
2001	86,474	3,269	362.2	13.7	12.85	320.0
2002	101,840	4,115	326.5	13.5	12.85	247.5
2003	95,492	3,475	309.3	11.1	12.85	218.5
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

* Restated taking account of the dilution following the issue of shares as a result of the exercise of warrants on 31 August 1994.

Information for Investors

Dunedin Enterprise is managed by Dunedin. Dunedin is authorised and regulated by the Financial Services 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.

Details of the Alliance Trust Savings products are noted below:
Alliance Trust Savings - Individual Savings Account (ISA) is a low-cost, tax-efficient savings vehicle. Since 6 April 2011, the ISA subscription limit has been £10,680 for anyone eligible to invest. The annual administration charge for an Alliance Trust Savings ISA is £25 plus VAT.

Alliance Trust Savings - Investment Dealing Account (IDA) offers a simple means of investing in Dunedin Enterprise. There is currently no annual charge for an IDA.

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 regular monthly payments is £1.50.

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 £32.50 to buy and sell shares within an IDA/ISA.

Investors can transfer in shares to their IDA or ISA from other providers. They can also have their dividends re-invested and request to receive income from dividends to their bank account. Although we consider our IDA and ISA to be medium to long term investments, there is no restriction on how long an investor need invest and investors can choose to close their account by instructing Alliance Trust Savings in writing at any time.

In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

For information relating to the above savings plans please contact:

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

Telephone 01382 573737
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: UK 0871 384 2440*;
International +44 121 415 7047
Textel/hard of hearing line: UK 0871 384 2255*;
International +44 121 415 7028
Website: www.shareview.co.uk

* calls to this/these numbers are charged at 8p per minute from a BT landline. Other telephone providers costs may vary. 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.
- 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 17 to 18 has been issued by Alliance Trust Savings Limited, which is registered in Scotland No. SC 98767, registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP. It is authorised and regulated by the Financial Services Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS firm reference number 116115. It gives no financial or investment advice.

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

Contents

Directors' Report

The Directors present the audited accounts for the year to 31 December 2011 and the report on its affairs. Dunedin Enterprise Investment Trust PLC's company number is SC52844.

Business Review
The Business Review includes the Chairman's Statement on pages 2 to 3, the Manager's Review on pages 7 to 9 and this Directors' Report on pages 20 to 23.

Investment Objective and Investment Policy
The Company's investment objective and investment policy is detailed on page 6.

Performance
A number of performance measures are considered by the Board and the Manager in assessing the Company's success in achieving its objectives.

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:

- the movement in net asset value per ordinary share
- the movement in share price
- the movement of net asset value and share price performance compared to the Benchmark
- total expense ratio

Details of the KPIs are shown on pages 1 and 16.

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 23, 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 will be bought back as it believes that the announcement of specific targets is likely to hinder rather than help the successful execution of a buyback policy.

Current and Future Development
A review of the main features of the year and outlook is contained in the Chairman's Statement and the Manager's Review on pages 2 to 3 and 7 to 9 respectively.

The Board's main focus is on the long term investment return. Attention is paid to the integrity and success of the investment process and on factors which may have an impact on this approach. The Board regularly reviews the development and strategic direction of the Company. Due regard is given to the marketing and promotion of the Company, including effective communication with shareholders and other external parties.

Principal Risks, Risk Management and Regulatory Environment
The Board believes that the principal risks faced by the Company are:

- 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.
- Currency risk – a movement in exchange rates could affect portfolio company valuations.
- People risk – key employees leave 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.
- Regulatory – the Company is required to comply with the Companies Act, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. There is also planned European legislation which could impact on the business, although this is yet to be finalised.
- Reputational – inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational – failure of the Manager's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.
- Financial – inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Turnbull guidance. Details of the Company's internal controls are contained in the Corporate Governance Report on pages 24 to 26.

Financials
The financial highlights for the year under review are detailed on page 1.

Dividends
A final dividend of 5.0p is to be paid to shareholders on 25 May 2012, to shareholders on the register at close of business on 4 May 2012. The ex-dividend date is 2 May 2012. The dividend for the year to 31 December 2011 of 5.0p compares to 3.8p for 2010.

Going Concern
The Group'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 2 to 3. The financial position of the Group, its cash flows and liquidity position are described in the Manager's Review on pages 7 to 9. In addition note 20 to the financial statements includes the Group'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 Group has considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have 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.

Status
The Company is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company carries on business as an investment trust and was approved by HM Revenue and Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 for the year ended 31 December 2010. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify. The Company will continue to seek authorisation under Section 1158 of the Corporation Tax Act 2010 each year.

Approval for the year ended 31 December 2010 is subject to review *should there be any subsequent enquiry under Corporation Tax Self* Assessment. The Company is not a close company for taxation purposes.

Directors
The Chairman, Edward Dawnay, will retire at the AGM and David Gamble will succeed him. Liz Airey will become Senior Independent Director.

Details of the current Directors of the Company are shown on page 4.

In accordance with the UK Corporate Governance Code and the AIC's Code of Corporate Governance, David Gamble and Brian Finlayson will retire from the Board and, being eligible, offer themselves for re-election at the Annual General Meeting ("AGM"). Neither David Gamble nor Brian Finlayson have service contracts with the Company.

Under the terms of the UK Corporate Governance Code and the AIC's Code of Corporate Governance, non-executive directors may serve longer than nine years subject to annual re-election. David Gamble has served longer than nine years and is therefore subject to annual re-election. The Board has carefully considered the independence of each Director and subscribes to the view expressed in the AIC Code that long serving Directors should not be prevented from being considered as independent. The Board believes that David Gamble retains independence of character and judgement.

The re-election of David Gamble and Brian Finlayson is recommended to shareholders as their skills and experience continues to add to the strength of the Board. Following performance evaluation, David Gamble and Brian Finlayson continue to perform effectively and to demonstrate commitment to the Company.

During the year an insurance policy has been maintained by the Company which indemnifies the Directors of the Company against potential liabilities arising in the conduct of their duties. The Company has entered into deeds of indemnity with each of the Directors. These are qualifying third party indemnity provisions and are in force as at the date of this report. This information is disclosed in accordance with Sections 236(2) and 236(3) of the Companies Act 2006.

Directors' Interests
The interests of those persons who were Directors (and those persons connected to them) at the end of the year in the ordinary shares of the Company were as follows (all holdings are beneficial unless stated otherwise):

	31 December 2011	31 December 2010
Edward Dawnay	**16,181**	16,025
Liz Airey	**50,000**	25,000
Brian Finlayson	**82,664**	76,133
David Gamble	**13,000**	13,000
Federico Marescotti	**4,000**	-

No notifications of any change in the above interests have been received in the period from 31 December 2011 to the date of this report.

Brian Finlayson holds a power of attorney in respect of 2,015 shares held by his son, Fionnlagh Finlayson. He does not have the power to vote these shares. These shares are included in the interest noted for Brian Finlayson of 82,664.

Investment Manager
The principal terms of the Company's management agreement with Dunedin Capital Partners Limited ("Dunedin") are set out on page 49.

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.

In May 2008, the Company's shareholders approved new management incentive arrangements and the introduction of two new investment classes within the overall assets of the Company, the Fund of Funds Limited Partnership which made commitments predominantly to European buyout funds and the Co-investment Limited Partnership which co-invests principally alongside funds where Dunedin Enterprise is, or is seeking to become, an investor. The Company is a limited partner in both partnerships as are Dunedin's executives who invest in the partnerships as a limited partner (through the Fund of Funds Founder Partner and the Co-investment Fund Founder Partner). Dunedin is the general partner of both partnerships.

While the co-investment scheme for Dunedin executives operated by Dunedin Enterprise (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. The Fund of Funds Limited Partnership, the Co-investment Limited Partnership and the Dunedin managed funds operate carried interest schemes. Dunedin executives participate in these carried interest schemes.

Director's Conflicts of Interest
The Companies Act 2006 sets out Directors' general duties and from 1 October 2008 a Director, under this Act, 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 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 kept up to date and the Directors are required to disclose to the Company Secretary any change to conflicts or any potential new conflicts.

Substantial Interests
The Company is aware that the following shareholders had an interest in 3% or more of the issued share capital of the Company on 30 March 2012. Details of any changes in substantial interests notified during the financial year can be found on the Company's website.

	Ordinary shares	% of issued share capital
Legal & General Group Plc	8,343,996	27.7
Alliance Trust Savings	4,104,493	13.6
Baillie Gifford Diversified Growth Fund	1,584,872	5.3
Brewin Dolphin	1,331,628	4.4
East Riding of Yorkshire Council	1,301,868	4.3
Cayenne Asset Management	1,250,000	4.1
Standard Life Investments	979,998	3.3

Share Capital
At 31 December 2011, the Company had 30,122,380 Ordinary Shares of 25p each, fully paid. The Company repurchased 55,000 Ordinary Shares during the year at a cost of £180,785. Please refer to page 44 for further details.

Dividends
The Ordinary Shares carry a right to receive dividends which are subject to shareholder approval.

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.

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.

Charitable and Political Donations
The Company made no political or charitable donations during the year.

Social, Community and Environmental Policy
As an investment trust, the Company has no direct social, community or environmental responsibilities. The Manager with the support of the Board, does however, take these issues into consideration with regard to investment decisions on behalf of the Company.

Related Party Transactions
Reference is made to Note 22 on page 48.

Creditor Payment Policy
The Company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. There were no amounts owing to trade creditors at 31 December 2011.

Disclosure of Information to the Auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the 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 Company's auditor is aware of that information.

Corporate Governance
The statement on Corporate Governance on pages 24 to 26 is included in the Directors' Report by reference.

Annual General Meeting ("AGM")
The AGM of the Company will be held at 11.00 am on 18 May 2012 at The Sheraton Hotel, 1 Festival Square, Edinburgh EH3 9SR. Notice of the AGM is given on pages 50 to 52 of this report. Set out below is an explanation of resolutions 7 to 11 to be considered at the AGM.

Independent Auditor
The auditor, KPMG Audit Plc, 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 resolution 7 at the AGM.

Authority of directors to allot shares
Resolutions 8 and 9 to be proposed at the AGM relate to the allotment of shares.

If approved, resolution 8 would empower the Directors to allot shares of the Company up to a maximum aggregate nominal amount of £2,510,198 being an amount equal to one third of the issued share capital of the Company as at 30 March 2012 for cash.

If approved, resolution 9 would empower Directors to allot shares of the Company up to a maximum aggregate nominal amount of £376,529 being an amount equal to five per cent of the issued share capital of the Company as at 30 March 2012 as if Section 561 of the Companies Act 2006 did not apply. This section requires, when shares are to be allotted for cash, such new shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights".

The authorities contained in resolutions 8 and 9 will continue until the Annual General Meeting of the Company in 2013. The Directors do not have any immediate plans to make use of these authorities.

Authority to buy back shares
Resolution 10 relates to the Directors' authority to buy back shares for cancellation. This authority was renewed at last year's AGM, and, unless renewed, will expire at the conclusion of this year's AGM. The authority, 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 4,518,356 ordinary shares (being 14.99% of the issued share capital as at 30 March 2012). This authority will expire at the conclusion of the AGM of the Company in 2013 (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 Services Authority, the maximum price that can be paid is not more than the higher of (i) 5% 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.

Notice of General Meetings
The Shareholder Rights 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 annual general meeting, 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.

Your Directors consider that all the resolutions set out in the Notice of Annual General Meeting given on pages 50 to 52 are in the best interests of shareholders and recommend that shareholders vote FOR all the resolutions, as they intend to do in respect of their own beneficial holdings.

If you cannot attend the AGM, you are strongly encouraged to exercise your right to vote on the business of the AGM by appointing a proxy to vote on your behalf according to your instructions.

By order of the Board,
Graeme Murray
Dunedin Capital Partners Limited
Secretary
Edinburgh

Corporate Governance Report

The Board considers that the Company has complied with the provisions contained in the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 and the recommendations of the AIC's Code of Corporate Governance issued in October 2010 (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 five non-executive Directors, all of whom the Company deems to be independent, even though two of them have served as a Directors for over nine years. Their biographies, on page 4, highlight their wide range of business experience. 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. The Chairman, Edward Dawnay, retires after the AGM and the search for a new director is underway.

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 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 the investment manager between these meetings. The Board has a formal schedule of matters specifically reserved for discussion. 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.

There is a clear division of responsibility between the Board and the investment manager. The investment manager'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. The investment manager'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 and other business issues.

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 shares held in the relevant underlying portfolio companies at the annual general meetings of these companies.

The 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 appropriate for the Directors to be appointed for a specified 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. 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. 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 performance of the Chairman is assessed by all other members of the Board. The appraisals consider, amongst other things, the balance of skills of the Board, 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 support diversity in the boardroom and are of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise. We will seek to ensure that long lists and short lists reflect that position.

The table below details the number of Board, Audit and Nomination Committee meetings attended by each Director. During the year there were four Board meetings, two Audit Committee meetings and one Nomination Committee meeting. There were also twelve Directors meetings held during the year to consider proposals put to shareholders in November 2011.

Directors	Regular Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended
Edward Dawnay	3	2	–
Liz Airey	4	2	1
Brian Finlayson	4	2	1
David Gamble	4	2	1
Federico Marescotti	4	2	1

Board Committees
There are two committees of the Board, the Audit Committee and the Nomination Committee. The terms of reference for both committees are available from the Company's website. A report of the activity of each committee is set out below.

The Nomination Committee

Members:

David Gamble (Chairman)
Liz Airey
Brian Finlayson
Federico Marescotti

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. The Nomination Committee uses external specialist search consultants to assist it in carrying out its responsibilities.

The Nomination Committee comprises the independent non-executive Directors and has been chaired by Edward Dawnay, except when the Committee has reviewed his performance as Chairman. In such circumstances, the Nomination Committee elects an alternative member to take the Chair. In addition, Edward Dawnay has not participated in the discussions relating to the selection of his successor as Chairman. David Gamble has succeeded him as Chairman of the Nomination Committee.

The Audit Committee

Members:

Liz Airey (Chairman)
Edward Dawnay
Brian Finlayson
David Gamble
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, Edward Dawnay, a chartered accountant and who has recent and relevant financial experience, is a member of the Committee.

The Committee's principal responsibilities are:

- to review the interim and annual financial statements, matters relating to accounting policy, laws and regulations. The Board rather than the Audit Committee approves the valuation of 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;
- 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; and
- to make recommendations as to the appointment and remuneration of the external auditors;

The Committee meets at least twice a year to carry out its responsibilities and senior representatives of the Manager attend the meetings as required by the Committee. The external auditors attend the Committee's meetings twice a year and meet with the Committee without representatives of the Manager being present.

The Audit Committee monitors the relationship with the external auditors with a view to ensuring that they do not provide non-audit services to the Company that have 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 but has determined that fees in excess of £50,000 for taxation services and £20,000 for non taxation services require approval by the Audit Committee.

The external auditor, KPMG Audit plc, 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 2011 which comprised the provision of taxation and accounting advice at a cost of £59,000, as detailed in Note 5 to the accounts. 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 2012 AGM, KPMG Audit plc be reappointed as external auditor for the forthcoming year.

During the year the Audit Committee carried out a review of its terms of reference and its own effectiveness. It has concluded that it is satisfactorily fulfilling its terms of reference and is operating effectively but it has also identified some ways to enhance its effectiveness in the year ahead.

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 2011 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.

The Company does not have an internal audit function. 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 investment manager and submitted to the Audit Committee.

The Company does not have a whistleblowing policy and procedure in place. The Company delegates its main functions to third party providers who have such policies in place and the Audit Committee has been informed by the Manager that these policies meet the industry standards.

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 any item not of an entirely routine nature is explained in the Directors' Report on pages 20 to 23. Separate resolutions are proposed for substantive issues. Both the Board and representatives of the investment manager are available to answer shareholders' questions at the AGM. Proxy voting figures are announced to the shareholders at the AGM.

The investment 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. They can be contacted through the Company Secretary. The section entitled "Information for Investors", on pages 17 to 18, 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.

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 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.

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

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer together with a description of the principal risks and uncertainties ~~that it~~ faces.

Edward Dawnay

On behalf of the Board

Edward Dawnay
Chairman
29 February 2012

The determination of the Directors' fees is a matter dealt with by the whole Board in lieu of a designated Remuneration Committee. The level of fees payable to Directors is reviewed annually by the whole Board.

The Company's Articles of Association currently limit the aggregate fees payable to the Board of Directors to a total of £200,000 per annum. It is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil, and the time committed to the Company's affairs.

It is not the Company's policy to include an element of performance related pay. Each Director has a letter of appointment setting out the terms and conditions of their appointment and such letters are available for inspection. Each Director's appointment may be terminated by the Company on three months' notice. No Director has a service contract with the Company.

Performance Graph
The Company's performance is measured against the FTSE Small Cap Index and the FTSE All Share Index.

Share Price Total Return for the 5 years ended 31 December 2011

Directors' Remuneration

	2011 £'000	2010 £'000
Edward Dawnay	**34**	33
Liz Airey	**26**	25
Brian Finlayson	**23**	22
David Gamble	**26**	25
Federico Marescotti	**23**	22
Simon Miller (resigned on 16 May 2011)	**10**	22
Bruce Patrick (resigned on 17 May 2010)	**-**	8
	142	157

As referred to on page 24, the Directors have carried out additional work relating to the proposals put to shareholders in November 2011. In recognition of this work the Board have resolved to make an additional payment in 2012 of £10,000 to the Chairman and £5,000 to each of the other Directors.

The information in the table opposite has been audited.

A resolution to approve the report will be proposed at the AGM.

The Company's independent auditors, KPMG Audit Plc, are required to give their opinion on certain information included in this report, as indicated above. Their report on these matters is set out on page 29.

By order of the Board,

Dunedin Capital Partners Limited
Secretary
29 February 2012

Independent Auditor's Report

To the members of Dunedin Enterprise Investment Trust PLC
We have audited the financial statements of Dunedin Enterprise Investment Trust PLC for the year ended 31 December 2011 set out on pages 30 to 48. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
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 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs 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.

Opinion on other matters prescribed by the Companies Act 2006
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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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 21, in relation to going concern;
- the part of the Corporate Governance Statement on pages 24 to 26 of the Report and Accounts relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board of Directors' Remunerations

Simon Pashby (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
Edinburgh
29 February 2012

Simon Pashby

Consolidated Income Statement

	Notes	Revenue £'000	Capital £'000	2011 Total £'000	Revenue £'000	Capital £'000	2010 Total £'000
Investment income	3	2,102	–	2,102	2,401	–	2,401
Gains on investments	10	–	13,404	13,404	–	27,325	27,325
Total income		2,102	13,404	15,506	2,401	27,325	29,726
Expenses							
Investment management fee	4	(345)	(1,036)	(1,381)	(265)	(794)	(1,059)
VAT on investment management fee	4	185	556	741	–	–	–
Other expenses	5	(677)	(111)	(788)	(641)	–	(641)
Profit before finance costs and tax		1,265	12,813	14,078	1,495	26,531	28,026
Finance costs	6	(38)	(114)	(152)	(22)	(66)	(88)
Profit before tax		1,227	12,699	13,926	1,473	26,465	27,938
Taxation	7	80	195	275	(348)	241	(107)
Profit for the year		1,307	12,894	14,201	1,125	26,706	27,831
Basic return per ordinary share (basic & diluted)	9	4.3p	42.8p	47.1p	3.7p	88.5p	92.2p

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 37 to 48 form part of the financial statements.

Consolidated Balance Sheet

	Notes	£'000	2011 £'000	£'000	2010 £'000
Non-current assets					
Investments at fair value through profit or loss	10		**148,167**		152,312
Current assets					
Other receivables	11	**359**		241	
Cash and cash equivalents		**14,961**		4,177	
		15,320		4,418	
Current liabilities					
Other liabilities	12	**(428)**		(6,270)	
Current tax liabilities	12	**(103)**		(377)	
		(531)		(6,647)	
Net current assets/(liabilities)			**14,789**		(2,229)
Net assets			**162,956**		150,083
Capital and reserves					
Share capital	13		**7,530**		7,544
Share premium	14		**47,600**		47,600
Capital redemption reserve	14		**396**		382
Capital reserve – realised	14		**91,112**		96,460
Capital reserve – unrealised	14		**9,952**		(8,109)
Revenue reserve	14		**6,366**		6,206
Total equity shareholders' funds			**162,956**		150,083
Net asset value per share (basic & diluted)	15		**541.0p**		497.3p

The financial statements were approved by the Board of Directors on 29 February 2012

Edward Dawnay, Chairman

The notes on pages 37 to 48 form part of the financial statements.

Company Balance Sheet

	Notes	£'000	2011 £'000	£'000	2010 £'000
Non-current assets					
Investments at fair value through profit or loss	10	**123,136**		129,759	
Subsidiary undertakings	21	**29,957**		22,802	
			153,093		152,561
Current assets					
Other receivables	11	**235**		103	
Cash and cash equivalents		**14,535**		4,058	
		14,770		4,161	
Current liabilities					
Other liabilities	12	**(4,907)**		(6,262)	
Current tax liabilities	12	**–**		(377)	
		(4,907)		(6,639)	
Net current assets/(liabilities)			**9,863**		(2,478)
Net assets			**162,956**		150,083
Capital and reserves					
Share capital	13		**7,530**		7,544
Share premium	14		**47,600**		47,600
Capital redemption reserve	14		**396**		382
Capital reserve – realised	14		**92,316**		96,906
Capital reserve – unrealised	14		**8,168**		(8,885)
Revenue reserve	14		**6,946**		6,536
Total equity shareholders' funds			**162,956**		150,083

The financial statements were approved by the Board of Directors on 29 February 2012.

Edward Dawnay, Chairman

Edward Dawnay

The notes on pages 37 to 48 form part of the financial statements.

Consolidated Cash Flow Statement

	Notes	£'000	2011 £'000	£'000	2010 £'000
Net cash (outflow)/inflow from operating activities	16		**(5,286)**		912
Servicing of finance					
Finance costs			**(152)**		(88)
Investing activities					
Purchase of investments		**(17,197)**		(32,520)	
Purchase of 'AAA' rated money market funds		**(22,398)**		(7,616)	
Sale of investments		**18,367**		7,746	
Sale of 'AAA' rated money market funds		**38,778**		31,828	
Net cash inflow/(outflow) from financial investment			**17,550**		(562)
Taxation					
Tax paid			**–**		(101)
Financing activities					–
Purchase of ordinary shares			**(181)**		
Dividends paid			**(1,147)**		(604)
Net increase/(decrease) in cash and cash equivalents			**10,784**		(443)
Cash and cash equivalents at start of the year			**4,177**		4,620
Net increase/(decrease) in cash and cash equivalents			**10,784**		(443)
Cash and cash equivalents at end of the year			**14,961**		4,177

The notes on pages 37 to 48 form part of the financial statements.

Company Cash Flow Statement

	Notes	£'000	2011 £'000	£'000	2010 £'000
Net cash (outflow)/inflow from operating activities	16		**(256)**		2,161
Servicing of finance					
Finance costs			**(152)**		(88)
Investing activities					
Purchase of investments		**(9,891)**		(25,136)	
Subsidiary investment		**(6,332)**		(7,712)	
Purchase of 'AAA' rated money market funds		**(22,398)**		(7,616)	
Sale of investments		**12,056**		7,233	
Sale of 'AAA' rated money market funds		**38,778**		31,828	
Net cash inflow/(outflow) from financial investment			**12,213**		(1,403)
Taxation					
Tax paid			**-**		(101)
Financing activities					
Purchase of ordinary shares			**(181)**		-
Dividends paid			**(1,147)**		(604)
Net increase/(decrease) in cash and cash equivalents			**10,477**		(35)
Cash and cash equivalents at start of the year			**4,058**		4,093
Net increase/(decrease) in cash and cash equivalents			**10,477**		(35)
Cash and cash equivalents at end of the year			**14,535**		4,058

The notes on pages 37 to 48 form part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2010	7,544	47,600	382	96,460	(8,109)	6,206	94,557	150,083
Profit/(loss) for the year	–	–	–	(5,167)	18,061	1,307	14,201	14,201
Purchase and cancellation of shares	(14)	–	14	(181)	–	–	(181)	(181)
Dividends paid	–	–	–	–	–	(1,147)	(1,147)	(1,147)
At 31 December 2011	**7,530**	**47,600**	**396**	**91,112**	**9,952**	**6,366**	**107,430**	**162,956**

For the year ended 31 December 2010	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2009	7,544	47,600	382	102,651	(41,006)	5,685	67,330	122,856
Profit/(loss) for the year	–	–	–	(6,191)	32,897	1,125	27,831	27,831
Dividends paid	–	–	–	–	–	(604)	(604)	(604)
At 31 December 2010	**7,544**	**47,600**	**382**	**96,460**	**(8,109)**	**6,206**	**94,557**	**150,083**

The notes on pages 37 to 48 form part of the financial statements.

Company
Statement of Changes in Equity

For the year ended 31 December 2011	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2010	7,544	47,600	382	96,906	(8,885)	6,536	94,557	150,083
Profit/(loss) for the year	–	–	–	(4,409)	17,053	1,557	14,201	14,201
Purchase and cancellation of shares	(14)	–	14	(181)	–	–	(181)	(181)
Dividends paid	–	–	–	–	–	(1,147)	(1,147)	(1,147)
At 31 December 2011	**7,530**	**47,600**	**396**	**92,316**	**8,168**	**6,946**	**107,430**	**162,956**

For the year ended 31 December 2010	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2009	7,544	47,600	382	102,886	(41,450)	5,894	67,330	122,856
Profit/(loss) for the year	–	–	–	(5,980)	32,565	1,246	27,831	27,831
Dividends paid	–	–	–	–	–	(604)	(604)	(604)
At 31 December 2010	**7,544**	**47,600**	**382**	**96,906**	**(8,885)**	**6,536**	**94,557**	**150,083**

The notes on pages 37 to 48 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 2011 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(g) below.

2. Accounting Policies

a. Subsidiary undertakings

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries are valued at fair value.

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 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. 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.

g. 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.

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.

h. 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.

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

j. 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.

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

3. Income

	Group 2011 £'000	Group 2010 £'000
Dividend income – UK	638	41
Dividend income – Overseas	–	496
Interest income – UK	423	1,121
Limited partnership income – UK	277	380
'AAA' rated money market funds	181	238
	1,519	2,276
Interest on VAT refund	563	–
Deposit interest*	20	125
Total income	2,102	2,401

*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 2011 Total £'000	Revenue £'000	Capital £'000	Group 2010 Total £'000
Investment management fee	345	1,036	1,381	265	794	1,059

Dunedin provides investment management and general administration services to the Company. The terms of the management fee arrangements are detailed on page 49. During the year the Company received a refund of VAT charged on management fees of £0.7m and interest on the refund of £0.6m from HMRC.

5. Other expenses

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

	Group 2011 £'000	Group 2010 £'000
Directors' fees	142	157
Fees payable to the Company's auditor for audit of Company's financial statements	21	21
Fees payable to the Company's auditor for other services:		
– audit of Company's subsidiaries	5	3
– other services pursuant to legislation (interim review)	5	5
– other services relating to taxation	35	34
– other	–	4
Administration expenses	469	417
	677	641

* In addition, £23,800 was paid to the Auditors for taxation and advisory services relating to the establishment of Dunedin Enterprise Limited, which have been capitalised in the cost of the subsidiary.

The Company does not directly employ any staff. During the year the Company incurred expenses of £111,307 in relation to proposals approved by Shareholders at the General Meeting on 28 November 2011.

6. Interest payable

	Revenue £'000	Capital £'000	Group 2011 Total £'000	Revenue £'000	Capital £'000	Group 2010 Total £'000
On bank loans and overdraft:						
Repayable in less than 5 years	22	64	86	22	66	88
Banking facility arrangement fee	16	50	66	–	–	–
	38	114	152	22	66	88

The interest paid represents a fee on an undrawn facility.

7. Taxation on profit on ordinary activities

	Revenue £'000	Capital £'000	Group 2011 Total £'000	Revenue £'000	Capital £'000	Group 2010 Total £'000
(a) Analysis of charge/(credit) for the year:						
UK corporation tax at 26.5% (2010: 28%)	**298**	**(195)**	**103**	260	(241)	19
Foreign tax	**27**	**–**	**27**	88	–	88
Prior year adjustment	**(405)**	**–**	**(405)**	–	–	–
	(80)	**(195)**	**(275)**	348	(241)	107

(b) Factors affecting the tax charge for the year:

	Group 2011 £'000	Group 2010 £'000
Total return on ordinary activities before tax	**13,926**	27,938
UK Corporation Tax at 26.5% (2010: 28%)	**3,690**	7,823
Effects of:		
Capital gains/(losses) not subject to corporation tax	**(3,552)**	(7,651)
Foreign tax	**27**	88
Dividends not subject to corporation tax	**(169)**	(153)
Prior year adjustment	**(405)**	–
Excess management expenses	**134**	–
	(275)	107

8. Dividends

Amounts recognised as distributions to equity holders in the year:

	Group 2011 £'000	Group 2010 £'000
Final dividend for the year ended 31 December 2010 – 3.8p paid 20 May 2011	**1,147**	–
Final interim dividend for the year ended 31 December 2009 – 2.0p paid 31 March 2010	**–**	604
	1,147	604

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 2011 £'000	Group 2010 £'000
Final dividend for the year ended 31 December 2011 – 5.0p to be paid on 25 May 2012	**1,506**	–
Final dividend for the year ended 31 December 2010 – 3.8p paid on 20 May 2011	**–**	1,147
	1,506	1,147

9. Return per ordinary share

Basic total return per ordinary share is based on total return attributable to equity shareholders of £14,200,487 (2010: £27,830,597) and on 30,173,462 shares (2010: 30,177,380) being the weighted average number of ordinary shares in issue during the period. Earnings per share is based on the Revenue profit/(loss) in the period as shown in the Consolidated Income Statement.

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 I, Dunedin Buyout Fund II and Equity Harvest Fund. Investments held in the Dunedin Buyout Fund I, Dunedin Buyout Fund II and Equity Harvest Fund are shown on a look through basis.

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Unlisted UK investments*	**105,338**	**100,112**	88,925	78,901
Unlisted European investments	**19,807**	**–**	12,529	–
Listed European investments	**14,520**	**14,520**	25,974	25,974
'AAA' rated money market funds	**8,504**	**8,504**	24,884	24,884
	148,167	**123,136**	152,312	129,759

* Investments held via the Dunedin Buyout Fund LP are valued at £2,032,560 (2010: £1,354,530), via the Equity Harvest Fund at £10,503,181 (2010: £8,141,956) and Dunedin Buyout Fund II LP £51,430,736 (2010: £38,070,769).

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 significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

	2011 £'000	2010 £'000
Level 1		
Investments in listed European private equity	**–**	11,563
'AAA' rated money market funds	**8,504**	24,884
Level 2	**–**	–
Level 3		
Investments in listed European private equity	**14,520**	14,411
Unlisted investments	**125,143**	101,454
	148,167	152,312

IFRS 7 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.

10. Investments continued

Group	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 European Listed £'000	Level 3 European Listed £'000	Level 1 'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2010	90,974	14,289	15,249	15,025	24,884	160,421
Unrealised appreciation/(depreciation)	(2,049)	(1,760)	(3,686)	(614)	–	(8,109)
Valuation at 31 December 2010	88,925	12,529	11,563	14,411	24,884	152,312
Purchases at cost	9,944	7,217	–	–	22,398	39,559
Sales – proceeds	(5,349)	(1,825)	(11,193)	–	(38,778)	(57,145)
Sales – realised gains/(losses) on sales	(1,109)	545	(4,056)	–	–	(4,620)
Increase/(decrease) in unrealised appreciation	12,925	1,341	3,686	109	–	18,061
Valuation at 31 December 2011	105,336	19,807	–	14,520	8,504	148,167
Book cost at 31 December 2011	94,460	20,226	–	15,025	8,504	138,215
Closing unrealised depreciation	10,876	(419)	–	(505)	–	9,952

	Level 3 UK Unlisted	Level 1 European Listed	Level 3 European Listed	Level 1 'AAA' rated money market funds	Total
Company	£'000	£'000	£'000	£'000	£'000
Book cost at 31 December 2010	80,950	15,249	15,025	24,884	136,108
Unrealised appreciation/(depreciation)	(2,049)	(3,686)	(614)	–	(6,349)
Valuation at 31 December 2010	78,901	11,563	14,411	24,884	129,759
Purchases at cost	9,891	–	–	22,398	32,289
Sales – proceeds	(863)	(11,193)	–	(38,778)	(50,834)
Sales – realised losses on sales	(793)	(4,056)	–	–	(4,849)
Increase/(decrease) in unrealised appreciation	12,976	3,686	109	–	16,771
Valuation at 31 December 2011	100,112	–	14,520	8,504	123,136
Book cost at 31 December 2011	89,185	–	15,025	8,504	112,714
Closing unrealised depreciation	10,927	–	(505)	–	10,422

Group	UK Unlisted £'000	European Unlisted £'000	European Listed £'000	European Listed £'000	'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2009	67,934	7,355	19,839	15,025	49,096	159,249
Unrealised appreciation/(depreciation)	(29,926)	(2,177)	(6,457)	(2,446)	–	(41,006)
Valuation at 31 December 2009	38,008	5,178	13,382	12,579	49,096	118,243
Purchases at cost	31,398	7,386	–	–	7,616	46,400
Sales – proceeds	(4,003)	(513)	(3,230)	–	(31,828)	(39,574)
Sales – realised gains/(losses) on sales	(4,355)	61	(1,360)	–	–	(5,654)
Increase/(decrease) in unrealised appreciation	27,877	417	2,771	1,832	–	32,897
Valuation at 31 December 2010	88,925	12,529	11,563	14,411	24,884	152,312
Book cost at 31 December 2010	90,974	14,289	15,249	15,025	24,884	160,421
Closing unrealised depreciation	(2,049)	(1,760)	(3,686)	(614)	–	(8,109)

10. Investments continued

Company	Level 3 UK Unlisted £'000	Level 1 European Listed £'000	Level 3 European Listed £'000	Level 1 'AAA' rated money market funds £'000	Total £'000
Book cost at 31 December 2009	67,934	19,839	15,025	49,096	151,894
Unrealised appreciation/(depreciation)	(29,926)	(6,457)	(2,446)	–	(38,829)
Valuation at 31 December 2009	38,008	13,382	12,579	49,096	113,065
Purchases at cost	31,398	–	–	7,616	39,014
Sales – proceeds	(4,003)	(3,230)	–	(31,828)	(39,061)
Sales – realised losses on sales	(4,355)	(1,360)	–	–	(5,715)
Transfer to subsidiary	(10,024)	–	–	–	(10,024)
Increase/(decrease) in unrealised appreciation	27,877	2,771	1,832	–	32,480
Valuation at 31 December 2010	78,901	11,563	14,411	24,884	129,759
Book cost at 31 December 2010	80,950	15,249	15,025	24,884	136,108
Closing unrealised depreciation	(2,049)	(3,686)	(614)	–	(6,349)

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Realised gains/(losses) based on cost	(4,620)	(4,305)	(5,654)	(5,715)
Unrealised appreciation/(depreciation) recognised in prior years	4,568	4,568	7,439	7,491
	(52)	263	1,785	1,776
Increase/(decrease) in unrealised depreciation	13,493	12,485	25,458	25,074
Other movements	(37)	(49)	82	82
	13,404	12,699	27,325	26,932

Included within unlisted investments are investments valued at £60,537,510 (2010: £53,304,726) where the Company's interest is between 20% and 50% of the equity. These have not been accounted for as associates for the reason set out in note 2(b). These investments are listed below.

Significant Interests

(a) At 31 December 2011, 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 directly	% of equity held directly and through funds	Latest available accounts	Share capital & reserves £'000	Operating profit/(loss) for year £'000
CGI Group Holdings Limited	England	41.4	41.4	31.12.10	(1,817)	1,368
Capula Group Limited	England	22.8	37.5	31.12.10	(527)	2,363
Dunedin Buyout Fund II LP	Scotland	29.7	29.7	31.12.10	n/a	n/a
etc.venues Group Limited	England	17.0	27.9	30.06.11	3,676	2,438
OSS Environmental Holdings Limited	England	40.2	40.2	31.12.10	2,298	1,671
Practice Plan Holdings Limited	England	22.9	26.1	30.06.11	319	3,207
RSL Steeper Holdings Limited	England	21.5	37.1	28.02.11	5,753	910
Sycamore Topco Limited	England	–	32.6	31.03.11	5,916	(6,862)
WFEL Holdings Limited	England	–	23.2	31.12.10	(5,845)	3,026

10. Investments continued

(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
Dunedin Buyout Fund LP	Scotland	13.0	13.0
Dunedin Claret Limited	England	–	19.3
Formaplex Limited	England	–	16.0
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 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Prepayments and accrued income	359	235	241	103

12. Creditors: amounts falling due within one year

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Accruals	428	421	6,270	6,262
Amounts due to subsidiary undertakings	–	4,486	–	–
Corporation Tax	103	–	377	377
	531	4,907	6,647	6,639

A revolving credit facility of £10m is available to the Company until 31 August 2012. The rate of interest on the revolving credit facility is 4.0% above LIBOR.

13. Called-up share capital

	Nominal No. '000	Group & Company 31 December 2011 £'000	Nominal No. '000	Group & Company 31 December 2010 £'000
Allotted, called-up and fully paid:				
Ordinary shares at 1 January and 31 December 2011	30,122	7,530	30,177	7,544

The capital of the Company is managed in accordance with its investment policy and objectives which are detailed in the business review on page 6.

The Company repurchased 55,000 ordinary shares in the year to 31 December 2011 (2010: nil) at a cost of £180,785 (2010: nil). The nominal value of these shares was £13,750 and represented 0.2% of the issued share capital. At 29 February 2012 no ordinary shares have been repurchased since 31 December 2011. 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	Share premium account £'000	Capital redemption reserve* £'000	Capital reserve - realised* £'000	Capital reserve - unrealised* £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2010	7,544	47,600	382	96,460	(8,109)	6,206	94,557	150,083
Net revenue for the year	–	–	–	–	–	1,307	1,307	1,307
Purchase and cancellation of shares	(14)	–	14	(181)	–	–	(181)	(181)
Transfer on disposal of investments	–	–	–	(4,568)	4,568	–	–	–
Net gain/(loss) on realisation of investments	–	–	–	(52)	–	–	(52)	(52)
Revaluation movements	–	–	–	–	13,493	–	13,493	13,493
Management fees charged to capital	–	–	–	(1,036)	–	–	(1,036)	(1,036)
Finance costs charged to capital	–	–	–	(114)	–	–	(114)	(114)
VAT recovered on management fees	–	–	–	556	–	–	556	556
Dividends paid	–	–	–	–	–	(1,147)	(1,147)	(1,147)
Tax effect of capital items	–	–	–	195	–	–	195	195
Other movements	–	–	–	(148)	–	–	(148)	(148)
At 31 December 2011	**7,530**	**47,600**	**396**	**91,112**	**9,952**	**6,366**	**107,430**	**162,956**

Company	Share Capital £'000	Share premium account £'000	Capital redemption reserve* £'000	Capital reserve - realised* £'000	Capital reserve - unrealised* £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2010	7,544	47,600	382	96,906	(8,885)	6,536	94,557	150,083
Net revenue for the year	–	–	–	–	–	1,557	1,557	1,557
Purchase and cancellation of shares	(14)	–	14	(181)	–	–	(181)	(181)
Transfer on disposal of investments	–	–	–	(4,568)	4,568	–	–	–
Net gain/(loss) on realisation of investments	–	–	–	263	–	–	263	263
Revaluation movements	–	–	–	–	12,485	–	12,485	12,485
Management fees charged to capital	–	–	–	(692)	–	–	(692)	(692)
Finance costs charged to capital	–	–	–	(114)	–	–	(114)	(114)
VAT recovered on management fees	–	–	–	556	–	–	556	556
Dividends paid	–	–	–	–	–	(1,147)	(1,147)	(1,147)
Tax effect of capital items	–	–	–	195	–	–	195	195
Other movements	–	–	–	(49)	–	–	(49)	(49)
At 31 December 2011	**7,530**	**47,600**	**396**	**92,316**	**8,168**	**6,946**	**107,430**	**162,956**

* – these reserves are non-distributable

15. Net asset value per share

The net asset value per share is calculated on shareholders' funds of £162,955,708 (2010: £150,082,771) and on 30,122,380 ordinary shares in issue at the year end (2010: 30,177,380).

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

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Profit/(loss) before tax	**13,926**	**13,893**	27,938	27,938
(Gain)/losses on investments	**(13,404)**	**(12,814)**	(27,325)	(26,932)
Interest paid	**152**	**152**	88	88
(Increase)/decrease in debtors	**(118)**	**(132)**	230	1,094
Increase/(decrease) in creditors	**(5,842)**	**(1,355)**	(19)	(27)
Net cash inflow from operating activities	**(5,286)**	**(256)**	912	2,161

17. Capital commitments
There were outstanding capital commitments of £60.3m (2010: £82.6m) in respect of investments at the end of the year.

18. Contingent liabilities
There were no contingent liabilities at the year end (2010: £Nil).

19. Contingent assets
Discussions are ongoing with HMRC regarding the payment of interest on a compound basis. 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 10 to 15. The Company's overall market positions are monitored by the Manager on an ongoing basis and by the Board quarterly.

8.9% (2010: 17.3%) of the Company's net assets are in quoted European private equity stocks. A 5% increase in stock prices as at 31 December 2011 would have increased the net assets of the Company by £0.7m (2010: £1.3m); an equal change in the opposite direction would have decreased the net assets of the Company by the same amount.

76.8% (2010: 67.6%) 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 2011 would have increased the net assets of the Company by £6.3m (2010: £5.1m).

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 Company

31 December 2011 Currency	Fixed rate £'000	Floating rate £'000	**Nil rate £'000**	**Total £'000**
Sterling	84,760	16,062	20,576	121,398
Euro	13,603	7,402	20,725	41,730
Total	98,363	23,464	41,301	163,128

20. Financial instruments and associated risks continued

31 December 2010 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	73,475	29,061	15,449	117,985
Euro	8,156	–	30,348	38,504
Total	81,631	29,061	45,797	156,489

The fixed rate assets comprise fixed rate lendings to investee companies. Fixed rate lendings have a weighted average interest rate of 9% per annum (2010: 9%) and a weighted average life to maturity of 4.1 years (2010: 4.6 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 fixed 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:

	2011 £'000	2010 £'000
Unquoted investments	**125,143**	101,454
Quoted investments	**14,520**	25,974
AAA rated cash OEICs	**8,504**	24,884
Cash deposits	**14,961**	4,177
Total	**163,128**	156,489

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 Company complies with the Section 1158 of the Corporation Tax Act 2010 requirement for investment trusts not to invest more than 15% of the portfolio in the securities of any one company at the time of initial or subsequent investment. 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. 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
Dunedin Enterprise Limited was established during the year ended 31 December 2011 and has been consolidated in these financial statements.

Name of Subsidiary	Dunedin Enterprise Limited
% of Equity invested	100%
Type of entity	Limited Company
Activity	Private equity investment

21. Subsidiary undertakings continued
Other subsidiaries are Dunedin Fund of Funds L.P. and Dunedin Co-Investment L.P.

Name of Subsidiary	Dunedin Fund of Funds L.P.
% of Equity invested	100%
Type of entity	Limited Partnership
Activity	Private equity investment

Name of Subsidiary	Dunedin Co-Investment Fund L.P.
% of Equity invested	99%
Type of entity	Limited Partnership
Activity	Private equity investment

	Dunedin Fund of Funds L.P. £'000	Dunedin Enterprise Limited £'000	Total £'000
Valuation at 31 December 2010	12,777	10,025	22,802
Net capital contributions	6,178	53	6,231
Valuation movements and management fees	1,394	(470)	924
Valuation at 31 December 2011	20,349	9,608	29,957

22. Related party transactions
The Company has investments in Dunedin Buyout Fund LP, Dunedin Buyout Fund II LP and Equity Harvest Fund LP. Each of these limited partnerships are managed by Dunedin. The Company has borne a management fee of £1.2m (2010: £1.6m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £2.6m (2010: £2.7m).

In the year ended 31 December 2010 Dunedin Enterprise established Dunedin Enterprise Limited. Dunedin Fund of Funds LP and Dunedin Co-Investment Fund LP were established in 2008.

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 are 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 Managers 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 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 Manager's Incentive Scheme. Brian Finlayson was previously employed by the Manager and retired in 2002.

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 Fund of Funds Limited Partnership

The notice period on the contract is 18 months. The 18 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.

Notice of Annual General Meeting

Notice is hereby given that the thirty seventh Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at 11.00 am on 18 May 2012 at The Sheraton Hotel, 1 Festival Square, Edinburgh EH3 9SR 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 2011.

2. To declare a dividend for the year ended 31 December 2011.

3. To consider, and if thought fit, to approve the Directors' Remuneration Report for the year ended 31 December 2011.

4. To elect Duncan Budge as a Director.

5. To re-elect David Gamble as a Director.

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

7. To re-appoint KPMG Audit Plc as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the Directors to fix the remuneration of the auditors.

8. In substitution of 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 £2,510,198 (being one third of the issued share capital of the Company at the date of the notice of this Annual General Meeting) 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 £376,529 (representing 5% of the Company's issued share capital at the date of the notice of this Annual General Meeting);

   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 it 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 provided that:

    (i) the maximum number of ordinary shares hereby authorised to be purchased is 4,518,356;

    (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 Capital Partners Limited
Secretary
2 April 2012

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. 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.

4. Proxy forms 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. Completion of the form of proxy does not preclude a member from attending the meeting and voting in person.

5. There are special arrangements for holders of shares through the Aberdeen 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 16 May 2012. 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 30 March 2012 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 30,122,380 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 March 2012 are 30,122,380.

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 interest 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 16 May 2012. 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/CREST.

17. 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.

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.

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 under their Dunedin Enterprise Investment Trust PLC holding details. 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 16 May 2012.

18. Under section 338 of the Companies Act 2006, a members 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 (iii) Members seeking to do this should write to the Company providing their full name and address.

19. Under section 338A of the Companies Act 2006, a members 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.

Financial Calendar

Announcements, dividend payments and the issue of the annual and interim reports for the year ended 31 December 2011 and half year end 30 June 2012 can be expected in the months shown below:

February
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
Edward Dawnay, Chairman
Liz Airey
Brian Finlayson
David Gamble
Federico Marescotti

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Bankers
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Solicitors
Dundas & Wilson CS LLP

Auditors
KPMG Audit Plc