EMBARGOED – 7AM THURSDAY 28 AUGUST

Dunedin

For release **07.00am** **28 August 2008**

Dunedin Enterprise Investment Trust PLC

Interim Results for the half year ended 30 June 2008

Dunedin Enterprise Investment Trust PLC, the private equity investment trust which specialises in investing in mid-market buyouts, announces its preliminary results for the half year ended 30 June 2008.

Financial Highlights:

- Net asset value per share decreased by 0.4% to 527.3p per share
- Interim dividend of 2.4p per share
- New investment of £11.2 million in the half year
- Realisations of £20.5 million in the half year

Comparative Performance

Periods to 30 June 2008	Net Asset value [*1]	Share price	FTSE Small Cap (ex Inv Cos) Index	FTSE All Share (ex Inv Cos) Index
Six months	-0.4%	-11.5%	-18.9%	-13.2%
One year	-2.7%	-25.4%	-35.6%	-16.3%
Three years	26.7%	-2.9%	-13.3%	11.1%
Five years	70.5%	51.1%	17.5%	44.0%
Ten years	58.0%	34.5%	-4.2%	3.2%

[*1] - taken to 30 April for one, three, five and ten years

For further information please contact:

Ross Marshall
Chief Executive Officer
Dunedin Capital Partners Limited
0131 225 6699
07768 794 180
ross.marshall@dunedin.com

Jane Kirby / Corinna Vere Nicoll
Directors
Equity Dynamics Limited

07825 326 441/ 440
jane@equitydynamics.co.uk /
corinna@equitydynamics.co.uk

Notes to Editors

Dunedin Enterprise Investment Trust PLC is managed by Dunedin Capital Partners Limited. Dunedin Capital Partners Limited is an independent private equity company owned by its directors. The company specialises in providing equity finance for management buyouts and management buyins with a transaction size of £10 million – £75 million. It operates throughout the United Kingdom from its offices in Edinburgh and London. Dunedin Capital Partners is itself the result of a management buyout which took place in 1996.

Dunedin Enterprise's primary objective is to achieve substantial long term growth in its assets through capital gains from its investments. For more information on Dunedin Enterprise, its portfolio and investment approach, please visit the website www.dunedin.com. Investors can buy shares in the company through regular savings, PEP/ISA and pension plans. For further information, call the Aberdeen Asset Managers helpline on 0500 00 40 00 or visit the website at www.dunedinenterprisetrust.co.uk.

Manager's Review

Overview

In the six months to 30 June 2008, Dunedin Enterprise's unaudited net asset value decreased from £159.9m at 31 December 2007 to £159.1m, a movement of –0.4%. The net asset value per share decreased from 529.5p to 527.3p. This compares to a decrease of 18.9% in the FTSE Small Cap over the same period. During the six months to 30 June 2008 the share price of Dunedin Enterprise decreased by 11.5% from 415.75p to 368p. In times of falling stock markets discounts of share price to net asset value often widen. This has been the case across the private equity sector in the past six months.

In the half year to 30 June 2008, Dunedin Enterprise invested a total of £11.2m and realised £20.5m from investments. Realisations in the half year generated a profit of £5.6m over the opening valuation.

An interim dividend of 2.4p is to be paid on 30 September 2008 to shareholders on the register at close of business on 5 September 2008. The ex-dividend date is 3 September 2008. This compares to an interim dividend of 1.5p paid for the eight month period to 31 December 2007.

Investment policy

In May 2008, shareholders were asked to approve proposals to amend the investment policy of the Company and to adopt new management fee and incentive arrangements. Each of these proposals was approved by shareholders with more than 99% of votes cast being in favour of the proposals.

The strategy of increasing the overall private equity investments which are held through third party managed funds has now commenced. To date a commitment of €12.7m has been made to FSN Capital III LP, a €375m mid-market buyout fund that focuses on small to medium sized buyouts in the Nordic region. The manager, FSN Capital, is independently owned by its partners and operates from offices in Oslo and Stockholm. The investment strategy of the manager is to add value to portfolio companies through operational improvement and acquisitions.

A commitment of €15m has been made to Realza Capital Fondo FCR. The fund targets small and medium sized buyouts in Spain. The manager, Realza, is a newly formed company based in Madrid and was established by two highly experienced investors in the Spanish private equity market. The investment strategy of the fund is to seek out investment opportunities among small to medium sized companies in Spain and to add value by professionalising the management of these businesses.

Net asset movements in the six months to 30 June 2008

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

	£'m
Net asset value at 31 December 2007	159.9
Realised profit over opening valuation	5.6
Unrealised value increases	3.3
Unrealised value decreases	(12.1)
Other movements	2.4
Net asset value at 30 June 2008	159.1

Portfolio movements

Dunedin Enterprise's investment portfolio comprises:-

- Dunedin managed funds (including direct investments),
- third party managed funds,
- listed private equity companies, and
- legacy technology funds.

	Valuation at 1-1-08 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-08 £'m
Dunedin						
managed	60.7	10.2	(16.5)	5.2	(0.6)	59.0
Third party						
managed	7.3	0.9	(3.5)	0.4	(3.5)	1.6
Listed						
private equity	33.1	–	–	–	(4.0)	29.1
Legacy technology funds	3.5	0.1	(0.5)	-	(0.7)	2.4
	104.6	11.2	(20.5)	5.6	(8.8)	92.1

In the half year a total of £11.2m was invested by Dunedin Enterprise. The majority of new investments were made through Dunedin managed funds. The largest investment was £8.5m in the recapitalisation of CGI in March 2008. There was also a £0.7m follow-on investment made in Practice Plan. A total of £0.9m was invested in the third party managed funds programme.

In the half year to 30 June 2008, a total of £20.5m was generated from realisations. Again the majority of realisations were from investments made through Dunedin managed funds. Dunedin Enterprise realised £11.0m on the recapitalisation of CGI. The realisation represented an uplift of £2.4m on the valuation of CGI at 31 December 2007. To date the investment in CGI has returned a multiple of over three times the original investment.

In February 2008, deferred proceeds of £2.7m were received from the sale of Caledonian Building Systems which occurred in April 2006. This investment has returned in excess of six times the original investment. In February 2008, Capula repaid early £2.5m of Dunedin Enterprise loan stock following a recapitalisation.

Realisations from within the LGV 4 & 5 limited partnership funds generated proceeds totalling £3.5m. This represented an uplift of £0.4m on the valuation of these investments at 31 December 2007.

Unrealised movements in valuation
Within Dunedin managed investments, both OSS and Gardner have shown strong trading growth. The valuation of these investments has been increased by £1.6m and £1.3m respectively. OSS is the UK's largest waste oil collection and recycling business and Gardner produces a wide range of machined components for airframes and aircraft engines. New Horizons, the childcare business, was sold in July 2008. A full provision was made against New Horizons at 31 December 2007, and the uplift in valuation at 30 June 2008 of £0.4m represents the proceeds from the sale of the investment. The disposal has crystallised a loss of £6.2m when compared to the original cost of the investment.

Stock market conditions have adversely affected the valuations of ABI, Practice Plan and Capula. The price earnings multiples applied in valuing these businesses have fallen by between 16% and 26% over the half year to 30 June 2008. As a result the valuation of these companies has decreased by £2.0m, £0.6m and £0.4m respectively. A further provision has been made against the investment in Total Fitness of £1.4m reflecting both a fall in price earnings multiples and concerns over the impact a reduction in consumer spending and a rise in energy costs will have on trading.

The five European listed private equity companies share prices decreased in value by a total of £4.0m in the half year. The fall in value reflects negative sentiment towards financial companies generally, an anticipated economic slowdown across Europe and a widening of discounts in listed private equity stocks.

The portfolio is valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

VAT on investment trust management fees
In June 2007, the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT. HM Revenue and Customs ("HMRC") announced in November 2007 its intention not to appeal against this ruling to the UK VAT Tribunal and therefore protective claims which had been made in relation to the Company could be processed by HMRC. Agreement has been reached with HMRC on claims in relation to the period from 2001 onwards leading to recognition of a VAT recoverable asset of £2.2m in the half year accounts to 30 June 2008. The amount that the Company will receive in relation to the period prior to 2001, and any interest on either the period pre or post 2001, is at present uncertain and the Company has taken no account in these financial statements of any such repayment. The Company has not been charged VAT on its investment management fees since 1 November 2007.

Outlook
These times of uncertainty have historically provided fertile ground for private equity and we believe that the same will be true in the current climate. Through periods of volatility in stock markets, private equity has provided consistently high

returns. As reported in the 2007 BVCA Private Equity and Venture Capital Performance Measurement Survey, over three, five and ten years, the performance of UK private equity funds is considerably better than all other main asset classes: equities, bonds, alternatives and property.

Dunedin Enterprise has a well diversified and mature portfolio of investments with minimal exposure to the retail, financial or property sectors. Despite the current economic background the portfolio is in a sound condition as reflected in the marginal fall in net asset value. The Company is well positioned, with substantial cash reserves, to deploy funds into new investments both via Dunedin managed funds and through the third party managed funds programme. In the medium term it is expected that there will be buying opportunities which are more attractively priced than in recent years. The ability to take advantage of these opportunities will depend upon the continued availability of debt finance. The Company has benefited from a strong flow of realisations over the past six years. This level of activity is likely to slow over the medium term as exits at attractive prices are less likely until economic conditions improve.

Dunedin Capital Partners Limited
27 August 2008

Ten Largest Investments

(both held directly and via Dunedin managed funds) by value at 30 June 2008

Company name	Approx percentage of equity %	Cost of investment £'000	Directors' valuation £'000	Percentage of net assets %
SWIP Private Equity Fund of Funds II PLC	4.5	15,025	17,736	11.2
Practice Plan Holdings Limited	26.2	10,262	11,888	7.5
CGI Group Holdings Limited	41.4	8,509	8,509	5.4
Capula Group Limited	35.5	5,753	6,654	4.2
OSS Environmental Holdings Limited	41.8	6,184	6,417	4.0
WFEL Holdings Limited	24.2	6,400	6,400	4.0
Gardner Group Limited	24.4	5,644	5,302	3.3
GIMV	0.6	4,971	4,636	2.9
CapMan plc	2.5	4,852	3,952	2.5
Dinamia Capital Privado SA	2.1	5,017	3,713	2.3
		72,617	75,207	47.3

Overview of Portfolio

Analysed by category of investment

	30 June 2008 %	31 December 2007 %
Dunedin managed	37	38
Third party managed	1	4
Listed private equity	18	21
Legacy technology funds	2	2
Cash	42	35
Analysed by valuation method		

	30 June 2008 %	31 December 2007 %
Cost	39	34
Earnings	28	31
Sales price	1	3
Quoted bid price	32	32
Analysed by geographic location		

	30 June 2008 %	31 December 2007 %
UK	74	74
Rest of Europe	21	20
USA	4	5
Rest of World	1	1
Analysed by sector		

	30 June 2008 %	31 December 2007 %
Construction and building materials	10	9
Consumer products & services	4	3
Financial services	4	5
Healthcare	2	6
Leisure and hotels	7	7
Industrials	25	21
Pharma, medical, biotech	3	3
Real Estate	1	1
Support services	36	37
Technology	8	8

Analysed by deal type		
	30 June 2008 %	31 December 2007 %
Management buyouts /buyins	88	88
Technology	8	8
Life Sciences	3	3
Real Estate	1	1

Analysed by age of investment		
	30 June 2008 %	31 December 2007 %
<1 year	11	13
1-3 years	42	40
3-5 years	12	19
>5 years	35	28

Consolidated Income Statement

for the six months ended 30 June 2008

	Unaudited Six months ended 30 June 2008			Unaudited Six months ended 31 October 2007			Audited Period ended 31 December 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	5,627	–	5,627	3,044	–	3,044	4,325	–	4,325
Gains/(losses) on investments	–	(3,226)	(3,226)	–	5,601	5,601	–	(2,834)	(2,834)
Total Income	5,627	(3,226)	2,401	3,044	5,601	8,645	4,325	(2,834)	1,491
Expenses									
Investment management fees	(186)	(559)	(745)	(230)	(689)	(919)	(297)	(890)	(1,187)
VAT on investment management fees	538	1,613	2,151	–	–	–	–	–	–
Other expenses	(278)	–	(278)	(294)	–	(294)	(400)	–	(400)
Profit/(loss) before finance costs and tax	5,701	(2,172)	3,529	2,520	4,912	7,432	3,628	(3,724)	(96)
Finance costs	(27)	(82)	(109)	(26)	(78)	(104)	(33)	(100)	(133)
Profit/(loss) before tax	5,674	(2,254)	3,420	2,494	4,834	7,328	3,595	(3,824)	(229)
Taxation	(1,592)	(277)	(1,869)	(748)	230	(518)	(1,079)	154	(925)
Profit/(loss) for the period	4,082	(2,531)	1,551	1,746	5,064	6,810	2,516	(3,670)	(1,154)
Earnings per ordinary share (basic & diluted)	13.5p	(8.4p)	5.1p	5.8p	16.7p	22.5p	8.3p	(12.1p)	(3.8p)

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.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2008

Six months ended 30 June 2008 (unaudited)

	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 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947
Profit/(loss) for the period	–	–	–	10,140	(12,671)	4,082	1,551	1,551
Repurchase of own shares	(7)	–	7	(107)	–	–	(107)	(107)
Dividends paid	–	–	–	–	–	(2,265)	(2,265)	(2,265)
At 30 June 2008	7,544	47,600	382	122,619	(27,188)	8,169	103,600	159,126

Six months ended 31 October 2007 (unaudited)

	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 30 April 2007	7,552	47,600	374	104,274	(2,517)	6,434	108,191	163,717
Profit/(loss) for the period	–	–	–	7,739	(2,675)	1,746	6,810	6,810
Dividends paid	–	–	–	–	–	(2,598)	(2,598)	(2,598)
At 31 October 2007	7,552	47,600	374	112,013	(5,192)	5,582	112,403	167,929

Period ended 31 December 2007 (audited)

	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 30 April 2007	7,552	47,600	374	104,274	(2,517)	6,434	108,191	163,717
Profit/(loss) for the period	–	–	–	8,330	(12,000)	2,516	(1,154)	(1,154)
Repurchase of own shares	(1)	–	1	(18)	–	–	(18)	(18)
Dividends paid	–	–	–	–	–	(2,598)	(2,598)	(2,598)
At 31 December 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947

Consolidated Balance Sheet

As at 30 June 2008

	Unaudited 30 June 2008 £'000	Unaudited 31 October 2007 £'000	Audited 31 December 2007 £'000
Non-current assets			
Investments held at fair value	140,925	136,898	129,049
Current assets			
Other receivables	3,010	346	249
Cash	17,376	30,735	31,047
	20,386	31,081	31,296
Total assets	161,311	167,979	160,345
Current liabilities			
Other payables	(79)	(50)	(161)
Current tax liabilities	(2,106)	–	(237)
Net assets	159,126	167,929	159,947
Equity attributable to equity holders			
Share capital	7,544	7,552	7,551
Share premium	47,600	47,600	47,600
Capital redemption reserve	382	374	375
Capital reserve – realised	122,619	112,013	112,586
Capital reserve – unrealised	(27,188)	(5,192)	(14,517)
Revenue reserve	8,169	5,582	6,352
Total equity	159,126	167,929	159,947
Net asset value per ordinary share (basic and diluted)	527.3p	555.9p	529.5p

Consolidated Cash Flow Statement

for the six months ended 30 June 2008

	Unaudited 30 June 2008 £'000	Unaudited 31 October 2007 £'000	Audited 31 December 2007 £'000
Operating activities			
Profit/(loss) before tax	3,420	7,328	(229)
(Gain)/losses on investments	3,226	(5,601)	2,834
Interest paid	109	104	133
(Increase)/decrease in debtors	(2,761)	(227)	(163)
Increase/(decrease) in creditors	(82)	(93)	(118)
Net cash inflow from operating activities	3,912	1,511	2,457
Servicing of finance			
Interest paid	(109)	(104)	(133)
Investing activities			
Purchase of investments	(11,183)	(32,705)	(39,845)
Purchase of 'AAA' rated money market funds	(28,473)	(65,694)	(65,950)
Sale of investments	20,562	21,391	22,700
Sale of 'AAA' rated money market funds	4,000	74,652	80,152
Net cash outflow from investing activities	(15,094)	(2,356)	(2,943)
Financing activities			
Repurchase of own shares	(107)	–	(18)
Dividends paid	(2,265)	(2,598)	(2,598)
Net cash outflow from financing activities	(2,372)	(2,598)	(2,616)
Net decrease in cash and cash equivalents	(13,663)	(3,547)	(3,235)
Cash and cash equivalents at the start of period	31,047	34,282	34,282
Net decrease in cash and cash equivalents	(13,663)	(3,547)	(3,235)
Effect of foreign exchange rate changes	(8)	–	–
Cash and cash equivalents at the end of period	17,376	30,735	31,047

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

We confirm that to the best of our knowledge:

– the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

– the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial period and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board
Edward Dawnay
Chairman
27 August 2008

Notes to the Accounts

1. Unaudited Interim Report
The financial information contained in this report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the six months ended 30 June 2008 and 31 October 2007 has not been audited.

The information for the period ended 31 December 2007 has been extracted from the latest published audited financial statements. The audited financial statements for the period ended 31 December 2007 have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 237(2) or (3) of the Companies Act 1985.

During 2007 the Company's financial year end was changed from 30 April to 31 December.

2. Basis of Preparation
The Company incorporated two subsidiaries during the year and is now required to prepare consolidated financial statements. As a result the next annual consolidated financial statements of the company, for the year ending 31 December 2008, will be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU ("adopted IFRSs").

This interim financial information has been prepared in accordance with adopted IFRSs for interim financial statements (adopted IAS 34 Interim Financial Reporting). These are the Group's first adopted IFRS condensed consolidated interim financial statements for part of the period that will be covered by the first adopted IFRS annual financial statements and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These consolidated interim financial statements have been prepared on the basis of adopted IFRSs in issue that are effective or available for early adoption at 31 December 2008, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out in note 3 below, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 December 2008.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period
will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2008.

3. 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.

b. Associated Undertakings
The Company 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 Company'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 Company'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 they are in connection with the maintenance or enhancement of the value of the investments, 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 Company.

f. Valuation of investments
Purchases and sales of investments are recognised at the date of transaction.
The Company'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. 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 multiple basis, fully taxed maintainable earnings are multiplied by an appropriate price/earnings multiple. This is normally related to a comparable quoted sector with adjustments made for risks and earnings growth prospects of the underlying company. A marketability discount, generally in the range of 10% to 30% is applied to the investment valuation, based on the likely timing of exit and the influence over that exit.
- 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.

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 period 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.

g. 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 Company'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.

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

i. 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 contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

j. Segmental analysis
The Company is engaged in a single segment of business being that of an investment trust company therefore no segmental analysis has been presented.

k. IFRSs not yet applied
The following standards and interpretations have been adopted by the EU but are not effective for the period to 30 June 2008 and have not been applied in preparing these interim financial statements:

- IFRS 8 Operating Segments which is applicable for periods beginning on or after 1 January 2009. The application of this standard would not have impacted these interim financial statements.
- IFRIC 13 Customer loyalty programmes which is applicable for periods beginning on or after 1 July 2008. The application of this interpretation would not have impacted these interim financial statements.

The following standards and interpretations have not yet been adopted by the EU, are not effective for the period to 30 June 2008 and have not been applied in preparing these interim financial statements. Where appropriate disclosures will be revised in the financial statements in the year in which the standard or interpretation becomes applicable:

- Revised IAS 1 Presentation of financial statements which is applicable for periods beginning on or after 1 January 2009.
- Revised IAS 23 Borrowing costs which is applicable for periods beginning on or after 1 January 2009.
- Amendments to IFRS 2 Share-based payment which is applicable for periods beginning on or after 1 January 2009.
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation which are applicable for periods beginning on or after 1 January 2009.
- Revised IFRS 3 Business Combinations which is applicable for periods beginning on or after 1 January 2009.
- Amendments to IAS 27 Consolidated and Separate Financial Statements which is applicable for periods beginning on or after 1 January 2009.
- Improvements to IFRSs which are applicable from various dates for periods beginning on or after 1 January 2009.
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items which is applicable for periods beginning on or after 1 July 2009
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a subsidiary, jointly-controlled entity or associate which are applicable for periods beginning on or after 1 January 2009
- IFRIC 15 Agreements for the Construction of Real Estate which is applicable for periods beginning on or after 1 January 2009.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation which is applicable for periods beginning on or after 1 October 2008.

4. Dividends

	Six months to 30 June 2008 £'000	Six months to 31 October 2007 £'000	Period to 31 December 2007 £'000
Dividends paid in the period	2,265	2,598	2,598

5. Earnings per share

	Six months to 30 June 2008 £'000	Six months to 31 October 2007 £'000	Period to 31 December 2007 £'000
Revenue return per ordinary share (p)	13.5	5.8	8.3
Capital return per ordinary share (p)(8.4)	16.7	(12.1)	
Earnings per ordinary share (p)	5.1	22.5	(3.8)
Weighted average number of shares30,197,18930,208,943		30,208,874	

The earnings per share figures are based on the weighted average numbers of shares set out above. Earnings per share is based on the revenue profit/(loss) in the period as shown in the consolidated income statement.

6. Share Buy Backs

	Six months to 30 June 2008 £'000	Six months to 31 October 2007 £'000	Period to 31 December 2007 £'000
Number of shares bought back	27,335	–	4,228
Average price per share	391.6p	–	414.0p
Total cost including expenses	107,034	–	17,503
Number of shares in issue at the end of the period	30,177,380	30,208,943	30,204,715

All shares bought back were subsequently cancelled.

7. Contingent assets
On 5 November 2007, the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT. HMRC announced its intention not to appeal against this ruling to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company could be processed by HMRC. Agreement has been reached with HMRC on claims in relation to the period from 2001 onwards leading to recognition of a VAT recoverable asset of £2.2m in the half year accounts to 30 June 2008. The amount that the Company will receive in relation to the period prior to 2001 and any interest on either the period pre or post 2001 are at present uncertain and the Company has taken no account in these financial statements of any such repayment. The Company has not been charged VAT on its investment management fees from 1 November 2007.

8. Subsidiary undertakings
Dunedin Fund of Funds L.P. and Dunedin Co-Investment Fund L.P. were incorporated during the period and have been consolidated in these financial statements. The subsidiaries have not traded in the period.

9. Explanation of transition to IFRSs
As stated in note 2, these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRSs.

The accounting policies in note 3 have been applied in preparing the condensed consolidated interim financial statements for the six months ended 30 June 2008,
the comparative information for the six months ended 31 October 2007, the financial statements for the year ended 31 December 2007 and the preparation of an opening IFRS balance sheet at 1 May 2007 (the Group's date of transition).

In preparing its opening IFRS balance sheet, comparative information for the six months ended 31 October 2007 and the financial statements for the year ended 31 December 2007, the Group has not identified any adjustments required to amounts previously reported in financial statements prepared in accordance with UK GAAP.

As a result, reconciliations from UK GAAP to IFRS, as required by IFRS 1 First-time Adoption of International Financial Reporting Standards have not been presented.

Independent Review Report to
Dunedin Enterprise Investment Trust PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors’ responsibilities

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

As disclosed in note 2, the annual financial statements of the Group for the year ended 31 December 2008 will be prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU.

KPMG Audit Plc
Chartered Accountants
Edinburgh
27 August 2008