

Dunedin



Dunedin Enterprise Investment Trust PLC Half Year Report 2023

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

The Company's investment objective is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to shareholders.

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Financial Highlights

Net asset value total return: 1.0%

Net asset value per share at 30 June 2023: 609.2p, after 25p dividend (627.1p at 31/12/22)

Share price total return: 14.9%

Share price at 30 June 2023: 560p (509p at 31/12/22)

£203.5m returned to shareholders since 2012

Comparative Total Return Performance

Periods to 30 June 2023	Net Asset value (per share)	Share price	FTSE Small Cap (ex Inv Cos) Index	FTSE All-Share (ex Inv Cos) Index
Six months	1.0%	14.9%	2.0%	1.4%
One year	18.2%	24.5%	-8.9%	1.7%
Three years	87.0%	154.5%	43.4%	34.3%
Five years	91.7%	113.5%	11.4%	15.7%
Ten years	146.7%	247.7%	96.9%	65.7%

Chairman's Statement

The total return in the half year to 30 June 2023 was 1.0% in terms of net asset value per share which decreased from 627.1p to 609.2p in the half year. This is stated after allowing for a final dividend of 25.0p (paid in May 2023), relating to the year ended 31 December 2022.

The share price total return was 14.9% during the period under review. The price of 560p at 30 June 2023 represented a discount of 8.1% to the net asset value of 609.2p per share.

Portfolio

Unrealised valuation increases totalling £3.2m were offset by value decreases of £3.3m. The valuation uplift was primarily generated from Premier (£1.4m), Hawksford (£0.8m) and EV (£0.7m). The principal valuation reductions were at Weldex (£1.9m) and FRA (£1.2m).

Further details are provided in the Manager's Review.

Cash, Commitments & Liquidity

At 30 June 2023 the Company held cash and near cash equivalents totalling £11.6m out of total net assets of £33.5m. At that date there were outstanding commitments to limited partnership funds of £9.0m, consisting of £8.3m to Dunedin-managed funds and £0.7m to Realza.

Dividends

A final dividend of 25.0p per share relating to the year ended 31 December 2022 was paid to shareholders in May 2023, amounting to £1.4m.

Future Tender Offers

The Board is committed to returning proceeds of asset sales to shareholders and doing so efficiently. While the portfolio realisation process continues, the Board will look at opportunities to combine the proceeds of more than one sale before conducting a further tender in order to achieve economies in the process.

Outlook

Following discussions with the Manager and the Company's advisers, the Board does not currently anticipate putting formal proposals to Shareholders for a members' voluntary liquidation of the Company in the short to medium term while the orderly realisation continues. As the wind-down progresses, the Board will continue to assess whether the Company's current arrangements remain in the interests of Shareholders as a whole and will, of course, continue to keep Shareholders informed as to the future of the Company.

Furthermore, the Board considers maintaining the Company's listed status to be important during this stage of the orderly wind-down, as it is aware that many Shareholders would be unable to hold the Shares, or greatly inconvenienced by holding them, if they were not listed on the London Stock Exchange.

Duncan Budge

15 September 2023

Manager's Review

Results for the six months to 30 June 2023

In the six months to 30 June 2023, the net asset value per share total return was 1.0%, after taking account of dividends paid for 2022 of 25.0p per share (paid in May 2023). This compares with an increase in the FTSE Small Cap Index (ex Inv. Cos) over the same period of 2.0%.

Net asset and cash movements in the half year to 30 June 2023

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

	£'m
Net asset value at 31 December 2022	34.5
Unrealised value increases	3.2
Unrealised value decreases	(3.3)
Realised gain over opening valuation	0.6
Dividends paid to shareholders	(1.4)
Other movements	(0.1)
Net asset value at 30 June 2023	33.5

Cash movements in the half year to 30 June 2023 can be summarised as follows:-

	£'m
Cash & near cash balances at 31 December 2022	12.4
Investments made	(0.2)
Investments realised	0.1
Dividends paid to shareholders	(1.4)
Operating activities	0.7
Cash & near cash balances at 30 June 2023	11.6

Portfolio composition and movements

Dunedin Enterprise holds investments in unquoted companies through:-

- Dunedin managed funds, and
- Third party managed funds.

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

	Valuation at 31-12-22 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-23 £'m
Dunedin managed	14.1	0.2	(0.1)	(0.1)	–	14.1
Third party managed	2.8	–	–	–	(0.1)	2.7
Investment portfolio	16.9	0.2	(0.1)	(0.1)	(0.1)	16.8
AAA rated money market funds (excluding cash on deposit)	11.6	0.1	(10.3)	–	–	1.4
Total	28.5	0.3	(10.4)	(0.1)	(0.1)	18.2

Realisations

In the half year the earn-out relating to RED, the provider of SAP contract and permanent staff, has increased to £4.6m. 75% of the proceeds were received in July 2023 with the balance due in October 2023.

Investment activity

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

Unrealised movements in valuations

Unrealised valuation increases in the half year amounted to £3.2m. There were valuation uplifts at Premier (£1.4m), Hawksford (£0.8m) and EV (£0.7m).

Premier Hytemp, the provider of highly engineered components to the oil and gas industry, has experienced a continued recovery in profitability. As the market outlook improves the company is tendering for some significant contracts.

Hawksford, the provider of corporate, private client and fund services, has continued with its buy and build strategy. In addition, strong trading has resulted in maintainable EBITDA increasing by 40% in the half year.

EV, the provider of high performance, video cameras and other visualisation technology used in the oil and gas industry, has experienced strong trading following the recovery in the price of oil. Maintainable EBITDA has increased by 20% in the half year.

Unrealised valuation decreases in the half year amounted to £3.3m. There were valuation decreases at Weldex (£1.9m) and FRA (£1.2m).

Weldex is valued in line with expected proceeds from a refinancing exercise.

Trading at FRA has not progressed as quickly as expected with maintainable EBITDA reducing by 18% in the half year. Recent trading and the outlook for the remainder of the year are positive.

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

Dunedin LLP

15 September 2023

Current Investments

by value at 30 June 2023

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors valuation £'000	Percentage of net assets %
Weldex	15.1	9,505	4,681	14.0
Premier Hytemp	23.0	10,136	4,307	12.8
FRA	5.2	1,413	2,849	8.5
Realza	8.9	3,742	2,656	7.9
EV	10.6	8,321	2,585	7.7
Hawksford	3.7	–	819	2.4
Thredd	1.5	1,994	–	–
		35,111	17,897	53.3

Total return of current investments

at 30 June 2023

Company name	Original cost of investment £'000	Gross realised to date* £'000	Directors valuation £'000	Total return £'000
Weldex	9,505	119	4,681	4,800
Premier Hytemp	10,136	178	4,307	4,485
FRA	6,035	5,504	2,849	8,353
Realza	11,545	14,551	2,656	17,207
EV	8,321	–	2,585	2,585
Hawksford	6,910	7,087	819	7,906
Thredd	8,220	18,203	–	18,203
	60,672	45,642	17,897	63,539

* – dividends and capital

Top Investments

WELDEX

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£4.7m
Percentage of net assets	14.0%

Weldex

Weldex is a market-leading crawler crane hire business in the UK, with the tenth largest lifting capacity globally. It serves the offshore wind, oil & gas, commercial construction and infrastructure markets. Its cranes, including some of the largest in the UK, have been used in a number of significant construction projects including Heathrow Terminal 5, the iconic arch at the Wembley Stadium, the 2012 Olympic site and Crossrail. Recent projects include the HS2 railway, the Thames Tideway Tunnel in London, and the Peterborough Railway Tunnel where a curved concrete box weighing more than the Eiffel Tower will be pushed underground to form a new railway tunnel.

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. The company employs over 100 staff and operates nationwide and overseas from its headquarters in Inverness and its depot at Alfreton. The company provides its customers with an established team of fully accredited operators, site managers and service engineers and also supplies associated lifting equipment including wheeled cranes, forklifts, lorry loaders and trailers.



Percentage of equity held	23.0%
Cost of Investment	£10.1m
Directors' valuation	£4.3m
Percentage of net assets	12.8%

Premier Hytemp

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

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



Percentage of equity held	5.2%
Cost of Investment	£1.4m
Directors' valuation	£2.8m
Percentage of net assets	8.5%

FRA

FRA is an international consultancy that provides forensic accounting, data analytics and e-discovery expertise, helping businesses respond to regulatory investigations in an increasingly regulated global environment.

FRA works on some of the largest and most complex regulatory investigations globally. Its clients are typically blue-chip multinational corporates seeking advice to help navigate regulatory scrutiny, effect compliant cross-border data transfer, and manage risk. The company has offices in London, Dallas, New York, Washington DC, Philadelphia, Paris, Helsinki and Stockholm. It also runs data centres near each office location as well as in Montreal and Zurich.

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



Percentage of equity held	8.9%
Cost of Investment	£3.7m
Directors' valuation	£2.7m
Percentage of net assets	7.9%

Realza

Realza Capital FCR is a Spanish private equity fund making investments in Spain and Portugal. The fund is limited to investing 15% of commitments in Portugal. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

The fund invests in companies with leading market positions and attractive growth prospects either through organic growth or through merger & acquisition activity. Realza seeks to invest in companies with an enterprise value normally ranging from €20m to €100m. The fund's typical equity investment ranges from €10m to €25m.

Realza has two investments remaining:–

- a producer of premium tomatoes; and
- a producer of cannabis for medicinal and pharmaceutical use.



Percentage of equity held	10.6%
Cost of Investment	£8.3m
Directors' valuation	£2.6m
Percentage of net assets	7.7%

EV

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

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

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

Hawksford

Percentage of equity held	3.7%
Cost of Investment	£-m
Directors' valuation	£0.8m
Percentage of net assets	2.4%

Hawksford

Hawksford is a leading international provider of corporate, private client and funds services. The business offers a comprehensive range of services to, and solutions for, trusts, companies, foundations, partnerships, family offices and investment funds.

During 2018 Hawksford completed the acquisitions of P&P, a Hong Kong based trust business; and the corporate services division of audit and accountancy practice SH Landes. The P&P acquisition increased Hawksford's Asian presence, giving the company new representation in China and Japan, building on its existing presence in Singapore and Hong Kong. Hawksford's international clients will now have access to a greater depth of services across Asia, while P&P clients will be able to utilise Hawksford's wider services in other locations. As a result of the SH Landes acquisition, Hawksford is able to provide specialist corporate services from its central London offices.

To date Hawksford has completed seven major acquisitions in Jersey, the UK, the Middle East and the Far East. These acquisitions have further enhanced Hawksford's position through additional high-quality people and clients. The focus of the business remains on providing excellent service and increasing client choice by growing the international footprint.

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



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

Thredd (previously GPS)

Thredd is a UK headquartered payments processing business providing customers with leading edge payment processing and ancillary services. Customers include new emerging fintech or challenger banks, offering a significantly differentiated proposition for their clients; as well as specialist payment firms serving the travel, insurance and foreign exchange markets. It offers a best in class, scalable payment processing platform with flexibility, innovative features and an accelerated speed to market for new market entrants. It has over 100 clients, including many UK fintech and challenger banks, and is seeing significant growth opportunities from emerging overseas challenger banks as they seek to disrupt their own domestic banking markets.

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

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

Statement of Comprehensive Income for the six months ended 30 June 2023

		Six months ended 30 June 2023 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000
Investment income	3	171	–	171
Gain on investments		–	430	430
Total Income		171	430	601
Expenses				
Investment management fees		(7)	(22)	(29)
Other expenses		(172)	(11)	(183)
Profit before finance costs and tax		(8)	397	389
Finance costs		–	–	–
Profit before tax		(8)	397	389
Taxation		–	–	–
Profit for the period		(8)	397	389
Earnings per ordinary share (basic & diluted)	6	(0.14)p	7.20p	7.06p

The Total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

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

Six months ended 30 June 2022 (unaudited)			Year ended 31 December 2022 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
791	–	791	4,951	–	4,951
–	2,551	2,551	–	4,514	4,514
791	2,551	3,342	4,951	4,514	9,465
(17)	(50)	(67)	(35)	(105)	(140)
(180)	(52)	(232)	(380)	(13)	(393)
594	2,449	3,043	4,536	4,396	8,932
–	–	–	–	–	–
594	2,449	3,043	4,536	4,396	8,932
–	–	–	(37)	37	–
594	2,449	3,043	4,499	4,433	8,932
4.52p	19.04p	23.56p	36.46p	35.92p	72.38p

Statement of Changes in Equity for the six months ended 30 June 2023

Six months ended 30 June 2023 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2022	1,376	3,149
Profit/(loss) for the period	–	–
Dividends paid	–	–
At 30 June 2023	1,376	3,149

Six months ended 30 June 2022 (unaudited)

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

Year ended 31 December 2022 (audited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2021	3,284	1,241
Profit/(loss) for the year	–	–
Purchase and cancellation of shares	(1,908)	1,908
Dividends paid	–	–
At 31 December 2022	1,376	3,149

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
33,947	(18,220)	9,594	4,672	29,993	34,518
548	(141)	(11)	(8)	388	388
–	–	–	(1,376)	(1,376)	(1,376)
34,495	(18,361)	9,583	3,288	29,005	33,530

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

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
19,721	(8,378)	51,001	6,544	68,888	73,413
14,276	(9,842)	–	4,499	8,933	8,933
(50)	–	(41,407)	–	(41,457)	(41,457)
–	–	–	(6,371)	(6,371)	(6,371)
33,947	(18,220)	9,594	4,672	29,993	34,518

Balance Sheet

As at 30 June 2023

	Note	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss	5	18,194	57,993	28,487
Current assets				
Other receivables		5,205	1,650	5,375
Cash and cash equivalents		10,152	14,936	778
		15,357	16,586	6,153
Total assets		33,551	74,579	34,640
Current liabilities				
Other liabilities		(21)	(28)	(122)
Net assets		33,530	74,551	34,518
Equity attributable to equity holders				
Share capital		1,376	3,284	1,376
Capital redemption reserve		3,149	1,241	3,149
Capital reserve – realised		34,495	16,177	33,947
Capital reserve – unrealised		(18,361)	(2,385)	(18,220)
Special distributable reserve		9,583	51,001	9,594
Revenue reserve		3,288	5,233	4,672
Total equity		33,530	74,551	34,518
Net asset value per ordinary share (basic and diluted)		609.2p	567.5p	627.1p

Cash Flow Statement

for the six months ended 30 June 2023

	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Operating activities			
Profit before tax	389	3,043	8,932
Adjustments for:			
(Gains) on investments	(430)	(2,551)	(4,514)
Increase/(decrease) in debtors	804	(1,352)	(1,058)
(Decrease)/increase in creditors	(102)	(60)	34
Net cash inflow/(outflow) from operating activities	661	(920)	3,394
Investing activities			
Purchase of investments	(177)	(231)	(430)
Drawdown from subsidiary	(24)	(53)	(75)
Purchase of 'AAA' rated money market funds	(123)	(12,327)	(28,422)
Sale of investments	113	8,641	30,007
Distribution from subsidiary	-	-	2,900
Sale of 'AAA' rated money market funds	10,300	9,115	28,615
Net cash inflows from investing activities	10,089	5,145	32,595
Financing activities			
Tender offer	-	-	(41,456)
Dividends paid	(1,376)	(1,905)	(6,371)
Net cash outflows from financing activities	(1,376)	(1,905)	(47,827)
Net increase in cash and cash equivalents	9,374	2,320	(11,838)
Cash and cash equivalents at the start of period	778	12,616	12,616
Cash and cash equivalents at the end of period	10,152	14,936	778

Statement of Principal Risks and Uncertainties

The Directors have an ongoing process for identifying, evaluating and managing principal risks, emerging risks and uncertainties of the Company. The principal risks faced by the Company related to the Company's investment activities and these are set out below:-

- war in Ukraine
- investment and liquidity risk
- portfolio concentration risk
- financial risk
- economic risk
- credit risk
- currency risk
- internal control risk

Information on each of these risks, and an explanation of how they are managed, is on page 19 of the Company's Annual Report for the year ended 31 December 2022.

The Company's principal risks, emerging risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

On behalf of the Board
Duncan Budge
Chairman

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

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

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

- the Directors' Statement of Principal Risks and Uncertainties shown on page 16 is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Duncan Budge
Chairman

Notes to the Accounts

1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2022 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements for the six months ended 30 June 2022 and 30 June 2023 have not been audited.

2. Basis of Preparation

These condensed set of financial statements for the six months ended 30 June 2023 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA) and IAS 34 'Interim Financial Reporting'. They do not include all the information required by International Financial Reporting Standards (IFRS) in full annual financial statements and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2022.

In May 2016 shareholders approved a change in the investment policy of the Company. The Company's investment objective is to conduct an orderly realisation of its relatively illiquid assets, to be effected in a manner that seeks to achieve a balance between maximising the value of its assets and progressively returning cash to shareholders. As it is likely this process will ultimately lead to the liquidation of the Company, these financial statements have not been prepared on a going concern basis. No adjustments were necessary to the investment valuations or other assets and liabilities included in the financial statement as a consequence of the change in the basis of preparation.

3. Income

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 December 2022 £'000
Limited Partnership income – UK	–	747	4,722
AAA rated money market funds	123	27	166
Deposit interest	48	17	63
	171	791	4,951

4. Dividends

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 December 2022 £'000
Dividends paid in the period	1,376	1,905	6,371

5. Investments

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses that arise on investments are designated at fair value through profit or loss. Given the nature of the Company's investments the fair value gains recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and therefore the movement in these fair values are treated as unrealised.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

	At 30 June 2023 £'000	At 30 June 2022 £'000	At 31 December 2022 £'000
Level 1			
'AAA' rated money market funds OEICS	1,442	15,024	11,619
Level 2	–	–	–
Level 3			
Unlisted investments	16,752	42,969	16,868
	18,194	57,993	28,487

The Company recognises transfers between the levels of the fair value hierarchy as of the end of the reporting period during which the transfer occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six months ended 30 June 2023.

Level 3 fair values

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the six months ended 30 June 2023 are set out below:-

	Level 3 £'000
Book cost at 31 December 2022	35,088
Unrealised depreciation	(18,220)
Valuation at 31 December 2022	16,868
Purchases at cost	201
Sales – proceeds	(113)
Sales – realised gain on sales	(63)
Decrease in unrealised appreciation	(141)
Valuation at 30 June 2023	16,752
Book cost at 30 June 2023	35,113
Closing unrealised appreciation	(18,361)

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the six months ended 30 June 2022 are set out below:-

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

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the year ended 31 December 2022 are set out below:-

	Level 3 £'000
Book cost at 31 December 2021	57,154
Unrealised depreciation	(8,378)
Valuation at 31 December 2021	48,776
Purchases at cost	505
Sales – proceeds	(36,927)
Sales – realised gain on sales	14,356
Decrease in unrealised appreciation	(9,842)
Valuation at 31 December 2022	16,868
Book cost at 31 December 2022	35,088
Closing unrealised depreciation	(18,220)

Valuation of investments

Unquoted investments are fair valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines:

- Investments are only valued at cost for a limited period after the date of acquisition, otherwise investments are valued on one of the other basis detailed below. Generally, the earnings multiple basis of valuation will be used.
- When valuing on an earnings basis, the maintainable earnings of a company are multiplied by an appropriate multiple.
- When valuing on a revenue basis, the maintainable revenue of a company is multiplied by an appropriate multiple.
- An investment may be valued by reference to the value of its net assets. This is appropriate for businesses whose value derives mainly from the underlying value of its assets rather than its earnings.
- When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of the relevant accounts (interim or final), the valuation is based on the exit valuation.
- Accrued interest on loans to portfolio companies is included in valuations where there is an expectation that the interest will be received.

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. On that basis the Board believe that the impact of changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

The Directors consider the carrying value of financial instruments in the financial statements to represent their fair value.

6. Earnings per share

	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Revenue return per ordinary share (p)	(0.14)	4.52	36.46
Capital return per ordinary share (p)	7.20	19.04	35.92
Earnings per ordinary share (p)	7.06	23.56	72.38
Weighted average number of shares	5,504,274	13,136,810	12,342,190

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

7. Related party transactions

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

Information for Investors

Dunedin Enterprise is managed by Dunedin. Dunedin is authorised and regulated by the Financial Conduct Authority. All enquiries in relation to Dunedin Enterprise should be directed to Dunedin at Easter Dalry House, 3 Distillery Lane, Edinburgh, EH11 2BD or info@dunedinenterprise.com.

The Company's share price is available on the Company website www.dunedinenterprise.com.

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. An investment trust should be considered only as part of a balanced portfolio.

Registrar

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Glossary of Terms and Definitions and Alternative Performance Measures

Buy-out fund

A fund which acquires stakes in established unquoted companies.

Commitment

The amount committed by the Company to a fund investment, whether or not such amount has been advanced in whole or in part by or repaid in whole or in part to the Company.

Distribution

A return that an investor in a private equity fund receives.

Draw down

A portion of a commitment which is called to pay for an investment.

EBITDA

Earnings before interest expense, taxes, depreciation and amortisation.

Enterprise value

The value of the financial instruments representing ownership interests in a company plus the net financial debt of the company.

Net Asset Value (“NAV”) per Ordinary Share

The value of the Company’s assets and cash held less any liabilities for which the Company is responsible divided by the number of shares in issue.

NAV Total Return

The NAV total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the net asset value. The dividends or capital returned are assumed to be re-invested in the quarter that the dividend or capital return is paid.

Ongoing Charges

Management fees and all other recurring operating expenses that are payable by the Company excluding the costs of purchasing and selling investments, finance costs, taxation, non-recurring costs and costs of returning capital to shareholders, expressed as a percentage of the average net asset value during the period.

Premium/Discount

The amount by which the market price per share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Secondary transaction

The purchase or sale of an investment and its undrawn commitment (if any) to a fund or collection of fund interests in the market.

Share buy-back transaction

The repurchase by the Company of its own shares which will reduce the number of shares on the market.

Share price total return

The share price total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the share price. The dividends or capital returned are assumed to be re-invested on the day the share price goes ex-dividend.

Financial Calendar

Announcements, regular dividend payments and the issue of the annual and half year reports may normally be expected in the months shown below:

March

Preliminary figures and recommended dividend for the year announced.

April

Annual Report and Accounts published.

May

Annual General Meeting and dividend paid.

September

Half year report published.

Corporate Information

Directors

Duncan Budge, Chairman
Brian Finlayson
Angela Lane, Senior Independent Director

Manager and Secretary

Dunedin LLP
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