



Dunedin

Dunedin Enterprise Investment Trust PLC
Report and Accounts for the year ended 31 December 2008

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Objective

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.

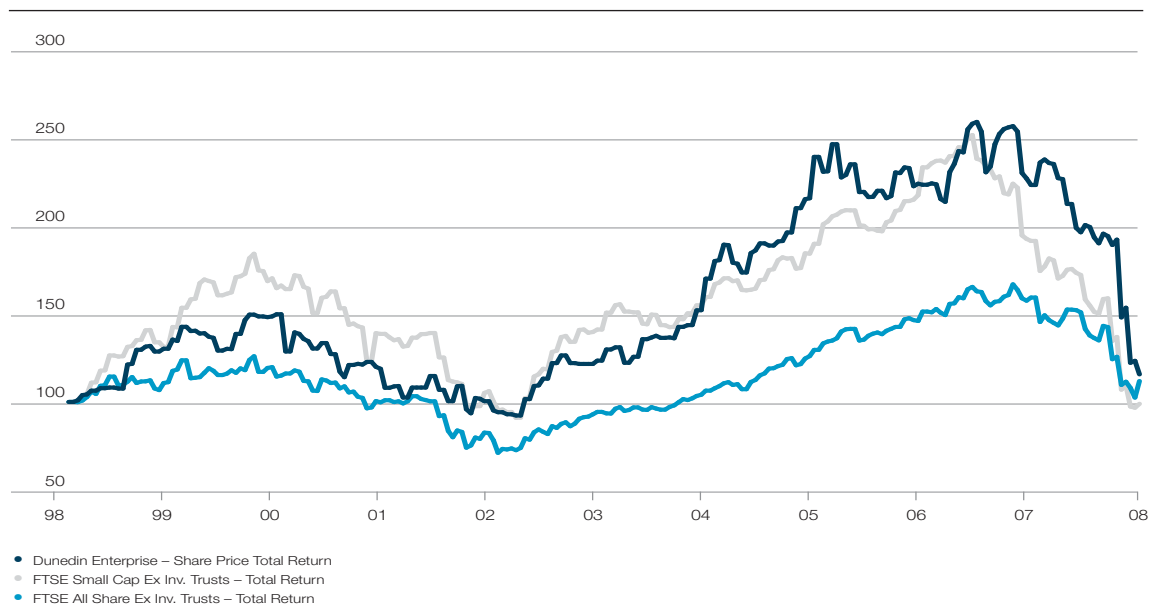
Financial Highlights

	31 December 2008	31 December 2007
Total return per ordinary share	-86.4p	-3.8p
Net asset value per ordinary share	433.4p	529.5p
Share price	211.0p	415.75p
Discount	51.3%	21.5%
Dividend per ordinary share	11.25p	7.5p
Special dividend per ordinary share	14.6p	-
Total expense ratio	2.5%	2.5%

Comparative Performance

	One year to December 2008 %	April 2006 to December 2008 %	April 2004 to December 2008 %	April 1999 to December 2008 %
Net asset value per ordinary share	-18.1	-13.0	26.0	15.2
Share price	-49.2	-53.9	-18.2	-24.0
FTSE Small Cap Index ("the Benchmark")	-50.4	-56.4	-42.3	-40.0
FTSE All Share Index	-32.7	-28.0	-1.5	-27.6

Ten Year Record



Chairman's Statement



Edward Dawnay, Chairman

During the year to 31 December 2008, net assets decreased by 18.1% from £159.9m to £130.8m. Inclusive of dividends paid during the year, Dunedin Enterprise achieved a total return of -16.6%. Over the same period, the benchmark index, the FTSE Small Cap, fell by 50.4%. The share price of the Company has decreased from 415.75p to 211p over the same period, a fall of 49.2%, and as at the date of this statement was 216.5p. The discount of the share price to net asset value has increased over the year from 21.5% to 51.3%.

The fall in net asset value has been significant in recent months and reflects the fall in comparable quoted multiples used in our investment valuations. Over the year there has been a decrease of 32% in the price earnings multiples used in valuing portfolio companies. The Managers have remained consistent in their valuation bases, using the same methods and assumptions as in previous years, and the full effect of marking valuations to market at 31 December 2008 is reflected in the numbers.

Portfolio

The portfolio at 31 December 2008 consisted of investments made by Dunedin, directly or through its managed funds (27.8%), listed private equity (19.2%), third party managed funds (2.6%), legacy technology funds (2.3%) and cash or near cash (48.1%). At the year end, Dunedin Enterprise had outstanding commitments of £104.4m to limited partnership funds and cash or near cash resources of £68.2m. In addition the Company had undrawn banking facilities of £39.0m, meaning that all outstanding commitments can be met from current resources or facilities. It is not expected that the Company will need to utilise its bank facilities during the current year.

During the year a total of £19.3m was invested; £14.9m was invested by Dunedin or in Dunedin managed funds, £4.3m was invested in third party managed funds and £0.1m was provided to legacy technology funds. A further £2.7m was paid on the expiry of a currency hedge position.

Following shareholder approval to increase the Company's exposure to similar markets across Europe, commitments have been made to four new private equity funds in Spain, Holland, Poland and the Nordic Region during the year.

Realisations for the year totalled £27.7m. A detailed account is contained in the Manager's Review.

Dividends

The Board is recommending a final dividend of 8.85p per share making a total dividend for the year of 11.25p.

In addition, the Board has also resolved to pay a special bonus dividend of 14.6p per share to shareholders on the same date as payment of the final dividend. This special dividend results from the receipt of accrued dividend and loan interest income from the investment portfolio, which the Trust is obliged to distribute. Both the final and special dividend will be paid on 15 May 2009.

Market Conditions and Outlook

The current market is the most difficult for many years and the problems in the banking markets and wider economy affect both the current investment portfolio and new investment and realisation opportunities.

The Managers are working closely with investee companies to protect and maintain value. Most investee companies are trading satisfactorily. The Company's prudent approach to gearing levels in the past now stands it in good stead.

There are very few transactions taking place at present and a significant uplift in new investment activity or realisations is not expected until stability and liquidity return to the debt markets. New opportunities will continue to be looked at on a very selective and careful basis. The drawdown of funds to which commitments have been made will be very much slower than originally expected.

Looking forward, your Company is well positioned, with significant cash resources and a level of commitments to new funds that can be met from current facilities.

Edward Dawnay,
Chairman
26 February 2009

Board of Directors



* Members of the Audit and Management Engagement Committee.
Members of the Nomination Committee.

Edward W Dawnay, FCA (59)*# was appointed to the Board in 1995 and became Chairman in 1999. A chartered accountant, he worked for Lazards for 19 years until 1993 and is now an advisor to Fleming Family and Partners. He was appointed a Director of Treatt plc in 1994, becoming Chairman in 2001. In addition, he is a Director of various private companies.



David Gamble (65)*# 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 further 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 non-executive Director of Strathdon Investments PLC and New Star Asset Management Group PLC. He also holds other advisory and non-executive positions.



Liz Airey (50)*# was appointed to the Board in 2005. She has over 20 years experience in banking, corporate advisory and finance. She worked as Finance Director of Monument Oil and Gas plc from 1990 to 1999. She is non-executive Chairman of JPMorgan European Fledgling Investment Trust plc, non-executive Chairman of Unilever UK Pension Fund, non-executive Director of Tate & Lyle plc and senior independent non-executive Director of Amec plc.



Brian Finlayson (61)*# 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.



Simon Miller (56) was appointed to the Board in 1999 and has been Chairman of Dunedin Capital Partners Limited since 1994. He is Chairman of JPMorgan Elect plc, Artemis Alpha Trust PLC and Noble AIM VCT PLC, and a non-executive Director of Brewin Dolphin Holdings PLC. He is also a Director of two portfolio companies, Practice Plan Holdings Limited of which he is Chairman, and Capula Group Limited of which he is a non-executive Director.



Bruce Patrick (63)*# was appointed to the Board in 2003. He qualified as a solicitor in 1973 and became a Partner in Maclay Murray & Spens in 1976. Much of his time as a corporate lawyer was spent advising various providers of private equity. He was Managing Partner from 1991 to 1994 and Senior Partner from 2000 until his retirement in 2003.

The Manager



Brian Scouler (49) is the Principal Fund Manager for Dunedin Enterprise and a Director of Dunedin Capital Partners Limited ("Dunedin"). He joined Dunedin in 2001, and has over 20 years private equity experience. He sits on the Board of four Dunedin investee companies, ABI, Fernau, OSS Group and RSL Steeper.

He graduated in accountancy from Glasgow University in 1979 and qualified as a chartered accountant with KPMG in 1982. After working in Glasgow, Johannesburg and London, he joined Charterhouse Development Capital in 1987. He was a founder director of Royal Bank Development Capital in 1993. Specialising in portfolio management, Brian has held over 20 portfolio board positions in private equity backed businesses.

Objective and Investment Policy

The business and affairs of Dunedin Enterprise are managed on an exclusive and discretionary basis by Dunedin, an independent private equity fund manager, whose senior management team has worked together since 1994. 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 Group aims to achieve its investment objective by investing in a portfolio of unquoted companies either directly, via private equity funds or via quoted private equity companies. Investments are structured to deliver capital growth for the Group.

The mix of investments by the Group among each of these principal investment categories will vary from time to time. It is expected that, in the medium to long term, the allocation of direct investment and investment into quoted private equity companies as a proportion of the total portfolio will decrease as indirect investment through private equity funds increases. The Board, in conjunction with the Manager, has discretion as to asset allocation and can at any time determine that up to 100% of the Group's assets may be invested in any particular investment category.

Dunedin Enterprise seeks to diversify its current portfolio of investments principally by making commitments to private equity funds managed by leading private equity fund managers across Europe. Commitments will be predominantly to buyout funds specialising in small and medium sized buyouts in Europe.

The European buyout funds to which the Group seeks to make commitments are managed by experienced private equity fund managers. The funds will normally be structured as limited partnerships similar to the Dunedin managed funds, and have a life of between 10 and 15 years. Such funds typically make investments over a five year period and realise these investments over a further five years. Given the timings of the various cashflows the net amounts of cash drawn down by each partnership is expected to be significantly less than the total commitment.

The Group will also make a small number of co-investments principally alongside the private equity funds in Europe to which it makes a commitment. Co-investment activity is anticipated to be a smaller part of the overall programme, albeit one that offers the Group the prospect of enhanced returns.

The Board believes that implementing this investment programme will allow the Group, over time, to utilise the cash balances built up as a result of the successful exits of previous investments. The Board manages the level of commitments prudently, with the intention of avoiding over commitment to private equity funds.

In addition to the above, Dunedin Enterprise will retain the ability to continue a policy of investing in European listed private equity companies and to make substantial commitments to funds managed by Dunedin.

The Manager actively monitors the Group's portfolio of investments and attempts to mitigate risk primarily through diversification. By investing in a diversified portfolio of private equity funds, the Group will be exposed to numerous underlying investments in individual companies. As these investments will most likely be denominated in currencies other than Sterling, the Board will seek to ensure that the Manager manages any currency risk appropriately and the Board will be responsible for setting the Group's hedging policy. Not more than 15% of Net Asset Value, at the date of investment, will be invested in any single investment. For the avoidance of doubt, if the Group invests into a limited partnership fund, this limitation shall be applied individually to each of the underlying companies invested into by that fund.

In common with most investment companies, the Group may borrow to finance further investment. Although the Group 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. Dunedin Enterprise has a revolving credit facility of £39 million available until April 2010.

The Board of Dunedin Enterprise will recommend the payment of dividends to ensure that the Group complies with the requirements of Section 842 of the Income and Corporation Taxes Act 1988.

Manager's Review

In the year to 31 December 2008 the Company's net asset value decreased from £159.9m to £130.8m. This equates to a decrease of 18.1% in the net asset value per share from 529.5p to 433.4p. This decrease in net assets is explained by:

	£m
Net asset value at 1 January 2008	159.9
Unrealised value increases	4.1
Unrealised value decreases	(35.2)
Realised profit over opening valuation	6.5
Other revenue and capital movements	(1.5)
Dividends paid to shareholders	(3.0)
Net asset value at 31 December 2008	130.8

Portfolio Composition

Dunedin Enterprise makes investments in unquoted companies through:

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

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

New Investment Activity

A total of £19.3m was invested in portfolio companies in the year to 31 December 2008.

As previously discussed in the Interim Report, the largest investment in the year was £8.5m in the recapitalisation of CGI Group. This investment was made in March 2008 and enabled the Company to re-invest in CGI Group in the form of high yielding loan stock.

In October 2008 a total of £3.8m was invested in Hawksford International Limited. This followed the £23.5m buyout of Rathbone International from Rathbone Brothers Plc. On acquisition, the business was immediately renamed Hawksford International. The company is based in Jersey and designs, establishes and administers trusts, foundations, family offices, companies and private trust companies for high and ultra high net worth individuals and corporate clients on a global basis.

As approved by shareholders at the general meeting held in May 2008, the Company's exposure to European funds has been increased.

A total of £4.3m was invested in the private equity investments which are held through third party managed funds. Two new fund commitments have been made since the Interim Report adding to the existing commitments made to FSN Capital III and Realza Capital Fondo FCR. A commitment of €10m was made to Egeria Private Equity Fund III, a €290m buyout fund that focuses on the Netherlands. The manager of Egeria is an independent company wholly owned by its partners and has an investment team of nine, operating from Amsterdam. The fund will invest in small and mid market buyouts with an Enterprise Value between €50m and €200m. The fourth commitment made is €15m to Innova/5 LP a €450m mid market buyout fund focusing in Central and Eastern Europe. The Innova management company is based in Warsaw, has a team of 14 and is privately owned by the investment manager. The fund will invest in growth orientated buyouts where the underlying company has an Enterprise Value in the range of €50m to €125m.

A total of four commitments have been made to European funds with total commitments of €52.7m. As at 31 December 2008 €4.9m of this has been drawdown. The total commitments which the Company had to Dunedin managed funds, European funds and other legacy funds totalled £104.4m at 31 December 2008. It is expected that the rate of drawdown by these funds will be slower than was originally anticipated. As stated in the Circular to Shareholders dated 9 April 2008, the Company initially committed £100m in aggregate to the Dunedin Managed Fund of Funds Limited Partnership and the Co-Investment Limited Partnership to be invested in sub-funds during the period ending 31 December 2009 ("the Initial Period"). Given current market conditions, the Board has agreed in principle with the Manager to allow any balance of the initial commitment not committed during the Initial Period to be available to the Manager as a commitment until 31 December 2010 or such later date as the Board may from time to time agree.

Investment Disposals

A total of £27.7m was received from investments disposed of during the year to 31 December 2008.

As discussed in the Interim Report the largest disposal in the year was the £11.0m realised by the Company on the recapitalisation of CGI Group in March 2008. This represented an uplift of £2.4m on the valuation of CGI Group at 31 December 2007. To date the investment in CGI Group has returned a multiple of over three times the original investment, which was made in 1998. 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 cost.

	Valuation at 1 January 2008 £'m	Additions in year £'m	Disposals in year £'m	Realised Movement £'m	Unrealised Movement £'m	Valuation at 31 December 2008 £'m
Dunedin managed	60.7	14.9	(22.8)	7.0	(20.5)	39.3
Third party managed	7.3	4.3	(4.2)	(0.5)	(3.2)	3.7
Listed private equity	34.9	–	–	–	(7.7)	27.2
Legacy technology funds	3.5	0.1	(0.7)	–	0.3	3.2
	106.4	19.3	(27.7)	6.5	(31.1)	73.4

In October 2008, the investment in Gardner Group was realised in a secondary buyout by Carlyle. An initial investment was made in Gardner in 2003. Since 2003, Gardner has experienced difficult trading conditions during which time the investment was fully provided against and additional funding was provided by Dunedin to the company. Following a change of management, the company has emerged as a centre of manufacturing excellence for the aviation industry. From a total investment of £5.6m, Gardner company has returned £5.3m of capital and £2.8m of income, representing a 1.4 times return.

A total of £3.3m of loan stock was redeemed by Capula, Formaplex and Fernau during the year. A further £4.2m was generated from the proceeds of realisations within the LGV1, 4 and 5 limited partnership funds. This represents a return £0.5m below the opening valuation of these investments at the beginning of the year. The shortfall is accounted for by one investment made in Craegmoor, the provider of residential care for people with learning disabilities and for the elderly. This investment was valued by LGV at £1.6m at 31 December 2007 but was realised for £0.7m during the year.

Unrealised Movements in Valuation

In the year to 31 December 2008 strong trading performances at both OSS Environmental and Fernau have led to valuation uplifts of £1.9m and £1.5m respectively.

However, the year to 31 December 2008 is characterised by significant valuation reductions being made against investment values in the second half of the year. The Company's portfolio of unquoted investments is valued in accordance with the International Private Equity and Venture Capital Portfolio Guidelines. By marking the portfolio valuation to market at 31 December 2008, as has been done every year, it has been necessary to reflect significant reductions in stock market price earning multiples in the Company's valuations. Investment valuations have been reduced by £35.2m in the year to 31 December 2008. Within the Dunedin managed portfolio of investments provisions have totalled £23.9m. This represents a 45% reduction in value against the adjusted opening valuation at the beginning of the year. Within this valuation reduction companies which contributed to the movement have experienced an average profit reduction of 7% in the year. However, the main element contributing to the valuation fall is an average decrease in the price earnings multiple applied in valuing portfolio companies of 35% (as opposed to 32% for the Dunedin managed portfolio as a whole).

The most significant valuation movements within the Dunedin managed portfolio have been at CGI Group (PBITA of £5.1m – increased by 4%, price earnings multiple decreased by 38%), and WFEL (PBITA of £5.6m – increased by 24%, price earnings multiple decreased by 26%). Both companies are trading ahead of last year but

have been impacted by the fall in price earnings multiples. Trading at ABI, the static caravan manufacturer, has been adversely impacted by the economic climate. This has led us to reduce the valuation of this investment by £3.4m. Trading at Enrich is behind original plan and when combined with a reduction in price earnings multiples, this has led to a provision of £3.3m in this investment.

The other significant valuation movement is within the European quoted stocks where the valuation of these investments has been reduced by £7.7m in the year to 31 December 2008. During the year these Euro listed stocks have experienced the following share price falls:

GIMV	–34%
DBAG	–43%
Dinamia Capital Privado	–56%
CapMan	–71%

The share price of SWIP Private Equity Fund of Funds had fallen by 12.5% in the year to 31 December 2008. The portfolio of fund assets held within SWIP Private Equity Fund of Funds is valued on a quarterly basis and the latest published valuation was based upon reports by the underlying funds to 30 September 2008. A 20% discount has therefore been applied by Dunedin to the 31 December 2008 share price to reflect the estimated reduction in investment valuations that will have occurred since 30 September 2008.

Euro Hedge

The total exposure of the Company to Euro denominated investments is €33.2m. This currency position was hedged in October 2007. In the year to 31 December 2008 one of the hedge positions expired with a cost to the Company of £2.7m. The Company continues to hedge its Euro denominated investments and a charge of £7.9m has been made to the capital account relating to the hedge positions following a fall in the value of Sterling against the Euro. Conversely, the value of Euro denominated stocks has benefited from the Sterling : Euro exchange movement by £7.4m.

Investment Income

In the year to 31 December 2008 there were significant income receipts from both Gardner Group and OSS Environmental. The receipt from Gardner Group followed the realisation of the investment and the receipt of rolled up interest. A strong trading performance from OSS Environmental has enabled the company to pay loan stock interest arrears. These two receipts have contributed to an increase in investment income during the year from £4.3m to £12.5m and have necessitated the payment of a special dividend of 14.6p per share in order to maintain compliance with section 842 of the Income and Corporation Taxes Act 1988 tests.

Manager's Review continued

Geographic Distribution

At 31 December 2008, 67% of the investment portfolio of £73.4m was based in the UK, with 27% in Continental Europe and 6% elsewhere. The increasing exposure to Europe follows the investment in European quoted private equity funds and both the sale and reduced valuation of UK investments.

	31 December 2008 %	31 December 2007 %
UK	67	79
Europe	27	15
USA	5	5
Rest of World	1	1

Sector Analysis

The investment portfolio of the Company is broadly diversified. At 31 December 2008 the largest sector exposure of 39% remains to the Support Services sector, a diverse sector in itself.

	31 December 2008 %	31 December 2007 %
Automobiles & parts	2	3
Construction & building materials	3	9
Consumer products & services	6	3
Financial services	6	5
Healthcare	2	6
Leisure & hotels	6	7
Industrials	20	18
Pharmaceutical, medical, biotech	4	3
Real estate	2	1
Support Services	39	37
Technology	10	8

Deal Type

The portfolio of investments continues to be predominantly weighted towards MBO/MBI's. Exposure to technology, life sciences and real estate arises from third party managed funds.

	31 December 2008 %	31 December 2007 %
MBO/MBI	84	88
Technology	10	8
Life Sciences	4	3
Real estate	2	1

Valuation Method

The movement in valuation methodology applied to the portfolio reflects the decrease in price earnings multiples.

	31 December 2008 %	31 December 2007 %
Cost/written down	48	34
Earnings	15	31
Sales price	-	3
Bid price	37	32

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 2008 %	31 December 2007 %
Less than one year	17	13
One to three years	35	40
Three to five years	24	19
Greater than five years	24	28

Dunedin Capital Partners Limited

26 February 2009

Top Twenty Investments (held directly and via funds)



Percentage of equity held	4.3%
Cost of investment	£15.0m
Directors' valuation	£15.7m
Percentage of Dunedin Enterprise's net assets	12.0%



Percentage of equity held	26.1%
Cost of investment	£10.3m
Directors' valuation	£10.0m
Percentage of Dunedin Enterprise's net assets	7.6%



Percentage of equity held	41.8%
Cost of investment	£6.2m
Directors' valuation	£6.7m
Percentage of Dunedin Enterprise's net assets	5.1%

SWIP Private Equity Fund of Funds II Plc

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 40 private equity fund commitments to large pan-European buyout funds, mid-market European buyout funds, European and US venture and bioscience funds, a mezzanine and a secondaries fund.

SWIP Private Equity Fund of Funds II Plc is listed on the Dublin stock exchange and has a three year investment period from July 2007.

Practice Plan Holdings Limited

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 £10.3m in ordinary shares, loan stock and preference shares.

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 a dental practice 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.

In the year ended 30 June 2008, the audited operating profit of Practice Plan was £3.8m (2007: £3.3m) on turnover of £6.9m (2007: £8.2m). Loan interest of £0.4m was received by Dunedin Enterprise during the year to 31 December 2008 (period to 31 December 2007: £0.5m). The net assets of Practice Plan at 30 June 2008 amounted to -£7.2m (2007: -£8.4m).

OSS Environmental Holdings Limited

In May 2000, Dunedin Enterprise invested £5.2m in OSS to support its acquisition, in a public to private transaction, of Greenway Holdings plc. 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 oil should be treated as a scarce resource, thereby placing greater emphasis on its collection as a waste and its subsequent treatment and disposal. OSS, as UK market leader, is at the forefront of the changes taking place in this niche of the waste products market and during 2007 the company won a legal test case establishing the principle of recycling waste derived fuels.

In the year ended 31 December 2007, the audited operating profit of OSS was £1.6m (2006: £1.2m) on turnover of £16.0m (2006: £15.9m). Dividends and loan interest of £2.7m was received by Dunedin Enterprise during the year to 31 December 2008 (period to 31 December 2007: £0.5m). The net assets of OSS as at 31 December 2007 were £1.3m (2006: £2.9m).



Percentage of equity held	37.8%
Cost of investment	£5.8m
Directors' valuation	£5.3m
Percentage of Dunedin Enterprise's net assets	4.1%

Capula Group Limited

Dunedin Enterprise invested £8.3m 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.

Capula has a strong market position in its core markets of power generation and the nuclear industry, providing IT systems which control much of the electricity distributed across the UK and IT services to the majority of the plants at the Sellafield nuclear site.

In the year ended 31 December 2007, the audited operating profit of Capula Group was £3.1m (six month period to 31 December 2006: £0.4m), on turnover of £24.9m (six month period to 31 December 2007: £8.8m). Loan interest of £0.4m was received by Dunedin Enterprise during the year to 31 December 2008. The net assets of Capula Group at 31 December 2007 amounted to £0.4m (2006: £0.1m).



Percentage of equity held	0.6%
Cost of investment	£5.0m
Directors' valuation	£4.2m
Percentage of Dunedin Enterprise's net assets	3.2%

GIMV

During April and May 2007 Dunedin Enterprise invested £5.0m in GIMV.

GIMV is a Euronext Brussels listed private equity company. It is a market leading player, with an established track record in mid-market Belgian, Dutch and German buyouts, technology and life sciences. In addition, it has made a number of commitments to funds operating in geographies outside its core markets.

GIMV was founded in 1980 by the Flemish government with initial capital of €9.9m to support the Flanders economy. It was listed in 1997 and in 2000 took over the German-Dutch private equity firm, Halder. It is one of the longest established companies within the quoted private equity peer group and has built a well diversified business with expertise in buyouts, growth capital and venture capital. It employs 75 staff, is the largest Belgian private equity company and also has offices in Holland and Germany.

GIMV Corporate Investment concentrates on buyouts and buyins with a transaction size of €10m to €125m and expansion capital. GIMV ICT and Life Science teams concentrate on early and late stage companies with a value of €0.5m to €15m.



Percentage of equity held	22.8%
Cost of investment	£2.4m
Directors' valuation	£3.9m
Percentage of Dunedin Enterprise's net assets	3.0%



Percentage of equity held	16.0%
Cost of investment	£3.8m
Directors' valuation	£3.8m
Percentage of Dunedin Enterprise's net assets	2.9%

etc.venues

Percentage of equity held	25.1%
Cost of investment	£3.3m
Directors' valuation	£3.3m
Percentage of Dunedin Enterprise's net assets	2.5%

Fernau Limited

Dunedin Enterprise invested £2.6m in the £16m buyout of Fernau Avionics in June 2007.

Fernau is a world-leading designer and manufacturer of Navigational Aids to the civil and military aviation markets in the UK, Europe, North America and the Far East. In addition to the design and manufacture of Navigational Aids, Fernau provides associated services including site survey, installation, system commissioning, training, spares and repairs, and logistics support.

In the year ended 30 November 2008, the audited operating profit of Fernau Limited was £2.4m on turnover of £15.7m. Loan interest of £0.2m was received by Dunedin Enterprise during the year to 31 December 2008. The net assets of Fernau at 30 November 2008 amounted to £0.8m.

Hawksford International Limited

Dunedin Enterprise invested £3.8m in the £23.5m buyout of Rathbone International in October 2008. The business was immediately renamed Hawksford International following the deal. A £13.5m senior debt refinancing was concluded three weeks after completing the buyout.

Hawksford International designs, establishes and administers trusts, foundations, family offices, companies and private trust companies for high and ultra high net worth individuals and corporate clients on a global basis. The business, which has its foundations in the mid-nineteenth century, has been built through a series of amalgamations of professional firms in Jersey, the second largest global centre for offshore trust administration services, and where Hawksford International has its headquarters.

etc.venues Group Limited

In June 2006 Dunedin Enterprise invested £3.2m in the £21m management buyout/management buyin of etc.venues Group.

etc.venues is a provider of meeting, training and event space, operating from five 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 across the UK. In June 2008 Maple House in Birmingham was opened and in September 2008 the flagship Dexter House in London was expanded by 30% to provide over 30,000sqft of dedicated training, meeting and conference space.

In the year ended 30 June 2008, the audited operating profit of etc.venues was £1.9m (2007: £1.3m) on turnover of £13.9m (2007: £10.3m). Loan interest of £0.1m was received by Dunedin Enterprise in the year to 31 December 2008 (period to 31 December 2007: £0m). The net assets of etc.venues as at 30 June 2008 were £1.3m (2007: £0.8m).



Percentage of equity held	1.9%
Cost of investment	£5.0m
Directors' valuation	£3.3m
Percentage of Dunedin Enterprise's net assets	2.5%

Deutsche Beteiligungs AG ("DBAG")

During April and May 2007 Dunedin Enterprise invested £5.0m in DBAG.

DBAG is a Frankfurt listed private equity company. It invests in mid-market buyouts in German speaking countries with a focus on automotive supply, fine chemicals, industrial services and logistics, industrial automation and mechanical engineering. It is the oldest private equity company in Germany.

DBAG was founded in 1965 with the objective of providing equity to unlisted companies in Germany, similar to the markets already existing in the USA and Great Britain. DBAG played a pioneering role in the development of the German private equity market. Shares of DBAG were listed on the Frankfurt and Düsseldorf stock exchanges in December 1985.

DBAG focuses on buyouts of established companies, well positioned in their markets, with strong management teams, which are capable of becoming buy and build platforms. These companies typically generate annual sales of €50m to €500m. Depending on the industrial sector and the size and earnings of the target company, the debt-free purchase price of investments generally ranges from €50m to €250m. DBAG will co-invest with other financial investors pursuing a similar investment strategy on larger transactions.



Percentage of equity held	23.4%
Cost of investment	£6.4m
Directors' valuation	£3.1m
Percentage of Dunedin Enterprise's net assets	2.3%

WFEL Holdings Limited

In December 2006, Dunedin Enterprise invested £6.4m in the £48m management buyout of WFEL Holdings.

WFEL is a world leading manufacturer of mobile military bridges. It provides high specification, high functionality, complex bridging systems predominantly to the US Department of Defence and also to other military users around the world. In addition, WFEL is the sole supplier of specialist consumable steel rods used in the reactors of the UK's fourteen Advanced Gas Cooled Nuclear reactors.

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

In the 13 month period to 31 December 2007, the audited operating profit of WFEL was £4.3m, on turnover of £28.7m. Loan interest of £0.1m was received by Dunedin Enterprise during the year to 31 December 2008. The net assets of WFEL at 31 December 2007 amounted to £1.5m.

The Remaining Investments in the Top Twenty (held directly and via funds)

Company	Proportion of fully diluted capital owned %	Book cost £'000	Valuation £'000	Percentage of net assets %
Last reported Description of business Dinamia Capital Privado SA 31.12.07 Spanish quoted private equity fund	2.1	5.0	2.2	1.7
FSN Capital III LP Commitment made June 2008 Nordic private equity fund	3.3	2.0	2.0	1.6
CGI Group Holdings Limited 31.12.07 Manufacture and supply of fire resistant glass	41.4	8.5	2.0	1.5
CapMan plc 31.12.07 Nordic quoted private equity fund	0.7	4.9	1.8	1.4
ADD One LP 31.12.07 Technology private equity fund	0.7	2.3	1.3	1.0
Formaplex Limited 30.06.08 Design and manufacture of specialist components for the automotive industry	16.0	2.5	1.2	0.9
Realza Capital Fondo FCR Commitment made September 2008 Spanish private equity fund	8.9	1.3	0.8	0.6
LGV3 Private Equity Fund LP 31.12.07 UK private equity fund	2.4	1.6	0.8	0.6
Alta-Berkeley VI C.V. 31.12.07 Technology private equity fund	3.0	1.0	0.7	0.6
Advent Private Equity Fund III LP 31.12.07 Technology private equity fund	0.7	1.5	0.7	0.6

Long Term Record

Ended 30 April	Revenue available for ordinary shareholders		Per Ordinary Share			
	Net Assets £'000	£'000	Net asset value p	Earnings p	Dividend p	Share price 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

* 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 Capital Partners Limited (“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 or Aberdeen Asset Managers (“Aberdeen”) products, should be directed to Dunedin at 10 George Street, Edinburgh, EH2 2DW.

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.dunedinenterprisetrust.co.uk or 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 and Aberdeen Asset Managers saving products.

Details of the Aberdeen savings products are noted below:

Share Plan (the “Plan”) offers a simple means of investing in Dunedin Enterprise. New investors may make regular monthly payments (minimum £100 per month) or invest occasional lump sums (minimum £250). Existing shareholders can also transfer their shares into the Share Plan and have their dividends re-invested. There are no charges for buying and holding shares through the Share Plan, except the 0.5% stamp duty which is currently payable on all share purchases and the difference between the buying and selling price (known as the bid-offer spread). A transaction fee of £10 plus VAT is charged on all sales. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen 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.

Individual Savings Account (ISA) and ISA transfer – the Investment Trust ISA is a low-cost, tax-efficient savings vehicle. An investment of up to £7,200 can be made in Dunedin Enterprise in the tax year 2009/10. There is no initial charge for Aberdeen’s ISA and the annual administration charge is fixed at £24 plus VAT, regardless of how many ISAs (or PEPs) are held through Aberdeen. There is no charge for buying shares, except for 0.5% stamp duty and the difference between the buying and selling price (known as the bid-offer spread). A transaction fee of £15 plus VAT is charged on all sales.

Personal Equity Plan (PEP) and PEP transfer – it is no longer possible to open new PEPs, but existing investors can transfer between different PEP funds and providers without losing their tax advantages. A transfer plan is available whereby investors can transfer an existing PEP into Dunedin Enterprise. No initial fee is charged and the annual administration fee is fixed at £24 plus VAT. A transaction fee of £15 plus VAT is charged on all sales.

Pension – the Investment Trust Pension from Edinburgh Fund Managers (part of the Aberdeen Asset Managers group) enables investors to save for retirement by investing in Dunedin Enterprise. Contributions can be made regularly or by lump sums.

Please be aware that the charges detailed for the plans above are applicable for direct investment. Different charging structures apply if you are investing through an independent financial adviser.

To obtain further information about any of the above savings plans, please call the Aberdeen Investor Services Team on 0500 00 00 40 or visit the Aberdeen’s Asset Managers investment trust website at www.invt trusts.co.uk.

For information relating to savings products please contact:

Aberdeen Investment Trust Administration Block C

Western House
Lynchwood Business Park
Peterborough PE2 6BP
Telephone 0500 00 00 40
Email inv.trust@aberdeen-asset.com

For information and application forms on the Pension plan and enquiries relating to existing holdings please contact:

Pension Administrator

Edinburgh Pension Centre
Capita SIP Services
141 Castle Street
Salisbury, Wiltshire SP1 3TB
Telephone 0800 137 079

To obtain further information about the Alliance Trust savings plan please contact:

Alliance Trust Savings Limited PO Box 164

Meadow House
64 Reform Street
Dundee
DA1 9YP

Telephone 01382 201900
Email contact@alliancetrust.co.uk

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

Registrar

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2440*
Textel/hard of hearing line: 0871 384 2255*
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.

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.

Other Important Information:

The information contained on pages 15 to 16 has been issued by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority. Registered Office: 10 Queen's Terrace, Aberdeen AB10 1YG. Registered in Scotland No. 108419.

The Company is managed by Dunedin and marketed by Edinburgh Fund Managers plc which is authorised and regulated by the Financial Services Authority. Aberdeen Asset Managers Limited and Edinburgh Fund Managers plc are members of the Aberdeen Asset Management group of companies. 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.

Corporate Information

Directors

Edward Dawnay, Chairman
Liz Airey
Brian Finlayson
David Gamble
Simon Miller
Bruce Patrick

Manager, Secretary & Registered Office

Dunedin Capital Partners Limited
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Registered No. 52844 Scotland

Registrar

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Tel 0871 384 2440

Bankers

Bank of Scotland

Solicitors

Dundas & Wilson CS LLP

Auditors

KPMG Audit Plc

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Directors' Report

The Directors present the audited accounts for the year to 31 December 2008 and the report on its affairs.

Business Review

The Business Review includes the Chairman's Statement on page 3 and the Manager's Review on pages 6 to 8.

Objective and Investment Policy

The Company's objective and investment policy (adopted in May 2008) is detailed on page 5.

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 2 and 14.

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 in the Directors' Report on page 22, 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 3 and 6 to 8 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. In addition there is a risk that the Company's bank facility is not renewed.
- Currency risk – a movement in exchange rates could affect portfolio company valuations.
- Loss of approval as an Investment Trust – the Company must comply with Section 842 of the Income and Corporation Taxes Act 1988 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.
- 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 23 to 25.

Financials

The financial highlights for the year under review are detailed on page 2.

Dividends

The Board recommends a final dividend of 8.85p which, together with the interim dividend of 2.4p already paid, makes a total of 11.25p for the year compared with 7.5p for the previous eight month period. The Board also recommends a special dividend of 14.6p. This follows the receipt of an exceptional level of income in the year to 31 December 2008 and is required to ensure the Company continues to comply with Section 842 of the Income and Corporation Taxes Act 1988.

If approved, the recommended final dividend and the special dividend on ordinary shares will both be paid on 15 May 2009 to shareholders on the register at close of business on 17 April 2009. The ex-dividend date is 15 April 2009.

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 page 3. The financial position of the Group, its cash flows and liquidity position are described in the Manager's Review on pages 6 to 8. In addition note 22 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 266 of the Companies Act 1985.

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 842 of the Income and Corporation Taxes Act 1988 for the period ended 31 December 2007. 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 842 of the Income and Corporation Taxes Act 1988 each year.

Approval for the period ended 31 December 2007 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

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

In accordance with the Articles of Association, Edward Dawnay, Simon Miller and Brian Finlayson will retire from the Board by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting ("AGM").

Under the terms of the Combined Code, non-executive directors may serve longer than nine years subject to annual re-election. Edward Dawnay has served longer than nine years and is therefore subject to annual re-election. The Board 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 Edward Dawnay retains independence of character and judgement.

In accordance with the requirements of the Listing Rules of the Financial Services Authority, as Simon Miller is a Director of the Company's investment manager, he is subject to annual re-election by shareholders.

The re-election of Edward Dawnay, Simon Miller and Brian Finlayson is recommended to shareholders as their skills and experience continue to add to the strength of the Board.

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.

Directors' Report continued

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 2008	31 December 2007
Edward Dawney	11,534	9,270
Liz Airey	25,000	10,000
Brian Finlayson	74,118	69,918
David Gamble	8,000	5,000
Simon Miller	10,000	3,000
Bruce Patrick	3,900	2,800

Since 31 December 2008, Edward Dawney has purchased a further 510 ordinary shares taking his total shareholding to 12,044 ordinary shares, Simon Miller has purchased a further 5,000 ordinary shares taking his total shareholding to 15,000 ordinary shares and Bruce Patrick has purchased a further 2,300 ordinary shares taking his total shareholding to 6,200.

No other notification of any change in the above interests has been received in the period from 31 December 2008 to the date of this report.

Investment Manager

The principal terms of the Company's management agreement with Dunedin Capital Partners Limited ("Dunedin") are set out in Note 4 to the financial statements.

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 investments classes within the overall assets of the Company, the Fund of Funds Limited Partnership which will make commitments predominantly to European buyout funds and the Co-investment Limited Partnership which will make co-investments 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.

Simon Miller is the chairman of Dunedin and shareholder in its parent company, Dunedin Capital Group Limited. As such, Simon Miller has an interest in the management agreement.

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 20 March 2009.

	Ordinary shares	% of issued share capital
Legal & General Assurance Society	8,443,060	28.0
British Airways Pension Trustees Limited	1,157,201	3.8
Standard Life Investments Limited	1,127,308	3.7
East Riding of Yorkshire Council	1,011,868	3.4

As at 20 March 2008, the Company had been notified under DTR5 of the following holdings of voting rights in its shares.

	Ordinary shares	% of share capital	Nature of holding
Standard Life Investments Limited	1,188,328	3.9	Direct
East Riding of Yorkshire Council	1,011,868	3.4	Direct
Deka Private Equity	575,000	1.9	Direct

Charitable and Political Donations

The Company made no political or charitable donations during the year.

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 2008.

Disclosure of Information to Auditors

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 auditors are 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 auditors are aware of that information.

Annual General Meeting ("AGM")

The AGM of the Company will be held at The Merchants' Hall, 22 Hanover Street, Edinburgh, EH2 2EP on Tuesday, 12 May 2009 at 12 noon. Notice of the AGM is given on pages 49 to 51 of this report. Set out below is an explanation of resolutions 8 to 11 to be considered at the AGM.

Independent Auditors

The auditors, 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 8 at the AGM.

Authority of directors to allot shares

Resolution 9 to be proposed at the AGM relates to the issue of shares. Resolution 9 contains a renewal for a period up to the conclusion of the AGM of the Company in 2010 (or, if earlier, the date falling 15 months from this year's AGM) of the disapplication of shareholders' pre-emption rights granted to the Directors on 13 May 2008. If approved, this resolution would empower the Directors to issue shares for cash without applying pre-emption rights if the issue were made either in connection with a rights issue or other pro rata offer or would not exceed 5% of the issued share capital as at the date of the notice convening the AGM. The Directors do not have any immediate plans to make use of this authority.

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 4,526,606 ordinary shares (being 14.99% of the issued share capital). This authority will expire at the conclusion of the AGM of the Company in 2010 (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 is intended to be 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. We are currently able to call general meetings (other than annual general meetings) on 14 days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 11 seeks such 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.

Your Directors consider that all the resolutions set out in the Notice of Annual General Meeting given on pages 49 to 51 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,
Dunedin Capital Partners Limited
 Secretary
 Edinburgh

Corporate Governance Report

The Company is committed to high standards of corporate governance. The Company's ordinary shares are admitted to the UK Listing Authority's Official List and traded on the London Stock Exchange. As such, the Company is required to make a disclosure statement concerning its application of the principles of and compliance with the provisions of the Combined Code on corporate governance published by the Financial Reporting Council in 2006 (the "Combined Code"). The Board has put in place a framework for corporate governance which it believes is suitable for an investment trust and which enables the Company to comply with the Combined Code and the AIC Code of Corporate Governance revised in May 2007.

The Board considers that the Company has complied with the provisions contained in Section 1 of the Combined Code throughout this accounting period with the exception of the matters noted below.

The Board

The Board consists of six non-executive Directors, five of whom the Company deems to be independent, even though one of them has served as a Director 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. David Gamble was appointed as the Senior Independent Director on 19 November 2008. Willie Haughey resigned as a Director on 13 May 2008.

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 Directors retire by rotation at every third AGM or more frequently as required by the rules of the UK Listing Authority or Codes on 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 table below details the number of Board and Audit and Management Engagement Committee meetings attended by each Director. During the year there were four scheduled Board meetings and two Audit and Management Engagement Committee meetings. In addition to the scheduled meetings, a number of additional meetings of the Board were held to formulate and finalise the new management arrangements in 2008. The Directors contributed significant additional time in connection with the new arrangements and attending additional Board meetings.

Directors	Scheduled Board meetings attended	Audit and Management Engagement Committee meetings attended
Edward Dawnay	4	2
Liz Airey	4	2
Brian Finlayson	4	2
David Gamble	4	2
Willie Haughey (resigned 13 May 2008)	1	–
Simon Miller	4	2
Bruce Patrick	4	2

Board Committees

The Board has appointed two committees, the Audit and Management Engagement Committee and the Nomination Committee.

The Audit and Management Engagement Committee comprises the independent non-executive Directors. Whilst the Combined Code recommends that the chairman of the Company should not be an Audit and Management Engagement Committee member, Edward Dawnay is chairman of the committee. The Directors believe that it is in the best interests of the Company that Edward Dawnay, a chartered accountant, chairs this committee. The committee has defined terms of reference and plays an important role in reviewing the quality of financial reporting and Dunedin's internal controls. Its responsibilities are:

- to review the interim and annual financial statements, interim management statements, matters relating to accounting policy, and the control of the financial and business risks affecting the Company;
- to review the nature and scope of the work to be performed by the external auditors;
- to make recommendations as to the appointment and remuneration of the external auditors;
- to develop and implement a policy on the engagement of the auditors to provide non audit services and to review such fees having regard to their independence;
- to perform an annual evaluation of the independence, objectivity, effectiveness, resources and qualifications of the auditors; and
- to review annually and advise the Board on the terms of the investment management agreement.

The Audit and Management Engagement Committee meets privately with the external auditors. Senior representatives of the Dunedin management team attend the Audit and Management Engagement Committee meetings as appropriate. The terms of reference of the Audit and Management Engagement Committee include all matters indicated by the Combined Code and are available from the Company Secretary.

The Nomination Committee has defined terms of reference and 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 terms of reference for the Nomination Committee are available from the Company Secretary.

The Nomination Committee comprises the independent non-executive Directors and is chaired by Edward Dawnay, except on those occasions when the Committee is reviewing the performance of the Chairman. In such circumstances, the Nomination Committee elects an alternative member to take the Chair.

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 Combined 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 2008 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 22. 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. Other than as disclosed above, the Company has complied with the provisions set out in Section 1 of the Combined Code throughout the financial period ended 31 December 2008.

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 and Management Engagement Committee. The report is reviewed by Ernst & Young.

The Audit and Management Engagement Committee has reviewed the provision of non-audit services and believes them to be cost effective and not an impediment to the auditors' objectivity and independence. The non-audit services for the financial period ended 31 December 2008 comprised the provision of taxation and accounting advice at a cost of £42,000, as detailed in Note 5 to the accounts, and are not of a material nature.

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 and Management Engagement Committee is happy to accept that these policies meet the industry standards.

Corporate Governance Report continued

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 19 to 22. 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. The section entitled "Information for Investors", on pages 15 and 16, provides an overview of useful information available to shareholders.

Membership of Board Committees

Audit and Management Engagement Committee

Edward Dawney (Chairman)
Liz Airey
Brian Finlayson
David Gamble
Bruce Patrick

Nomination Committee

Edward Dawney (Chairman)
Liz Airey
Brian Finlayson
David Gamble
Bruce Patrick

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.

The Group and Parent Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the Parent Company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 proper accounting records that 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 1985. 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 comply 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 Group; 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.

Directors' Remuneration Report

The determination of the Directors' fees is a matter dealt with by the whole Board. 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.

With effect from 1 September 2008 the fee payable to the Chairman was increased from £28,000 to £33,000 per annum and for Directors from £18,000 to £22,000. On 19 November 2008 David Gamble was appointed Senior Independent Director with an additional fee payable of £3,000 per annum.

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.



- Dunedin Enterprise – Share Price Total Return
- FTSE Small Cap Ex Inv. Trusts – Total Return
- FTSE All Share Ex Inv. Trusts – Total Return

Source: Thomson Datastream

Directors' Remuneration

	Year ended 31 December 2008 £'000	Eight months ended 31 December 2007 £'000
Edward Dawnay	30	19
Liz Airey	19	12
Brian Finlayson	19	12
David Gamble	20	12
Willie Haughey*	7	12
Simon Miller	19	12
Bruce Patrick	19	12
	133	91

* resigned on 13 May 2008

The information in the above table has been audited. Included in the above are fees totalling £19,333 payable to Dunedin, the Company's investment manager, for making available the services of Simon Miller as a Director of the Company.

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 28.

By order of the Board,
Dunedin Capital Partners Limited
 Secretary
 26 February 2009

Independent Auditors' Report

To the members of Dunedin Enterprise Investment Trust PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Dunedin Enterprise Investment Trust PLC for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 audit 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

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 26.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Manager's Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
Edinburgh
26 February 2009

Consolidated Income Statement

	Notes	Revenue £'000	Year to 31 December 2008 Capital £'000	2008 Total £'000	Eight months ended 31 December 2007 Revenue £'000	Capital £'000	2007 Total £'000
Investment income	3	12,533	–	12,533	4,325	–	4,325
Gains/(losses) on investments		–	(35,167)	(35,167)	–	(2,834)	(2,834)
Total income		12,533	(35,167)	(22,634)	4,325	(2,834)	1,491
Expenses							
Investment management fee	4	(358)	(1,073)	(1,431)	(297)	(890)	(1,187)
VAT on investment management fees	4	538	1,613	2,151	–	–	–
Other expenses	5	(627)	–	(627)	(400)	–	(400)
Profit/(loss) before finance costs and tax							
		12,086	(34,627)	(22,541)	3,628	(3,724)	(96)
Finance costs	6	(54)	(162)	(216)	(33)	(100)	(133)
Profit/(loss) before tax		12,032	(34,789)	(22,757)	3,595	(3,824)	(229)
Taxation	7	(3,207)	(109)	(3,316)	(1,079)	154	(925)
Profit/(loss) for the year/period		8,825	(34,898)	(26,073)	2,516	(3,670)	(1,154)
Basic return per ordinary share							
(basic & diluted)	9	29.2p	(115.6p)	(86.4p)	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.

The notes on pages 36 to 47 form part of the financial statements.

Consolidated Balance Sheet

	Notes	31 December 2008		31 December 2007	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value through profit or loss	10		140,919		130,870
Current assets					
Other receivables	11	342		249	
Cash and cash equivalents		665		31,047	
		1,007		31,296	
Current liabilities					
Other liabilities	12	(123)		(161)	
Current tax liabilities	12	(1,347)		(237)	
Other financial liabilities		(9,679)		(1,821)	
		(11,149)		(2,219)	
Net current assets/(liabilities)			(10,142)		29,077
Net assets			130,777		159,947
Capital and reserves					
Share capital	15		7,544		7,551
Share premium	16		47,600		47,600
Capital redemption reserve	16		382		375
Capital reserve – realised	16		108,451		112,586
Capital reserve – unrealised	16		(45,387)		(14,517)
Revenue reserve	16		12,187		6,352
Total equity shareholders' funds			130,777		159,947
Net asset value per share (basic & diluted)	17		433.4p		529.5p

The financial statements were approved by the Board of Directors on 26 February 2009.

Edward Dawnay, Chairman

The notes on pages 36 to 47 form part of the financial statements.

Company Balance Sheet

	Notes	31 December 2008 £'000	31 December 2007 £'000
Non-current assets			
Investments at fair value through profit or loss	10	138,052	130,870
Subsidiary undertakings	23	2,948	–
		141,000	130,870
Current assets			
Other receivables	11	322	249
Cash and cash equivalents		633	31,047
		955	31,296
Current liabilities			
Other liabilities	12	(123)	(161)
Current tax liabilities	12	(1,347)	(237)
Other financial liabilities		(9,679)	(1,821)
		(11,149)	(2,219)
Net current assets/(liabilities)		(10,194)	29,077
Net assets		130,806	159,947
Capital and reserves			
Share capital	15	7,544	7,551
Share premium	16	47,600	47,600
Capital redemption reserve	16	382	375
Capital reserve – realised	16	108,451	112,586
Capital reserve – unrealised	16	(45,387)	(14,517)
Revenue reserve	16	12,216	6,352
Total equity shareholders' funds		130,806	159,947

The financial statements were approved by the Board of Directors on 26 February 2009.

Edward Dawnay, Chairman

The notes on pages 36 to 47 form part of the financial statements.

Consolidated Cash Flow Statement

	Notes	Year to 31 December 2008 £'000	Eight months ended 31 December 2007 £'000
Net cash inflow from operating activities	18	10,289	2,457
Servicing of finance			
Finance costs		(216)	(133)
Investing activities			
Purchase of investments		(19,291)	(39,845)
Purchase of 'AAA' rated money market funds		(100,441)	(65,950)
Maturity of exchange hedge		(2,680)	–
Sale of investments		27,734	22,700
Sale of 'AAA' rated money market funds		57,320	80,152
Net cash outflow from financial investment		(37,358)	(2,943)
Financing activities			
Purchase of ordinary shares		(107)	(18)
Dividends paid		(2,990)	(2,598)
Net cash outflow from financing activities		(3,097)	(2,616)
Net decrease in cash and cash equivalents		(30,382)	(3,235)
Cash and cash equivalents at start of the year		31,047	34,282
Net decrease in cash and cash equivalents		(30,382)	(3,235)
Cash and cash equivalents at end of the year		665	31,047

The notes on pages 36 to 47 form part of the financial statements.

Company Cash Flow Statement

	Notes	Year to 31 December 2008 £'000	Eight months ended 31 December 2007 £'000
Net cash inflow from operating activities	18	10,338	2,457
Servicing of finance			
Finance costs		(216)	(133)
Investing activities			
Purchase of investments		(15,120)	(39,845)
Subsidiary investment		(4,252)	–
Purchase of 'AAA' rated money market funds		(100,441)	(65,950)
Maturity of exchange hedge		(2,680)	–
Sale of investments		27,734	22,700
Sale of 'AAA' rated money market funds		57,320	80,152
Net cash outflow from financial investment		(37,439)	(2,943)
Financing activities			
Purchase of ordinary shares		(107)	(18)
Dividends paid		(2,990)	(2,598)
Net cash outflow from financing activities		(3,097)	(2,616)
Net decrease in cash and cash equivalents		(30,414)	(3,235)
Cash and cash equivalents at start of the year		31,047	34,282
Net decrease in cash and cash equivalents		(30,414)	(3,235)
Cash and cash equivalents at end of the year		633	31,047

The notes on pages 36 to 47 form part of the financial statements.

Consolidated Statement of Changes in Equity

	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
For the year ended 31 December 2008								
At 31 December 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947
Profit/(loss) for the year	-	-	-	(4,028)	(30,870)	8,825	(26,073)	(26,073)
Dividends paid	-	-	-	-	-	(2,990)	(2,990)	(2,990)
Purchase and cancellation of shares	(7)	-	7	(107)	-	-	(107)	(107)
At 31 December 2008	7,544	47,600	382	108,451	(45,387)	12,187	75,251	130,777

	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
For the eight months ended 31 December 2007								
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)
Dividends paid	-	-	-	-	-	(2,598)	(2,598)	(2,598)
Purchase and cancellation of shares	(1)	-	1	(18)	-	-	(18)	(18)
At 31 December 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947

The notes on pages 36 to 47 form part of the financial statements.

Company Statement of Changes in Equity

	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
For the year ended 31 December 2008								
At 31 December 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947
Profit/(loss) for the year	-	-	-	(4,028)	(30,870)	8,854	(26,044)	(26,044)
Dividends paid	-	-	-	-	-	(2,990)	(2,990)	(2,990)
Purchase and cancellation of shares	(7)	-	7	(107)	-	-	(107)	(107)
At 31 December 2008	7,544	47,600	382	108,451	(45,387)	12,216	75,280	130,806

	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
For the eight months ended 31 December 2007								
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)
Dividends paid	-	-	-	-	-	(2,598)	(2,598)	(2,598)
Purchase and cancellation of shares	(1)	-	1	(18)	-	-	(18)	(18)
At 31 December 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947

The notes on pages 36 to 47 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 2008 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). These are the Group's first consolidated financial statements and IFRS 1 has been applied.

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

The Company incorporated two subsidiaries during the year and is now required to prepare consolidated financial statements. As a result the consolidated financial statements for the year ending 31 December 2008, have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the EU ("adopted IFRS's").

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 24.

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 230 of the Companies Act 1985 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 December 2005 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.

Notes to the Accounts

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 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 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. Derivatives

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially recognised at fair value. Hedge accounting is not applied to derivative financial instruments that economically hedge monetary assets and liabilities held in foreign currencies. Changes in fair value of such derivative are recognised in the income statement.

i. Taxation

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

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

j. Dividend

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

k. Foreign currencies

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

l. Segmental analysis

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

m. IFRSs not yet applied

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- Amendment to IAS 1 – *Presentation of Financial Statements: A Revised Presentation* (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate* (effective for periods beginning on or after 1 January 2009).
- Amendments to IAS 23 – *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 27 – *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 and IAS 1 – *Puttable Financial Instruments and Obligations arising on Liquidation* (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 – *Financial Instruments: Recognition and Measurement* (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 – *Operating Statements* applicable for periods beginning on or after 1 January 2009. The application of this standard would not have impacted these financial statements.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Group. The Group concludes however that certain additional disclosures may be necessary on their application.

3. Income

	Group Year to 31 December 2008 £'000	Group Eight months ended 31 December 2007 £'000
Dividend income – UK	789	–
Dividend income – Overseas	1,411	622
Interest income – UK	5,678	1,390
Interest income – Overseas	–	23
Limited partnership income – UK	709	–
'AAA' rated money market funds	2,297	1,334
	10,884	3,369
Deposit interest*	1,370	956
Interest on VAT recovered on management fees	279	–
Total income	12,533	4,325

*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 Year to 31 December 2008 Total £'000	Revenue £'000	Capital £'000	Group Eight months ended 31 December 2007 Total £'000
Investment management fee	358	1,073	1,431	262	788	1,050
Irrecoverable VAT thereon	–	–	–	35	102	137
	358	1,073	1,431	297	890	1,187

Dunedin provides investment management and general administration services to the Company. A new management agreement was entered into in May 2008 to reflect the new management incentive arrangements agreed at that time and the fact that responsibility for the management of investments held through the Fund of Funds Limited Partnership and the Co-investment Limited Partnership is vested in Dunedin under management agreements for the partnerships. Currently, the quarterly fee payable in advance is 2% of gross assets and the notice period for termination of the management agreement is two years. Both the fee payable and the notice period under the management agreement will be reduced from the second anniversary of the new management agreement being entered into. The terms of the revised management fee arrangements are detailed on page 48.

During the year the Company received a refund of £2.2m of VAT from its Manager following the conclusion of the JP Morgan Claverhouse case.

5. Other expenses

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

	Group Year to 31 December 2008 £'000	Group Eight months ended 31 December 2007 £'000
Directors' fees	133	91
Fees payable to the Company's auditor for audit of Company's financial statements	24	21
Fees payable to the Company's auditor for other services:		
– other services pursuant to legislation (interim review)	3	3
– other services relating to taxation	25	14
– other	14	13
Administration expenses	415	258
Deal abort fees	13	–
	627	400

The Company does not directly employ any staff.

6. Interest payable

	Revenue £'000	Capital £'000	Group Year to 31 December 2008 Total £'000	Revenue £'000	Capital £'000	Group Eight months ended 31 December 2008 Total £'000
On bank loans and overdraft:						
Repayable in less than 5 years	54	162	216	33	100	133

The interest paid represents a fee on an undrawn facility.

Notes to the Accounts

7. Taxation on profit on ordinary activities

	Revenue £'000	Capital £'000	Group Year to 31 December 2008 Total £'000	Revenue £'000	Capital £'000	Group Eight months ended 31 December 2007 Total £'000
(a) Analysis of charge/(credit) for the period:						
UK corporation tax at 28.5% (2007: 30%)	3,207	109	3,316	1,079	(842)	237
Deferred taxation	-	-	-	-	688	688
	3,207	109	3,316	1,079	(154)	925

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

	Group Year to 31 December 2008 £'000	Group Eight months ended 31 December 2007 £'000
Total return on ordinary activities before tax	(22,757)	(229)
UK Corporation Tax at 28.5% (2007: 30%)	(6,486)	(69)
Effects of:		
Utilisation of excess management expenses	-	(544)
Capital losses not subject to corporation tax	10,023	850
UK dividends not subject to corporation tax	(225)	-
Expenses not deductible for tax purposes	4	-
Deferred tax movement	-	688
	3,316	925

8. Dividends

Amounts recognised as distributions to equity holders in the period:

	Group Year to 31 December 2008 £'000	Group Eight months ended 31 December 2007 £'000
Interim dividend for the period ended 31 December 2007 – 1.5p paid 31 January 2008	453	-
Final dividend for the period ended 31 December 2007 – 6.0p (year ended 30 April 2007 – 8.6p) paid 16 May 2008	1,813	2,598
Interim dividend for the year ended 31 December 2008 – 2.4p paid 30 September 2008	724	-
	2,990	2,598

The proposed final and special dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements. The total dividend paid and proposed in respect of the financial period, which is the basis upon which the requirements of Section 842 Income and Corporation Taxes Act 1988 are considered, is noted below.

	Group Year to 31 December 2008 £'000	Group Eight months ended 31 December 2007 £'000
Interim dividend for the year ended 31 December 2008 – 2.4p (period ended 31 December 2007 – 1.5p) paid 30 September 2008	724	453
Final dividend for the year ended 31 December 2008 – 8.85p (period ended 31 December 2007 – 6.0p) to be paid 15 May 2009	2,671	1,813
Special dividend for the year ended 31 December 2008 – 14.6p to be paid 15 May 2009	4,406	-
	7,801	2,266

9. Return per ordinary share

Basic total return per ordinary share is based on total return attributable to equity shareholders of –£26,074,025 (31 December 2007: –£1,154,151) and on 30,187,231 (31 December 2007: 30,208,874) 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.

Investments held in the Dunedin Buyout Fund I, Dunedin Buyout Fund II and Equity Harvest Fund are shown on a look through basis. The share price of SWIP Private Equity Fund of Funds II Plc ('SWIP') at 31 December 2008 is based upon underlying fund reports to 30 September 2008. The SWIP share price at 31 December 2008 has been discounted by 20% to reflect the estimated reduction in investment valuation that will have occurred since 30 September 2008.

	Group 31 December 2008 £'000	Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Unlisted UK investments*	43,334	43,334	71,544
Unlisted European investments	2,867	–	–
Listed European investments	27,194	27,194	34,923
'AAA' rated money market funds	67,524	67,524	24,403
	140,919	138,052	130,870

* Investments held via the Dunedin Buyout Fund I are valued at £701,945 (31 December 2007: £2,224,099), via the Equity Harvest Fund at £4,988,181 (31 December 2007: £6,979,703) and Dunedin Buyout Fund II LP £9,496,795 (31 December 2007: £12,199,457).

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.

Group	UK Unlisted £'000	European Unlisted £'000	European Listed £'000	'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2007	84,299	–	34,864	24,403	143,566
Unrealised appreciation/(depreciation)	(12,755)	–	59	–	(12,696)
Valuation at 31 December 2007	71,544	–	34,923	24,403	130,870
Purchases at cost	15,120	4,171	–	100,441	119,732
Sales – proceeds	(27,734)	–	–	(57,320)	(85,054)
– realised losses on sales	(1,617)	–	–	–	(1,617)
Decrease in unrealised appreciation	(13,979)	(1,304)	(7,729)	–	(23,012)
Valuation at 31 December 2008	43,334	2,867	27,194	67,524	140,919
Book cost at 31 December 2008	70,068	4,171	34,864	67,524	176,627
Closing unrealised depreciation	(26,734)	(1,304)	(7,670)	–	(35,708)

Notes to the Accounts

Company	UK Unlisted £'000	European Listed £'000	'AAA' rated money market funds £'000	Total £'000
Book cost at 31 December 2007	84,299	34,864	24,403	143,566
Unrealised appreciation/(depreciation)	(12,755)	59	–	(12,696)
Valuation at 31 December 2007	71,544	34,923	24,403	130,870
Purchases at cost	15,120	–	100,441	115,561
Sales – proceeds	(27,734)	–	(57,320)	(85,054)
– realised losses on sales	(1,617)	–	–	(1,617)
Decrease in unrealised appreciation	(13,979)	(7,729)	–	(21,708)
Valuation at 31 December 2008	43,334	27,194	67,524	138,052
Book cost at 31 December 2008	70,068	34,864	67,524	172,456
Closing unrealised depreciation	(26,734)	(7,670)	–	(34,404)

Group and Company	UK Unlisted £'000	European Listed £'000	'AAA' rated money market funds £'000	Total £'000
Book cost at 30 April 2007	77,828	19,306	38,605	135,739
Unrealised appreciation/(depreciation)	(2,533)	16	–	(2,517)
Valuation at 30 April 2007	75,295	19,322	38,605	133,222
Purchases at cost	20,005	15,558	65,950	101,513
Sales – proceeds	(22,700)	–	(80,152)	(102,852)
– realised gains on sales	9,166	–	–	9,166
Increase/(decrease) in unrealised appreciation	(10,222)	43	–	(10,179)
Valuation at 31 December 2007	71,544	34,923	24,403	130,870
Book cost at 31 December 2007	84,299	34,864	24,403	143,566
Closing unrealised appreciation/(depreciation)	(12,755)	59	–	(12,696)

Included within unlisted investments are investments valued at £34,280,071 (31 December 2007: £54,756,902) 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 1(b). These investments are listed on page 42.

	Group 31 December 2008 £'000	Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Realised losses based on cost	(1,617)	(1,617)	9,166
Realised losses on exchange hedge	(2,680)	(2,680)	–
Unrealised appreciation/(depreciation) recognised in prior periods	9,216	9,216	(6,642)
	4,919	4,919	2,524
Decrease in unrealised depreciation	(32,228)	(30,924)	(3,537)
Unrealised exchange hedge movement	(7,858)	(7,858)	(1,821)
	(35,167)	(33,863)	(2,834)

The portfolio at valuation comprises the following:

	Group 31 December 2008 £'000	Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Ordinary shares	37,124	34,488	56,018
Preference shares	100	100	100
Loan stock	36,171	35,940	50,349
'AAA' rated money market funds	67,524	67,524	24,403
	140,919	138,052	130,870

Significant interests

(a) At 31 December 2008, 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
ABI (UK) Group Limited	England	19.0	21.7	31.08.07	23,248	4,058
CGI Group Limited	England	41.4	41.4	31.12.07	4,444	3,395
Capula Group Limited	England	22.6	37.8	31.12.07	356	3,115
Dunedin Buyout Fund II LP	Scotland	29.7	29.7	31.12.07	n/a	n/a
etc.venues Group Limited	England	17.0	25.1	30.06.08	1,314	1,946
Fernau Limited	England	–	22.8	30.11.08	847	2,403
Enrich Limited	England	–	24.6	n/a ¹	n/a	n/a
OSS Environmental Holdings Limited	England	41.8	41.8	31.12.07	1,310	1,603
Practice Plan Holdings Limited	England	22.9	26.1	30.06.08	(7,151)	3,822
RSL Steeper Holdings Limited	England	26.7	46.2	29.02.08	(2,369)	(268)
WFEL Holdings Limited	England	–	23.4	31.12.07	1,455	4,349

(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
Dunedin Buyout Fund LP	Scotland	13.0	13.0
Formaplex Limited	England	–	16.0
Hawksford International Limited	Jersey	–	16.0

Abbreviations shown above:

n/a¹ no accounts yet produced by the company

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 31 December 2008 £'000	Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Prepayments and accrued income	342	322	249
	342	322	249

Notes to the Accounts

12. Creditors: amounts falling due within one year

	Group & Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Accruals	123	161
Corporation Tax	1,347	237
	1,470	398

13. Creditors: amounts falling due after more than one year

	Group & Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Revolving credit facility	-	-

A revolving credit facility of £39 million is available to the Company until 28 April 2010. The rate of interest on the revolving credit facility is 1.1% above LIBOR.

14. Deferred taxation

	Group & Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
Deferred tax asset provided at beginning of period	-	688
Surplus management expenses (utilised)/established	-	(688)
Deferred tax asset provided at end of period	-	-

15. Called-up share capital

	Group & Company		Group & Company	
	Nominal No. '000	31 December 2008 £'000	Nominal No. '000	31 December 2007 £'000
Authorised:				
Ordinary shares of 25p each	40,000	10,000	40,000	10,000
Allotted, called-up and fully paid:				
Ordinary shares at 1 January 2008	30,205	7,551	30,209	7,552
Shares purchased and cancelled during period	(27)	(7)	(4)	(1)
Ordinary shares at 31 December 2008	30,178	7,544	30,205	7,551

The capital of the Company is managed in accordance with its investment policy and objectives which are detailed in the business review on page 19.

The Company made repurchases of 27,335 ordinary shares at a cost of £107,034 in the year to 31 December 2008 (31 December 2007: 4,228, cost £17,503) as part of the Company's ongoing share buyback policy. At 20 March 2009 no ordinary shares have been repurchased since 31 December 2008. The Company does not hold any shares in treasury.

16. 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 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947
Net revenue for the year	-	-	-	-	-	8,825	8,825	8,825
Purchase and cancellation of shares	(7)	-	7	(107)	-	-	(107)	(107)
Transfer on disposal of investments	-	-	-	(8,130)	8,130	-	-	-
Net gain on realisation of investments	-	-	-	6,513	-	-	6,513	6,513
Transfer on maturity of exchange hedge	-	-	-	(1,086)	1,086	-	-	-
Net loss on maturity of hedge	-	-	-	(1,594)	-	-	(1,594)	(1,594)
Revaluation movements	-	-	-	-	(40,086)	-	(40,086)	(40,086)
Management fees charged to capital	-	-	-	(1,073)	-	-	(1,073)	(1,073)
Finance costs charged to capital	-	-	-	(162)	-	-	(162)	(162)
VAT recovered on management fees	-	-	-	1,613	-	-	1,613	1,613
Dividends paid	-	-	-	-	-	(2,990)	(2,990)	(2,990)
Tax effect of capital items	-	-	-	(109)	-	-	(109)	(109)
At 31 December 2008	7,544	47,600	382	108,451	(45,387)	12,187	75,251	130,777

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 2007	7,551	47,600	375	112,586	(14,517)	6,352	104,421	159,947
Net revenue for the year	-	-	-	-	-	8,854	8,854	8,854
Purchase and cancellation of shares	(7)	-	7	(107)	-	-	(107)	(107)
Transfer on disposal of investments	-	-	-	(8,130)	8,130	-	-	-
Net gain on realisation of investments	-	-	-	6,513	-	-	6,513	6,513
Transfer on maturity of exchange hedge	-	-	-	(1,086)	1,086	-	-	-
Net loss on maturity of hedge	-	-	-	(1,594)	-	-	(1,594)	(1,594)
Revaluation movements	-	-	-	-	(40,086)	-	(40,086)	(40,086)
Management fees charged to capital	-	-	-	(1,073)	-	-	(1,073)	(1,073)
Finance costs charged to capital	-	-	-	(162)	-	-	(162)	(162)
VAT recovered on management fees	-	-	-	1,613	-	-	1,613	1,613
Dividends paid	-	-	-	-	-	(2,990)	(2,990)	(2,990)
Tax effect of capital items	-	-	-	(109)	-	-	(109)	(109)
At 31 December 2008	7,544	47,600	382	108,451	(45,387)	12,216	75,280	130,806

*these reserves are non-distributable

†this reserve is unrealised

17. Net asset value per share

The net asset value per share is calculated on shareholders' funds of £130,776,528 (31 December 2007: £159,947,286) and on 30,177,380 ordinary shares in issue at the year end (31 December 2007: 30,204,715).

Notes to the Accounts

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

	Group 31 December 2008 £'000	Company 31 December 2008 £'000	Group & Company 31 December 2007 £'000
(Loss) before tax	(22,757)	(21,424)	(229)
Losses on investments	35,167	33,863	2,834
Interest paid	216	216	133
Increase in debtors	(93)	(73)	(163)
Decrease in creditors	(38)	(38)	(118)
Tax paid	(2,206)	(2,206)	–
Net cash inflow from operating activities	10,289	10,338	2,457

19. Capital commitments

There were outstanding capital commitments of £104.4m (31 December 2007: £68.2m) in respect of investments at the end of the year.

20. Contingent liabilities

There were no contingent liabilities at the year end (31 December 2007 – £Nil).

21. Contingent assets

In 2007 the European Court of Justice ruled that investment trust management firms should be exempt from VAT. Since then the HMRC has accepted the Managers' repayment claims for the periods from 2001 to 2008 and £2.2m of VAT together with £0.3m of interest was repaid by the Manager to the Company in respect of those periods.

These amounts have been paid to the Company and recognised in the current year. The VAT recovered has been allocated to revenue and capital on the same basis as the VAT expense was originally charged. The related interest has been allocated to revenue in accordance with guidance from the AIC.

Discussions are ongoing regarding the recovery of VAT suffered prior to 2001 and 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.

22. 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 9 to 13 and an analysis of investments between debt and equity instruments is disclosed in note 10. The Company's overall market positions are monitored by the Manager on an ongoing basis and by the Board quarterly.

20.8% (31 December 2007: 21.8%) of the Company's net assets are in quoted European private equity stocks. A 5% increase in stock prices as at 31 December 2008 would have increased the net assets of the Company by £1.4m (31 December 2007: £1.7m); an equal change in the opposite direction would have decreased the net assets of the Company by the same amount.

35.3% (31 December 2007: 44.7%) of the Company's net assets are in unquoted companies held at fair value. Valuation methodology includes the application of a price/earnings ratio derived from listed companies or sectors with similar characteristics. Therefore the value of the unquoted element of the portfolio is also affected by price movements on the listed exchanges. A 5% increase in the valuations of unquoted investments at 31 December 2008 would have increased the net assets of the Company by £2.3m (31 December 2007: £3.6m).

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 2008	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Currency				
Sterling	35,947	68,189	5,308	109,444
Euro	324	–	31,816	32,140
Total	36,271	68,189	37,124	141,584

31 December 2007	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Currency				
Sterling	50,449	55,450	21,095	126,994
Euro	–	–	34,923	34,923
Total	50,449	55,450	56,018	161,917

The fixed rate assets comprise fixed rate lendings to investee companies. Fixed rate lendings have a weighted average interest rate of 9% per annum (31 December 2007: 8%) and a weighted average life to maturity of 5.0 years (31 December 2007: 6.2 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:

	31 December 2008 £'000	31 December 2007 £'000
Unquoted investments	46,201	71,544
Quoted investments	27,194	34,923
AAA rated cash OEICs	67,524	24,403
Cash deposits	665	31,047
Total	141,584	161,917

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 842 of the Income and Corporation Taxes Act 1988 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.

Notes to the Accounts

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. The Company has hedged its foreign currency exposure to manage this risk. 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.

23. Subsidiary undertakings

Dunedin Fund of Funds L.P. and Dunedin Co-Investment Fund L.P. were established during the year ended 31 December 2008 and have been consolidated in these financial statements.

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

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

	Subsidiary Investment £'000
Valuation at 31 December 2007	–
Capital contributions	4,252
Management fees and establishment costs	(1,304)
Valuation at 31 December 2008	2,948

24. Explanation of transition to IFRSs

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with IFRSs. The accounting policies in note 2 have been applied in preparing the consolidated financial statements for the year ended 31 December 2008, the comparative information for the period ended 31 December 2007 and the preparation of an opening IFRS balance sheet at 1 May 2008 (the Group's date of transition). In preparing its opening IFRS balance sheet 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.

25. 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. There are arrangements in place to ensure that there is no double charging of fees on these investments. The Company has borne a management fee of £1.7m (31 December 2007: £1.2m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £3.2m (Period to 31 December 2007: £2.4m).

In the year ended 31 December 2008 Dunedin Enterprise invested in Dunedin Fund of Funds LP and Dunedin Co-Investment Fund LP. These funds have been created to enable Dunedin Enterprise to increase the overall proportion of private equity investments which are held through third party managed funds specialising predominantly in small and medium sized buyouts in Europe. The initial program is for commitments totaling £100m to be made to these funds. As at 31 December 2008 a total of €52.7m commitments had been made, with €4.9m drawdown and €47.8m outstanding.

Simon Miller is a director of the Company's investment manager. In the year to 31 December 2008 fees totaling £19,333 were paid to the Manager for the services of Simon Miller acting as a Director of the Company.

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") 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. Simon Miller has an interest in each of the incentive schemes detailed above.

Revised Management Fees

The terms of the revised management fees approved by shareholders in May 2008 and coming into effect on the second anniversary of the approval are noted below:

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

For a period of two years from approval of these revised management fee arrangements the notice period on the contract is two years, thereafter this reduces to 18 months.

Notice of Annual General Meeting

Notice is hereby given that the thirty fifth Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at The Merchants' Hall, 22 Hanover Street, Edinburgh, EH2 2EP on Tuesday 12 May 2009 at 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the report of the Directors' and auditors and the audited accounts for the year ended 31 December 2008.
2. To declare a final dividend for the year ended 31 December 2008.
3. To declare a special dividend for the year ended 31 December 2008.
4. To consider, and if thought fit, to approve the Directors' Remuneration Report for the year ended 31 December 2008.
5. To re-elect Edward Dawney as a Director.
6. To re-elect Simon Miller as a Director.
7. To re-elect Brian Finlayson as a Director.
8. 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.

Special Business

To consider and, if thought fit, to pass the following resolutions as special resolutions:

9. That, in substitution for any existing power under Section 95 of the Companies Act 1985 (the "Act"), where they are generally authorised for the purposes of Section 80 of the Act, the Directors be and they are hereby empowered, pursuant to Section 95(1) of the Act, to allot equity securities (as defined in Section 94(2) of the Act) for cash as if Section 89(1) 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 £377,217 (representing 5% of the Company's issued share capital);

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.

10. That, in substitution of any existing authority, the Company be and it is hereby authorised in accordance with section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163 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 4,526,606;
 - (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
 31 March 2009

Registered Office:
 10 George Street, Edinburgh EH2 2DW

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 regulations 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 12 noon on 10 May 2009. 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 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 30,177,380 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 March 2009 are 30,177,380.
10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.
11. 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.

Notice of Annual General Meeting continued

12. 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 CRESTCo'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 7RA01) by 12 noon on 10 May 2009. 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.
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo 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.
14. 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.

Financial Calendar

Announcements, dividend payments and the issue of the annual and interim reports for the year ended December 2008 and half year end 30 June 2009 can be expected in the months shown below:

February

Preliminary figures and recommended final and special dividends for the year announced.

April

Report and accounts published.

May

Annual General Meeting held and final and special dividends paid.

August

Interim dividend announced and interim report for half year to 30 June published.

September

Interim dividend paid.



